

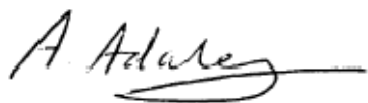
9 May 2008

Company Announcements Office
Australian Securities Exchange
Sydney

NOTICE OF GENERAL MEETING – TUESDAY 10 JUNE 2008

Attached are the General Meeting Documents being mailed to shareholders today:

- Notice of Meeting
- Explanatory Memorandum
- Proxy Form
- Independent Expert's Report



Anne Adaley
Company Secretary



NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

General Meeting to be held at Grant Thornton,
Level 17, 383 Kent Street, Sydney, NSW 2000
on Tuesday 10 June 2008, 11.00am EST

IMPORTANT NOTICE

This Notice of General Meeting, Explanatory Memorandum and Independent Expert's Report require your immediate attention. It should be read in its entirety.

If you are in doubt as to the course of action you should take and how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

Dear Shareholder,

On 11 October 2007, the boards of Monaro Mining NL (MRO) and Uranium King Limited (UKL) announced their intention to merge via a Scheme of Arrangement.

Your Board believes the proposed Merger will create a uranium exploration and intended development company with a strong mix of new management, projects and project skills, which will benefit all Shareholders accordingly.

Your Board has a very positive view of the long-term prospects for the merged company and recognises that it will create and enhance the opportunities available to Shareholders, particularly with regard to geographical diversification and potential greater access to capital markets as a result of the Company's increased size and diversified assets.

In a crowded uranium market, these attributes are important considerations for your Company.

Details of the Merger

The Merger Implementation Agreement dated 10 October 2007, as varied by deeds dated 19 March 2008 and 9 April 2008 (MIA), will govern the terms under how the proposed Merger will be effected. A copy of the MIA (conformed and restated to include the variations effected by the two deeds of variation) is available for inspection at the Company's registered office.

Under the terms of the MIA, MRO is offering five (5) Shares for every seven (7) UKL Shares on issue (UKL currently has on issue 86,100,000 ordinary fully paid shares).

Mineral Energy and Technology Company ("METCO"), a corporation based in the United States, currently holds 46,400,000 ordinary shares in the capital of UKL. As a consequence of the Merger, METCO will be issued with (and will therefore acquire) 33,142,857 ordinary fully paid shares in MRO. This shareholding will constitute approximately 34.55% of the issued capital in MRO following the implementation of the Merger and will be the largest single shareholding in MRO.

As a consequence, the approval of MRO shareholders is being sought under section 611 Item 7 of the Corporations Act to METCO acquiring 33,142,857 ordinary fully paid shares in MRO.

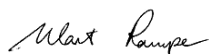
In order to assist you in your decision making, your Board appointed Stanton International Securities Pty Ltd as an Independent Expert to express an opinion as to whether the acquisition by METCO of such number of shares in MRO is fair and reasonable for MRO shareholders other than METCO and its associates. A copy of the Stanton International Securities Pty Ltd report accompanies the notice of meeting. Stanton International Securities Pty Ltd has expressed the view that the acquisition of such shares by METCO is fair and reasonable to the Non-Associated shareholders in MRO. As a result, all members of the Board recommend that Shareholders vote in favour of the proposed resolution to approve the acquisition by METCO of 33,142,857 shares in MRO for the reasons, and subject to the comments, set out in the Explanatory Memorandum.

If the Non-Associated Shareholders in MRO do not approve the acquisition of such shares in MRO by METCO, the Merger will not proceed.

Please read this Notice of General Meeting and Explanatory Memorandum and the accompanying Stanton International Securities Pty Ltd report carefully as it contains important information in relation to the proposed acquisition by METCO of 33,142,857 ordinary fully paid shares in MRO as part of the Merger.

It is important that you cast your vote, either by attending the General Meeting scheduled for 11.00 am EST on Tuesday 10 June 2008 or by completing and returning the attached proxy form by no later than 11.00am on 8 June 2008. If you have any questions about the Merger or this Notice of General Meeting please do not hesitate to contact the Company.

Yours sincerely



Mr Mart Rampe
Managing Director

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Monaro Mining NL will be held at Grant Thornton, Level 17, 383 Kent Street Sydney, NSW, 2000 on Tuesday 10 June 2008, at 11.00am EST.

An Explanatory Memorandum containing information in relation to the resolution accompanies this Notice of General Meeting. The Notice of General Meeting and Explanatory Memorandum should be read in their entirety.

Special Business

Acquisition of Shares in the Company by Mineral and Energy Technology Company

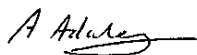
To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of Section 611 Item 7 of the Corporations Act, the shareholders in the Company approve the acquisition by Mineral Energy and Technology Company of up to 33,142,857 fully paid ordinary voting shares in the Company to be issued by the Company in connection with the proposed scheme of arrangement between Uranium King Ltd and its shareholders pursuant to which, subject to the satisfaction of various conditions precedent, the Company is to acquire all the issued shares in Uranium King Ltd in exchange for the issue of shares in the Company as outlined in the accompanying explanatory memorandum.”

Voting Restriction Statement

In accordance with the requirements of Section 611 Item 7 of the Corporations Act, no votes may be cast in favour of the above resolution by Mineral Energy and Technology Company or any of their Associates.

By order of the Board



Anne Adaley
Company Secretary

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 11.00 am on 9 June 2008.

8 May 2008

PROXIES

A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote at the General Meeting.

Where more than 1 proxy is appointed and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

A proxy may, but need not be, a member of MRO.

Appointment of a proxy by a member who is a corporation must be executed in accordance with section 127 of the Corporations Act.

A form of proxy accompanies this Notice of General Meeting.

To be effective, the completed proxy together with the power of attorney (if any) under which it is signed, must be received by MRO at Computershare Investor Services Pty Ltd in person at 452 Johnston Street, Abbotsford, Victoria or by mail to GPO Box 242, Melbourne Victoria 3001 or by facsimile (Fax no: (03) 9473 2555) not less than 48 hours before the time for holding the meeting.

If you require any further information about the proxy form or attendance at the General Meeting, please contact the Company Secretary by telephone on (02) 9264 7344.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting to be held on Tuesday 10 June 2008, at 11.00am EST.

This Explanatory Memorandum is to provide Shareholders with information that is reasonably required by them to decide how to vote upon the Resolution.

The Directors recommend that Shareholders read this Explanatory Memorandum and the attached Independent Expert's Report in full before making any decision in relation to the Resolution.

Important Dates

EVENT	DATE*
MRO Shareholders Meeting to approve Acquisition of MRO shares by METCO	10 June 2008
UKL Shareholders Meeting to Approve Scheme (ie Merger)	12 June 2008
Court Hearing to Approve Scheme	16 June 2008
Effective Date of Scheme	17 June 2008
Implementation Date (ie date of issue of New Monaro Shares to UKL Shareholders)	01 July 2008

*All dates after the MRO Shareholders Meeting on 10 June 2008 are anticipated dates only and may be subject to change.

A. OVERVIEW OF THE MERGER

1.1 Background to the Merger

On 11 October 2007, MRO and UKL announced their intention to merge by way of a Scheme of Arrangement.

The announcement followed the finalisation of the Merger Implementation Agreement by MRO and UKL under which UKL agreed to propose the Scheme to the UKL Shareholders and implement the Scheme under the terms of the MIA. MRO agreed to issue the New MRO Shares to UKL Shareholders on completion of the Scheme.

Under the MIA, MRO and UKL agreed that the Scheme consideration for UKL Shareholders is five (5) New MRO Shares for every seven (7) UKL Shares held as at the Record Date (UKL currently has on issue 86,100,000 ordinary fully paid shares).

The full terms of the Merger are set out in the MIA (conformed and restated to show all variations effected by deeds of variation dated 19 March 2008 and 9 April 2008), which is available for inspection at the Registered Office of the Company.

Under the Merger, MRO will acquire all of the issued UKL Shares in exchange for the issue of New MRO Shares (approximately 61,500,000 Shares). Completion of the proposal is conditional on, amongst other things, obtaining the necessary approval from UKL Shareholders for the Scheme, obtaining MRO Shareholder approval (in accordance with the Notice of General Meeting) and also obtaining the approval of the Court for the Scheme.

Further information on the Conditions Precedent to the Merger is set out in Section B of this Explanatory Memorandum.

1.2 The Proposed Merger

If the Conditions Precedent to the Merger are satisfied and the Scheme becomes effective, the Merger will result in:

- UKL Shareholders receiving approximately 61,500,000 New MRO Shares representing approximately 64% of the Merged Entity's expanded issued capital on an entirely Non-Diluted Basis, or 61% of the Merged Entity's expanded issued capital on a fully diluted basis, that is, after allowance for the paying up of the existing Partly Paid Shares and the exercise of the MRO Options;
- MRO owning 100% of the issued capital of UKL;
- All UKL Options being cancelled in consideration for the granting by MRO of 1,535,714 Replacement MRO Options; and
- UKL becoming a wholly owned subsidiary of MRO and UKL being de-listed by the ASX.

The Scheme is conditional on various matters as described in Section B of this Explanatory Memorandum.

1.3 Merger Consideration

If the Scheme becomes effective, MRO will issue New MRO Shares to UKL Shareholders, such Shares being issued on the basis of five (5) Shares for every seven (7) UKL shares held on the Record Date (approximately 61,500,000 Shares).

In addition, MRO will grant 1,535,714 Replacement MRO Options to the UKL Optionholders.

If the Scheme becomes effective it is intended that the New MRO Shares and Replacement MRO Options will be issued on the Implementation Date. Set out below is a summary of the share structure of MRO assuming the Merger is implemented.

POST SCHEME SHARE STRUCTURE

	NON DILUTED BASIS		FULLY DILUTED*	
	NO. ORDINARY SHARES	%	NO OF ORDINARY SHARES	%
Previous Uranium King Shareholders	61,500,000	64%	61,500,000	61%
Previous Uranium King Optionholders	–	–	1,535,714	1.5%
Existing Monaro Shareholders	34,431,508	36%	34,431,508	34%
Existing Monaro Optionholders	–	–	3,400,000	3.5%
Total No of Issued MRO Shares	95,931,508	100%	100,867,222	100%

*Assumes 5,000,000 MRO Partly Paid Shares are paid up and all MRO Options are exercised.

1.4 Potential Benefits of the Merger

As the passing of the Resolution is one of the Conditions which must be satisfied in order for the Merger to proceed, Shareholders are encouraged to consider the potential benefits of the Merger in deciding how to vote on the Resolution. Potential advantages of the Merger for MRO Shareholders include:

- a. the Merger will create a larger and more geographically diversified group which will include advanced exploration projects in the United States, a country which is regarded as having less sovereign risk than some of the countries in which MRO presently have projects;
- b. the Merger will create a group with a pipeline of assets ranging from greenfields exploration to advanced exploration thereby exposing shareholders to a range of different exploration assets that will enable strong organic growth;
- c. the Merger provides the opportunity to streamline management and reduce costs;
- d. the Merger will expand the technical team available to advance the existing UKL and MRO projects; and
- e. the Merger will create a larger group company with a greater market profile which is likely to assist in general corporate and project acquisition opportunities.

1.5 Directors' recommendation and Independent Expert's opinion

Your Directors without an interest believe that the Merger is in the best interests of Shareholders for the reasons referred to in paragraph 1.4 above and the reasons, including an evaluation of the potential advantages and disadvantages of the Merger, set out in the Independent Expert's Report.

Mr Grigor, the Chairman of MRO also believes that the Merger is in the best interests of Shareholders for the reasons referred to in paragraph 1.4 above and the reasons set out in the Independent Expert's Report but notes that companies associated with Mr Grigor have the interests in UKL shares mentioned in section C-k below.

Further, all Directors without an interest believe that the issue of 33,142,857 Shares in MRO to METCO in accordance with the Resolution as part of the implementation of the Merger is in the best interests of the Non-Associated Shareholders in MRO.

Mr Grigor, the Chairman of MRO also believes that the issue of 33,142,857 Shares in MRO to METCO in accordance with the Resolution as part of the implementation of the Merger is in the best interests of the Non-Associated Shareholders but notes that companies associated with Mr Grigor have the interests in UKL shares mentioned in section C-k below.

No Director voted against the proposal to put the Resolution to Shareholders or against this Explanatory Memorandum.

Your Directors intend to vote their own Shares in favour of the Resolution. To assist Shareholders to consider the Resolution the Directors commissioned an independent expert, Stantons International Securities Pty Ltd, to evaluate whether the acquisition by METCO of 33,142,857 Shares in MRO is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert's Report accompanies this Explanatory Memorandum. For the reasons set out in their Report the Independent Expert considers that the issue of 33,142,857 Shares in MRO to METCO as part of the Merger is fair and reasonable to the MRO Non-Associated Shareholders. The Independent Expert has consented to its report being used in the form and context in which it appears and the Independent Expert has not withdrawn such consent.

1.6 Conditions Precedent to implementation of the Merger

The implementation of the Merger (and therefore the issue of MRO Shares to METCO) remains subject to various Conditions Precedent. A summary of the Conditions Precedent are set out in Section B of this Explanatory Memorandum.

1.7 UKL Options

As at the date of this Notice of General Meeting, UKL has 2,150,000 UKL Options on issue to subscribe for UKL Shares. Each of the UKL Options are exercisable at \$0.25 and have an expiry date of 31 December 2009. The holders of the UKL Options are Kilkenny Enterprises Pty Ltd (an entity associated with Mr Jim Malone), the HG and L Dawson Discretionary Trust and the HG and L Dawson Superfund. MRO has entered into Optionholder Agreements with the holders of the UKL Options pursuant to which the UKL Options will be acquired by MRO or cancelled with effect from the Effective Date and MRO will issue to each UKL Optionholder five (5) Replacement MRO Options for every seven (7) UKL Options held. The exercise price of these Replacement MRO Options will be \$0.35 and the expiry date will be 31 December 2009.

1.8 Timing and Implementation

UKL are expected to hold the Scheme Meeting on 12 June 2008. At the Scheme Meeting, UKL shareholders will be asked to approve the implementation of the Scheme.

The Merger will proceed only if MRO Non-Associated Shareholders approve the Resolution set out in the Notice of General Meeting, UKL Shareholders approve the Merger by the requisite majorities and all other Conditions Precedent are satisfied or waived and the Court approves the Scheme.

An indicative timetable for implementation of the Merger is set out in the section entitled "Important Dates" section near the beginning of this Explanatory Memorandum. These dates may be subject to change.

1.9 Effective Date

The Merger will become effective on the date that an office copy of the Court order approving the Scheme is lodged with ASIC. If the Court approves the Scheme, UKL intends to lodge an office copy of the Court order with ASIC on 17 June 2008, which is expected to be the Effective Date.

When the Scheme becomes effective UKL will be required to take certain steps to ensure that MRO becomes the registered holder of all the UKL Shares and MRO will be required to issue the New MRO Shares to the holders of UKL Shares on the Record Date for the purposes of the Scheme.

1.10 Trading on ASX

MRO will apply to ASX for quotation of the New MRO Shares, including those to be issued to METCO in accordance with the Resolution, in accordance with the Listing Rules.

B. MATERIAL TERMS OF THE MERGER

The material terms of the Merger are set out in the Merger Implementation Agreement. Those material terms are summarised below:

The Scheme will not be implemented unless all Conditions Precedent have been satisfied or, where applicable, waived by the party entitled to the benefit of the same, in accordance with the MIA.

In summary, the Conditions Precedent are:

a. Conditions for the benefit of both parties

- UKL Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities required by the Corporations Act;
- the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- the regulatory approvals are obtained including any requisite approval of shareholders of MRO is obtained in relation to MRO's participation in the Merger (including any approval required for the purposes of Item 7 of section 611 of the Corporations Act) (**Monaro Shareholder Approval**);
- ASIC and ASX and any other regulatory body or governmental agency issues or provides any consents or approvals or does other acts necessary or desirable to implement the Merger;
- the Scheme becomes effective on or before the Quit Date (currently agreed to be 31 July 2008) or such other date as MRO and UKL agree;
- no Court or regulatory authority order or decree is in existence which restrains or prohibits the implementation of the Scheme or any transaction contemplated by the Scheme or the MIA; and
- FIRB approval, if required, is obtained and any approval required under US foreign investment laws or policies is obtained.

b. Conditions for the benefit of UKL only

- UKL conducting due diligence investigations into MRO that do not reveal any information which, in the sole discretion of the UKL Board, result in the UKL Board concluding that the Scheme is not in the best interests of the UKL Shareholders;
- no Monaro Material Adverse Change occurs or Monaro Material Adverse Matter becomes known (as those terms are defined in the MIA) before 8.00am on the day of the Scheme Meeting;
- no Monaro Prescribed Occurrence occurs and no Takeover Proposal for MRO (as those terms are defined in the MIA) is made or announced as a result of which the UKL Independent Expert is no longer able to conclude that the Scheme is in the best interests of the UKL Shareholders; and
- MRO is not in breach, in any material aspect, of its obligations under the MIA and the representations and warranties of MRO set out in the MIA are true and correct as of 10 October 2007 and at 8.00am on the day of the Scheme Meeting and any other date to which the representation and warranty applies.

Only UKL can waive any breach or non-fulfillment of these conditions.

c. Conditions for the benefit of MRO only

- MRO conducting due diligence investigations into UKL that do not reveal any information which, in the sole discretion of the Board, result in the Board concluding that the Scheme is not in the best interests of Shareholders;
- the Optionholder Agreements are executed by each holder of UKL Options and MRO with respect to the UKL Options;
- no UKL Material Adverse Change occurs or UKL Material Adverse Matter becomes known (as those terms are defined in the MIA) before 8.00am on the day of the Scheme Meeting;
- no UKL Prescribed Occurrence occurs and no Takeover Proposal for UKL (as those terms are defined in the MIA) is made or announced;
- UKL is not in breach, in any material aspect, of its obligations under the MIA and the representations and warranties of UKL set out in the MIA are true and correct as of 10 October 2007 and as at 8.00am on the date of the Scheme Meeting and any other date to which the representation and warranty applies;
- Between 10 October 2007 and the Scheme Meeting, UKL Directors do not change or withdraw their recommendation to UKL Shareholders to vote in favour of the Scheme;
- no amount is or becomes payable to any UKL Director or employee of UKL as a consequence of the Scheme, other than as a UKL Shareholder and as referred to in clause 3(h) of the MIA; and
- MRO has acquired or agreed to acquire all of the UKL Options or all such UKL Options have been exercised or cancelled by agreement with the holders and no other convertible securities are or will on the Effective Date be on issue in UKL.

Only MRO can waive any breach or non-fulfillment of these conditions.

d. Conditions that cannot be waived

In practical terms, the following Conditions Precedent cannot be waived:

- UKL Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities required by the Corporations Act;
- MRO Shareholders approve the Acquisition by METCO of New MRO Shares under the Merger; and
- the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.

Status of Conditions Precedent

Save as to the reservation noted below, MRO does not have any particular reason to believe that the Conditions Precedent will not be fulfilled.

As at the date of this Notice of General Meeting, the Conditions Precedent concerning due diligence investigations into UKL and MRO by the Board and the UKL Board respectively have been satisfied. In addition, the Condition Precedent concerning the entering into of the Optionholder Agreements for the acquisition by MRO of all of the UKL Options has also been satisfied.

MRO has received advice that no FIRB approval is required in connection with the Merger. The UKL Board have indicated that, as at the date of this Notice of General Meeting, no UKL Material Adverse Change has occurred nor UKL Material Adverse Matter has become known. However, Monaro has reserved its rights to monitor the impact of certain litigation affecting UKL and/or METCO in the US. The Board of MRO do not believe that any MRO Material Adverse Change has occurred nor MRO Material Adverse Matter has become known.

Issue of Scheme Consideration

The Scheme Consideration, being New MRO Shares, will be issued to UKL Shareholders on the Implementation Date.

No later than 7 Business Days after the Implementation Date, MRO will dispatch or procure the dispatch to each UKL Shareholder by pre-paid post to his or her address recorded in the UKL share register at the Record Date, an uncertificated holding statement for the Scheme Consideration issued to that UKL Shareholder in accordance with the Scheme. There are special provisions for UKL shareholders in foreign countries where it would be too onerous under local laws for MRO to issue MRO Shares to such shareholders.

As at the date of this Notice of General Meeting the Record Date is expected to be 24 June 2008 and the Implementation Date is expected to be 1 July 2008. These dates may change and will be finalised only after the Court has considered and approved the Scheme.

Exclusivity and Break Fees

UKL and MRO have each agreed that at any time from 10 October 2008 until the earlier of the date that the MIA is terminated in accordance with its terms, and the Court Approval Date (Exclusivity Period) neither of them nor any of their employees, officers, advisers or agents will directly or indirectly solicit, invite, facilitate any discussions or negotiations (or encourage, or communicate any intention to do any of those things) with a view to obtaining any offer or proposal from any person for, or in respect of, a transaction in competition with the Merger (being a Takeover Proposal for MRO or Takeover Proposal for UKL as the case may be).

During the Exclusivity Period, each of UKL and MRO must notify the other party promptly if it becomes aware of:

- any approach, enquiry or proposal made to and any attempt to initiate or continue negotiations or discussions with it or any of its representatives with respect to any Takeover Proposal, whether unsolicited or otherwise;
- subject to certain confidentiality restrictions, any request for or provision by it or any of its representatives of any information relating to it or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a Takeover Proposal.

The restriction on UKL and MRO as regards to cessation of negotiations and non-solicitation during the Exclusivity Period does not restrict a party otherwise bound from responding to a bona fide offer or proposal which was not solicited or initiated by the party if and to the extent necessary to discharge his or her fiduciary duties as a director of UKL or MRO.

Under the MIA the parties agreed that break fees would be payable in the following circumstances:

- a. UKL will pay to MRO the sum of \$100,000 (being a total amount comprising a contribution towards the reasonable internal and third party advisory, legal, accounting, due diligence and management costs and expenses and opportunity and other costs and expenses foregone) in immediately available funds within one Business Day after the first to occur of any of the following events: a Takeover Proposal has been publicly announced, proposed, offered or made to the UKL Shareholders or to UKL, and such Takeover Proposal has been accepted or has not expired or been withdrawn at the time of the Scheme Meeting and the UKL Board withdraws, qualifies or changes any of its recommendations in a manner adverse to MRO or resolves to do so prior to the Effective Date.
- b. MRO will pay to UKL the sum of \$100,000 (being a total amount comprising a contribution towards the reasonable internal and third party advisory, legal, accounting, due diligence and management costs and expenses and opportunity and other costs and expenses foregone) in immediately available funds within one Business Day after the MRO Board withdraws, qualifies or changes any of its recommendations to MRO Shareholders (if applicable) or determinations to proceed with the Proposed Merger in a manner adverse to UKL or resolves to do so prior to the Scheme Effective Date (as a result of a Takeover Proposal for MRO having been publicly announced or otherwise).

The MIA may be terminated in certain circumstances as set out in that agreement. If this occurs, the Merger will not proceed. In summary, the MIA may be terminated:

- a. by either party if a Condition Precedent has not been, or cannot be, satisfied and has not been waived by the date specified in the MIA or 31 July 2008 or such later date as the parties may agree (Quit Date), or if the Scheme has not become effective by the Quit Date, and having negotiated in good faith the parties have not been able to agree on an alternate means to effect a merger or to extend the Quit Date or change the date of an application to the Court; and
- b. by either party by written notice to the other party at any time before the Effective Date if the other is in material breach of the MIA.

C. APPROVALS

Details on the Monaro Shareholder Approval required for the Merger to be implemented is set out below.

Chapter 6 of the Corporations Act

BaC-kground

Generally, Chapter 6 of the Corporations Act provides that a person is prohibited from acquiring a relevant interest in issued voting shares of a company if that person's voting power in the company increases from 20% or below 20% to more than 20%.

There are exceptions to this prohibition. One exception is if shareholder approval to the acquisition is obtained under section 611 (item 7) of the Corporations Act.

The Company is seeking Shareholder approval under section 611 (item 7) of the Corporations Act because one of the effects of the Merger is that METCO will be issued 33,142,857 Shares increasing METCO's relevant interest in the Company's voting Shares from 0% to a relevant interest in 34.55% (on a Non-Diluted Basis).

Information Requirements

For the purpose of section 611 (item 7) of the Corporations Act and ASIC Regulatory Guide 74, the following information is required to be disclosed:

a. The identity of the person proposing to make the acquisition and their associates.

METCO will be acquiring 33,142,857 Shares, which will result in METCO's relevant interests increasing from 0% to 34.55% of MRO's total issued share capital following the Acquisition on a Non-Diluted Basis.

METCO is a United States based company which previously owned the Rio Puerco and Church Rock projects in the state of Nevada and the Apex and Lowboy projects in the state of Nevada. METCO sold these projects to UKL at the time of float and listing of UKL.

METCO is incorporated under the laws of the State of New Mexico in the United States and its registered address is 2030 North Forbe Blvd, Suite 106 Tucson Arizona, 85745. Apart from its investment in UKL, METCO's main business interest is an interest in mineral claims covering humate deposits in the United States.

The Associates of METCO for the purposes of Chapter 6 of the Corporations Act are UKL and its subsidiaries, Uranium King Corporation, Uranium Company of New Mexico LLC, Uranium Company of Nevada LLC and Uranium Company of Arizona LLC.

Currently, METCO holds in excess of 53% of the issued capital of UKL and as a consequence METCO and UKL (and its subsidiaries) are related bodies corporate for the purpose of the Corporations Act. The following persons, being directors or the secretary of UKL (or UKL's subsidiaries) or METCO are presently associates of METCO for various purposes of the Corporations Act (but are not Associates for the purposes of Chapter 6 of the Corporations Act):

- Michael Duncan (Director of UKL and METCO)
- Samuel Sapper (Director of UKL and METCO)
- Karl Meyers (Director of METCO)
- Bernard Free (Director of UKL)
- Jim Malone (Director of UKL)
- Greg Barns (Director of UKL)
- Michael Higginson (Company Secretary of UKL)
- Martin Stein (Company Secretary of UKL)

b. The maximum extent of the increase in that person's voting power in the Company as a result of the acquisition.

As a result of the Acquisition, METCO's voting power in MRO will increase from 0% to a maximum of 36.44%.

c. The voting power that the person would have as a result of the acquisition.

As a result of the Acquisition METCO's voting power in MRO will be 36.44% on a Non-Diluted Basis.

d. The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition.

Currently METCO and its Associates have a relevant interest in nil MRO Shares and accordingly the voting power of METCO and its Associates in Monaro is 0%.

It is considered that, as a result of the Acquisition (and the Merger), UKL and its subsidiaries, Uranium King Corporation, Uranium Company of New Mexico LLC, Uranium Company of Nevada LLC and Uranium Company of Arizona LLC will cease to be controlled by METCO and will therefore cease to be Associates of METCO for the purposes of Chapter 6 of the Corporations Act with the result that there will be no increase in their voting power as a result of the Acquisition. If those companies had continued to be controlled by METCO after the Merger their voting power in Monaro would have increased by 36.44% on the basis that their voting power would be deemed have included the votes attached to the MRO Shares issued to METCO pursuant to the Acquisition.

The voting power of the following persons (who are not Associates of METCO for the purposes of Chapter 6 of the Corporations Act but who are METCO associates for certain other purposes of the Corporations Act) will increase as follows as a result of the Acquisition:

1. Mr Michael Duncan's voting power will increase by 36.44% (this will arise by virtue him holding in excess of 20% of the issued shares in METCO such that he will be deemed to have a relevant interest in the 33,142,857 New MRO Shares to be issued to METCO in connection with the Merger).
2. Mr Samuel Sapper's voting power will increase by 36.44% (this will arise by virtue him holding in excess of 20% of the issued shares in METCO such that he will be deemed to have a relevant interest in the 33,142,857 New MRO Shares to be issued to METCO in connection with the Merger).
3. Mr Karl Meyer's voting power will increase by 36.44% (this will arise by virtue him holding in excess of 20% of the issued shares in METCO such that he will be deemed to have a relevant interest in the 33,142,857 New MRO Shares to be issued to METCO in connection with the Merger).

Jim Malone's voting power will increase from 0% to 1.46% as a result of the Merger as the result of the exchange of his UKL Shares for New MRO Shares under the Merger.

e. The voting power that each of that person's associates would have as a result of the acquisition.

As mentioned above, it is considered that, as a result of the Acquisition (and the Merger), UKL and its subsidiaries, Uranium King Corporation, Uranium Company of New Mexico LLC, Uranium Company of Nevada LLC and Uranium Company of Arizona LLC will have voting power in MRO of 0% on the basis that they will cease to be controlled by METCO and will therefore cease to be Associates of METCO (and METCO will cease to be their Associates) for the purposes of Chapter 6 of the Corporations Act. If those companies had continued to be controlled by METCO after the Merger their voting power in Monaro would have been 36.44% as a result of the Acquisition on the basis that their voting power would be deemed to have included the votes attached to the MRO Shares issued to METCO.

The voting power in MRO of the following persons (who are not Associates of METCO for the purposes of Chapter 6 of the Corporations Act but who are METCO associates for certain other purposes of the Corporations Act) will be as follows as a result of the Acquisition:

1. Mr Michael Duncan's voting power will be 36.44%
2. Mr Samuel Sapper's voting power will be 36.44%
3. Mr Karl Meyer's voting power will increase by 36.44%

Jim Malone's voting power will be 1.46% upon the issue of the New MRO Shares pursuant to the Merger.

f. The identity of the purchaser and any person who will have a relevant interest in the shares to be purchased.

METCO will be issued the 33,142,857 New MRO Shares and will have a relevant interest in those shares. Each of Michael Duncan, Samuel Sapper and Karl Meyers will have a relevant interest in those shares by virtue of section 608(3) of the Corporations Act as a result of each those persons each having voting power in METCO above 20%.

g. Full particulars (including the number and percentage) of the shares in the company to which the purchaser is or will be entitled immediately before and after the proposed acquisition.

These particulars are set out in paragraphs b to d.

h. A statement of the purchaser's intentions regarding the future of the company if shareholders agree to the purchase.

If the Resolution is passed, METCO does not have any intention to:

- i. change the business of MRO;
- ii. inject further capital into MRO;
- iii. make redundant any of the present employees of MRO;
- iv. transfer any property between MRO and either METCO or any person or entity associated with them; and
- v. re-deploy the fixed assets of MRO.

METCO has no intention to change significantly the dividend policy or financial policies of MRO.

i. Particulars of the purchase and any other contract or proposed contract between purchaser and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, shareholders' agreement to the purchase.

The Merger Implementation Agreement is conditional upon the Resolution being passed. The material terms of the Merger Implementation Agreement are set out in Section A and B of this Explanatory Memorandum.

j. When the purchase is to be completed.

It is anticipated that the Merger will be effective on the Effective Date (anticipated to be 17 June 2008) and completed on 1 July 2008 and the Acquisition will take place at this time.

k. The interest of the directors of MRO in the resolution.

None of the directors of MRO have any interest in the Resolution other than as set out in this Explanatory Memorandum. None of the Directors of MRO have any shares in METCO.

Entities associated with Mr Warwick Grigor, the chairman of MRO, hold the UKL Shares referred to below. If the Resolution is passed and the other conditions precedent to the Merger are satisfied, each of the entities associated with Mr Grigor named below will be issued shares in MRO under the Scheme in return for its shares in UKL.

MRO Directors' Interests in UKL Shares

ENTITY ASSOCIATED WITH MRO DIRECTOR	NUMBER OF UKL SHARES
Gregorach Pty Ltd	190,200
Exponential Equities Pty Ltd	72,000
Far East Capital Limited	215,050

MRO Directors Interests in MRO Securities

MRO DIRECTOR OR ASSOCIATED ENTITY	NUMBER OF MRO FULLY PAID SHARES	NUMBER OF MRO PARTLY PAID SHARES TO 0.01 CENTS	NUMBER OF MRO OPTIONS
W Grigor	1,861,370	2,000,000	–
Exponential Equities Pty Ltd	62,500	1,500,000	–
Far East Capital Limited	–	–	–

I. Proposed Board of MRO if Merger is Implemented

Upon implementation of the Merger the Board of Directors of MRO is intended to comprise:

- Warwick Grigor (Chairman)
- Mart Rampe (Managing Director)
- Malcolm James
- Jim Malone
- Michael Duncan
- Greg Barns

Messrs Grigor, Rampe and James are current directors of MRO. Mr Duncan is a director of METCO and UKL and Mr Malone and Mr Barns are both directors of UKL (which is a related body corporate of METCO). The qualifications and experience of Mr Duncan, Mr Malone and Mr Barns are set out below:

Michael Duncan

Mr. Duncan began his career as an aeronautical engineer after graduating in 1967.

As a young engineer, he represented the Boeing Aircraft Company and McDonald Douglas Aircraft Corporation on such projects as the 757 Airbus, the Saturn V missile, and the Manned Orbital Space Laboratory.

In 1971 he entered the real estate industry and in 1979, he became co-founder and president of an Indianapolis based investment and development Company which develops commercial property in several states within the United States.

Mr. Duncan has been active with METCO since 1992, and is currently President of that company. Mr Duncan is also an executive director of Uranium King and will become a Director of Monaro Mining should the proposed merger be approved.

Upon the implementation of the Merger, Mr Duncan will hold a relevant interest in 33,142,857 MRO Shares constituting 34.55% of the issued MRO Shares then on issue on a Non-Diluted Basis.

Jim Malone

Mr Malone has worked successfully as an accountant, stockbroker, business analyst and CEO of medium sized businesses for the past 22 years.

Mr Malone is currently a non-executive Director with Uranium King and should the proposed merger be approved, will join the Monaro Mining board as a non-executive Director.

Mr. Malone has worked for a range of well known business names including Arthur Anderson accountants, Hartley stockbrokers, and Lehman Brothers and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000. Mr Malone has worked in Perth, London, Melbourne and Santiago, Chile.

Mr Malone is currently also a Director of the listed public companies Nuenco N.L., Atlantic Limited and Latin Gold Limited.

Upon the implementation of the Merger, Mr Malone will hold a relevant interest in 1,330,357. MRO Shares constituting 1.38% of the issued MRO Shares then on issue on a Non-Diluted Basis.

Greg Barns

Greg Barns is a lawyer and company director.

He is currently a non-executive director of Uranium King Ltd, Republic Gold Ltd, and coal mining services company, Resco Pty Ltd.

If the proposed merger is approved Mr Barns will join the Monaro Mining board as a non executive Director.

Mr Barns holds a BA/LLB from Monash University and is a member of the Tasmanian Bar. He is also admitted to practice in Victoria and New South Wales. Mr Barns is a former political adviser to a range of state and federal ministers and premiers, and he was the inaugural CEO of the Australian Gold Council from 2000-02.

Mr Barns also writes a monthly column for Gold and Minerals Gazette and is the Australian correspondent for Canadian monthly, Resource World.

Upon the implementation of the Merger, Mr Barnes will hold a relevant interest in nil MRO Shares.

m. Future Intention if Merger is Implemented

If the Resolution is passed by the Non-associated Shareholders in MRO and if the Merger is approved by the UKL Shareholders and the Court, and the Conditions Precedent are satisfied or waived, MRO will become the holder of 100% of the UKL Shares.

If the Merger becomes effective, the MRO Directors advise that it is their current intention to continue the business of UKL and MRO, including:

- The fast track exploration of all existing projects including the UKL Apex/Lowboy, Rio Pureco, and Lily projects located within the United States, the various MRO Kyrgyz projects located in the Kyrgyz Republic, the Hapsburg projects located within Australia and the projects resulting from the regional studies within Estonia;
- Continue exploration efforts in and around Apex/Lowboy and Rio Puerco to better understand and seek to expand the confidence level of the existing JORC Inferred Mineral Resources at both projects;
- Fast track the review of the new projects generated within Arizona in the United States;
- Use the combined technical resources of the merged group to advance a global review of uranium opportunities;
- Not redeploying any major fixed assets of UKL or MRO;
- Maintain the existing management team and the employment of UKL's and MRO's existing employees; and
- Establish a Technical Advisory Panel to report to the Board of Directors. This Technical Advisory Panel will comprise a range of technical experts drawn from within both companies and consulting groups and will be chaired by Dr Bernhard Free and will also include Mr Sam Sapper and Mr Mart Rampe.

n. Any additional information that the ASX Listing Rules require.

Other than as set out in the Independent Expert's Report and in this Explanatory Memorandum, there is no other information required to be disclosed under the Listing Rules.

D. BOARD RECOMMENDATION

Mr Mart Rampe and Mr Malcolm James being directors of MRO each recommend that Non-associated Shareholders vote in favour of the Resolution for the following reasons:

- a. by passing the Resolution Shareholders will be enabling the Merger to proceed (subject to the satisfaction of the other conditions precedent to the Merger) and each such Director believes the Merger to be in the best interests of all Shareholders; and
- b. the Independent Expert has expressed the view in the Independent Expert's Report that the Acquisition of MRO Shares by METCO is fair and reasonable to the Non associated Shareholders for the reasons set out in such report.

Mr Grigor, the Chairman of MRO also recommends that Non-associated Shareholders vote in favour of the Resolution for the reasons set out in a and b above but notes that companies associated with Mr Grigor have the interests in UKL shares mentioned in section C-k above.

Glossary

The following terms will bear the following meanings where used in the Notice of Meeting or Explanatory Memorandum unless the context otherwise requires:

TERM	DEFINITION
Acquisition	means the acquisition of shares by METCO in MRO as proposed by the Resolution
Associate	means an associate for the purposes of Chapter 6 of the Corporations Act
ASIC	means Australian Securities and Investment Commission
ASX	means Australian Securities Exchange operated by ASX Limited
Board	means the board of directors of MRO
Business Day	has the meaning given in the Listing Rules
Conditions Precedent	means the conditions precedent to the implementation of the Merger summarised in Section B of this Notice of General Meeting and set out in full in clause 2.1 of the Merger Implementation Agreement
Corporations Act	means the Corporations Act 2001 (Cth)
Court	means the Perth Registry of the Federal Court of Australia
Court Approval Date	means the first date on which the Court hears the application for an order approving the Scheme
Directors	means the directors of MRO as of the date of this Notice of General Meeting
Effective	means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme
Effective Date	means the date on which the Scheme becomes effective
EST	means Australian Eastern Standard time
Explanatory Memorandum	means the explanatory memorandum that accompanies and forms part of the Notice of General Meeting
General Meeting	means the meeting of MRO members convened by the Notice of General Meeting
Implementation Date	means the third Business Day after the Record Date
Independent Expert	means Stantons International Securities Pty Ltd
Independent Expert's Report or Report	means the report prepared by the Independent Expert accompanying the Explanatory Memorandum
Issued MRO Shares	means the Shares (including the New MRO Shares and the Partly Paid MRO Shares)

TERM	DEFINITION
Listing Rules	means the official listing rules of the ASX
Merged Entity	means MRO after completion of the Scheme of Arrangement whereby UKL would become a wholly owned subsidiary of MRO
Merger	means the proposed merger of MRO and UKL through the implementation of the Scheme in accordance with the terms of the Merger Implementation Agreement
METCO	means Mineral Energy and Technology Company, a US incorporated company, which as at the date of this Notice of General Meeting holds 46,400,000 UKL Shares
MIA or Merger Implementation Agreement	means the merger implementation agreement between MRO and UKL dated 10 October 2007, as varied by a deed dated 19 March 2008 and a deed dated 9 April 2008
Monaro Shareholder Approval	has the meaning ascribed in Section B (a) of the Explanatory Memorandum
MRO or Company	means Monaro Mining NL ACN 073 155 781
MRO Options	means the existing 3,400,000 options to acquire MRO Shares at varying exercise prices and expiry dates
New MRO Shares	means the new MRO Shares to be issued by MRO to UKL Shareholders pursuant to the Scheme
Non-Associated Shareholders	means all the Shareholders other than METCO and any associate of METCO
Non-Diluted Basis	means on the basis that no MRO Shares are issued between the date of this Notice of General Meeting and the Implementation Date other than the New MRO Share to be issued to UKL Shareholders under the Merger and on the basis that none of the Partly Paid MRO Shares are paid up on or before the Implementation Date
Notice of General Meeting	means the Notice of General Meeting of which this Explanatory Memorandum forms part
Option Consideration	means the consideration, in the form of one new Replacement MRO Option with an exercise price of \$0.35 and an expiry date of 31 December 2009, to be issued by MRO to holders of UKL Options pursuant to the Option holder Agreements, in consideration for the acquisition or cancellation of each UKL Option
Optionholder Agreements	means an agreement between MRO and each UKL Optionholders pursuant to which each holder of UKL Options agrees, subject to the Scheme becoming effective, to the cancellation or transfer to MRO of all UKL Options held in return for the payment by MRO of the Option Consideration
Quit Date	means 31 July 2008 or such later date as UKL and MRO may agree on
Record Date	means the third Business Day after the Effective Date
Relevant interest	bears the same meaning as in the Corporations Act
Replacement MRO Options	means options to acquire MRO Shares exercisable at \$0.35 and expiring 31 December 2009
Resolution	means the proposed resolution set out in the Notice of Meeting to approve the acquisition of shares in MRO by METCO for the purposes of section 611 Item 7 of the Corporations Act
Scheme or Scheme of Arrangement	means the scheme of arrangement under Part 5.1 of the Corporations Act between UKL and UKL Shareholders whereby it is proposed that all UKL Shares be transferred to MRO in exchange for the issue of MRO Shares, together with any alterations made or conditions imposed by the Court pursuant to section 411(6) of the Corporations Act
Partly Paid MRO Shares	means 5,000,000 \$0.20 partly paid shares in MRO which are paid up to \$0.001 and are subject to a call for the remaining \$0.199 payable on 31 May 2010
Shares or MRO Shares	means fully paid ordinary shares of MRO
Shareholders	means the holders of MRO Shares

Scheme Consideration	means the consideration in the form of New MRO Shares to be provided by MRO to UKL Shareholders under the Scheme as provided for in the Merger Implementation Agreement being five (5) MRO Shares for every seven (7) UKL Shares held at the Record Date
Scheme Meeting	means the meeting convened pursuant by UKL to order of the Court under section 411(1) of the Corporations Act in relation to the implementation of the Scheme
Scheme Shares	means the UKL Shares to be transferred to MRO pursuant to the Scheme as contemplated by the Merger Implementation Agreement
Second Court Date	means the first day on which an application is made to and heard by the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme
UKL	means Uranium King Limited ACN 119 187 816
UKL Board	means the board of directors of UKL
UKL Directors	means the directors of UKL
UKL Options	means 2,150,000 options to acquire UKL Shares at a price of 35 cents expiring 31 December 2009
UKL Optionholders	means the holders of UKL Options
UKL Shares	means fully paid ordinary shares in UKL
UKL Shareholders	means each person who is a registered holder of UKL Shares as at the Record Date
Voting power	bears the meaning ascribed in section 610 of the Corporations Act

Monaro Mining NL

ABN 99 073 155 781

Proxy Form

All correspondence to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2555
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001 000 MRO
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)

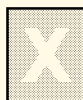


I 1234567890

I ND

Appointment of Proxy

I/We being a member/s of Monaro Mining NL and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Monaro Mining NL to be held at Grant Thornton, Level 17 383 Kent Street Sydney, NSW 2000 on Tuesday 10 June 2008 at 11.00am and at any adjournment of that meeting.

Voting directions to your proxy - please mark



to indicate your directions

Resolution Approve acquisition of Shares by Metco.

For Against Abstain*

☐	☐	☐
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In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you
wish to appoint a second
proxy.

AND

%

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /

MRO

1 P R



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's Share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's Share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 11.00am on Tuesday 10 June 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Computershare Investor Services Pty Ltd, 452 Johnston Street, Abbotsford, Victoria 3067
BY MAIL	Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria 3001
BY FAX	61 3 9473 2555

Stantons International Securities

ABN 42 128 908 289

PTY LTD

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

29 April 2008

The Directors
Monaro Mining NL
Suite 705, Level 7, St Martins Tower
31 Market Street,
SYDNEY NSW 2000

Dear Sirs

Re: MONARO MINING NL ("MONARO" OR THE "COMPANY") (ABN 99 073 155 781) ON THE PROPOSAL TO ISSUE 33,142,857 SHARES PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 TO MINERAL ENERGY AND TECHNOLOGY COMPANY AS PART OF THE ACQUISITION OF ALL OF THE SHARES IN URANIUM KING LIMITED

1. Introduction

- 1.1 We have been requested by the Directors of Monaro to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal to issue 33,142,857 shares in Monaro to Mineral Energy and Technology Company ("Metco") pursuant to the proposed merger of Monaro and Uranium King Limited ("UKL"). The merger is to be effected by way of a Scheme of Arrangement ("the Scheme") under section 411 of the Corporations Act ("TCA"). Monaro has a number of uranium prospects in the Kyrgyz Republic and through a Joint Venture Agreement with Hapsburg Exploration Pty Ltd has exposure to domestic uranium projects in Western Australia, Queensland and Northern Territory. UKL has 100% ownership interest in three exploration projects in the USA known as Rio Puerco, Church Rock and Apex/Lowboy acquired from Metco. Further details are as noted below and in Resolution 1 in the Notice of Meeting of Shareholders and Explanatory Memorandum to Shareholders of Monaro of May 2008 ("Notice").
- 1.2 Under the terms of the Scheme, Monaro is acquiring 100% of the issued share capital of UKL by offering to issue five Monaro ordinary shares for every seven UKL shares held that would result in the issue of a total of 61,500,000 Monaro shares to the existing UKL shareholders. Monaro currently does not hold any shares in UKL. Holders of UKL unlisted options will receive five unlisted Monaro share options for every seven UKL options they hold. This is the equivalent to 1,535,714 Monaro options exercisable at 35 cents each, on or before 31 December 2009 being issued to the existing UKL option holders that currently own a total of 2,150,000 share options exercisable at 25 cents each, on or before 31 December 2009. The merger proposal is known in this report as the Proposed Transaction.

- 1.3 Pursuant to a Merger Implementation Agreement between Monaro and UKL dated 11 October 2007 and subsequent deeds of variation dated 19 March 2008 and 9 April 2008 ("MIA"), Monaro will, subject to various conditions including amongst other things, obtaining the necessary approval from UKL shareholders for the Scheme, obtaining Monaro shareholder approval and also obtaining the approval of the Court for the Scheme, acquire a 100% interest in all of the issued capital of UKL that in turn has interests in various uranium assets (held by UKL and its subsidiaries).
- 1.4 After implementation of the proposed Scheme, UKL will become a wholly owned subsidiary of Monaro and current UKL shareholders will hold 64.10% of the expanded issued share capital of Monaro (that includes 5,000,000 partly paid shares) (61.0% on a fully diluted basis).
- 1.5 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that person's or someone else's voting power in the company increases:
- (a) From 20% or below to more than 20%; or
 - (b) From a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of the TCA, Section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. In accordance with ASIC Policy, an independent expert has been requested by the Board of Monaro to report on the fairness and reasonableness of the acquisition of 33,142,857 Monaro shares by Metco.

- 1.6 If the Proposed Transaction proceeds, Metco will be issued 33,142,857 shares ("Consideration Shares") in Monaro and Metco will own approximately 34.55% of the expanded issued capital of Monaro (that included 5,000,000 partly paid shares) and 32.86% on a fully diluted basis. The voting power of the current partly paid shares represents the equivalent of 25,000 votes. The percentages referred to in this report exclude voting percentages. The percentages also exclude associated parties of Metco such as Mr Jim Malone, Michael Duncan and Samuel Sapper, directors of UKL. The three significant shareholders of Metco are Messrs Michael Duncan, Samuel Sapper and Karl Meyers and they will be deemed to be associated with Metco. A full list of associated parties (and relevant shareholding interests) to Metco are outlined in section C of the Explanatory Memorandum to Shareholders accompanying the Notice.
- 1.7 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA must be accompanied by an Independent Expert's Report stating whether the issue of 33,142,847 Consideration Shares to Metco noted under Resolution 1 is fair and reasonable. To assist shareholders in making a decision, the directors of Monaro have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the issue of 33,142,857 Consideration Shares to Metco is fair and reasonable to the non-associated shareholders of Monaro (not associated with Metco).

1.8 There are no other Resolutions being put to the shareholders of Monaro.

1.9 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Monaro
- Future direction of Monaro
- Basis of valuation of Monaro shares
- Value of consideration
- Basis of valuation of UKL shares
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.10 In determining the fairness and reasonableness of the issue of 33,142,847 Consideration Shares to Metco, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Policy Statements 75 and 74. Policy Statement 75 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). Policy Statement 74 states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottee (in this case Metco) and whether a premium for potential control is being paid by the allottee.

1.11 Accordingly, our report relating to the issue of 33,142,857 Consideration Shares to Metco is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of Monaro (not associated with Metco) and whether Metco is paying a premium for potential control.

1.12 **In our opinion, the proposals as outlined in paragraph 1.7 and resolution 1 are, on balance, fair and considered reasonable to the shareholders of Monaro not associated with Metco.**

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report. Although we have ultimately not relied on the Independent Valuation Report on the mineral assets owned by Monaro and UKL prepared by RM Capital Pty Ltd (dated 31 March 2008) ("RM Capital") we have noted the valuations in our report as noted below. A copy of the Independent Valuation Report is available for inspection at the registered office of Monaro.

2. Implications of the Proposals

2.1 As at 27 April 2008, the capital structure of Monaro was as follows:

- (a) **Monaro Fully Paid Shares:**
29,431,508 fully paid ordinary shares

(b) **Monaro Partly Paid Shares:**

5,000,000 partly paid shares. The shares are paid to 0.01 cents and uncalled capital is 19.99 cents and is payable on or before 31 May 2010. These shares are included in calculating the percentage shareholdings on an undiluted basis and diluted basis notwithstanding that they can be forfeited for non payment of the call.

(c) **Share Options:**

Issuing entity	Number of shares under option	Class of shares	Exercise price of share options	Expiry date of share options
Monaro Mining NL	1 800 000	Ordinary	\$0.60	31 Dec 2008
Monaro Mining NL	750 000	Ordinary	\$1.75	31 Dec 2008
Monaro Mining NL	350 000	Ordinary	\$1.07	19 Apr 2011
Monaro Mining NL	500,000	Ordinary	\$1.20	18 Feb 2012

2.2 The significant fully paid shareholders as at 17 April 2008 are recorded as:

	No. of fully paid shares	% of issued ordinary fully paid shares
ANZ Nominees Limited	8,102,570	27.53
Merrill Lynch (Australia) Nominees Pty Limited	1,981,240	6.73
Nikam Investments Pty Ltd	1,597,087	5.43
Gregorach Pty Ltd	1,275,000	4.33
National Nominees Limited	739,660	2.51
	<u>13,695,557</u>	<u>46.53</u>

As at 17 April 2008, the top 20 fully paid shareholders owned approximately 63.07% of the fully paid issued capital of the Company.

2.3 If the Proposed Transaction is completed, the number of fully paid shares that would be owned by previous UKL shareholders is 61,500,000. The percentage shareholding that may be owned by previous existing UKL shareholders will be approximately 64.1% on an undiluted basis and 61% on a fully diluted basis.

2.4 A summary of the Monaro shareholding on a diluted and fully undiluted basis assuming the Proposed Transaction is completed is set out below:

Monaro	Post Scheme Share Structure			
	Undiluted No. of Ordinary Shares	%	Fully Diluted No. of Ordinary Shares	%
Previous UKL Shareholders	61,500,000	64.1%	61,500,000	61.0%
Previous UKL Option Holders	-	-	1,535,714	1.5%
Existing Monaro Fully Paid Shareholders	29,431,508	30.7%	29,431,508	29.2%
Existing Monaro Partly Paid Shareholders	5,000,000	5.2%	5,000,000	4.9%
Existing Monaro Option Holders	-	-	3,400,000	3.4%
	<u>95,931,508</u>	<u>100%</u>	<u>100,867,222</u>	<u>100%</u>

- 2.5 As at 27 April 2008 Metco owns 46,400,000 shares representing 53.89% of the issued capital of UKL. If the proposed transaction is completed Metco will own approximately 34.55% of the expanded undiluted capital of Monaro (that includes 5,000,000 partly paid shares) and 32.86% on a fully diluted basis.
- 2.6 The current Board of Directors is likely to change in the near future in that UKL has the right under the MIA to nominate three persons to be appointed non executive directors of Monaro following the completion of the Proposed Transaction (expected late June 2008 or early July 2008). It is expected that initially one new director will be appointed on completion of the Proposed Transaction.
- 2.7 Information on the mineral assets and background of Monaro and UKL is outlined below and in the RM Capital Valuation Report of 31 March 2008.

3. Corporate History and Nature of Business of Monaro

- 3.1 Monaro Mining NL is an ASX listed mineral exploration and development company, focused on uranium. It is also listed on the Frankfurt Exchange and is currently in the process of seeking to list its shares in the USA by way of sponsored American Depositary Receipts (or ADR's). Although Monaro expect this to occur shortly and possibly before the end of June 2008, the ADR listing or its timing is not able to be guaranteed on the basis that the regulatory process and listing regime is beyond the control of Monaro.
- 3.2 Monaro listed on ASX on 15 September 2005 and in 2007 acquired a 100% interest in eight exploration projects in the Kyrgyz Republic. These projects are a focus of the current exploration effort although additional uranium properties have been secured in Estonia and Australia.
- 3.3. Monaro's principal objective is to enhance shareholder value by becoming a uranium producer in the near future. It plans to achieve this objective by enhancing the existing projects as well as acquiring new opportunities as they present themselves. Monaro has strong financial and technical capabilities and has ready access to the financial markets.
- 3.4 The following companies are 100% subsidiaries of Monaro:
- Carbeck Pty Ltd, incorporated in Australia
 - Zona Noblus LLC, incorporated in the Kyrgyz Republic
 - Ou Balti Kaevandusedja Uuringud, incorporated in Estonia

Monaro also has an interest in joint venture operations with the following companies, whose principal activities are mineral exploration and development:

- Hapsburg Exploration Pty Ltd;
 - Ironbark Gold Ltd;
 - Noah Resources NL; and
 - Richmond Mining Ltd.
- 3.5 As at 27 April 2008, Monaro and its subsidiaries have a number of interests in mineral tenements and applications including inter-alia, the following areas of interest:

3.5.1 Kyrgyz Republic

Monaro has a 100% interest in eight exploration licences in the Kyrgyz Republic, covering a total area of almost 4,000 km². The projects are listed below:

- Aramsu - uranium
- Sogul - uranium
- Naryn - uranium
- Sumsar - uranium, and copper, gold and silver
- Utor - uranium
- Djurasay - uranium
- Hodjaakan - uranium
- Gavasai - gold and copper

In addition to the above minerals, Monaro's large landholdings are also prospective for a range of other minerals, including gold, copper, lead, zinc, tin, tungsten, niobium and tantalum. In addition, because the Kyrgyz titles host multiple prospects in varying stages of evaluation, exploration has varied from "grassroots" through to drilling with the emphasis on the more advanced prospects and those with the best potential to generate additional mineralisation quickly. Monaro has not yet completed sufficient exploration to define a mineral resource in their tenements and it is uncertain if further exploration will result in such a determination. However, previous Russian geological surveys on the Sogul Uranium deposit confirmed widespread mineralization.

On 29 January 2008, Monaro signed a Memorandum of Understanding ("MOU") with Sinosteel Corporation ("Sinosteel"), a Chinese state-owned enterprise engaged in developing, mining and marketing natural resources worldwide that will enable Sinosteel to earn an interest in one or more of the Kyrgyz uranium properties.. The initial agreement is subject to the results of Sinosteel's due diligence investigation and would allow Sinosteel to earn up to 60% interest in selected projects by completing feasibility studies. Monaro may issue 1.9 million unlisted options to Sinosteel exercisable at \$1.00 with a 3-year term, subject to completion of a binding agreement and other conditions precedent.

3.5.2 Uranium and Gold Projects in Australia – Hapsburg Joint Venture

In 2007 Monaro and Hapsburg established a joint venture, to evaluate various uranium and gold projects in the Northern Territory, Queensland and Western Australia. Under the joint venture Monaro is required to fund all exploration expenditure on granted exploration licences in exchange for earning an interest in the projects of up to 75%, dependant on the achievement of specific milestones. In accordance with the Heads of Agreement, Monaro issued ordinary shares valued at \$100,000 and 500,000 unlisted options valued at an estimated amount of \$156,338 on the Black Scholes basis to Hapsburg in February 2008, upon the successful granting of the initial exploration applications.

3.5.3 NSW Gold and Base Metal Projects

The NSW projects are all located in the Lachlan Fold Belt. Mineral deposits found in this belt historically include gold, polymetallic, tin and zinc-lead deposits.

Monaro projects are listed in the table below:

Project	Monaro Holding	Joint Venture Partner
Captains Flat	Reducing to 25%	Ironbark Gold Ltd (Aug-06)
Mayfield	80%	Richmond Mining Ltd (Mar-08)
Mayfield North	100%	Richmond Mining Ltd (Mar-08)
Michelago	100%	n/a
Mount Paynter	Reducing to 30%	Noah Resources NL (Jul-07)
Wymah	Reducing to 30%	Noah Resources NL (Jul-07)

Ironbark is managing all exploration activities for Captains Flat; the agreement enables Ironbark to earn a 75% interest subject to meeting all expenditure for the next 2 years and the completion of a positive feasibility study.

An agreement has been signed with Noah Resources for the Mount Paynter and Wymah projects; the terms allow Noah to earn up to a 70% interest by spending a minimum \$400,000 of exploration costs.

In March 2008 Monaro announced a joint venture agreement with Richmond Mining Limited for the Mayfield tenements, subject to its successful listing on the ASX. The terms allow Richmond to earn an initial 50% interest by spending \$300,000 of exploration costs.

3.5.4 Estonia

In late 2007 Monaro through its locally established entity in the Republic of Estonia, applied for exploration title in the northern part of Estonia. The area sought for exploration is prospective for uranium, vanadium and molybdenum.

3.6 Consolidated Historical Balance Sheets

3.6.1 The Monaro consolidated balance sheet as disclosed in the audited accounts as at 30 June 2007 and the reviewed accounts as at 31 December 2007 are as follows:

	Reviewed 31 Dec 2007	Audited 30 June 2007
	\$	\$
Cash and cash equivalents	6,664,094	4,828,294
Trade and other receivables	93,233	31,930
Other current assets	47,584	15,816
Total current assets	6,804,911	4,876,040
Other financial assets	97,650	54,324
Intangibles	10,662	12,498
Property, plant and equipment	294,446	176,835
Mineral properties	3,739,084	3,739,084
Total non-current assets	4,141,842	3,982,741
Total assets	10,946,753	8,858,781
Trade and other payables	314,770	206,310
Provisions	19,438	6,308
Short-term financial liabilities	10,611	-
Total current liabilities	344,819	212,618
Long-term financial liabilities	44,401	-
Total non-current liabilities	44,401	-
Total liabilities	389,220	212,618
Net Assets	10,557,533	8,646,163

	Reviewed 31 Dec 2007	Audited 30 June 2007
	\$	\$
Equity		
Issued capital	16,443,240	11,217,416
Reserves	1,123,562	1,547,575
Accumulated losses	(7,009,269)	(4,118,828)
Total Equity	10,557,533	8,646,163

3.6.2 Intangible assets consist of computer software.

3.6.3 Monaro's accounting policies state that exploration and evaluation costs are accumulated in accordance with AASB 6 "*Exploration for and Evaluation of Mineral Resources*". They are either expensed as incurred or partially or fully capitalised if they meet specific conditions listed in the accounting policy. The recoupment of balances carried forward is dependant on successful development, and commercial exploitation, or alternatively sale of the respective area.

3.6.4 The provision relates to employee benefits.

3.6.5 One share allotment and three conversions of options occurred in the year ended 30 June 2007, raising \$5.1 million before costs. Subsequent to the financial year end, a further conversion of options raised \$5 million of capital before issue costs.

3.6.6 Reserves are comprised of an option reserve and a foreign currency translation reserve.

3.7 Consolidated Historical Income Statements

3.7.1 The consolidated income statement of Monaro as disclosed in the audited accounts for the year ended 30 June 2007 and the reviewed accounts for the six months ended 31 December 2007 are as follows:

	Reviewed 31 Dec 2007	Audited 30 June 2007
	\$	\$
Other income	232,108	299,535
Accounting and audit	-	(55,789)
Depreciation and amortisation	(29,542)	(31,483)
Employee benefits expense	-	-
Foreign exchange loss	-	(5,240)
Insurance	-	(33,114)
Occupancy & administration expenses	-	(315,510)
Project expenditure	(1,252,581)	(1,890,513)
Promotion	-	(311,376)
Salary, wages and professional fees	-	(664,389)
Travel	-	(180,830)
General and admin expenses*	(1,840,426)	(2,131)
Loss before income tax expense	(2,890,441)	(3,190,840)

	Reviewed 31 Dec 2007	Audited 30 June 2007
	\$	\$
Income tax expense	-	-
Net loss attributable to members of the company	(2,890,441)	(3,190,840)
Loss per share (cents per share)	(8.6)	(11.7)
* 2007 interim report expenses not categorised		

3.7.2 Revenue relates to interest received on bank deposits held in Australia.

3.7.3 Project expenditure consists of exploration costs which are expensed as incurred in terms of the Company's accounting policy.

3.7.4 Salary, wages and professional costs in the year ended 30 June 2007 include \$236,405 of share-based payments to consultants.

4. Future Directions of Monaro

4.1 We have been advised by the directors and management of Monaro that If the Proposed Merger becomes effective, it is their current intention to continue the business of UKL and Monaro, including:

- The fast track exploration of all existing projects including the Apex/Lowboy, Rio Pureco, and Lily projects located within the United States, the various Kyrgyz projects located in the Kyrgyz Republic, the Hapsburg projects located within Australia and the projects resulting from the regional studies within Estonia;
- Continue exploration efforts in and around Apex/Lowboy and Rio Puerco to better understand and seek to expand the confidence level of the existing JORC Inferred Mineral Resources at both projects;
- Fast track the review of the new projects generated within Arizona in the United States;
- Use the combined technical resources of the Merged Entity to advance a global review of uranium opportunities;
- Not redeploying any major fixed assets of UKL or Monaro;
- Maintain the existing management team and the employment of UKL's and Monaro's existing employees; and.
- Establish a Technical Advisory Panel to report to the Board of Directors. This Technical Advisory Panel will comprise a range of technical experts drawn from within both companies and consulting groups and will be chaired by Dr Bernhard Free and will also include Mr Sam Sapper and Mr Mart Rampe.

4.2 It is also proposed that the Board post merger will be as follows:

Warwick Grigor (Chairman)
Mart Rampe (Managing Director)
Malcolm James
Jim Malone
Michael Duncan
Greg Barns

5. Corporate History and Nature of Business of UKL

- 5.1 UKL was incorporated on 7 April 2007 with the corporate objectives of the acquisition, exploration and development of uranium projects within the United States.
- 5.2 On 21 July 2007, UKL exercised an option to acquire a 100% equity in a suite of advanced uranium projects including Rio Puerco (situated in New Mexico) and Apex/Lowboy (situated in Nevada) where combined JORC Inferred Mineral Resources are reported to total 6.1 million pounds of uranium oxide. These projects were acquired from Metco through the issue of 46,400,000 ordinary shares in UKL.
- 5.3 On 2 September 2007, UKL listed on the ASX after raising \$6,500,000 through the issue of 26,000,000 fully paid ordinary shares at \$0.25 each. Subsequent to listing on ASX, UKL has undertaken an active exploration programme within the United States for additional uranium projects, completed a scoping study over the Apex/Lowboy project and carried out a preliminary drilling programme over the Lily project, situated to the south east of Rio Puerco.
- 5.4 The following companies incorporated in the USA are directly or indirectly 100% subsidiaries of UKL
- Uranium King Corporation
 - Uranium Company of Nevada LLC
 - Uranium Company of New Mexico LLC
 - Uranium Company of Arizona LLC
- 5.5 As at 27 April 2008, UKL and its subsidiaries have a number of interests in mineral tenements and applications including inter-alia, the following areas of interest:

5.5.1 Rio Puerco Project

The Rio Puerco project is located approximately 60 kilometres to the northwest of Albuquerque in the state of New Mexico, United States. Rio Puerco contains the following JORC Inferred Mineral Resource of uranium based on a mining cutoff of 0.05% U₃O₈.

Tonnes	Grade	Content in Kilograms	Content in Pounds
1,710,000	0.12% U₃O₈	2,052,000	4,514,000

The above JORC Inferred Mineral Resource was determined at a time when the uranium price was approximately US\$40 per lb.

The project area is covered by 54 claims and is situated within the Grants Mineral Belt. The belt has been a significant source of uranium in the United States with production estimated to be approximately 340 million pounds. At Rio Puerco, uranium mineralisation is contained within four sandstone units of the Morrison Formation and the primary uranium mineral is coffinite. The resource was discovered in 1968 and mined for a brief period until a significant fall in uranium prices forced its closure.

During 2007 the primary work undertaken by UKL at Rio Puerco was case study modelling to understand the geophysical response to the distribution of the ore. In February 2007, UKL purchased the Smith claims which adjoin Rio Puerco and contain previously drilled uranium mineralisation. Most recently, UKL announced it had staked an additional 9,000 acres surrounding Rio Puerco in the Grants Mineral Belt, which brings the Company's total acreage in this area to approximately 12,000 acres.

5.5.2 Apex-Lowboy Project

The Apex and Lowboy properties are located near Austin, Nevada and are around 7 kilometres apart. The combined JORC Inferred Mineral Resources of Apex and Lowboy are:

Tonnes	Grade	Content in Kilograms	Content in Pounds
1,005,200	0.07% U ₃ O ₈	703,700	1,548,100

The above JORC Inferred Mineral Resource was determined at a time when the uranium price was approximately US\$40 per lb.

Both projects are located on the same mineralised trend with the uranium mineralisation consisting of the uranium phosphates autunite, torbernite and meta-torbernite. Uraninite and coffinite have been reported at depth, although this is based on limited data.

Apex was an underground mine between 1954 and 1966, while Lowboy was developed briefly in 1959 with minimal production. It is understood that both mines had limited lives as a result of long distances from operating mill facilities. A scoping study to evaluate the economics of the development of Apex-Lowboy as a surface leach operation was completed in July 2007. At Lowboy in particular, the scoping study identified a high exploration probability for a continuation of the uranium mineralisation at depth.

5.5.3 Project Exploration

During the financial year ended 30 June 2007, UKL completed approximately 340,000 acres of airborne radiometric surveying over regional targets. The Company intends to secure claims for a number of targets identified from these surveys. In addition, a ten-hole drilling programme was scheduled to commence in the Lily and Sam exploration projects, which adjoin the Rio Puerco resource. A five-hole drilling programme was subsequently carried out over the Lily claim area in October and November 2007 with encouraging results, although no ore grade intercepts were recorded.

5.6 The UKL capital structure and substantial shareholders are as follows:

5.6.1 UKL has a total of 86,100,000 fully paid ordinary shares which includes a total of 6,600,000 promoter shares held under escrow until 5 September 2008 and are not tradable until that date and a total of 46,400,000 vendor shares (held by Metco) held under escrow until 5 September 2008 and not tradable until that date.

5.6.2 UKL has a total 1,075,000 Class A options expiring 31 December 2009 exercisable at 25 cents each and 1,075,000 Class B options expiring 31 December 2009 exercisable at 25 cents each.

5.6.3 The significant shareholders as at 4 April 2008 are recorded as:

	Number of fully paid Ordinary Shares	% of Shares Held in UKL
Mineral Energy and Technology Corporation (Metco)	46,400,000	53.89
Kilkenny Enterprises Pty Ltd	1,862,500	2.16
Howard & Leigh Dawson <H&L Dawson Super Fund Account>	1,000,000	1.16
Howard & Leigh Dawson <H&L Discretionary Account>	817,500	0.95
Jodie Marwick	800,000	0.93
Total	50,880,000	59.09

5.7 Consolidated Historical Balance Sheets

5.7.1 The UKL consolidated balance sheet as disclosed in the audited accounts as at 30 June 2007 and the reviewed accounts as at 31 December 2007 are as follows:

	Reviewed 31 Dec 2007 \$	Audited 30 June 2007 \$
Cash and cash equivalents	4,432,164	6,276,532
Trade and other receivables	110,229	56,565
Other current assets	12,048	-
Total current assets	4,554,441	6,333,097
Property, plant and equipment	123,600	151,810
Exploration and evaluation expenditure	2,682,202	1,560,415
Total non-current assets	2,805,802	1,712,225
Total assets	7,360,243	8,045,322
Trade and other payables	168,328	169,432
Provisions	-	-
Total liabilities	168,328	169,432
Net Assets	7,191,915	7,875,890
Equity		
Contributed equity	8,665,920	8,665,920
Reserves	(30,869)	(62,062)
Accumulated losses	(1,443,136)	(727,968)
Total Equity	7,191,915	7,875,890

5.7.2 The accounting policy for exploration and evaluation expenditure states that it is comprised of net direct costs and an appropriate portion of related overhead expenditure. The recoupment of costs carried forward is dependant on the discovery of commercially viable mineral or other nature resource deposits and their successful development and commercial exploitation, or alternatively, sale of respective exploration and evaluation areas of interest.

5.7.3 UKL raised over \$9.1 million of capital, before costs, through five share issues between April 2007 and March 2008.

5.7.4 Reserves comprise an option reserve and a foreign currency translation reserve.

5.8 Consolidated Historical Income Statements

5.8.1 The consolidated income statement of UKL as disclosed in the audited accounts for the year ended 30 June 2007 and the reviewed accounts for the six months ended 31 December 2007 are as follows:

	Reviewed 31 Dec 2007	Audited 30 June 2007
	\$	\$
Revenue	151,697	253,676
Occupancy costs	(17,321)	(42,736)
Employee benefits expense	(203,046)	(225,327)
Professional fees	(392,620)	(71,931)
Travel	(60,479)	(87,774)
Administration costs	(69,958)	(86,474)
Insurance	-	(43,950)
Foreign exchange loss	(123,441)	(395,576)
Loss before income tax expense	(715,168)	(700,092)
Income tax expense	-	-
Net loss attributable to members of the company	(715,168)	(700,092)
Loss per share (cents per share)	(0.08)	(0.09)

5.8.2 Revenue is predominantly comprised of interest received on cash deposits.

6. Basis of Valuation of Monaro Shares

6.1 In considering the proposals to determine the value of the 61,500,000 shares (including the 33,142,857 Consideration Shares to be issued to Metco) to be issued to acquire UKL (via acquiring all of the issued capital of UKL), we have sought to determine if the consideration payable by Monaro to Metco is fair and reasonable to the existing non-associated shareholders of Monaro.

6.2 The offer would be fair to the existing non-associated shareholders if the value of the assets (shares in UKL) being acquired by Monaro is greater than the implicit value of the shares being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Monaro's shares for the purposes of this report.

6.3 The valuation methodologies we have considered in determining a theoretical value of a Monaro ordinary share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The weighted average market price of Monaro shares.

6.4 Capitalised maintainable earnings and discounted cash flows.

6.4.1 Due to Monaro's operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report.

6.5 Takeover Bid

6.5.1 It is possible that a potential bidder for Monaro could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Monaro have formed the view that there is unlikely to be any takeover bids made for Monaro in the immediate future. However after the completion of the Proposed Transaction, Metco's shareholding interest would be approximately 34.55% on a undiluted basis and 32.86% on a fully diluted basis.

6.6 Adjusted Net Asset Backing

6.6.1 UKL, in conjunction with RSM Bird Cameron Corporate Pty Ltd had commissioned RM Capital to prepare a valuation report on the mining assets ("RM Capital Valuation Report") that are the most significant assets of the Monaro Group. RSM Bird Cameron was commissioned by the Directors of UKL to determine whether it was in the best interests of the UKL shareholders to accept the Scheme offer of five Monaro shares for every seven UKL shares. The RM Capital Valuation Report dated 31 March 2008 may be inspected at the registered office of Monaro. The RM Capital Valuation Report ascribes a range of values to the mining assets of Monaro and for the purposes of our report we have noted but not relied on the various valuations referred to in the RM Capital Valuation Report.

6.6.2 We have noted the RM Capital Valuation Report (to value the mining assets of both Monaro and UKL) and are satisfied that:

- Mr Guy Le Page is a suitably qualified expert and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations; and
- RM Capital is independent from Monaro and UKL.

6.6.3 RM Capital has provided a range of values of the Monaro mining assets as follows:

	Low \$000's	Preferred \$000's	High \$000's
Total of Valuation	29,300	37,930	46,560

6.6.4 In assessing the value of Monaro (based on the reviewed figures as at 31 December 2007 but after adjusting for 106,383 shares and 500,000 options issued on 21 February 2008, estimated costs of the proposed scheme, and using RM Capital's valuation of mineral assets as at 31 March 2008), we have calculated the intrinsic value of the Company with reference to the fair value of its underlying net assets. The pro-forma net assets as at the date of this report are summarised below, together with the range of values at which their fair values have been assessed.

	Reviewed 31 December 2007 \$000	Valuation Range		
		Low \$000	Preferred \$000	High \$000
Current assets				
Cash and cash equivalents	6,164	6,164	6,164	6,164
Trade and other receivables	93	93	93	93
Other assets	48	48	48	48
Non current assets				
Other financial assets	98	98	98	98
Intangibles	11	11	11	11
Property, plant and equipment	294	294	294	294
Mineral properties	3,995	29,300	37,930	46,560
Total assets	10,703	36,008	44,638	53,268
Current liabilities				
Trade and other payables	315	315	315	315
Provisions	19	19	19	19
Short term financial liabilities	11	11	11	11
Non current liabilities				
Long term financial liabilities	44	44	44	44
Deferred taxation	-	7,601	10,181	12,769
Total Liabilities	389	7,990	10,570	13,158
Net Assets	10,314	28,027	34,068	40,110
Assessed technical fair value		28,027	34,068	40,110
Number of Fully Paid and Partly Paid Shares (refer paragraph 2.1)	34,431,508	34,431,508	34,431,508	34,431,508
Assessed fair value per Fully Paid Share (cents) (rounded)	29.9 (book value only)	81.4	98.9	116.4

- 6.6.5 In initially valuing the shares above it has been assumed that no outstanding share options as at 31 December 2007 will be converted to Monaro ordinary shares before the Record Date. Accordingly, the current technical value of an issued Monaro share may be assessed as lying in the range of 81.4 cents to 116.4 cents with a preferred value of 98.9 cents.
- 6.6.6 Based on the book values (as compared to fair values), this equates to a value per ordinary share pre the Proposed Transaction (assume 34,431,508 ordinary shares on issue) of approximately 29.9 cents (ignoring the value, if any, of non-booked tax benefits).
- 6.6.7 We have accepted the amounts for all current assets and current liabilities. However, the most significant assets of the Monaro Group are its interests in mineral exploration projects in Australia and overseas.
- 6.6.8 No detailed review was made by us on the assets and liabilities disclosed in the reviewed adjusted consolidated balance sheet as at 31 December 2007. We have been assured by the management of Monaro that they believe the carrying value of all current assets, fixed assets and liabilities at 31 December 2007 are fair and not materially misstated.

- 6.7 As referred to paragraph 6.6.1 an independent valuation has been prepared on the mineral prospects of the Monaro Group by RM Capital dated 31 March 2008. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Monaro and other parties. The latest quarterly report on the Company's prospects was for the quarter to 31 December 2007. We also note it is not the present intention of the Directors of Monaro to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Monaro based on the market perceptions of what the market considers a Monaro share to be worth.

The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market (albeit on moderate turnover) for Monaro shares and the market is kept fully informed of the activities of the Company. Furthermore, for accounting purposes, the consideration for the issue of Monaro shares to acquire the shares in UKL will be booked at market value and not any perceived technical value. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, whilst it is appropriate to consider the technical value of a Monaro share in assessing whether the proposal to acquire the shares in UKL from the UKL shareholders including Metco is fair and reasonable, we believe a pre-announcement and post announcement market-based approach is a more suitable basis of assessing whether the Proposed Transaction is fair and/or reasonable.

6.8 Weighted Average Market Price of Monaro Fully Paid Shares

- 6.8.1 Between July 2007 to the date of the announcement of the Proposed Transaction with UKL (11 October 2007 was the date of the announcement but the shares were temporarily suspended from trading on 9 October 2007 pending the announcement), the fully paid shares in Monaro have traded in the following range:

2007	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
July	165	130	135	1,874
August	144	80	108	2,182
September	109	100	105	686
October to 11 October	110	96	102	217

- 6.8.2 In the year to 22 April 2008, the Monaro closing share price peaked at \$2.65 in mid-April 2007 before falling to a low of 36 cents on 3 April 2008. In line with the uranium spot market prices, Monaro's share price declined sharply in August 2007 to a low of 80 cents per share, before rallying and trading at just over 100 cents in September 2007.
- 6.8.3 The 30 day volume weighted average closing share price of Monaro shares pre announcement on 11 October 2007 was 102.8 cents. It is our view that a fair market value of a Monaro share pre announcement lay in the range of 95 cents to 105 cents. We note that the shares in the Company traded up to a high of 110 cents prior to the announcement.

6.8.4 Significant announcements released to the ASX include:

- 3 April 2007 – drilling at Sogul project indicates presence of a number of uranium bearing zones;
- 29 May 2007 – Northern Territory and Western Australia exploration licences granted for Australian uranium operations;
- 13 August 2007 – Executive management changes and the granting of three Queensland licences;
- 18 September 2007 – Monaro to seek ADR listing on the North American exchange;
- 11 October 2007 – merger agreement signed with UKL;
- 9 November 2007 – establishment of a wholly owned subsidiary in Estonia and initial application for exploration title;
- 14 November 2007 – priority allocation in Noah Resources NL IPO;
- 28 November 2007 – results of AGM and Chairman's Address;
- 30 January 2008 – Memorandum of Understanding signed with Sinosteel Corporation for the strategic assessment and development of Kyrgyz uranium projects;
- 21 February 2008 – issue of 106,383 ordinary shares and 500,000 unlisted options to Hapsburg on successful grant of domestic exploration applications; and
- 6 March 2008 – joint venture executed with Richmond Mining over the Mayfield and Mayfield North tenements.

6.8.5 Since the announcement of the Proposed Scheme on 11 October 2007 to 18 April 2008, the fully paid shares in Monaro have traded in the range of 36 cents to a high of 110 cents (last sale on 28 April 2008 at 47 cents).

2007	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
12 October to 31 October	110	96	102	217
November	107	84.5	94.5	1,058
December 2008	94	77	77	379
January	89	50	65	1,228
February	63	53	60	453
March	60	37	42	908
To 28 April	49.5	36	47	845

6.8.6 The current 30 day volume weighted average closing price of Monaro shares (up to 28 April 2008) was 40.85 cents. We note that the shares in the Company have traded up to a high of 60 cents in the last six weeks prior to 28 April 2008 and the closing share price on 28 April 2008 was 47.0 cents. It is our view that a fair market value of a Monaro share prior to 28 April 2008 lies in the range of 37 cents to 50 cents.

6.8.7 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of Monaro, current cash resources are reasonable but Monaro may later on be required to undertake a capital raising of

some significance (or a series of smaller capital raisings) and / or sell or dilute its interest in existing mining interests.

6.8.8 The future value of a Monaro share will depend upon, inter alia:

- The future prospects of its mineral prospects in Australia and overseas and the uranium assets of UKL if acquired;
- The state of the gold, uranium and base metal markets (and prices) in Australia and overseas;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- General economic conditions; and
- Liquidity of shares in Monaro.

7. Value of Consideration

7.1 Based on pre announcement and post announcement share prices of Monaro the consideration range would be:

	Ref.	Low \$	Preferred \$	High \$
61,500,000 ordinary shares at pre-announcement prices		58,425,000	61,500,000	64,575,000
Additional estimated costs of acquisition		500,000	500,000	500,000
Total consideration (cost)		58,925,000	62,000,000	65,075,000
Share price assumed to be:	6.8.3	95 cents	100 cents	105 cents

If the latest share prices are used (to 28 April 2008), the consideration would be:

61,500,000 ordinary shares		22,755,000	26,752,500	30,750,000
Additional estimated costs of acquisition		500,000	500,000	500,000
Total consideration		23,255,000	27,252,500	31,250,000
Share price assumed to be	6.8.6	37 cents	43.5 cents	50 cents

For the purposes of the estimated costs of acquisition we have ignored the value of the 1,535,714 share options to be issued by Monaro to acquire the 2,150,000 UKL share options. Paragraph 10.13 refers to the cost (\$322,714 or more) of issuing 1,535,714 share options to the UKL option holders.

7.2 As noted above, we have considered the pre announcement share prices and the recent share prices to 28 April 2008. If we used the range of fair values pre 11 October 2007, the consideration for the shares would lie in the range of \$58,425,000 and \$64,575,000. With the additional costs noted above of \$500,000, the total pre-announcement consideration/cost would lie in the range of \$58,925,000 and \$65,075,000 with a preferred value of \$62,000,000.

7.3 If we used the range of fair values to 28 April 2008, the consideration for the shares would lie in the range of \$22,755,000 and \$30,750,000. With the additional costs noted above of \$500,000, the total pre-announcement consideration would lie in the range of \$23,255,000 and \$31,250,000 with a preferred value/cost of \$27,252,500.

8. Basis of Valuation of the Shares in UKL (and the interests in the Uranium Assets)

- 8.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. In the case of valuing the shares in UKL, we have considered that the maintainable/discounted cash flow (no reliable earnings or cash flows) and takeover bid (none expected other than by Monaro acquiring a 100% interest in UKL) methodologies are not relevant for the purposes of this report. We have considered an adjusted net asset backing methodology and market value are more appropriate basis in this case. UKL owns 100% of Uranium King Corporation who in turn owns 100% of the shares in Uranium Company of New Mexico LLC, Uranium Company of Nevada LLC and Uranium Company of Arizona.
- 8.2 UKL, in conjunction with RSM Bird Cameron Corporate Pty Ltd commissioned RM Capital to prepare a valuation report on the mining assets of UKL ("RM Capital Valuation Report") that are the most significant assets of the UKL Group. The RM Capital Valuation Report dated 31 March 2008 is available for inspection at the registered office of Monaro. The RM Capital Valuation Report ascribes a range of values to the mining assets and for the purposes of our report we have noted various valuations referred to in the RM Capital Valuation Report.
- 8.3 We have reported but not relied upon the RM Capital Valuation Report on the mining assets to be acquired by Monaro through the acquisition of the shares in UKL.
- 8.4 RM Capital has provided a range of values of the UKL mining assets as follows:

	Low \$000's	Preferred \$000's	High \$000's
Total of Valuation	23,250	60,270	97,290

- 8.5 In assessing the value of UKL ((based on the reviewed figures as at 31 December 2007 and using RM Capital's valuation of mineral assets as at 31 March 2008), we have calculated the intrinsic value of UKL with reference to the fair value of its underlying net assets. The pro-forma net assets as at the date of this report are summarised below, together with the range of values at which their fair values have been assessed.

	Reviewed 31 December 2007 \$000	Low \$000	Preferred \$000	High \$000
Current assets				
Cash and cash equivalents	4,432	4,432	4,432	4,432
Trade and other receivables	110	110	110	110
Other assets	12	12	12	12
Non current assets				
Property, plant and equipment	124	124	124	124
Exploration and evaluation expenditure	2,682	23,250	60,270	97,290
Total assets	7,360	27,928	64,948	101,968

	Reviewed 31 December 2007 \$000	Low \$000	Valuation Range	
			Preferred \$000	High \$000
Current liabilities				
Trade and other payables	168	168	168	168
Non current liabilities				
Deferred Taxation	-	6,170	17,276	28,382
Total Liabilities	168	6,338	17,444	28,550
Net Assets	7,192	21,590	47,504	73,418
Assessed fair value		21,590	47,504	73,418
Number of Fully Paid Shares (refer paragraph 5.6.1)	86,100,000	86,100,000	86,100,000	86,100,000
Assessed fair value per Fully Paid Share (cents) (rounded)	8.4 (book value only)	25.1	55.2	85.3

Deferred taxation has been calculated at 30% of the uplift in the book value of the mining assets to their fair value as per RM Capital Valuation Report.

- 8.6 We have been informed that all necessary due diligence on UKL and the mining assets has been completed to the best ability of the Monaro directors. However, no guarantee can be given as to the long-term value of the mining assets. This will depend on many factors, including inter-alia:
- Future commercial success or otherwise of the mineral assets;
 - Foreign and Australian stock exchange and uranium markets;
 - Ability to raise capital to undertake exploration and any development of the mining assets;
 - Environmental and other regulations in the USA.

- 8.7 No detailed review was made by us on the assets and liabilities disclosed in the reviewed adjusted balance sheets as at 31 December 2007. We have been assured by the management of UKL that they believe the carrying value of all current assets and liabilities at 31 December 2007 are fair and not materially misstated. Adopting the range of values as noted in the RM Capital valuation report and after adjusting for deferred taxation on the mining assets, the net assessed fair values of UKL are \$21,590,000 for low, \$47,504,000 for preferred and \$73,418,000 for high representing a net asset value per share of 25.1 cents, 55.2 cents and 85.3 cents respectively .

8.8 Weighted Average Market Price of UKL Fully Paid Shares

- 8.8.1 Between July 2007 to the date of the announcement of the Proposed Transaction with Monaro (11 October 2007 was the date of the announcement but the shares were temporarily suspended from trading on 9 October 2007 pending the announcement), the shares in UKL have traded in the following range:

2007	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
July	145	100.5	107	4,028
August	106	41	72	5,079
September	72	59.5	67	1,156
October to 11 October	83	64.5	74	1,049

8.8.2 Over the last year, the UKL closing share price has ranged from 25 cents to 154 cents, with the peak reached in late May 2007. The closing price at 31 March 2008 was 25 cents. UKL's share price rose sharply over the first seven months of 2007, reflecting both the announcements of new claims staked by the Company, the Apex scoping study and the strengthening uranium spot market. The share price peaked on 25 July 2007 at 145 cents largely influenced by the uranium spot price which peaked in July 2007. The share price declined significantly in August and September 2007 following the substantial decline in uranium prices from USD138/lb in July to approximately USD70/lb in the 3rd quarter of 2007. The price of uranium rallied to above USD90/lb in December 2007 but has since then steadily drifted down to USD68/lb on 14 April 2008. The 30 day volume weighted average of UKL shares prior to 11 October 2007 was 69 cents per share.

8.8.3 Significant announcements released to the ASX include:

- 15 February 2007 – acquisition of 1,138 acre Smith claims adjacent to Rio Puerco;
- 14 June 2007 – delays in metallurgical testing of Apex samples led to revised scoping study completion date of July;
- 25 July 2007 – Apex scoping study confirms economically robust mining operation at Apex-Lowboy, production estimated to commence in 2009;
- 3 August 2007 – Board changes including the retirement of Howard Dawson as Chairman;
- 11 September 2007 – additional 9,000 acres of exploration land staked in Rio Puerco, taking total land held by Uranium King in the area to 12,000 acres;
- 3 October 2007 – drilling commenced at Lily-Sam projects;
- 11 October 2007 – merger agreement signed with Monaro;
- 12 December 2007 – proposed merger and operations update; and
- 12 March 2008 – prospective claim areas secured in Apache Basin of Central Arizona.

8.8.4 It is our view that a fair market value of a UKL share pre announcement of 11 October 2007 lies in the range of 65 cents to 75 cents although it reached a high of 83 cents for one day on 8 October 2007. We note that the shares in the Company have traded up to a high of 145 cents from July 2007 to the announcement date of the Proposed Scheme.

8.8.5 Since the announcement of the Proposed Scheme on 11 October 2007 to 28 April 2008, the shares in UKL have traded in the range of 23 cents to 76.5 cents but have generally drifted down reflecting both the reduction in uranium prices and the general market downturn (last sale on 28 April 2008 at 28 cents). The 30 day volume weighted average of UKL shares prior to 28 April 2008 was 27.41 cents per share.

	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
12 October to 31 October 2007	76.5	55.5	60	1,547
November 2007	69	55.5	59.5	2,490
December 2007	59.5	48.5	52	757
January 2008	52	30	37	1,756
February 2008	40	30	34	1,195

	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
March 2008	33	25	25	898
To 28 April 2008	30	23	28	1,008

- 8.8.6 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of UKL, current cash reserves are reasonable but UKL may later on be required to undertake a capital raising of some significance (or a series of smaller capital raisings) and/or sell or dilute its interest in existing mining interests.

It is noted that over the past several years, the vast majority of mineral exploration companies listed on the ASX are trading at significant discounts or premiums to appraised technical values and in some cases have traded at a discount to cash asset backing. In the case of UKL, the monthly volume of trades on the ASX is reasonable and large enough to argue that an orderly market exists for the company's shares. The "market" arguably is fully informed of the company's activities and it is our opinion appropriate to consider a range of recent pre-announcement trading market values as fair values to attribute to the ordinary shares of UKL and also the market values to 28 April 2008.

- 8.8.7 The future value of a UKL share (if the merger does not proceed) will depend upon, inter alia:

- The future prospects of its mineral prospects in Australia and in the USA;
- The state of the uranium markets (and prices) in USA and Australia;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- General economic conditions; and
- Liquidity of shares in UKL.

- 8.8.8 It is our view that a current fair market value of a UKL share to 28 April 2008 lies in the range of 25 cents to 33 cents although it reached a high of 76.5 cents for one day on 12 October 2007 immediately after the announcement of the Proposed Scheme. The 28 April 2008 closing share price of a UKL share trading on ASX was 28.0 cents.

9. Conclusion as to Fairness

- 9.1 The proposal to acquire all of the shares in UKL and in effect the mineral assets of UKL for the consideration noted in paragraph 1.2 is believed fair to Monaro's non-associated shareholders if the value of the consideration offered is equal to or less than the value of UKL being acquired.
- 9.2 Due to the nature of the businesses of Monaro and UKL, valuations are dependent upon the value placed on the mineral interests of Monaro and UKL. The valuation of mineral interests is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation. The assumptions used in the RM Capital Valuation Report are contained in that report.
- 9.3 We have examined below what the values attributable to UKL that is proposed to be acquired and the value of the consideration offered by Monaro to the UKL shareholders may be:

	Low Values \$000	Preferred or Agreed Values \$000	High Values \$000
Assessed values based on independent valuations of the interests in the UKL mining assets (via shares in UKL) (refer paragraph 8.5)	21,590	47,504	73,418
Assessed values of 86,100,000 shares based on the UKL pre announcement share prices (refer paragraph 8.8.4)	55,965	60,270	64,575
Assessed values of 86,100,000 shares based on the UKL share prices to 28 April 2008 (refer paragraph 8.8.8)	21,525	24,969	28,413
Value of share consideration being offered by Monaro: Assessed values based on independent valuations of the interests in the Monaro mining assets (refer paragraph 6.6.4)	28,027	34,068	40,110
61,500,000 ordinary shares excluding estimated costs of acquisition (refer paragraph 7.1) based on pre announcement prices	58,425	61,500	64,575
61,500,000 ordinary shares excluding estimated costs of acquisition (refer paragraph 7.1) based on share prices to 28 April 2008	22,755	26,752	30,750

- 9.4 It is normally assumed that under a takeover via a takeover bid or scheme of arrangement, that a premium for control would be payable by the acquirer and that anecdotal evidence suggest premiums for control of small capitalisation companies are in the normal range of 10% to 20% with say a mid range 15%. It is noted that based on the current share prices for Monaro and UKL, the premium for control lies in the range of 5.7% to 8.23% with the mid range (preferred) control premium of 7.14%. On A pre-announcement share price basis, the premium lies between 2.04% and 4.39%. Thus the premium being paid would be well below expected premiums for control.

9.5 Conclusion in Fairness

Based on the above, the proposal to issue 33,142,847 ordinary shares to Metco may, on balance, be considered fair to the shareholders of Monaro not associated with Metco. However, based on a post merger basis using technical values (although our conclusion is not based on the independent valuations), (refer paragraph 10.14), the Proposed Transaction may not necessary be considered fair, however both Monaro and UKL are traded on ASX and there has been reasonable liquidity in the shares in recent months. The technical valuations referred to above are just that, technical and are not reflected in current share prices of both Monaro and UKL.

10. Reasonableness of the Offers

- 10.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposed Transaction (issue of 61,500,000 shares to acquire 100% of the issued capital of UKL).

Advantages

- 10.2 The merger of Monaro and UKL will create an internationally diversified exploration and development mining company with a number of greenfields projects and advanced exploration projects. There is an expectation that a UKL uranium project would be more advanced than the uranium projects of Monaro and that development of the UKL projects may be developed in the next 2 to 4 years and if successful provide a positive cash flow to the expanded Monaro.
- 10.3 Monaro has a number of mineral areas of interest but these are generally at an early stage of exploration. The merger will bring to the combined entity more advanced exploration projects in the USA. This has the benefit of diversifying risk to the Monaro shareholders.
- 10.4 The merged entity will have an increased market capitalisation which is expected to improve share market liquidity, increase access to new capital markets and be more attractive to international investors.
- 10.5 The merged entity will have increased management and technical expertise which should be able to develop its projects more rapidly. Additionally it should enhance the Company's ability to employ and retain competent staff.
- 10.6 The country asset portfolio is diversified as UKL's uranium prospects are in the USA that may be considered more politically stable than Monaro's uranium project in Kyrgyz.

Disadvantages

- 10.7 The number of fully paid ordinary shares on issue initially rises by 61,500,000 and the number of options on issue by 1,535,714 on the acquisition of UKL. Post merger Monaro shareholders, in aggregate will hold on an undiluted basis 35.9% in the merged entity. In addition further shares will need to be issued in due course to raise further funds to undertake an extensive exploration and evaluation programme on the mineral assets. The existing shareholders, in the absence of a rights issue may be diluted, although the Company may be financially stronger.
- 10.8 The mineral assets of UKL may not turn out to be as prospective as initially thought. It is noted however that Monaro is currently an exploration company and there are always risks in investing in exploration companies.
- 10.9 Metco, if the Proposed Transaction proceeds could control approximately 34.55% of the expanded issued capital of Monaro (assuming no dilution due to the exercise of options). UKL of which Metco is the major shareholder has the right in terms of the MIA to nominate 3 directors to the Board of the merged entity. Some significant voting control is passing to Metco although it is noted that only one director of Metco will be a director of Monaro post merger. Metco is in effect not paying a premium for deemed control (greater than 20%) in that the Uranium Assets (via shares in UKL) have a lesser value than the Monaro shares being received as consideration.

- 10.10 The UKL Directors note that there is currently a law suit that has been brought by a minority shareholder of Metco (UKL's major shareholder) against Metco, and that UKL is joined as a co-defendant in that law suit. This law suit has been initiated in the State of Mexico in the United States of America in connection with the US mining properties purchased by UKL from Metco in or about September 2006. On or around 17 January 2008 a minority shareholder of Metco, Mr. Dean Coleman, issued proceedings in the 13th Judicial District of New Mexico against Metco and UKL alleging negligence against the directors of Metco in the manner in which they entered into the sale agreement with UKL and further alleging that neither Metco nor UKL complied with New Mexico securities legislation in approving the agreement. Mr Coleman is asking that the transaction therefore be rescinded. The UKL Board consider that the claim lodged by Mr Coleman (a minority shareholder in Metco) does not have any realistic chance of success and is not supported by the facts or the law.

Other Factors

- 10.11 The ultimate stamp duty payable, if any, for the acquisition of all of the shares in UKL has yet to be determined. The estimated cost of the merger of \$500,000 as advised by the directors is assumed to include all costs of the merger including any stamp duty costs, if applicable.
- 10.12 As Metco will be a significant shareholder in an expanded Monaro and Metco itself has had internal problems involving prior directors and significant shareholders, the holding may be considered to initially be an "overhang" in the market for Monaro shares as it may be unclear as to the intentions of Metco as to its dealings as a shareholder in Monaro. We have been verbally advised that Metco may over time make an in-specie distribution of its 33,142,857 shares that it will have in Monaro post merger. If this eventuates and based on the significant shareholdings in Metco (Metco has three shareholders representing approximately 78% of its issued capital) and thus if the in-specie distribution occurs, no one ex Metco shareholder will hold more than 9,000,000 shares in Monaro. This would mean no ex Metco shareholder would own more than 10% of the issued capital of Monaro.
- 10.13 Pursuant to the Scheme, Monaro is to issue five Monaro share options (a total of 1,535,714 share options) exercisable at 35 cents each, on or before 31 December 2009 to the UKL option holders for every seven share options held by the UKL option holders (2,150,000 share option on issue in UKL) exercisable at 25 cents each, on or before 31 December 2009. Assuming that the Scheme will be completed by 30 June 2008 and valuing the existing UKL share options and the proposed Monaro share options based on a Black Scholes option valuation methodology, the value of the 2,150,000 UKL share options approximates \$172,000 whilst the value of the 1,535,714 Monaro share options to be issued approximates \$322,000. The underlying basic assumptions used to value the share options were a 50% volatility factor, an interest rate of 6.41%, a UKL share price of 26.5 cents, a Monaro share price of 49.5 cents, the exercise prices as noted above and an expiry date for both classes of share options of 31 December 2009. It is evident that the UKL option holders are far better off accepting the Monaro share options. If a 70% volatility factor was used, the value of the Monaro share options would be approximately \$368,000 and the value of the UKL share options would be \$156,000. There is a clear benefit to the UKL option holders. However the cost to Monaro is not material in nature compared with the total share consideration being offered by Monaro to the UKL shareholders (including Metco).

10.14 On a merger basis and using the adjusted 31 December 2007 figures noted above and adjusted for the assessed technical values of mining assets as noted by RM Capital for both Monaro and UKL, the merged net fair value would lie in the range of \$48,795,000 (low), \$80,750,000 (preferred) and \$112,660,000 (high) and the value per merged Monaro share (95,931,508 shares on issue, including 5,000,000 partly paid shares)) would lie in the range of 50.8 cents (low), 84.2 cents (preferred) and 117.4 cents (high). This compares with an assessed technical value per share of Monaro pre merger of between 81.4 cents and 116.4 cents with a preferred technical value of 98.9 cents. The last sale price of a Monaro share on 28 April 2008 was 48 cents. Using the purchase method of accounting, the cost of acquiring all of the shares and share options in UKL approximates \$27,574,500 using a preferred share price of 43.5 cents compared with a preferred technical fair value of UKL of \$47,504,000 (and a low technical value of \$21,590,000) and a current market capitalisation of UKL of approximately \$24,108,000 as at close of business on 28 April 2008.

11. Conclusion as to Reasonableness

11.1 **After taking into account all of the factors referred to in 10 above and elsewhere in this report, we are of the opinion that, on balance, the proposal to issue 33,142,857 Consideration Shares to Metco as noted in paragraphs 1.2 and 1.6 and resolution 1 in the Notice may be considered to be reasonable to the non-associated shareholders of Monaro.**

12. Sources of Information

12.1 In making our assessment as to whether the issue of 33,142,857 Consideration Shares to Metco as noted in paragraph 1.2 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, UKL and Metco that is relevant to the current circumstances. In addition, we have held discussions with the management of Monaro about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Monaro.

12.2 Information we have received includes, but is not limited to:

- Draft Notice of General Meeting of Shareholders of Monaro and draft Explanatory Statement to Shareholders prepared to 24 May 2008;
- Discussions with management and directors of Monaro and UKL;
- Details of historical market trading of Monaro and UKL ordinary fully paid shares recorded by ASX for the period from July 2007 to 28 April 2008;
- Shareholding details of Monaro as supplied by the Company's share registry at 17 April 2008 and shareholding details of UKL as supplied by the Company's share registry ;
- Audit reviewed Consolidated Balance Sheet of Monaro as at 30 June 2007 and audited Consolidated Balance Sheet as at 31 December 2007;
- Audit reviewed Consolidated Income Statement of Monaro for the period ended 31 December 2007 and audited income statement for the year ended 30 June 2007;
- Announcements made by Monaro to the ASX from January 2007 to 28 April 2008;

- The Merger Implementation Agreement between Monaro and UKL of 10 October 2007 and the Deeds of Variation dated 19 March 2008 and 9 April 2008;
- The UKL Scheme Booklet for the proposed merger with Monaro;
- The Independent Valuation Report of RM Capital dated 31 March 2008 relating to the mineral assets of Monaro and UKL;
- The RSM Bird Cameron independent report dated 2 April 2008;
- Correspondence with RM Capital and RSM Bird Cameron Corporate Pty Ltd;
- Audit reviewed Consolidated Balance Sheet of UKL as at 30 June 2007 and audited Consolidated Balance Sheet as at 31 December 2007;
- Audit reviewed Consolidated Income Statement of UKL for the period ended 31 December 2007 and audited income statement for the year ended 30 June 2007; and
- Announcements made by UKL to the ASX from January 2007 to 28 April 2008;
- Information disclosed on The Ux Consulting Company, LLC website in relation to uranium and uranium prices.

12.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



J P Van Dieren
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 29 April 2008, relating to the issue of 61,500,000 ordinary shares as consideration for acquiring all of the ordinary shares in UKL (including the issue of 33,142,857 Consideration Shares to Metco) as outlined in paragraph 1.2 of this report and as outlined in resolution 1 in the Notice of Meeting and Explanatory Statement to Shareholders to be issued in May 2008.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with Monaro, UKL or Metco other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. Up until 30 June 2007 Stantons International Pty Ltd an affiliated firm of Stantons International Securities Pty Ltd were the auditors of Monaro but Stantons International Pty Ltd resigned as auditors at the AGM held on 28 November 2007. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$18,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in Monaro, UKL or Metco. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Investment Advisers Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the partners of Stanton Partners and Stantons International Pty Ltd are the Directors' of Stantons International Securities Pty Ltd. Stanton Partners, Stantons International Pty Ltd and Stantons International Securities Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Messrs John P Van Dieren, FCA and Jorge Dos Santos ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Monaro in order to assist the shareholders of Monaro to assess whether the issue of 33,142,857 Consideration Shares to Metco as noted in resolution 1 to which this report relates is fair and reasonable. This report has been prepared for the benefit of Monaro's directors and shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Monaro, UKL, or the companies' mining assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Monaro or UKL. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, Resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities Pty Ltd, Stanton Partners, Stantons International Pty Ltd, its directors, partners, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Monaro and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Monaro has agreed:

- a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stanton Partners and Stantons International Pty Ltd) to recover any loss or damage which Monaro may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Monaro; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stanton Partners and Stantons International) against any claim arising (wholly or in part) from Monaro or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Monaro or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to the Monaro directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

FINANCIAL SERVICES GUIDE Dated 29 April 2008

1. STANTONS INTERNATIONAL SECURITIES PTY LTD

Stantons International Securities Pty Ltd ACN 128 908 289 (“**SIS**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 319600**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. FINANCIAL SERVICES WE ARE LICENCED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares and options)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. GENERAL FINANCIAL PRODUCT ADVICE

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. ASSOCIATIONS AND RELATIONSHIPS

SIS is ultimately wholly owned by and operates as part of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be Directors in Stantons International Pty Ltd and/or Stanton Partners.

From time to time, SIS, Stantons International Pty Ltd and Stanton Partners and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. COMPLAINTS RESOLUTION

9.1 *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("**FICS**"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

10. CONTACT DETAILS

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.