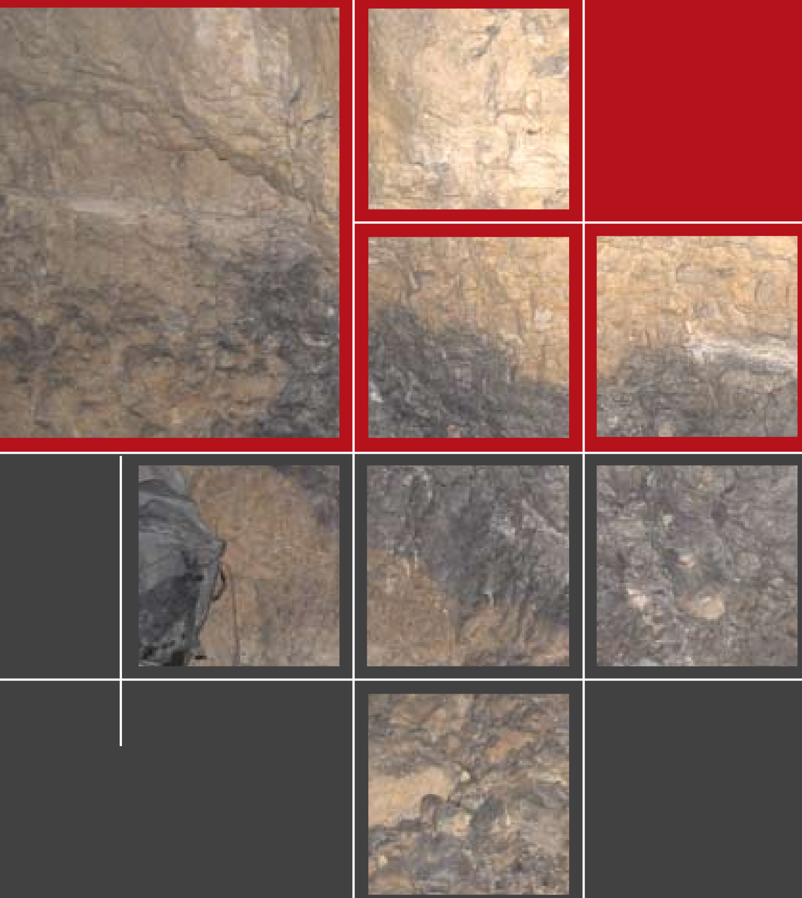
MONARO MINING NL

ANNUAL REPORT 2008

MONARO MINING NL
ABN 99 073 155 781



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CORPORATE PROFILE

Monaro Mining NL is a uranium specialist company listed on the ASX and Frankfurt securities exchanges. In addition, Monaro American Depositary Receipts are listed for Over-The-Counter trading in the United States of America. Following the recent merger with Uranium King Limited, the Company has two one hundred percent-owned pre-development uranium projects in Nevada and New Mexico, USA. Its Central Asian projects, in the Kyrgyz Republic, are subject to a Memorandum of Understanding with Sinosteel Corporation whereby that company can earn up to sixty percent equity by the completion of feasibility studies. Premium exploration licences are also being assessed in the Northern Territory and Queensland and exploration and development initiatives are being undertaken in Estonia and Bulgaria. The Company has a strong corporate focus.

HIGHLIGHTS

DURING THE 2007-2008 FINANCIAL YEAR YOUR COMPANY CONTINUED TO FOCUS ON BUILDING A SERIOUS URANIUM COMPANY. THE COMPANY HAS BEEN PURSUING THIS GOAL ON TWO FRONTS VIA CORPORATE INITIATIVES AND ACTIVELY ACQUIRING QUALITY PROJECTS INTERNATIONALLY AS WELL AS THROUGHOUT AUSTRALIA.

OPERATIONAL AND CORPORATE HIGHLIGHTS INCLUDE:

- Diamond drilling programs initiated on the Sogul and Aramsu uranium prospects in Kyrgyz resulting in the confirmation of uranium mineralisation at several locations.
- A strategic alliance with Sinosteel Corporation to assess and advance the Kyrgyz projects with a Memorandum of Understanding executed.
- Positive results from underground mapping, sampling and completion of geophysical surveys at the Shekafter uranium mine.
- Geophysical survey completed over the Fog Bay Project area in the Northern Territory confirms the uranium mineralisation model being applied.
- Additional licence applications secured in the Julia Creek area of Queensland which is prospective for uranium bearing Iron Oxide Copper Gold and black shale deposits.
- Licence acquisition programs initiated in Bulgaria, Estonia and Niger.
- Joint Venture with Richmond Mining Limited executed covering the Mayfield and Mayfield North projects located in NSW.
- Glencore International joined Ironbark Gold Limited to explore the Company's Captains Flat project.
- The sponsored Level 1 American Depositary Receipts facility was successfully launched. Monaro American Depositary Receipts are listed for Over-The-Counter trading in the United States of America.
- Subsequent to the end of the 2007-2008 financial year, the merger with Uranium King Limited was finalised providing the Company with near term production opportunities in the USA.

CHAIRMAN'S LETTER TO SHAREHOLDERS

THE FINANCIAL YEAR TO 30 JUNE 2008, AND THE SUBSEQUENT MONTHS, HAVE EXPOSED US TO ONE OF THE MOST CHALLENGING PERIODS ON RECORD FOR THE STOCK MARKETS.

Dear Monaro Shareholder,

We have to go back to 1974 to find a parallel, both in terms of oil and energy price movements, and the impact on world economics. The sub-prime crises that originated in the USA, and has threatened international financial stability, has required strong intervention in order to stave off a 1930s-style depression. Confidence has been at extreme lows in the past few months in particular. Given this background it should not be surprising that we are in a less buoyant mood than we demonstrated this time last year.

Nevertheless, our chosen area of focus, uranium and nuclear power, is looking stronger and more sustainable than a year ago. Almost every week we see news that adds to our view that uranium is the most prospective of all commodities for the next decade at least, on the back of the re-embracing of nuclear power. It is most anomalous though, that in the debate in Australia and the proposal for a carbon emissions trading scheme, there has been deafening silence from the politicians on nuclear power for Australia.

The world is expected to experience shortages in energy production over the coming decades, not only due to the growth of countries like China and India, but also due to the inaction of Western governments addressing the base-load power issues, whilst flirting at the edges with alternative sources of energy that can only ever be contributors, but not solutions. Hesitating on the development of new coal-fired power stations due to environmental concerns, without embracing the expansion of nuclear power, is only going to lead to power shortages.

Looking specifically at the position of your Company, Monaro Mining NL, I am pleased to say that we have consolidated our position in the uranium business with the merger with Uranium King Limited. The merged entity now has near term production opportunities in the USA, as well as a potentially strong joint venture partner in the geopolitically higher risk Kyrgyz projects. We have a much better balanced company. The share price is only a fraction of what it was a year or two ago, but that is no reflection of the progress that has been made.

The next year presents us with continued uncertainty on the macroeconomic front and on the equity markets. All companies will need to demonstrate more caution and fiscal discipline than was necessary when the markets were booming. We will constantly be reviewing our projects to assess their appeal to the markets, in order to be pragmatically responsive, whilst at the same time advancing the longer terms aspects of the business that give a rationale for existence – the development of uranium orebodies. We are about building a serious uranium company.

I would like to thank the directors and staff of Monaro Mining NL for their tireless contribution over the past year as we build for the future, and I look forward to a continuation of the strong sense of co-operation already being demonstrated between the Monaro and Uranium King teams as we forge a strong future as a combined entity.

Warwick Grigor
Chairman

WARWICK GRIGOR
CHAIRMAN

"I AM PLEASED TO SAY THAT WE HAVE CONSOLIDATED OUR POSITION IN THE URANIUM BUSINESS WITH THE MERGER WITH URANIUM KING LIMITED."

MANAGING DIRECTOR'S OPERATIONS AND EXPLORATION REPORT

During the course of the year, exploration activities were focused on the Company's Kyrgyz and Australian uranium properties. The company actively explored its eight 100% owned licences (Figure 1) but focused primarily on those tenements with advanced uranium potential. In particular, the Aramsu, Sumsar and Naryn projects were explored in detail, with the view to establishing further drilling targets for the 2008-2009 field season.

The Company executed a Memorandum of Understanding with Sinosteel Corporation ("Sinosteel") of China, which would see that organisation commit to a major exploration and development program on several of the Company's tenements. It is anticipated that the MOU will be replaced with a binding Transaction Agreement which will enable Sinosteel to commence exploration and development activities.

In Australia, airborne surveys confirmed the conceptual basis for uranium mineralisation within the Fog Bay tenements in the Northern Territory, whereas regional and desktop studies enabled the pinpointing of uranium bearing IOCG targets within the North Queensland tenements.

With the view to expanding the Company's reach, the Company actively considered other uranium opportunities on a global basis. To that end, the Company has during the course of the year assessed opportunities in Estonia and Bulgaria in Europe and the Niger Republic in Africa.

"WITH THE VIEW TO EXPANDING THE COMPANY'S REACH, THE COMPANY ACTIVELY CONSIDERED OTHER URANIUM OPPORTUNITIES ON A GLOBAL BASIS."

Elsewhere in Australia, the Company's non-core gold and basemetal projects were being explored by several joint venture partners. Only the Michelago zinc and lead project has not been farmed out.

It should be noted that statements relating to potential quantity and grades of exploration targets in the following sections are conceptual in nature as there has been insufficient exploration to define a mineral resource and it is uncertain whether further exploration will result in the determination of a mineral resource.

Furthermore where reference is made to potential production estimates it should be noted that they do not intend to imply that these estimates can or will be achieved. In making these estimates, the Company has not yet taken into consideration a number of modifying factors such as mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors, any one of which may render the projects in question unviable.

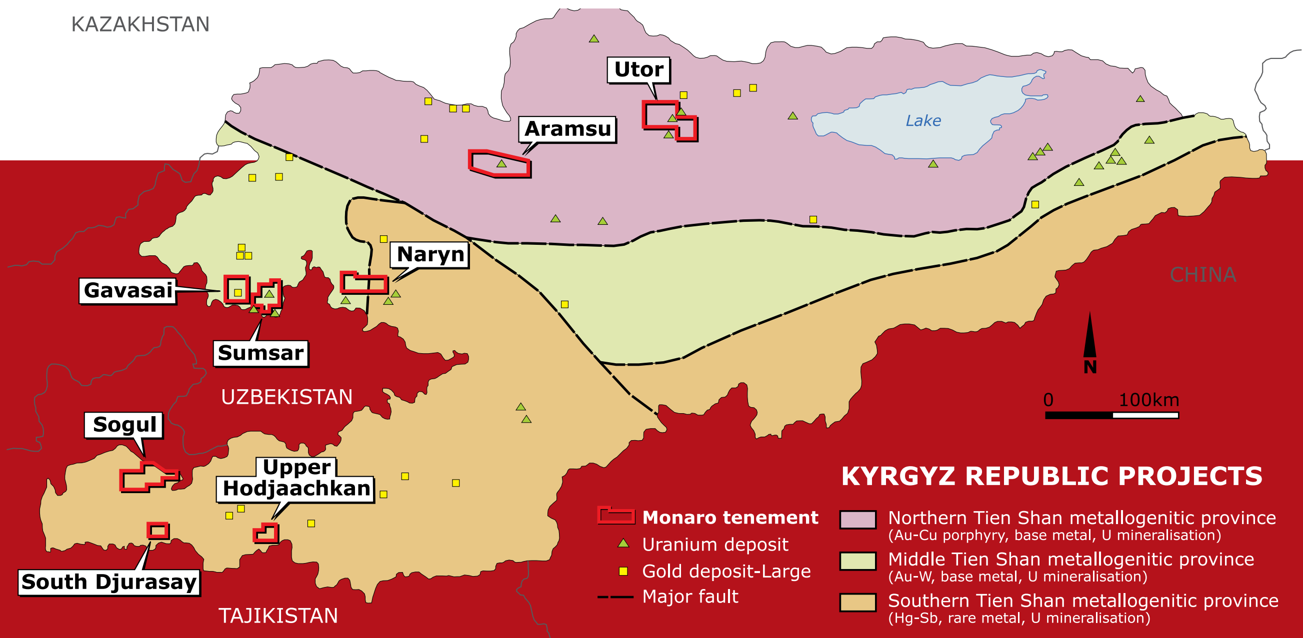
The following pages provide an overview of the Company's activities as well as an outline of its plans for the future.

Mart Rampe
Managing Director

KYRGYZ OPERATIONS

The Company through its local wholly owned subsidiary Zona Noblus LLC has a 100% interest in eight exploration licences, the location of which are illustrated in Figure 1.

FIGURE 1: LOCATION OF MRO URANIUM AND OTHER METALS PROJECTS IN KYRGYZSTAN



SUMSAR PROJECT (100%) – URANIUM, BASE AND PRECIOUS METALS

Extensive geological and geophysical exploration work was completed on the Sumsar project area focusing in particular on the Shekafter uranium mine. This is an underground uranium mine operated by the Soviets during the 1950's and 60's. A well laid out former mining village, a disused power station and a series of mullock heaps are located adjacent to the former mine. The Company has been unable to locate any exploration mining data or old mine plans relating to the Shekaftar Mine. However, an examination of the surface remains indicates that there were about 11 shafts located around the village of Shekafter (Figure 2).

The exploration work included mapping and sampling of underground workings at Shekaftar East together with a regional geophysical survey (Figure 3). This work indicated that the geology of the Sumsar-Shekaftar area consists of a basinal sedimentary sequence associated with the Fergana Basin. This sequence of rocks has been gently folded into an E-W trending regional anticline, and subsequently truncated and disturbed by north trending reverse faults.

Mapping of the main Shekaftar Mine was not possible due to high ground water levels having flooded the old workings. However, mapping of the Shekaftar East mine located approximately 1km away revealed substantial mine workings as illustrated by Figure 4. A survey of the mine tailings has indicated that over 200,000 tonnes of uranium bearing ore has been worked.

Sampling and mapping of the Shekafter East workings has revealed that the orebody is sheet or blanket like within two limestone layers - one containing abundant fossil shells, and the other, a calcareous sandy limestone. Mineralisation consists mainly of uraninite, with some secondary tyuyaminite mineralisation located along fractures and bedding planes and is associated with bitumen and reduced sediments. The highest grade reported from rock chip sampling is 0.785%U_3O_8. Results are summarised in the adjoining table, with an example of the ore horizons illustrated in Figure 4.

A geophysical survey was completed along 6 lines which covered over 35 line kilometres. It was focused on an untested limestone plateau to the west of Shekaftar and also the area extending westward from Shekaftar East through the Shekaftar Mine area and onward to the deepest part of the basin. The aim was to identify any controlling structures and corresponding radiometric anomalies associated with uranium mineralisation within the limestone horizon. This work was successful in that it identified a strong association between a resistivity anomaly, a coincident radiometric anomaly and the Shekaftar workings. Several other similar anomalies have been identified along other lines and are slated for further exploration (Figure 5).

FIGURE 3: GEOLOGICAL PLAN OF THE SHEKAFTER MINE AREA.

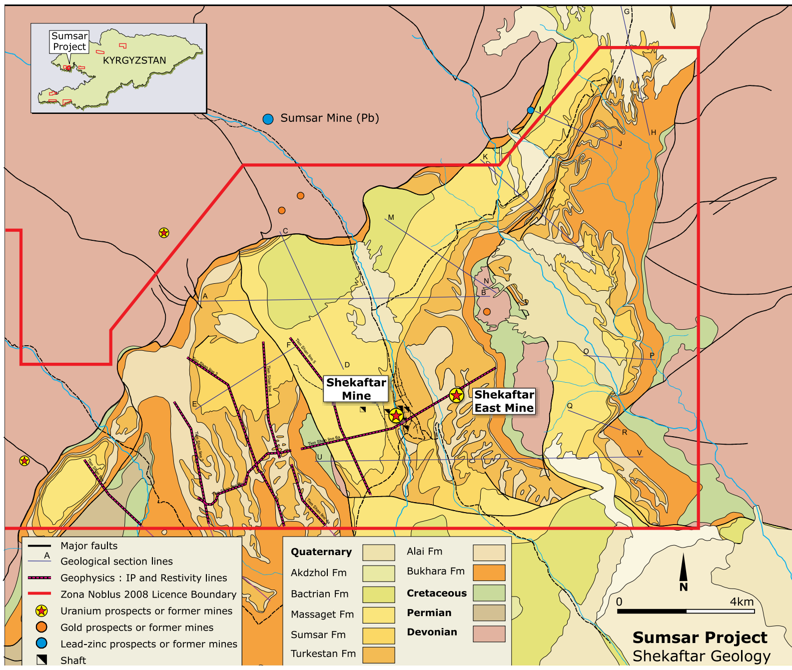


FIGURE 2: MINE TAILINGS AT THE SHEKAFTER MINE.

FIGURE 4: BLANKET STYLE URANIUM MINERALISATION.

SAMPLE NO	CODE	LOCATION	HORIZON	%U METAL	$\%U_3O_8$
2900002	1	Profile 1	A	0.024	0.028
2900003	SMD 2/1	Shekafter Mine shaft/dump	A	Insufficient sample	
2900004	SMD 2/2	Shekafter Mine shaft/dump	B	0.214	0.253
2900005	13	Profile 13	B	0.001	0.002
2900006	13a	Mid point between profiles 13 and 14	B	0.004	0.005
2900007	8a	Midway between survey cairns 8a and 8b roof fall material	B?	0.455	0.536
2900008	SHOE/1	Shekafter E mine black ore outcrop	B	0.449	0.530
2900009	SHOE/2	Shekafter E mine black ore outcrop partly oxidised ore	B	0.262	0.309
2900010	SHOE/3	Shekafter E mine black ore outcrop fully oxidised ore	B	0.666	0.785
2900011	13/1	Profile 13 (composite)	A	0.005	0.006
2900012	13/2	Profile 13 (composite)	A	0.005	0.006
2900013	13a	Profile 13a	A	0.016	0.019
2900014	14	Profile 14	A	0.023	0.027
2900015	15	Profile 15	A	0.017	0.021
2900016	19	Profile 19	A	0.057	0.067
2900017	20	Profile 20	A	0.054	0.064
2900018	29	Profile 29	A	0.134	0.158
2900019	30	Profile 30	A	0.176	0.219
2900020	31	Profile 31	A	0.028	0.033

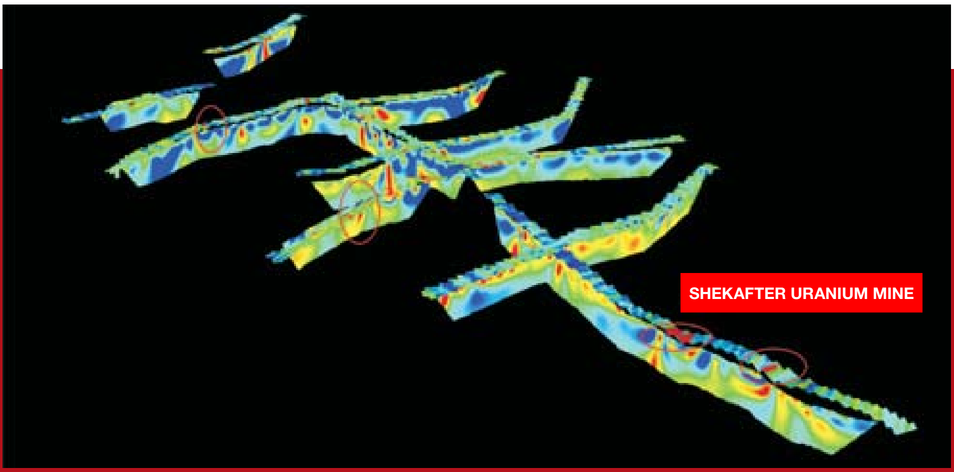


FIGURE 5: A 3D REPRESENTATION OF GEOPHYSICS DATA, SHOWING LOCATION OF ANOMALIES AT SHEKAFTAR AND SHEKAFTER WEST.

ARAMSU PROJECT (100%) – URANIUM

The Aramsu Project is focused on the Aramsu Uranium Mine, which was extensively developed by the Russians during the 1950's and 1960's. It is believed that uranium mineralisation was derived from late stage magmatic fluids and was concentrated within breccias located at the contact between sediments and the intruding granite. The extent of the workings are illustrated in Figure 6.

Assay results from the previous years drilling program confirmed the presence of the mineralized zone. These results are tabled below:

Borehole	Comment	Depth (m)	Interval (m)	Grade ppm U
ARDD001		313.8-314.8	1.0	29
ARDD002		317.0-317.8	0.8	100
ARDD003		98.0-101.0	3.0	657
	including	100.0-101.0	1.0	1300

Further work included infill geophysics survey which consisted of ground magnetometry, radiometry and resistivity. This data revealed structures parallel to the Aramsu fracture zone, and remain to be tested. Part of the underground workings at Level 1 was successfully re-opened and will be mapped in detail as part of the ongoing program (Figure 7). The other levels will be secured and also investigated.

FIGURE 7 ARAMSU MINE UNDERGROUND:

SOGUL (100%) – URANIUM

The Sogul Licence is located on the southern side of the Fergana Valley, and contains a number of uranium anomalies along with base metal and gold occurrences. This year's work consisted of examining other known radiometric anomalies and locating historical prospects on the ground. Mapping and sampling at a number of locations have been carried out, (Figure 8) and results are pending. The targets of interest occur either within sandstones or limestone repositories.

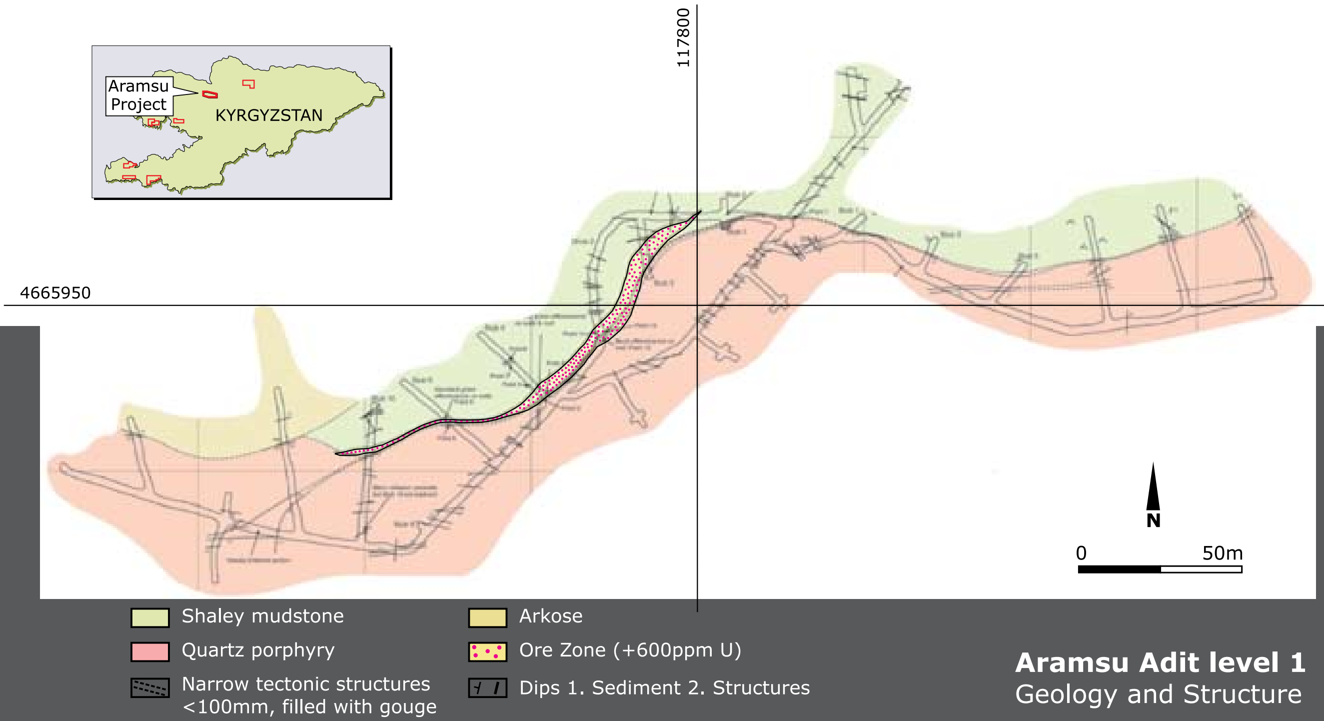


FIGURE 6: ARAMSU URANIUM MINE WORKINGS

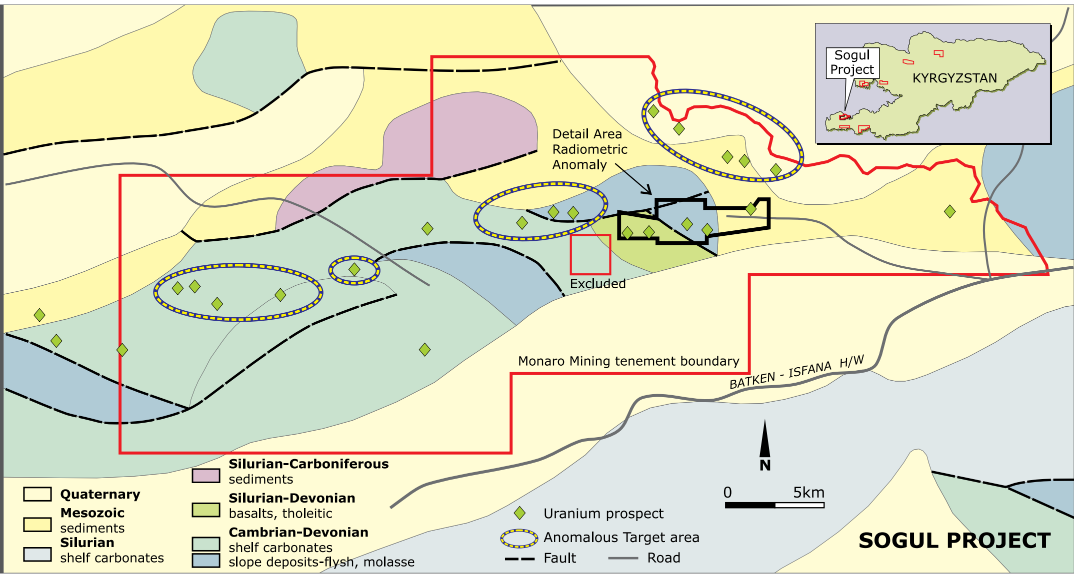


FIGURE 8: LOCATION OF PROSPECTS OF INTEREST WITHIN THE SOGUL LICENCE AREA

NARYN PROJECT (100%) – URANIUM

The Naryn project is located along the northern edge of the Fergana Valley in Southern Kyrgystan. It occurs along strike from the historical Maily Suu mine, where some 3500T of uranium have reportedly been mined from Eocene Limestone.

Work at the Naryn project has focused on the area surrounding the Khyzyl Jar mine, where extensive surface workings and mine dumps indicate that the Russians expended considerable exploration and development efforts in the area in the 1950's (Figure 9).

The Khyzyl Jar area has potential for limestone hosted bitumen related uranium mineralisation within the Eocene Alai Limestone horizon, similar to Shekaftar. A fold closure appears to control mineralisation, a feature similar to the Maily Suu deposit, 40km to the east. Further mapping has revealed some anomalous uranium concentrations in outcropping limestone, especially at the nearby Djida Sai gorge, which occurs some 600m to the east and cuts through the prospective geological sequence. Drill hole information has been sought from oil and gas companies who have the overlying oil rights and the seismic data that was obtained late last year is now being interpreted. Attempts to map the underground workings was unsuccessful as the shaft was backfilled and capped by the Russians. Drill testing of the area is planned for the next field season, which will test the area immediately adjacent to Khyzyl Jar. The objective of this program will be to reveal the controls and extent of mineralisation.

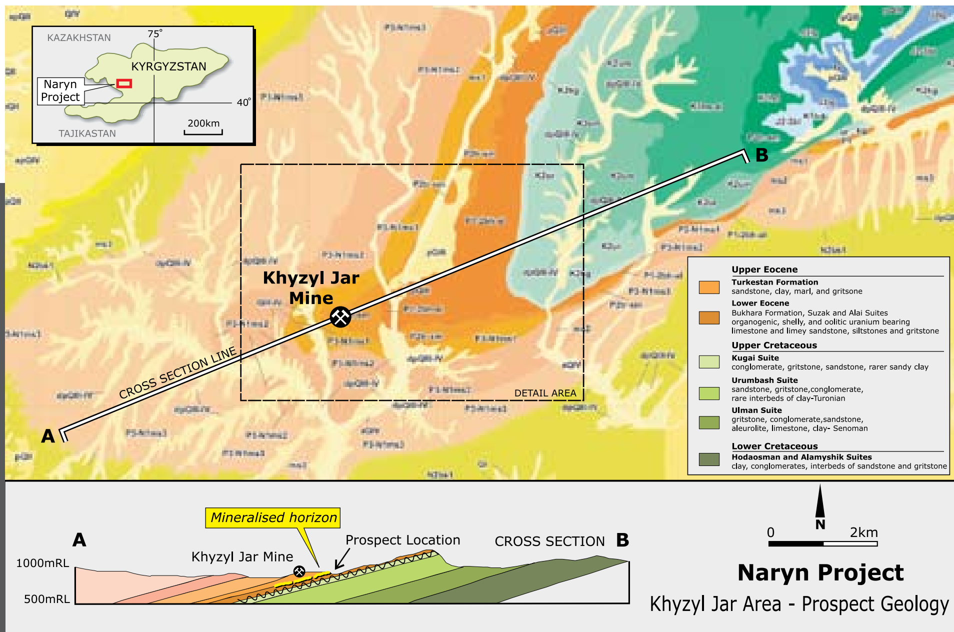


FIGURE 9: NARYN PROJECT GEOLOGY AND CROSS-SECTION OF THE KHYZYL JAR AREA

UTOR , SOUTH DJURASAY AND NORTH HOJAACHKAN PROJECT (100%) – URANIUM AND THORIUM

Work on the Utor, South Djurasay and North Hojaachan projects was limited during 2007-2008. These project areas are located within mountainous alpine areas where access is restricted to high summer months. The target type at South Djurasay was identified as contact mineralisation located within black shales in proximity to felsic intrusives. Only regional work has been done so far. At North Hojaachkan, the target types are peralkaline granites and syenites which demonstrate high radioactivity.

The prospectivity of these licences is now being reassessed ahead of formulating activities for the coming field season.

GAVASAI PROJECT (100%) – GOLD, COPPER AND URANIUM

The Gavasai project occurs in the mountainous region of the North Fergana Valley, adjoining the Sumsar licence. The Bozymchak gold deposit, not included in Monaro's licence, occurs at the centre of the licence area and reportedly contains approximately 900,000 ounces of gold. Follow-up inspection of various geochemical anomalies within the licence area has been carried out and the results are currently being assessed. Evidence shows that the area has been altered with indications of copper, gold and molybdenum mineralisation. The tenement is also prospective for several types of gold and uranium mineralisation, but is currently considered by the Company to be a greenfields exploration proposition.

AUSTRALIAN URANIUM PROJECTS

HAPSBURG JOINT VENTURE – MONARO EARNING 75%

OVERVIEW

The exploration ground covered by the Hapsburg-Monaro Joint Venture has been reviewed during the year, resulting in a re-focus on the Queensland and Northern Territory projects (Figure 10). A number of exploration licences located in Western Australia and the Northern Territory, which were assessed as having a low potential for uranium mineralisation, were dropped from the Joint Venture and were replaced by new ones in the Northern Territory and Queensland. The total amount of ground granted or under application now totals 4154km^2.

The focus for all of these projects remains on uranium bearing Unconformity and Iron Oxide Copper Gold (IOCG) styles of mineralisation.

The potential for shale oil within the Queensland projects was also recognised during the year and applications were lodged to increase the ground holding to cover this aspect.

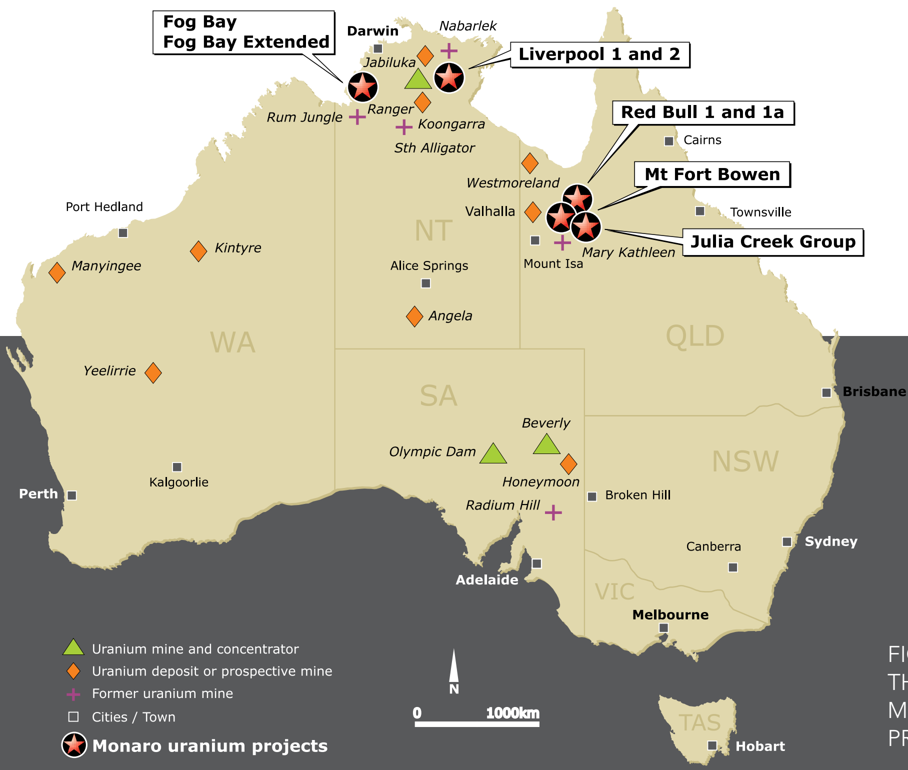


FIGURE 10: LOCATION OF THE CURRENT HAPSBURG-MONARO JOINT VENTURE PROJECT AREAS

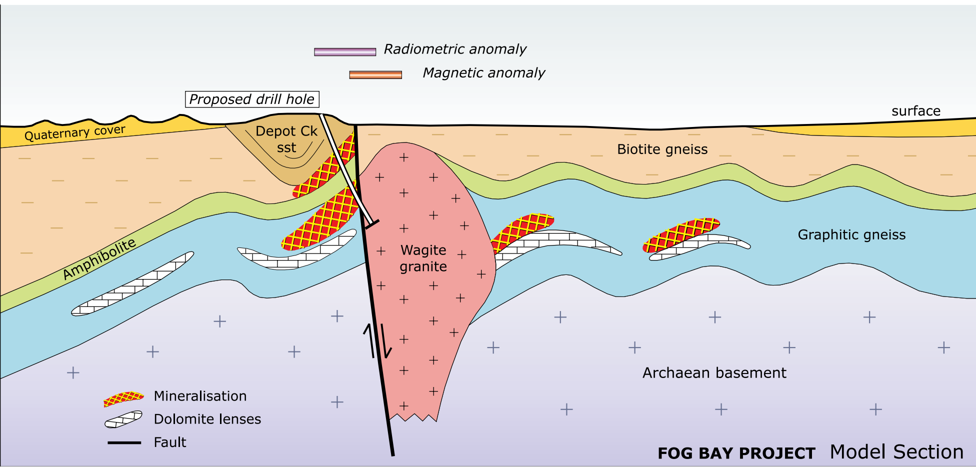


FIGURE 11: CONCEPTUAL MINERALISATION MODEL FOR THE FOG BAY URANIUM TARGETS

NORTHERN TERRITORY PROJECTS

FOG BAY AND FOG BAY EXTENDED

The Fog Bay project is located some 70km SW of Darwin and covers an area of 92km^2. The project occurs within the Litchfield Province of the NT and hosts Early Proterozoic gneisses and marble subcrop of the Welltree Metamorphics. These rocks types are interpreted equivalents of the Cahill Formation, which hosts the large uranium deposits of Ranger and Jabiluka in Arnhem Land to the east. The Welltree Metamorphics is intruded by the Wagaite Granite and overlain by the Depot Creek sandstone as illustrated by Figure 11 and this project is believed to contain the basic criteria for Unconformity style uranium mineralisation. The main criteria includes:

- Unconformity vein type U mineralisation within graphitic microgneiss;
- Cahill Formation Analogue (Jabiluka, Ranger);
- Mineralogy pitchblende/uraninite;
- Target depth around 250 to 400m; and
- Exploration targets of between 1- 2 M tonnes with grades of between 0.20% and 0.60% $U_3 0_8$ are considered possible.

Given the above criteria, the tenements were covered by an airborne magnetic and radiometric survey during the year. This work delineated a number of near coincident radiometric and magnetic anomalies (Figure 12) and it is now planned to follow up this work with detailed ground surveys with the view to defining drilling targets to be tested during the next dry season.

LIVERPOOL 1 AND 2

Applications were lodged for two exploration licences in the Alligator River Uranium Field, in Arnhem Land. The Liverpool-1 and Liverpool-2 applications cover a total area of 213km^2 and are considered to be prospective for Unconformity style uranium deposits similar to the Ranger/ Jabiluka and Nabarlek deposits which occur approximately 60km and 30km respectively to the west (Figure 13).

The application areas cover outcropping Proterozoic Katherine River Group strata (including the Kombolgie Sub-Group), which unconformably overlies Lower Proterozoic Myra Falls Metamorphics. These are equivalents to the Cahill Formation and Nourlangie Schist. The target in this area is related primarily to potential uranium mineralisation located at

FIGURE 12: MAGNETIC AND RADIOMETRIC IMAGES SHOWING LOCATION OF ANOMALIES.

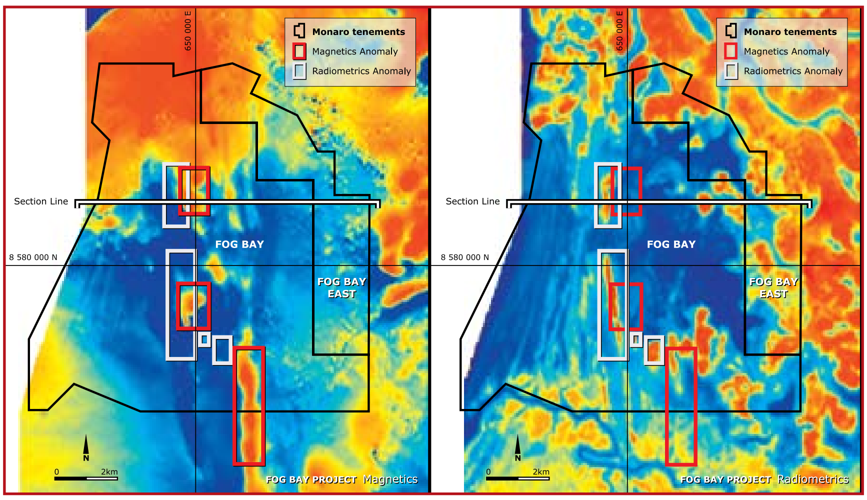
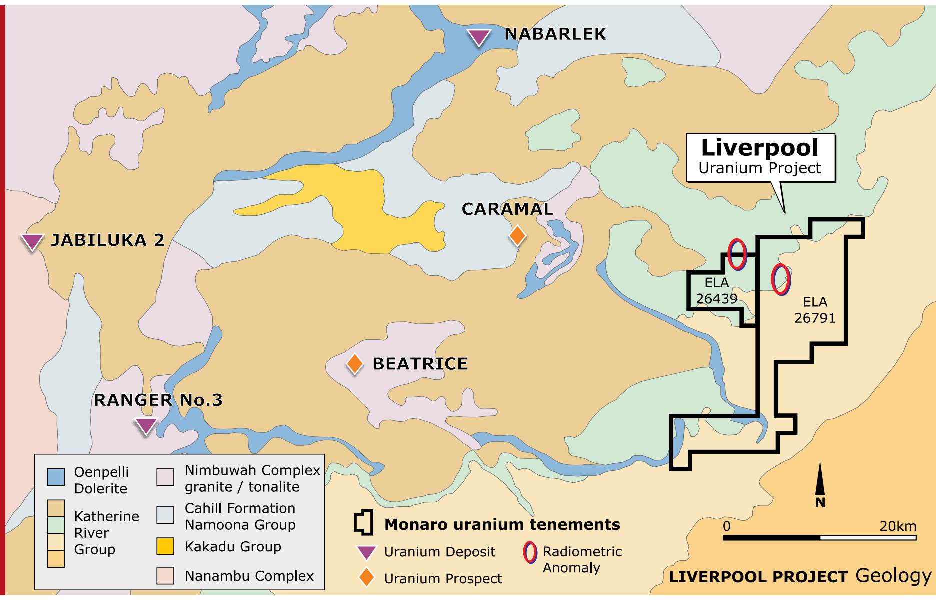


FIGURE 13: LOCATION OF THE LIVERPOOL PROJECT AREAS AND UNDERLYING GEOLOGY



or near the unconformity between the Kombolgie sequence and the Myra Falls Metamorphics. In addition, Westmoreland style uranium mineralisation (hosted at the contact zone between sandstone and volcanic units) is also a possibility (Figure 14).

There are several features about these licence areas which are attractive, viz

- Location within a world class uranium producing province;
- The relative shallow depth to basement in the western areas (nearby drillholes have intersected basement at depths ranging from 130 to 210m);
- The presence of several bullseye radiometric anomalies (Figure 13); and
- Relatively large land holding.

Negotiations with Traditional Owners regarding land access are currently being undertaken.

QUEENSLAND PROJECTS

Applications have been lodged for several exploration licences in and around the existing Queensland tenement package such that the area now held by Monaro totals 3021km^2 (Figure 15). These licences are located between 140km to 200km north-east of Cloncurry and cover several target types.

Monaro has defined three target types within these tenements in northwest Queensland. These include:

- The Toolebuc Formation is host to significant amounts of oil, vanadium, uranium, molybdenum and possibly precious metals. This is considered to be an advanced project as much drilling has already been done and significant mineralisation has already been historically defined;
- Potential for uranium and/or base metals to occur in the deep basin sandstones, at trap sites or within younger basin structures (post Cretaceous) is considered to be high; and

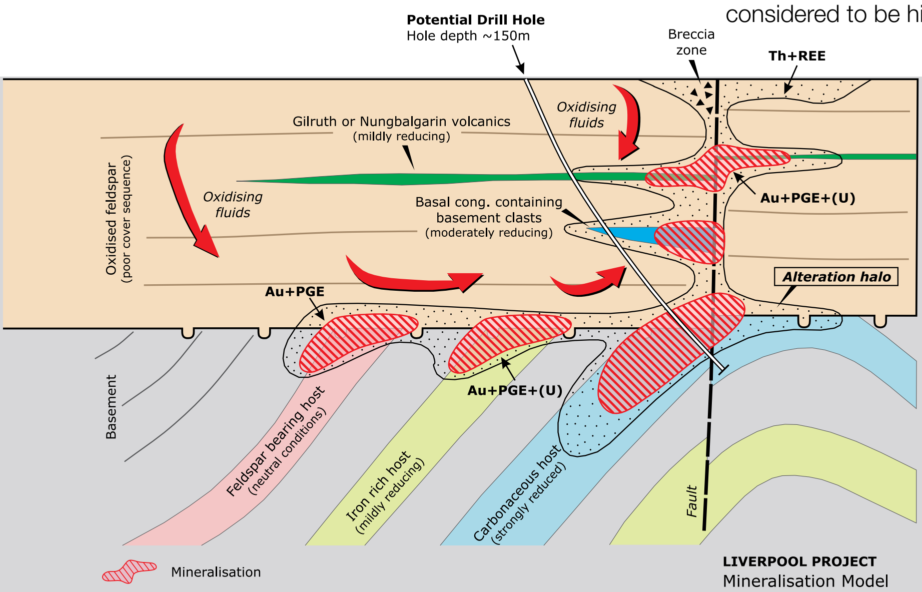


FIGURE 14: CONCEPTUAL MODEL FOR URANIUM MINERALISATION - LIVERPOOL PROJECT AREAS

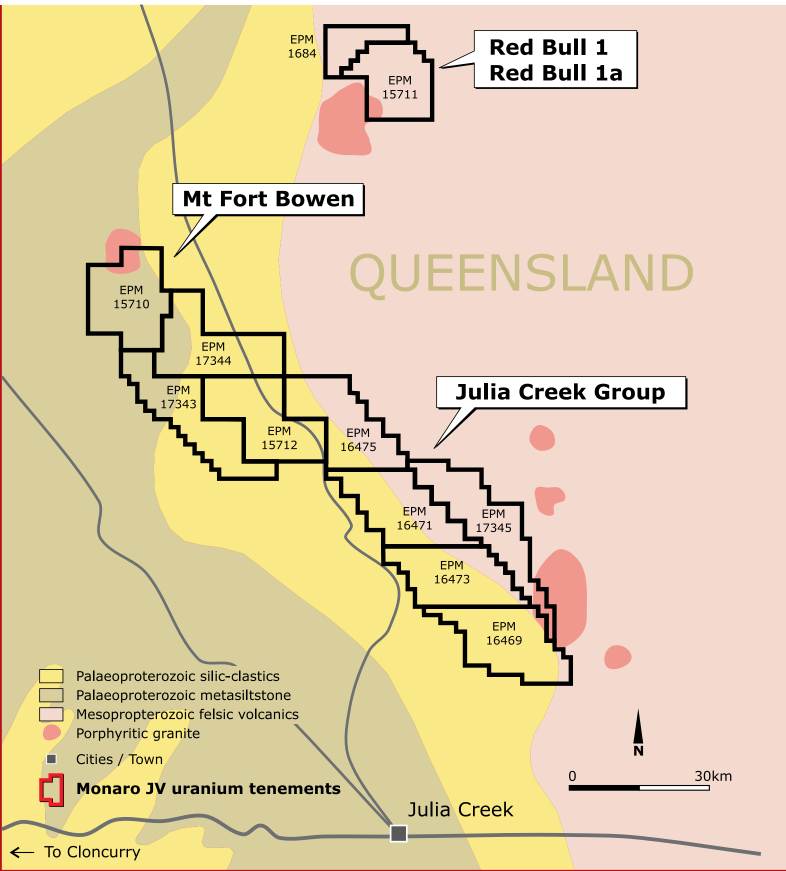


FIGURE 15: LOCATION OF HAPSBURG-MONARO JV PROJECTS IN QUEENSLAND

- Proterozoic age mineralisation (or younger) occurring in the Proterozoic basement within or adjacent to primary basin rift structures associated with intrusive granites conforming to an IOCGU mineralisation model.

Several of these licences are located close to, or adjacent to, a number of specific target zones which have been outlined by the Queensland Department of Mines and Energy as being prospective for IOCG Ernest Henry and/or Olympic Dam styles of mineralisation. The above conceptual modelling is illustrated in Figure 16.

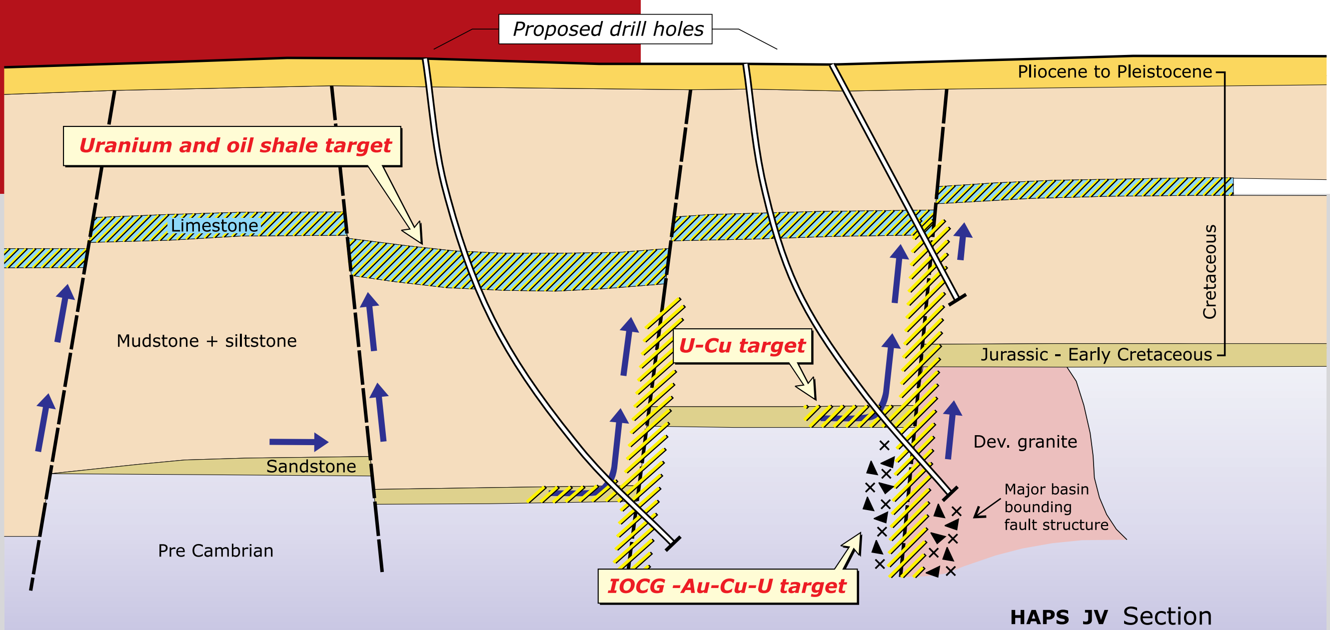
RED BULL 1 AND 1A

The Red Bull project partially covers a substantial aeromagnetic anomaly within the Georgetown block (Figure 15). Modelling has indicated the potential to find variants of IOCG type deposits associated with cross cutting magnetic lineaments interpreted to be fault structures. Nearby IOCG deposits include Ernest Henry and Selwyn.

Ground magnetic surveys are planned to better define the targets ahead of a deephole drilling program. Drillholes are planned to target intersecting linear structures.

Historical drilling in the area has intersected altered granodiorite, and the surrounding waterwell data has revealed a significant fluorine anomaly which is an indicator of IOCG deposits.

FIGURE 16: CONCEPTUAL MODEL FOR MULTIPLE TARGET TYPES WITHIN QUEENSLAND PROJECTS



MT FORT BOWEN AND THE JULIA CREEK TENEMENTS

The basal formation in the Carpentaria Basin (Eulo Queen Formation) consists of sandstones and conglomerates that are known to have a radioactive signature. Exploration will target this basal formation, especially along a magnetic lineament, interpreted to be a possible rift fault that could have produced a basin trap site or a structural host for uranium precipitation, either in the Proterozoic basement or upwards in the Mesozoic sediment (Figures 16 and 17). The potential source of uranium would be from the granites and metamorphic rocks of the Georgetown Block to the east with possible input from the Mount Isa Inlier in the west.

These tenements also contain outcropping metamorphosed sediments consisting of gently dipping micaceous sandstone, polymict conglomerate, mica schist and sandstone. These are interpreted to be part of a basement horst (Mt Fort Bowen Ridge) lying midway between the Mt Isa Inlier and the Georgetown Block. Other potential exploration targets include roll front uranium mineralisation originating from the erosion of granites from within the Georgetown Block.

Finally, shallow sections of the Cretaceous age Toolebuc Formation have also been covered by the recent tenement applications. This Formation has high background values of uranium and vanadium and hence represents a large repository of these metals. The potential for enrichment is considered to be reasonable and will be investigated by the Joint Venture.

OIL SHALE POTENTIAL

The Toolebuc Formation is also known to carry a high natural oil content (as an oil shale). During 1980-82, CRA Limited ("CRA") drilled over 100 widely spaced holes into the Toolebuc Formation, mostly within ground held by the Hapsburg-Monaro Joint Venture. Testing by CRA indicated oil yields of between 57 and 103 litres/tonne in these shale units that varied between 7 and 17 metres in thickness (Figure 18).

In light of current world fuel prices, the results from this earlier exploration suggest that there is a significant potential for the development of a major project based on these oil shale occurrences. The implications for the Joint Venture will be further investigated during the coming year.

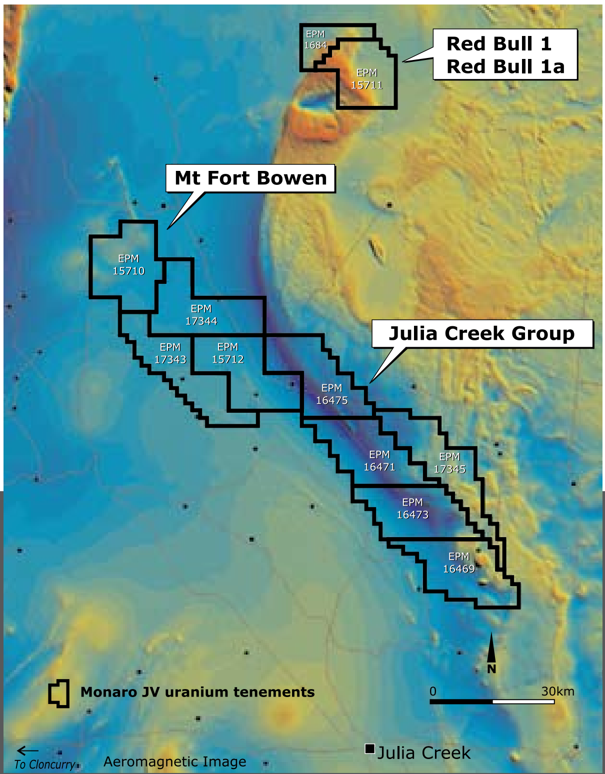


FIGURE 17: AEROMAGNETIC IMAGE OF TENEMENT AREAS

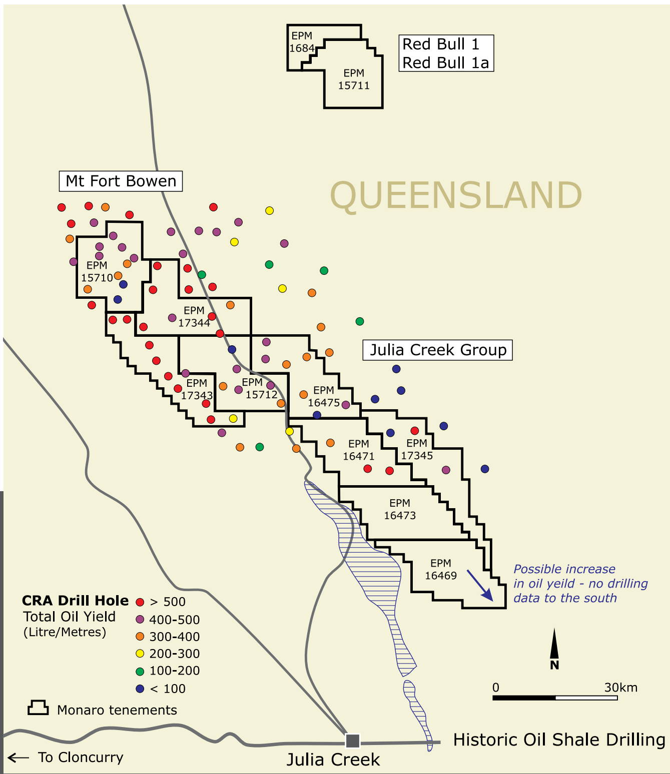


FIGURE 18: HISTORIC OIL SHALE DRILLING RESULTS

ESTONIAN URANIUM PROJECT (MRO 100%)

A total of 18 exploration licence applications (covering approximately 1700km^2) were lodged over areas prospective for uranium, vanadium and molybdenum mineralisation in the north-eastern part of Estonia (Figure 19).

No additional technical work has been undertaken following the Estonian Government's move to amend the governing legislation (Earth's Crust Act) to limit the number of licences that any one entity could be granted. The implications of these changes are now being considered and a strategy will be formulated to advance the project. This may entail a more focused exploration programme on high priority areas already identified.

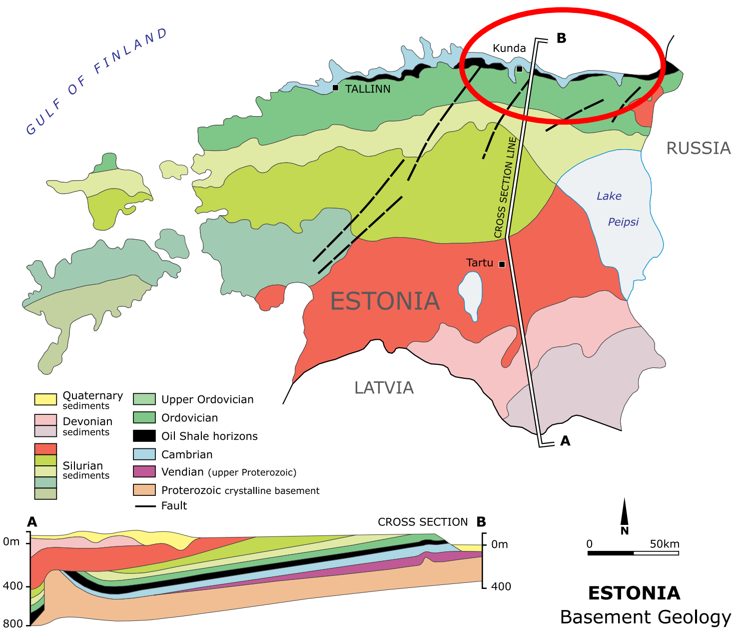


FIGURE 19: LOCATION OF EXPLORATION APPLICATIONS IN NW ESTONIA

BULGARIAN URANIUM INITIATIVE

During the year, the Company entered into a binding Heads of Agreement with a Bulgarian-based company to fund and facilitate the preparation of tender applications for uranium exploration and development licences in Bulgaria. A successful tender would result in Monaro acquiring 100% of the shares in the Bulgarian company, Trakia Minex LLC ("TMG") with the consideration being dependent upon the level of success achieved.

These uranium properties contain sediment-hosted roll front deposits, located within paleochannels that run east to west within the Thracian Basin and cover a number of deposits, four of which have been mined in the past by In-Situ Leach (ISL) methods. These deposits are located in and around Plovdiv, located south-east of the country's capital, Sofia (see Figure 20).

In addition, there is potential for further discovery within the channels, both in underlying horizons within the deposits, and also along the channel where mineralisation is still open. There are also other areas where drill intercepts of anomalous uranium were not followed up.

TMG have been active in preparing suitable geological and environmental documentation in anticipation of Government requirements for the tender process. It is anticipated that the details of the tender process will become available during the coming year.

FIGURE 20: LOCATION OF BULGARIAN ISL PROJECTS

AUSTRALIAN GOLD AND BASE METAL PROJECTS

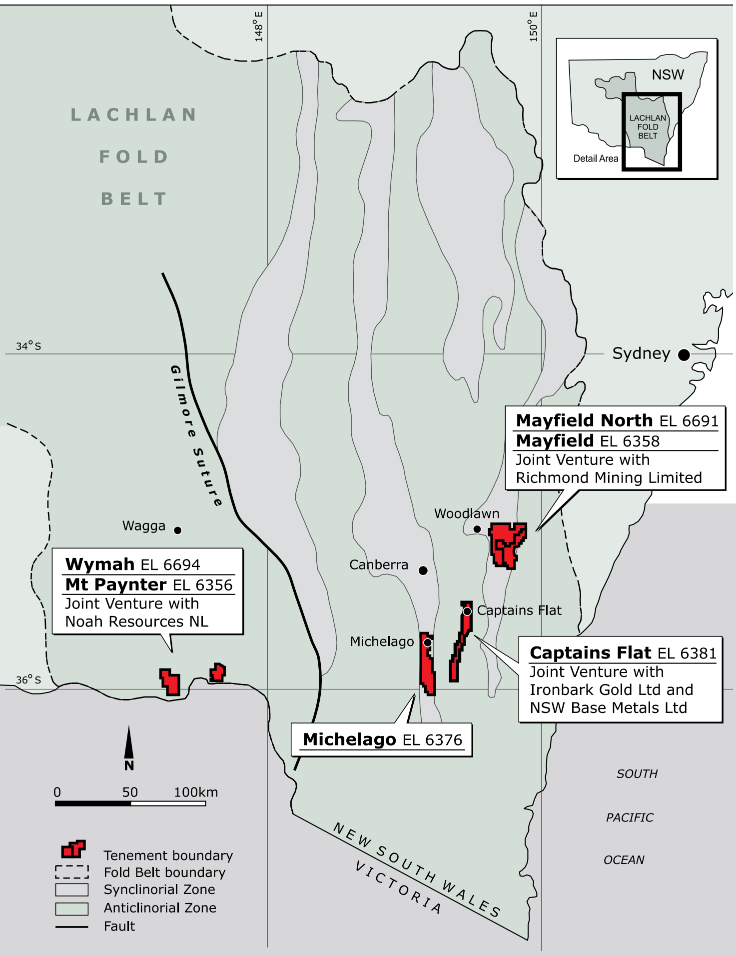
OVERVIEW

The Company has a number of gold and base metal projects located in NSW (Figure 21). All but the Michelago Project have been farmed out to other explorers as they do not constitute the Company's core business of uranium exploration and development. It is the intention of the Company to enhance the remaining Michelago Project with additional field work and then look for a suitable joint venture partner.

A brief summary of each of these projects is outlined below.

MAYFIELD AND MAYFIELD NORTH PROJECT (MRO REDUCING TO 30%)

Richmond Mining Limited ("Richmond") has commenced exploration activities on the Mayfield tenements which are prospective for gold and copper in a variety of geological settings. There are a number of drill ready targets within this group of tenements. This work is being conducted under the auspices of a joint venture agreement whereby Richmond may earn up to a 70% interest by the expenditure of $600,000.



CAPTAINS FLAT PROJECT (MRO REDUCING TO 25%)

Ironbark Gold Limited ("Ironbark") is exploring the Captains Flat licence host to the Lake George Mine. In the past, this mine has yielded in excess of 4Mt @ 10% zinc, 6% lead, 0.7% copper, 55 g/t silver and 1.8 g/t gold. Considerable amounts of remnant mineralisation are contained within the area of previous mining. The joint venture agreement with Ironbark Gold Limited was amended recently to accommodate the entry of NSW Base Metals Ltd, a wholly owned subsidiary of the international company Glencore Group. Monaro's position in the joint venture remains unchanged.

In the short term, the joint venture partners aim to complete metallurgical studies, surveying and other work ahead of determining a definable resource on the lead and zinc bearing tailings dumps located near the Lake George Mine. Further out, plans for drilling a number of prospects within the tenements are being formulated.

MOUNT PAYNTER AND WYMAH PROJECTS (MRO REDUCING TO 30%)

The Company's joint venture partner, Noah Resources NL, has recently commenced field work on these two project areas. Both projects are prospective for quartz vein or granite hosted tin, tungsten and molybdenum mineralisation. The work program is to consist of stream and grid based soil sampling and geological mapping.

MICHELAGO (MRO 100%)

The Company has delineated a strong zinc and lead anomaly over the Birchams Prospect located in the southern part of the licence. The Company is having discussions with several exploration companies with the view to farming out the project during 2008-2009.

FIGURE 21: AUSTRALIAN GOLD AND BASE METAL PROJECTS

PROPOSED EXPLORATION AND DEVELOPMENT PROGRAM FOR 2008-2009

OVERVIEW

The exploration and development focus for the 2008-2009 period will swing significantly towards the United States of America as a result of the successful merger of Monaro Mining NL and Uranium King Limited at the end of the 2007-2008 financial year. The merger has given the Company access to a number of mature uranium projects in the USA that can be advanced towards production. Details of the most significant projects are summarized in the table below and their location illustrated in Figure 22.

The following sections provide background information to these projects as well as an outline of the proposed work program.

APEX-LOWBOY PROJECT (100%)

The Apex and Lowboy properties are located near Austin which is located approximately 270 kilometres east of Reno. Both properties contain historic workings and are around 7 kilometres apart.

Both properties are located on the same mineralised trend which is the contact zone between a Jurassic granitic pluton and meta-sedimentary units of a Palaeozoic thrust sheet (Figure 23).

The uranium mineralisation at both Apex and Lowboy is located mainly within the metasediments and consists of the uranium phosphates autunite, torbernite and meta-torbernite. Although only limited data is available, uraninite and coffinite have also been reported at depth. Apex was an underground mine between 1954 and 1966 and a reported 105,926 pounds of uranium oxide were produced during that period. This production averaged a grade of 0.25% U_3O_8.

The Lowboy deposit was developed briefly in 1959 with minimal production but with a reported average grade of 0.26% U_3O_8. It is understood that only limited production was undertaken at the time.

Project	Location	Geological Styles	Resource	Status
Apex/Lowboy	Nevada	Contact/unconformity	1.005 M tonnes @ 0.07% U_3O_8 (JORC inferred)	Historic mine, scoping study completed. Pre-feasibility studies commenced.
Rio Puerco	New Mexico	Sandstone “roll front”	1.710 M tonnes @ 0.12% U_3O_8 (JORC inferred)	Historic mine. Extensive data base to be digitised and planning for confirmation drilling underway.

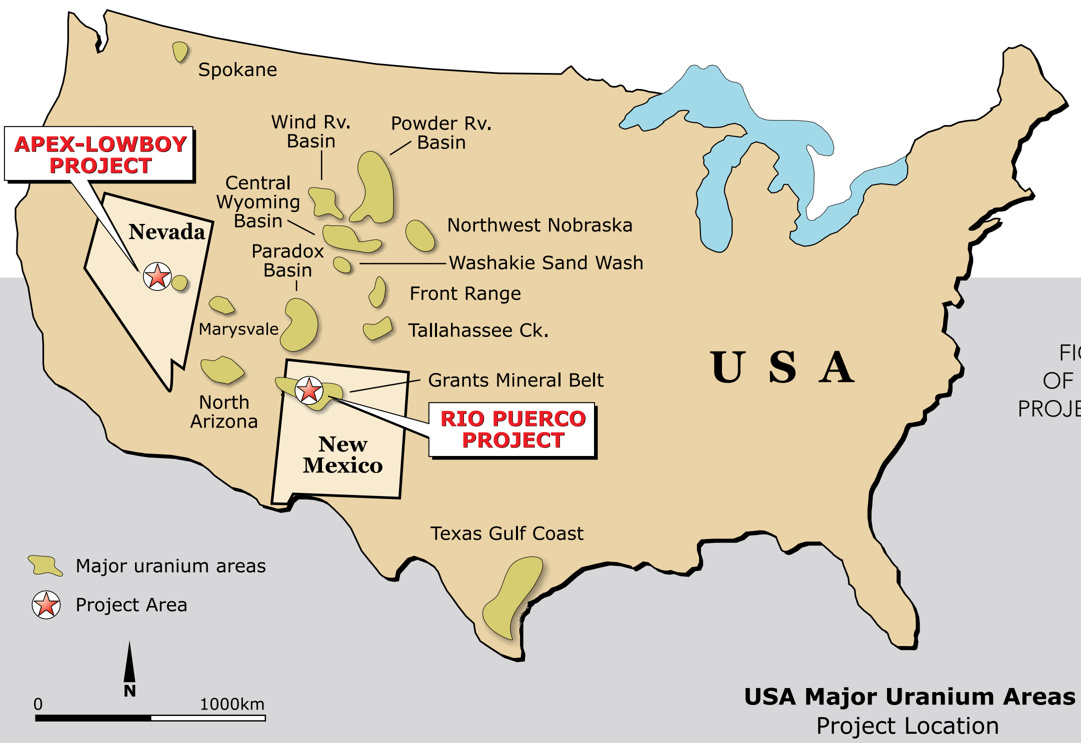


FIGURE 22: LOCATION OF USA DEVELOPMENT PROJECTS AND URANIUM PROVINCES

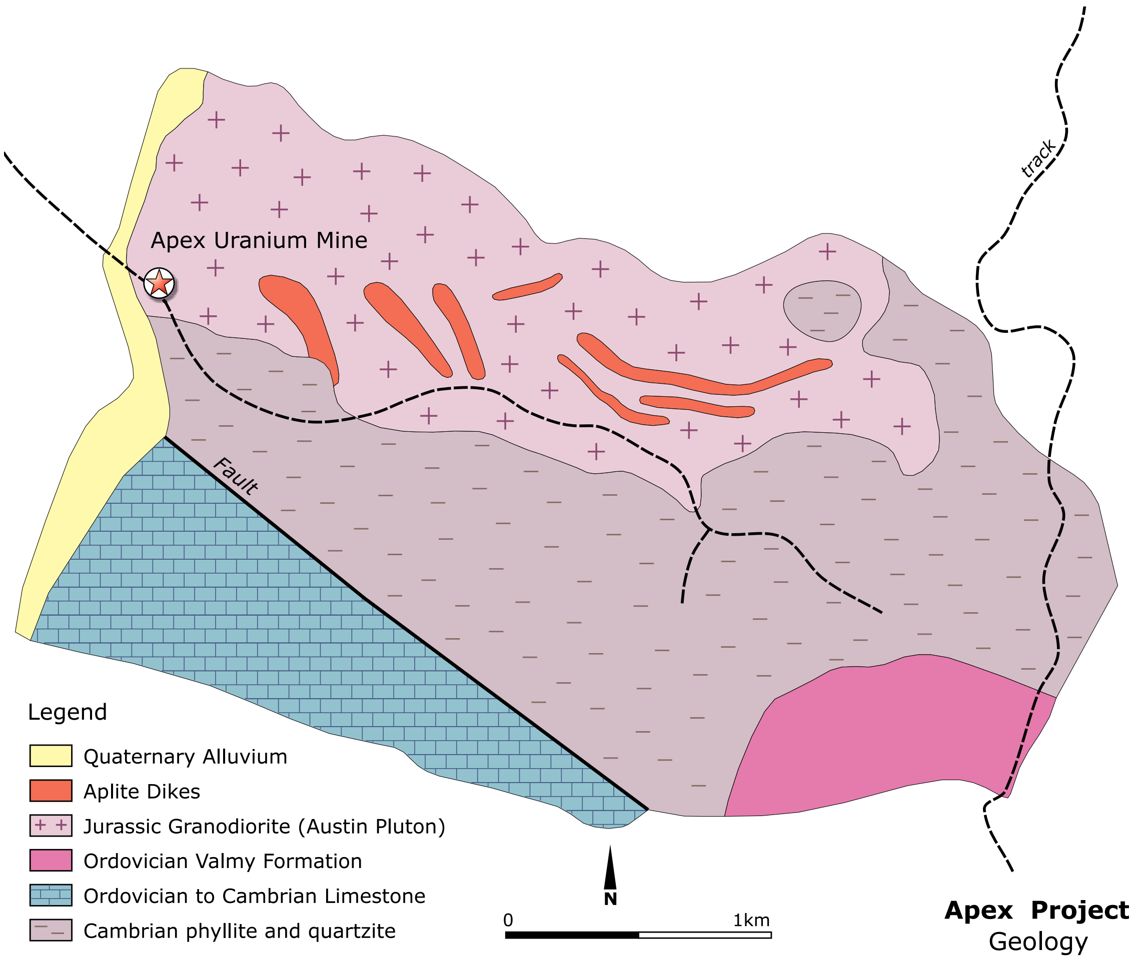


FIGURE 23: GEOLOGY AROUND THE APEX URANIUM MINE

A scoping study to evaluate the economics of the development of Apex-Lowboy as a surface leach operation was completed in July 2007. This study utilised data obtained from extensive studies completed over the deposit during the previous decade including all of the historic drilling results and metallurgical testing.

As part of this study, the historic data was digitised and additional leach tests undertaken. Additional sampling of the existing underground workings was also completed.

The scoping study evaluated a number of development scenarios, all heap leach based but with variable mining rates and hence life-of-mine. In addition, the scoping study reviewed other important technical and financial issues such as metallurgy, pit design, rehabilitation, permitting and sale of product.

A review and analysis of the exploration potential of the Apex-Lowboy area to host additional resources was also completed. A requisite of the scoping study was to evaluate the commerciality of a 2-3 year mining campaign in order to maximise the net present value of the cash flow and also limit the risk of the project to fluctuations in the uranium price.

The study focused on the potential of the operation to be an open cut, with mining and processing by a combination of contractor and company owned equipment and personnel. The scoping study highlighted that the Apex-Lowboy trend has been under-explored. At Lowboy, in particular, the scoping study identified a high exploration probability for a continuation of the uranium mineralisation at depth. Further studies will refine the mineralisation and determine more precise mining parameters.

A pre-feasibility study is now to be implemented which will, amongst other things, cover the following:

- Review and enhancement of all databases;
- Logging and sampling of core from past drilling;
- Remodelling the orebody;
- Further drilling for JORC requirements;
- Further metallurgical testing;
- Complete environmental and permitting issues; and
- Financial modelling.

It is anticipated that the above work will be completed by early to mid 2009.

RIO PUERCO – NEW MEXICO (100%)

Monaro's Rio Puerco project is located approximately 60 kilometres to the northwest of Albuquerque in the state of New Mexico, United States.

The project and surrounding area is covered by numerous claims totalling several square kilometres and is situated within the Grants Mineral Belt, also colloquially known as the Grants Uranium District (Figure 24).

The location of the Company's tenements in relation to the Rio Puerco Mine as well as other nearby defined deposits is illustrated in Figure 25.

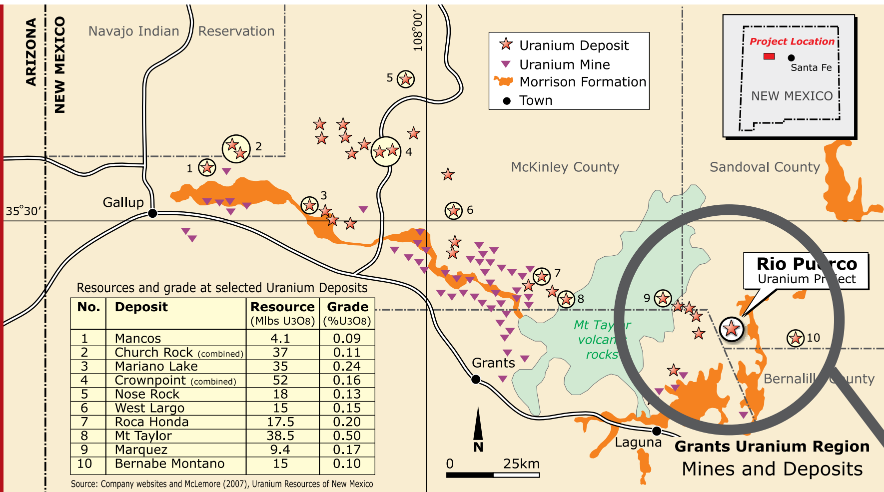
Uranium mineralisation in the Grants Mineral Belt is hosted within the Morrison Formation which is an intercalated mudstone, shale and sandstone of Jurassic age ranging between 120 metres and 150 metres in thickness. On a regional basis, the uranium mineralisation is generally associated with multi-level humate masses that are roughly parallel to the bedding of the host sandstone members. The location of the Company's Rio Puerco claims are significant as the discovery of uranium mineralisation in this area demonstrated the potential of distal fan facies, an environment previously thought not to be as prospective.

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 the then operators of the project, Kerr McGee, spent approximately $US40 (2008 dollars) million exploring and developing the discovery with extensive drilling, shaft development, bulk sampling and general deposit definition.

The deposit was mined for a brief period until a significant fall in uranium prices to below US$10 per lb forced its closure.

For the 2008-2009 year, efforts will be focused on the completion of the following tasks:

- Data digitisation, assessment and compilation;
- Conceptual modelling;
- Airborne radiometrics and magnetics; and
- A major drilling program, combined with geological and geophysical logging.



No.	Deposit	Resource (Mlbs U_3O_8)	Grade (%U_3O_8)
1	Mancos	4.1	0.09
2	Church Rock (combined)	37	0.11
3	Mariano Lake	35	0.24
4	Crownpoint (combined)	52	0.16
5	Nose Rock	18	0.13
6	West Largo	15	0.15
7	Roca Honda	17.5	0.20
8	Mt Taylor	38.5	0.50
9	Marquez	9.4	0.17
10	Bernabe Montano	15	0.10

Source: Company websites and McLemore (2007), Uranium Resources of New Mexico

FIGURE 24: REGIONAL SETTING OF THE RIO PUERCO PROJECT

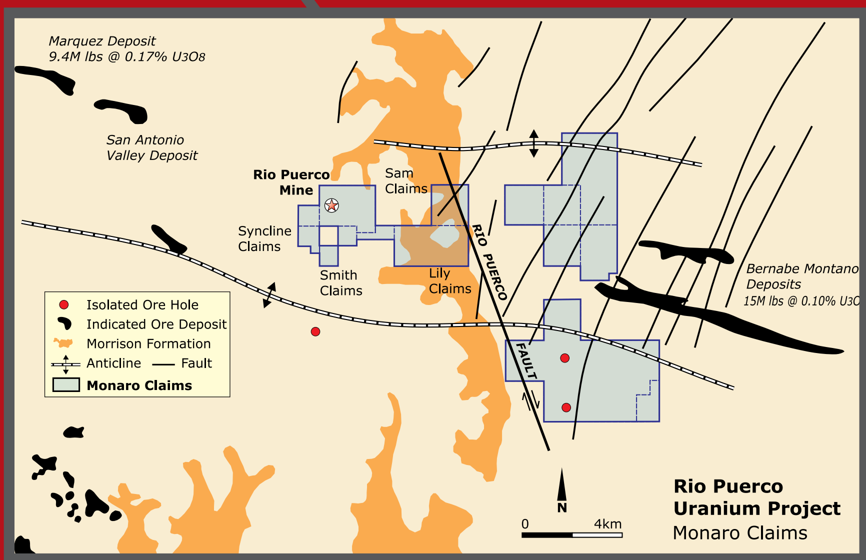


FIGURE 25: THE COMPANY'S URANIUM CLAIMS IN THE RIO PURCO AREA

ARIZONA PROJECTS (100%)

In Arizona, the Company has secured a number of projects which are intended to be advanced in the coming year (Figure 26). The most significant of these is the Apache Basin project where the target mineralisation is related to Unconformity styles of uranium mineralisation.

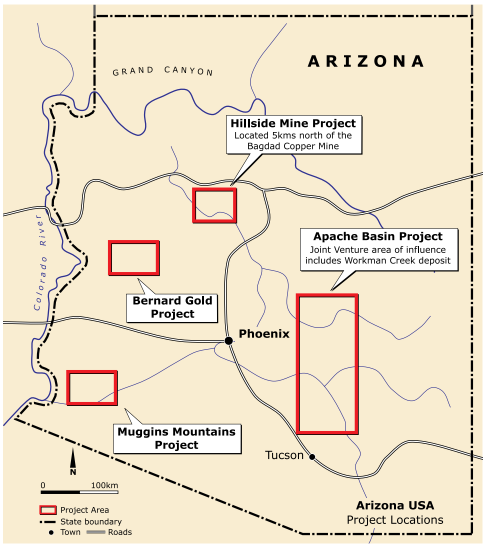


FIGURE 26: ARIZONA PROJECTS

The Apache Basin is an Athabasca Basin analogue and the Company's claims are located within close proximity (but does not include) to the Workman Creek deposit which is reported to contain 5 Million lbs of U_3O_8 (Figure 27). Several hundred claims have already been staked and individual prospects include the Cataract Canyon, Pine Mountain, Armer, Bull Canyon, Dry, Oak, Jim and GW claims. Additional pegging to secure all of the prospective ground is planned. The conceptual basis for the project (Figure 27) is considered to be very attractive and the Company has received an expression of interest from a major resource house with the view to completing a joint venture over the claims so far acquired by Monaro.

Geological evaluation is well in train and drill targets are being prioritised. It is the aim of the Company to drill test 2-3 of the priority targets as soon as practicable. Anticipated hole depths will range from 150 to 400 metres.

OTHER PROJECTS (100%)

- The Teels Marsh project is located in the south-west part of Nevada and covers a sediment hosted roll front uranium target. A number of claims have been pegged over the postulated Redox front which would be located within buried tongues of pediment gravels and sands. Organic-rich lake beds may have concentrated any uranium that entered the playa from surface run-off or from artesian waters migrating up around the border of the playa. The source of the uranium is leached granitic rocks with a high background in uranium concentrations. This project is ready to be drilled as soon as practicable;

- The Hillside Mine project in Arizona is hosted by acid to medium intrusives intruding mica shists. Drilling during the 1970's indicated the presence of many uriniferous intersections and old mine records indicate the presence of approximately 200,000 lbs of uranium in tailings derived from the mine;

- The Muggins Mountains uranium project in Arizona is focused on fractured sedimentary hosted uranium mineralisation; and

- The Bernard Gold Prospect, also in Arizona, is also located in the western part of the state but is currently considered to be a non-core asset.

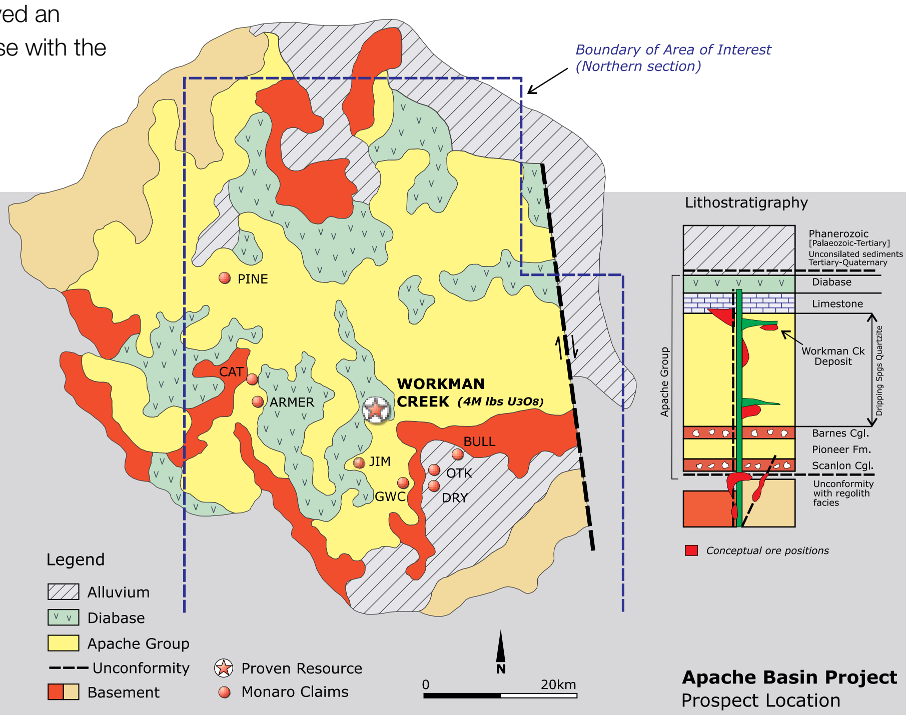


FIGURE 27: LOCATION OF MONARO CLAIMS AND CONCEPTUAL MODEL FOR THE APACHE BASIN WHERE URANIUM TARGETS ARE LOCATED IN SEVERAL POSITIONS AT AND ABOVE THE UNCONFORMITY.

OCCUPATIONAL HEALTH AND SAFETY AND ENVIRONMENTAL STATEMENT

The Company is committed to a responsible Occupational Health and Safety policy for all of its employees, contractors and consultants. This policy extends to all persons that may be impacted by the Company's operations. In particular, activities within some of the Company's theatres of operation have the potential to present unique challenges in this regard because of the relative isolation of some of the workplaces and the extremes of altitude, temperature and landform that may be present.

In addition, the Company pursues an active environmental policy with the main objective being to eliminate any exploration "footprint". Irrespective of where exploration activities are being conducted, every effort is made to ensure that the Company's activities do not have an adverse impact on the environment.

TENEMENT SCHEDULE

1	2	3	4	5	6	7	8
TENEMENT NO	TENEMENT NAME	REGISTERED HOLDER (1)	AREA (KM²) CURRENT	APPLICATION GRANT DATE OR	EXPIRY DATE (2)	EXPENDITURE COMMITMENT ($) (3) & (4)	NOTES
KYRGYZ REPUBLIC (1)							
MP33	Aramsu	Zona Noblus	460	21/02/2005	31/12/2008	111,111	Uranium
MP32	Utor	Zona Noblus	561	24/02/2005	31/12/2008	55,556	Uranium
MP29	Naryn	Zona Noblus	277	24/02/2005	31/12/2008	138,889	Uranium
MP30	Sumsar	Zona Noblus	203	24/02/2005	31/12/2008	210,000	Uranium (5)
AP357	Gavasai	Zona Noblus	220	12/01/2006	12/01/2008	42,139	Uranium (5)
MP31	Sogul	Zona Noblus	474	24/02/2005	30/12/2008	83,000	Uranium (5)
MP1572	South Djurasay	Zona Noblus	88	21/10/2005	13/12/2009	39,361	Uranium (5)
MP1543	Upper Hodjaachkan	Zona Noblus	88	21/10/2005	10/01/2010	41,639	Uranium (5)
AUSTRALIA: NSW							
EL 6356	Mt Paynter	Monaro Mining NL	81	10/12/2004	09/12/2008	44,000	
EL 6358	Mayfield	Monaro Mining NL	97	24/12/2004	23/12/2008	66,000	
EL 6376	Michelago	Monaro Mining NL	267	10/02/2005	09/02/2009	129,000	
EL 6381	Captains Flat	Monaro Mining NL	246	22/02/2005	21/02/2009	121,000	
EL 6691	Mayfield North	Monaro Mining NL	302	22/12/2006	21/12/2008	76,000	
EL 6694	Wymah	Monaro Mining NL	140	05/01/2007	04/01/2009	46,000	
AUSTRALIA: QUEENSLAND							
EPM 16184	Red Bull-1A	Hapsburg Exploration	102	Application pending			
EPM 15711	Red Bull-1	Hapsburg Exploration	225	18/09/2007	17/09/2012	$250,000	Expenditure years 1 and 2
EPM 15710	Mt Fort Bowen	Hapsburg Exploration	285	23/11/2007	22/11/2012	$250,000	Expenditure years 1 and 2
EPM 15712	Mt Brown	Hapsburg Exploration	300	21/11/2007	21/11/2007	$240,000	Expenditure years 1 and 2
EPM 16475	Mungera	Hapsburg Exploration	285	Application pending			
EPM 16471	Bow Park	Hapsburg Exploration	285	Application pending			
EPM 16473	Bezuma Downs	Hapsburg Exploration	279	Application pending			
EPM 16469	Woodlands	Hapsburg Exploration	300	24/10/2007	24/10/2009	$285,000	Expenditure years 1 and 2
EPM17344	Etta Plains	Hapsburg Exploration	320	Application pending			
EPM17345	Bow Park East	Hapsburg Exploration	320	Application pending			
EPM17646	Numil Downs	Hapsburg Exploration	320	Application pending			
AUSTRALIA: NT							
EL 25406	Fog Bay	Hapsburg Exploration	77	10/04/2007	09/4/2013	110,000	
ELA 26420	Fog Bay Extended	Hapsburg Exploration	15	Application pending			
ELA26439	Liverpool 1	Hapsburg Exploration	35	Application pending			
ELA26791	Liverpool 2	Hapsburg Exploration	178	Application pending	09/4/2013	90,000	
ESTONIA (6)							
N/A	18 application areas	Balti Kaevandused ja Uuringud	1700	N/A	N/A	N/A	

Notes:
(1) Zona Noblus LCC is a wholly owned subsidiary of Monaro Mining NL
(2) Renewal of each licence, whether in whole or part, is dependent on whether the Company wishes to further explore and develop the licence, subject to it meeting minimum statutory requirements
(3) Expenditures for Kyrgyz properties are in US dollars and for all other tenements, in Australian dollars
(4) All expenditures are annual unless otherwise stated
(5) Includes all precious and base metals
(6) Changes to Government legislation has rendered these applications potentially invalid

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CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

This statement summarises the corporate governance practices adopted by the Board of Directors. Monaro Mining NL's objective is to achieve the best practice in corporate governance commensurate with the Company's size, its operations and the industry within which it participates.

It is noteworthy that in the Second Report to the ASX Corporate Governance Council in February 2005, the Implementation Review Group ("IRG") reported that:

> *"There is no typical organisation and no single Entity readily identifiable model for corporate governance… At different times and stages in a Company's life, some governance structures may be better for the generation of wealth of investors than others."*
>
> *"The IRG's view is that effective governance practices will be those that address the 10 key Principles."*
>
> *"The IRG considers that there is a need for further information targeted to smaller companies highlighting the acceptability of appropriately disclosed, alternative corporate governance practices."*

Given the background stated above, it should be appreciated that the practice adopted by the Board is evolving and subject to change in keeping with practices deemed appropriate by reason of the Company's size and risk profile. The directors note that the second edition of the Corporate Governance Principles and Recommendations was released in August 2007 and applies for the financial year commencing 1 July 2008. The directors have revised their Corporate Governance Statement effective 1 July 2008 to address these changes, together with other changes arising from the recently completed merger with Uranium King Limited.

This statement outlines the main corporate governance practice ('Guidelines') in place throughout the 2008 financial year, which comply with Australian Securities Exchange ("ASX") Corporate Governance Council recommendations, unless otherwise stated.

The Company and its controlled entities together are referred to as Monaro in this statement.

Principle 1
Lay solid foundations for management and oversight

The Board operates in accordance with the broad principles set out below.

Role of the Board

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies. The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Executive Directors and the Company Secretary.

Principle 2
Structure the Board to add value

Board composition

During the year the Company had a Board of three directors comprising a non-executive chairman, an executive director and one independent non-executive director. Subsequent to year end following the completion of the merger with Uranium King Limited the Board has appointed a further three directors.

The directors have a broad mix of skills, experience and knowledge to enable them to effectively and efficiently discharge their responsibilities and duties.

Although a non-executive of the Company, the Chairman does not satisfy the test of independence due to holding a beneficial interest in a substantial shareholder of the Company. Whilst this is a departure from best practice there is an inherent acceptance by investors that Mr Grigor was the principal founder of the Company. Moderating this departure, the Board has established clear protocols for handling conflicts of interest and has agreed to review the composition should the Company's market capitalisation exceed $100 million.

In addition, to facilitate independent decision making, each director of the Company has the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense provided they notify the Company beforehand.

The constitution of the Company provides that directors shall not retain office for more than three calendar years or beyond the third annual general meeting following election without submitting to re-election by shareholders.

Details of the members of the Board, their skills, experience, expertise, and qualifications are set out in the Directors' Report under the heading "Information on Directors".

Meetings

The Board aims to hold at least four formal meetings in each calendar year corresponding where practical with the release to the ASX of the Quarterly Activity Reports. The number of meetings held is disclosed separately in the Directors' Report.

Board committees

The Board established an Audit Committee in September 2005. The Audit Committee has a written charter defining the role and responsibility of the committee. The responsibilities of the Audit

Committee include the external audit function, management reporting, integrity of financial reporting, risk management and internal controls.

Other than the Audit Committee, the Board does not have separately established committees dealing with nomination, remuneration, risk management and disclosure functions. This constitutes a departure from the ASX Best Practice Recommendations and is dealt with more fully as follows:

Nomination committee

The Board does not have a separate nomination committee. ASX Best Practice Recommendation 2.4 provides that the Board should establish a nomination committee notwithstanding recognition that for smaller Boards, the same efficiencies may not be apparent from a formal committee.

- The full Board of Monaro undertakes an annual review of its size and composition to ensure an appropriate mix of expertise and experience. Currently the Board has an aggregate of 60 years plus experience within the resources sector. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.
- The Company's current policy places significant emphasis on the utilisation of the specialist skills of external consultants in geology, metallurgy and engineering usually only available in-house within larger organisations.

Principle 3
Promote ethical and responsible decision-making

The Company has established a policy regarding trading in its securities by directors, officers and employees. Directors, officers and employees must not, directly or indirectly, buy or sell shares or other securities in the Company when in possession of unpublished price sensitive information which could materially affect the value of those securities. Any trading in the Company's securities by those persons must first be notified to the Chairman of the Company.

The Company has developed and continually reviews a formal code of conduct as part of its Board charter which requires all business affairs to be conducted legally, ethically and with integrity, and which allows breaches of the code to be reported by third parties.

Principle 4
Safeguard integrity in financial reporting

The Company has a structured six monthly reporting process culminating in the Managing Director and the Chief Financial Officer stating in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company has appointed two non-executive directors to the audit committee. The Chairman is an independent director. The committee assesses and reviews the internal accounting and external audits and any material issues arising from those reviews. It also assesses and reviews the accounting policies and practices of the Company as an integral part of reviewing the half year and full year accounts. It will make recommendations regarding the appointment of external auditors and the level of their fees and provide a facility, if necessary, to discuss any concerns raised by the auditors independently of management influence.

The external auditors meet privately with the Audit Committee at least twice per year.

Principle 5
Make timely and balanced disclosure

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). The Company's policy calls for the provision of relevant and timely information to its shareholders and is committed to fulfilling its obligations to the broader market for continuous disclosure. The Company aims to ensure timely provision and equal access to material information about the Company.

The Board has ensured that the procedure for identifying and disclosing material and price sensitive information is in accordance with the Corporations Act 2001 and the ASX Listing Rules. The Company does not have a formal written policy regarding disclosure but the Board and management liaise closely to identify and approve information for disclosure.

The Monaro website contains copies of annual and half year reports, ASX announcements, investor relations publications, briefings and presentations given by executives.

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Principle 6
Respect the rights of shareholders

All information disclosed to the ASX is posted on the Company's website following confirmation of receipt from the ASX. Shareholders may register on the site to receive electronic notification of releases of information by the Company. A copy of the Company's annual report and notice of annual general meeting is sent to all shareholders.

It is the Company's policy that its external auditors attend each Annual General Meeting and be available to respond to questions from shareholders.

Principle 7
Recognise and manage risk

The Company is developing a risk management program aimed at ensuring the Company conducts its operations in a manner that enables risks to be identified, assessed and appropriately managed. The Managing Director and Chief Financial Officer, reporting to the full Board, manage the Company's internal controls and risk management and the audit committee oversee risk management and internal compliance.

Principle 8
Encourage enhanced performance

Due to the size and infancy of the Company, the Board has no formal performance evaluation policy at present. It is considered that the current directors have a sufficient mix of skills and experience to discharge their responsibilities effectively.

The directors are provided with access to the following resources:

- Monthly financial reports with actual expenditure compared to budget;
- Subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company's expense; and
- Unrestricted access to the Managing Director, the Company Secretary and Company information.

Principle 9
Remunerate fairly and responsibly

The Board determines the remuneration of the executive director. The Board believes that due to the size of the Company, individual salary negotiation is more appropriate than formal remuneration policies. The Board reviews market comparisons in determining remunerations and seeks independent external advice as necessary.

Non-executive directors are remunerated by way of directors' fees within the limit approved by shareholders. The Board determines fees paid to individual Board members. Further information on directors' remuneration is set out in the directors' report and notes to the annual financial report.

Principle 10
Recognise the legitimate interests of stakeholders

The Company is developing a formal code of conduct for the Board, management and staff.

The directors continually review the business to determine the most effective and appropriate operating procedures. Review includes risk management approach to health, safety and the commercial operations of the business to ensure compliance with its legal and social obligations to all stakeholders.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

The Directors of Monaro Mining NL submit herewith the annual financial report for the year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The Directors of the Company in office during or since the end of the financial year are:

DIRECTORS	
W Grigor	Non-Executive Chairman
M Rampe	Managing Director
M James	Non-Executive Director (Appointed 5 October 2007)
M Evans	Non-Executive Director (Resigned 5 October 2007)
G Barns	Non-Executive Director (Appointed 29 July 2008)
M Duncan	Non-Executive Director (Appointed 29 July 2008)
J Malone	Non-Executive Director (Appointed 29 July 2008)

All directors held office from the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Company and of the Consolidated Entity are:

i) Exploration for minerals including uranium, gold and base metals;

ii) The acquisition and development of mineral tenements.

Operating results

The loss of the Consolidated Entity for the year ended 30 June 2008 after income tax was $6,100,880 (2007: loss $3,190,840).

Dividends

The Directors recommend that no dividend be paid for the year ended 30 June 2008 nor have any amounts been paid or declared by way of dividend during the year.

Review of operations

During 2007-2008 the Company continued to focus on building a serious uranium company. The Company has been pursuing this goal on two fronts via corporate initiatives and actively acquiring quality projects internationally as well as throughout Australia, specifically:

Exploration

- Monaro's principal focus during the year was the assessment of its Kyrgyz uranium exploration portfolio. This entailed diamond drilling programs on the Sogul and Aramsu uranium prospects resulting in the confirmation of uranium mineralisation at several locations. Exploration also included the rehabilitation of mine openings at the Aramsu mine, allowing underground mapping and sampling to proceed along a number of previously defined ore positions. Similarly, positive results from underground mapping and sampling followed by geophysical surveys were completed at the Shekafter uranium mine located within the Sumsar licence area and paving the way for further exploration within this licence.

  As an indication of the value of the project, a Memorandum of Understanding ("MOU") with Sinosteel Corporation was signed on 29 January 2008. The MOU will enable Sinosteel to earn an interest in a selection of these projects. Sinosteel is currently conducting due diligence investigations.
- In Australia, uranium exploration was conducted on behalf of the Company under the auspices of the Hapsburg Joint Venture. A detailed aeromagnetic and radiometric survey was carried out over the Fog Bay and Fog Bay Extended Licence areas located in the Northern Territory. The survey resulted in the delineation of linear co-incident magnetic and radiometric anomalies, confirming the uranium mineralisation model being applied to the project area. In Queensland, additional licence applications were added to its portfolio of licences located in the Julia Creek area, which is prospective for uranium bearing Iron Oxide Copper Gold ("IOCG") and black shale deposits.
- The Company assessed a number of uranium related opportunities in Europe during the course of the year. On 5 May 2008, the Company announced that it had executed an MOU with Trakia Minex which has enabled the Company to position itself as a potential entrant into the Bulgarian uranium industry. An opportunity to apply for licences over historical uranium mines in Bulgaria is being pursued upon the acceptance by that Government of enabling legislation related to the reactivation of the industry. Elsewhere, the Company has established a presence in Estonia where it has applied for exploration title over an extensive belt of uraniferrous black shales. Additionally, Monaro is advancing its efforts to secure licences in the Republic of Niger, one of the world's largest producers of uranium.
- Although not part of its core business, the Company retains its interest in a number of gold and base metal prospects in NSW, Australia. In order to spread the exploration risk, a number of these projects have been farmed out to other mineral explorers. On 6 March 2008, the Company announced the execution of a Joint Venture with Richmond Mining Limited ("Richmond") over its Mayfield and Mayfield North tenements located in NSW. The tenements are prospective for gold and copper in a variety of geological settings and Richmond will focus its efforts on several targets previously identified by the Company. At the Captains Flat base metal project in NSW, a subsidiary of Glencore International joined Ironbark Gold Ltd who via a previous farm-in agreement

is exploring the tenement for zinc, lead and copper deposits. Similarly, Noah Resources NL has commenced exploration over the Company's tin, tungsten and molybdenum tenements in southern NSW, known respectively as the Wymah and Mt Paynter prospects.

Corporate

- In October 2007, Monaro announced the signing of the Merger Implementation Agreement with Uranium King Limited ("UKL"). At general meetings held by Monaro and UKL on 10 June 2008 and 12 June 2008 respectively, unanimous approval from shareholders of both companies for the merger was received.

  Since balance date, on 24 July 2008, the Perth Registry of the Federal Court approved the Scheme of Arrangement between UKL and its shareholders relating to the merger of Monaro and UKL. On 25 July 2008, UKL lodged with the Australian Securities and Investments Commission a copy of the Court Order of the Perth Registry of the Federal Court approving the Scheme of Arrangement. The Scheme of Arrangement was implemented on 12 August 2008.
- In September 2007, the Company announced its intention to raise its profile in North American capital markets by seeking to list its shares in the United States by way of sponsored American Depositary Receipts ("ADRs"). As a result, the successful establishment of a sponsored Level 1 ADR facility for Monaro was completed on 25 June 2008. Monaro shares are now listed for Over-The-Counter (OTC) trading in the United States in the form of American Depositary Shares under the symbol "MNOMY".

Changes in the state of affairs

During the financial year, there was no significant change in the state of affairs of the Consolidated Entity other than that referred to in the financial statements or notes thereto.

Subsequent events

Subsequent to the financial year end, on 24 July 2008, the Perth registry of the Federal Court approved the Scheme of Arrangement between UKL and its shareholders relating to the merger of Monaro and UKL.

On 25 July 2008, UKL lodged with the Australian Securities and Investment Commission a copy of the Court Order of the Perth Registry of the Federal Court approving the Scheme of Arrangement.

The Scheme of Arrangement was implemented on 12 August 2008. Under the terms of the Merger Implementation Agreement ("MIA"), shareholders in UKL received five Monaro shares for each seven shares they hold in UKL. UKL became a wholly owned subsidiary of Monaro. Accordingly, 61,495,710 fully paid ordinary shares in the Company were issued to the Scheme Participants on 12 August 2008. Furthermore, in accordance with the MIA, 1,535,714 unlisted options over ordinary shares were granted with an exercise price of $0.35 each, exercisable on or before 31 December 2009. For accounting purposes Monaro is deemed the acquirer as the Company has gained control of UKL and through the Board and management structure of the merged group, Monaro will control the operating and financial decisions. The total cost of acquisition was $22 million. The Company will incur corporate advisory fees in relation to the merger.

Other than as stated in this note, since the end of the financial year the Directors are not aware of any matter or circumstance not disclosed elsewhere in the financial statements or notes thereto that has significantly, or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Future developments

The Consolidated Entity intends to continue its present range of activities during the forthcoming year and, in accordance with its objectives, may participate in new exploration projects. Certain information concerning future activity is set out in the Operations Review Section. Other information on likely developments and the expected results of operations have not been included in this report, because, in the opinion of the Directors, it would prejudice the interests of the Consolidated Entity.

Environmental regulation

The Entity is subject to significant environmental regulations in respect of exploration activity. Approvals, licences, hearings and other regulatory requirements are observed by the Entity in respect of each tenement in which the Entity conducts exploration activity. At the date of this report, the Entity does not have any mines in production or under construction.

The Entity is potentially liable for any environmental damage from its activities, the extent of which cannot presently be quantified and would in any event be reduced by insurance carried by the Entity or joint venture operators. As at the date of this report the Company has not been notified of any breach.

Share options

Details of share options over ordinary shares issued by the Company during the period together with details of options converted during the period and on issue at 30 June 2008 are set out in Note 18 to the financial statements and form part of this report.

The holders of share options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

During the period there were 275,000 (2007: Nil) incentive share options granted to directors or employees at an exercise price of $0.50, expiring on 31 December 2009.

Details of unissued shares or interests under option at the date of this report are:

ISSUING ENTITY	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTIONS	EXPIRY DATE OF 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	275,000	Ordinary	$0.50	31 Dec 2009
Monaro Mining NL	250,000	Ordinary	$1.07	19 Apr 2011
Monaro Mining NL	500,000	Ordinary	$1.20	18 Feb 2012

Indemnification of officers and auditors

During or since the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Information on directors

Warwick R Grigor – Non-Executive Chairman

Mr Grigor was appointed Chairman on 11 March 1996 and is a member of the Audit Committee. Mr Grigor is a graduate of the Australian National University having completed degrees in law and economics. He has spent a number of years in the stock broking sector as a senior mining analyst prior to establishing Far East Capital Limited, a specialist research and advisory company focusing on medium sized resources companies. Mr Grigor serves on the Boards of the Australian Securities Exchange listed companies Peninsula Minerals Ltd (since 11 April 2005) and Heritage Gold NZ Ltd (since 18 April 2007). During the past five years, Mr Grigor has also served on the Boards of First Australian Resources Limited (26 April 1995 to 1 April 2008) and Tianshan Goldfields Limited (12 February 2002 to 17 August 2005).

Mart Rampe – Managing Director

Mr Rampe was appointed Managing Director on 13 August 2007 and served as an Executive Director from 16 November 2004. Mr Rampe is a geologist having completed a BSc (Applied Geology) from the University of NSW and has over 30 years experience in minerals exploration and development which includes grass roots exploration through to pre-mine development. He has held senior exploration management positions in public listed and private exploration companies. He has worked with a number of commodities including gold, base metals, uranium and industrial minerals. Country experience includes Australia, Papua New Guinea, Solomon Islands, New Zealand and US (Alaska) and more recently Central Asia. Mr Rampe serves on the Board of the ASX listed company, Noah Resources NL (since 25 August 2007), and since 1985 has been the principal of Harvest Exploration Pty Ltd, a successful consultancy in the minerals and environmental industry.

Malcolm R S James – Non-Executive Director

Mr James was appointed a Non-Executive Director on 5 October 2007 and is Chairman of the Audit Committee. Mr James is a business graduate of RMIT University in Melbourne, Australia with over 25 years experience in merchant banking, engineering, manufacturing and financing. Over the last 15 years he has played an active role in identifying, exploring, financing and developing a number of significant natural resource and energy projects in Australia, the former Soviet Union, the Middle East, Africa, Asia and USA.

Mr James is currently the Chairman of the Australian Securities Exchange listed company Lefroy Resources Ltd (since 2004) and Non-Executive Director of ASX listed Peninsula Minerals Ltd (since 2004). Mr James is also a Director of AIM listed Cue Energy Plc (since 2005).

James L M Malone – Non-Executive Director

Mr Malone has worked successfully as an accountant, stockbroker, business analyst and CEO of a medium sized business for the past 20 years.

Mr Malone holds a Bachelor of Commerce from the University of Western Australia and is an associate of the Australian Society of CPAs. Mr Malone has worked for Arthur Anderson accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000.

Since 2000, Mr Malone has worked in the resources industry and has been involved with the start up, successful listing and ongoing management and development of six ASX listed and two non-listed resource companies with a diverse range of commodities including gold, base metals, uranium, oil and gas and industrial minerals.

These companies have operated projects in Latin America, Europe, Africa, the US and Australia. In the past 20 years Mr Malone lived and worked in Perth, Melbourne, London and Santiago, Chile.

Mr Malone serves on the Boards of Latin Gold Limited (since June 2000), Uranium King Limited (since 2006), Richmond Mining Limited (since 2007), Nuenco NL (since 2006) and Atlantic Limited (since 2007). He is a former member of the Boards of Livingstone Petroleum Limited (2004 to 2007) and Catalyst Metals Limited (2006 to 2007).

Gregory J Barns – Non-Executive Director

Mr Barns holds a BAILLB from Monash University. Mr Barns was a political adviser to a number of state and federal ministers and premiers, including a role as Chief of Staff to former federal Finance Minister John Fahey.

He was the inaugural CEO of the Australian Gold Council from 2000-2002. Mr Barns is a founding director of Republic Gold Ltd which has tungsten and gold projects in Australia and South America. Mr Barns also writes regularly for Australian mining magazine, Gold and Minerals Gazette and for the Canadian publication Resources World.

Mr Barns serves on the Boards of Republic Gold Limited, Uranium King Limited (since 2002), Richmond Mining Ltd (since 2002), Resco Pty Ltd (Since 2007), and is a former member of the Boards of Excalibur Mining (2004 to 2006) and Citigold Limited (2002 to 2005).

Michael D Duncan – Non-Executive Director

Mr Duncan holds a Bachelor of Science in Mechanical Engineering and after gaining experience in the oil and aerospace industries, he became active in real estate investing and development, and futures trading. Mr Duncan and his partners acquired and developed over two million square feet of retail, office and office warehouse space around the USA. Mr Duncan has been active in natural resources since 1992, and is a major investor in and a Director of Monaro. Mr Duncan is also a commercially rated helicopter pilot and the Director of the Company's airborne activities. Mr Duncan serves on the Boards of Mineral Energy and Technology Corporation (since 1996) and Uranium King Limited (since 9 August 2006).

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mrs Anne Adaley was appointed Company Secretary on 11 July 2007. Mrs Adaley is a member of the National Institute of Accountants and has held senior management roles with a number of listed public Australian exploration and mining companies over the last 25 years including 10 years as Company Secretary for several listed public companies.

Directors' meetings

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
DIRECTOR	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
W R Grigor	7	5	1	1
M Rampe	7	7	–	–
M James	7	7	1	1

Directors' interests

The relevant interest of each director in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with Section 205G (1) of the Corporations Act 2001, at the date of this Report, is as follows:

DIRECTOR	ORDINARY SHARES	OPTIONS	CONTRIBUTING SHARES PAID TO 0.1 CENTS
W R Grigor	1,896,370	–	2,000,000
M Rampe	50,000	–	1,500,000
M James	–	–	–
J Malone	1,330,357	767,858	–
G Barnes	–	–	–
M Duncan	33,142,857	–	–

Details of Directors' interests in contracts during the year are outlined in note 31 to the financial statements.

Remuneration report

Principles of compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity. Key management personnel comprise the directors of the Company and executives for the Company and the Consolidated Entity.

The objective of the Company's remuneration policies is for the Board, executives and staff to be remunerated on terms that are fair and competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually at full Board level. The Board believes that due to the size of the Company, individual salary negotiation is more appropriate than formal remuneration policies. The Board reviews market comparisons in determining remunerations and seeks independent external advice as necessary.

Non-executive directors are remunerated by way of directors' fees within the limit approved by shareholders. The Board determines fees paid to individual Board members. As an exploration Entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via incentive options that are priced on market conditions at the time of issue.

Compensation packages include a mix of fixed and equity-based compensation designed to retain suitably qualified executives and to affect the broader outcome of improving the asset value of the consolidated entity. The compensation structures take into account the:

- overall level of compensation for each director and executive;
- ability of the executive to control performance; and
- the incentives component of each executive's compensation.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board to ensure base pay is set to reflect the market for a comparable role and to consider individual performance against goals set at the start of the year.

Equity-based compensation

Executive directors and senior executives may receive options under the Incentive Option Scheme already approved by shareholders. Each option converts into one ordinary share of the Company on exercise. No amounts have been paid or are payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry except to the extent that any terms and conditions imposed in relation to any options granted by the Board at or prior to the time of grant state otherwise.

Key management personnel compensation

The key management personnel of the Consolidated Entity during the year were:

KEY MANAGEMENT PERSONNEL	POSITION
DIRECTORS	
W Grigor	Non-Executive Chairman
M Rampe	Managing Director
M James	Non-Executive Director (Appointed 5 October 2007)
EXECUTIVES	
A Adaley	Company Secretary and Chief Financial Officer
S McRobbie	General Manager CIS/Europe
J Randabel	Chief Geologist (Appointed 4 February 2008)
FORMER DIRECTOR	
M Evans	Non-Executive Director (Resigned 5 October 2007)

Details of the nature and amount of each major element of remuneration for each director of the Company and each of the three named Company executives and relevant group executives who receive the highest remuneration are detailed below. The consolidated entity only has three Company executives who fulfil the definition of key management personnel in the Corporations Act.

Remuneration packages contain the following key elements:

a) Short-term benefits – salary/fees and non-monetary benefits including provision of motor vehicles and health benefits.

b) Post employment benefits – superannuation.

c) Share based payments – Share Options granted as disclosed in Note 30 of the financial statements.

d) Other benefits.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

The following table summarises the remuneration of the key management personnel of the consolidated group for the year ended 30 June 2008:

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS			SHARE-BASED PAYMENTS	TOTAL
NAME	SALARY AND FEES $	OTHER* $	SUPER $	OTHER LONG-TERM EMPLOYEE BENEFITS $	TERMINATION BENEFITS $	OPTIONS $	$
DIRECTORS							
W Grigor	50,000	–	4,500	–	–	–	54,500
M Rampe	192,500	8,352	1,800	–	–	–	202,652
M James(i)	22,500	–	2,025	–	–	–	24,525
EXECUTIVES							
A Adaley	200,000	–	18,000	–	–	26,400	244,400
S McRobbie	204,513	–	–	–	–	–	204,513
J Randabel(ii)	69,828	3,026	6,688	–	–	–	79,542
FORMER DIRECTOR							
M Evans(iii)	–	–	5,450	–	–	–	5,450
Total	**739,341**	**11,378**	**38,463**	**–**	**–**	**26,400**	**815,582**

*Other short-term employee benefits include motor vehicle costs which form part of the total remuneration.

(i) M James was appointed Non-Executive Director 5 October 2007. Total remuneration reflects the period 5 October 2007 to 30 June 2008.

(ii) J Randabel was appointed Chief Geologist on 4 February 2008. Total remuneration reflects the period 4 February 2008 to 30 June 2008.

(iii) M Evans resigned as a director on 5 October 2007.

The following table summarises the remuneration of the key management personnel of the consolidated group for the year ended 30 June 2007:

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS			SHARE-BASED PAYMENTS	TOTAL
NAME	SALARY AND FEES $	OTHER* $	SUPER $	OTHER LONG-TERM EMPLOYEE BENEFITS $	TERMINATION BENEFITS $	OPTIONS $	$
DIRECTORS							
W Grigor	45,000	–	4,050	–	–	–	49,050
M Rampe	160,800	30,000	1,800	–	–	–	192,600
M Evans	20,000	–	1,800	–	–	–	21,800
EXECUTIVES							
J Atling	48,000	10,000	4,320	–	–	–	62,320
S McRobbie	205,577	–	–	–	–	–	205,577
Total	**479,377**	**40,000**	**11,970**	**–**	**–**	**–**	**531,347**

*Other short-term employee benefits includes a bonus paid to Mr M Rampe of $30,000 and Mrs J Atling of $10,000.

Contracts for services of key management personnel

There are written contracts between the Messrs Rampe and McRobbie and the Consolidated Entity.

M Rampe

By an agreement dated 1 April 2005 the Company engaged the services of Harvest Exploration Pty Ltd ("Harvest"), a company connected with M Rampe, to provide consulting geological and management services to the Company for a period of 24 months and then afterwards until terminated commencing on the date the Company was listed on the ASX (15 September 2005). Either party may terminate the agreement at any time, on reasonable notice, with reasonable termination payments, to be negotiated in good faith, taking into account length of service and performance.

Under the terms of the Agreement, Harvest is required to provide the services of M Rampe for 120 hours per month to be dedicated to the affairs of the Company.

The Agreement currently states that the Company is to pay to Harvest $12,000 plus GST per month which amount covers the hourly services of M Rampe. The service agreement was amended on 16 September 2007 to a monthly fee at the rate of $15,000 plus GST and the Company to provide a motor vehicle and on-costs.

Under the Agreement the Company is to pay for office costs in connection with the consulting services by Harvest including costs of separate phone and fax and broadband and vehicle mileage. Should other employees of Harvest be required from time to time to perform services for the Company then, subject to Board approval, their services will be charged to the Company at agreed rates.

Under the Agreement the Company is to provide directors' liability insurance (i.e. for M Rampe who is a Managing Director of the Company) and public liability insurance. At the date of this report, such insurance had not been arranged.

S McRobbie

By an agreement dated 1 December 2005 the Company engaged the services of S McRobbie ("McRobbie") to serve as Operations manager in Kyrgystan for a minimum period of 12 months and then afterwards until terminated. The contract may be terminated by either party giving not less than two months notice. The service agreement was amended on 23 November 2006 to a monthly fee at the rate of AU$16,000. Under the Agreement the Company is to reimburse S McRobbie for costs incurred in the proper performance of his duties and to provide an appropriate standard of accommodation.

Under the Agreement the Company is to provide insurance coverage in relation to travel and medical evacuation if required.

Incentive options granted as remuneration

During the reporting period, the following options were granted as remuneration to key management personnel:

NAME	GRANTED NUMBER	GRANT DATE	VESTED NUMBER	FORFEITED IN YEAR	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
A Adaley	200,000	30 June 2008	200,000	–	31 Dec 2009	$0.50	$26,400

These forgoing options were granted to executives pursuant to an Incentive Option Scheme approved by shareholders at a General Meeting held on 11 January 2006. The fair value of the options is calculated at the date of grant using the Binomial Tree Option Calculator with regard to and in accordance with ASIC Guidance Notes. The value disclosed is expensed in this reporting period. The following factors were used in determining the fair value of options on grant date:

NAME	GRANTED NUMBER	EXPIRY DATE	FAIR VALUE PER OPTION	EXERCISE PRICE	PRICE OF SHARES ON GRANT DATE	EXPECTED VOLATILITY	INTEREST RATE
A Adaley	200,000	31 Dec 2009	$0.132	$0.50	$0.42	70%	6.71%

These options carry no voting rights and no rights to dividends.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Proceedings on behalf of the company

At the date of this report the Directors are not aware of any proceedings on behalf of the Entity.

Non-audit services

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the year by the auditor are outlined in note 32 to the financial statements.

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 33 and forms part of the Directors' report.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors:

Mart Rampe

Mart Rampe
Managing Director

Sydney, 8 September 2008

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

GrantThornton

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MONARO MINING NL

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Monaro Mining NL Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A J Archer

A J Archer
Partner

Sydney, 8 September 2008

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		COMPANY	
	NOTE	**2008 $**	2007 $	**2008 $**	2007 $
CONTINUING OPERATIONS					
Other income	6	**424,491**	299,535	**424,474**	299,535
Foreign exchange loss	7(a)	**(1,204)**	(5,240)	**(479,497)**	(151,988)
Depreciation and amortisation	7(b)	**(76,657)**	(31,483)	**(33,174)**	(3,200)
Insurance		**(35,456)**	(33,114)	**(21,767)**	(4,383)
Occupancy and administration expense		**(770,783)**	(315,510)	**(575,465)**	(189,140)
Project expenditure		**(2,268,392)**	(1,890,513)	**(1,035,272)**	(518,448)
Corporate advisory services		**(1,619,721)**	–	**(1,619,721)**	–
Promotion		**(10,000)**	(311,376)	**(10,000)**	(305,371)
Salary, wages, professional fees		**(1,416,959)**	(720,178)	**(834,762)**	(406,868)
Travel		**(326,199)**	(180,830)	**(260,863)**	(134,795)
Impairment of non-current assets		**–**	–	**(1,814,301)**	(1,722,474)
Other expenses		**–**	(2,131)	**–**	(1,381)
Loss before income tax expense		**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
Income tax expense		**–**	–	**–**	–
Loss for the period		**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
LOSS ATTRIBUTABLE TO MEMBERS OF MONARO MINING NL		**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
EARNINGS/(LOSS) PER SHARE:					
Basic earnings/(loss) per share (cents per share)	21	**(18.0)**	(11.7)		
Diluted earning/(loss) per share (cents per share)	21	**(18.0)**	(11.7)		

The accompanying notes form part of the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2008

		CONSOLIDATED		COMPANY	
	NOTE	2008 $	2007 $	2008 $	2007 $
CURRENT ASSETS					
Cash and cash equivalents	27(a)	**4,039,908**	4,828,294	**3,968,375**	4,786,064
Trade and other receivables	9	**104,913**	31,930	**97,572**	31,930
Other assets	10	**49,187**	15,816	**45,636**	15,770
Total Current Assets		**4,194,008**	4,876,040	**4,111,583**	4,833,764
NON-CURRENT ASSETS					
Other financial assets	11	**50,000**	54,324	**3,684,011**	3,681,518
Property, plant and equipment	12	**300,162**	176,835	**185,052**	10,376
Mineral properties	13	**3,739,084**	3,739,084	**100,000**	100,000
Intangibles	14	**14,711**	12,498	**11,229**	5,916
Total Non-Current Assets		**4,103,957**	3,982,741	**3,980,292**	3,797,810
TOTAL ASSETS		**8,297,965**	8,858,781	**8,091,875**	8,631,574
CURRENT LIABILITIES					
Trade and other payables	15	**748,510**	206,310	**692,279**	82,785
Provisions	16	**34,615**	6,308	**31,488**	2,704
Financial liabilities	17	**10,611**	–	**10,611**	–
Total Current Liabilities		**793,736**	212,618	**734,378**	85,489
NON-CURRENT LIABILITIES					
Provisions	16	**7,275**	–	**7,275**	–
Financial liabilities	17	**39,096**	–	**39,096**	–
Total Non-Current Liabilities		**46,371**	–	**46,371**	–
TOTAL LIABILITIES		**840,107**	212,618	**780,749**	85,489
NET ASSETS		**7,457,858**	8,646,163	**7,311,126**	8,546,085
EQUITY					
Issued capital	18	**16,443,240**	11,217,416	**16,443,240**	11,217,416
Reserves	19	**1,234,326**	1,547,575	**1,323,985**	1,524,420
Accumulated losses	20	**(10,219,708)**	(4,118,828)	**(10,456,099)**	(4,195,751)
TOTAL EQUITY		**7,457,858**	8,646,163	**7,311,126**	8,546,085

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN CURRENCY TRANSLATION	ACCUMULATED LOSSES	TOTAL
CONSOLIDATED ENTITY					
Balance at 1 July 2006	5,673,722	1,894,574	1,312	(927,988)	6,641,620
Adjustment from translation of foreign controlled entities	–	–	21,843	–	21,843
Loss for the year	–	–	–	(3,190,840)	(3,190,840)
Total recognised income and expense for the period	–	–	21,843	(3,190,840)	(3,168,997)
Shares issued during the year	5,105,795	–	–	–	5,105,795
Share options allotted	–	348,005	–	–	348,005
Share issue costs	(280,260)	–	–	–	(280,260)
Transfer – options converted	718,159	(718,159)	–	–	–
Balance at 30 June 2007	11,217,416	1,524,420	23,155	(4,118,828)	8,646,163
Adjustment from translation of foreign controlled entities	–	–	(112,814)	–	(112,814)
Loss for the year	–	–	–	(6,100,880)	(6,100,880)
Total recognised income and expense for the period	–	–	(112,814)	(6,100,880)	(6,213,694)
Shares issued during the year	5,044,235	–	–	–	5,044,235
Share issue costs	(157,546)	–	–	–	(157,546)
Transfer – partly paid ordinary shares	(200)	–	–	–	(200)
Transfer – options converted	339,335	(339,335)	–	–	–
Options granted	–	138,900	–	–	138,900
BALANCE AT 30 JUNE 2008	**16,443,240**	**1,323,985**	**(89,659)**	**(10,219,708)**	**7,457,858**
PARENT ENTITY					
Balance at 1 July 2006	5,673,722	1,894,574	–	(1,057,238)	6,511,058
Adjustment from translation of foreign controlled entities	–	–	–	–	–
Loss for the year	–	–	–	(3,138,513)	(3,138,513)
Total recognised income and expense for the period	–	–	–	(3,138,513)	(3,138,513)
Shares issued during the year	5,105,795	–	–	–	5,105,795
Share options allotted	–	348,005	–	–	348,005
Share issue costs	(280,260)	–	–	–	(280,260)
Transfer – options converted	718,159	(718,159)	–	–	–
Balance at 30 June 2007	11,217,416	1,524,420	–	(4,195,751)	8,546,085
Loss for the year	–	–	–	(6,260,348)	(6,260,348)
Total recognised income and expense for the period	–	–	–	(6,260,348)	(6,260,348)
Shares issued during the year	5,044,235	–	–	–	5,044,235
Share issue costs	(157,546)	–	–	–	(157,546)
Transfer – partly paid ordinary shares	(200)	–	–	–	(200)
Transfer – options converted	339,335	(339,335)	–	–	–
Options granted	–	138,900	–	–	138,900
BALANCE AT 30 JUNE 2008	**16,443,240**	**1,323,985**	**–**	**(10,456,099)**	**7,311,126**

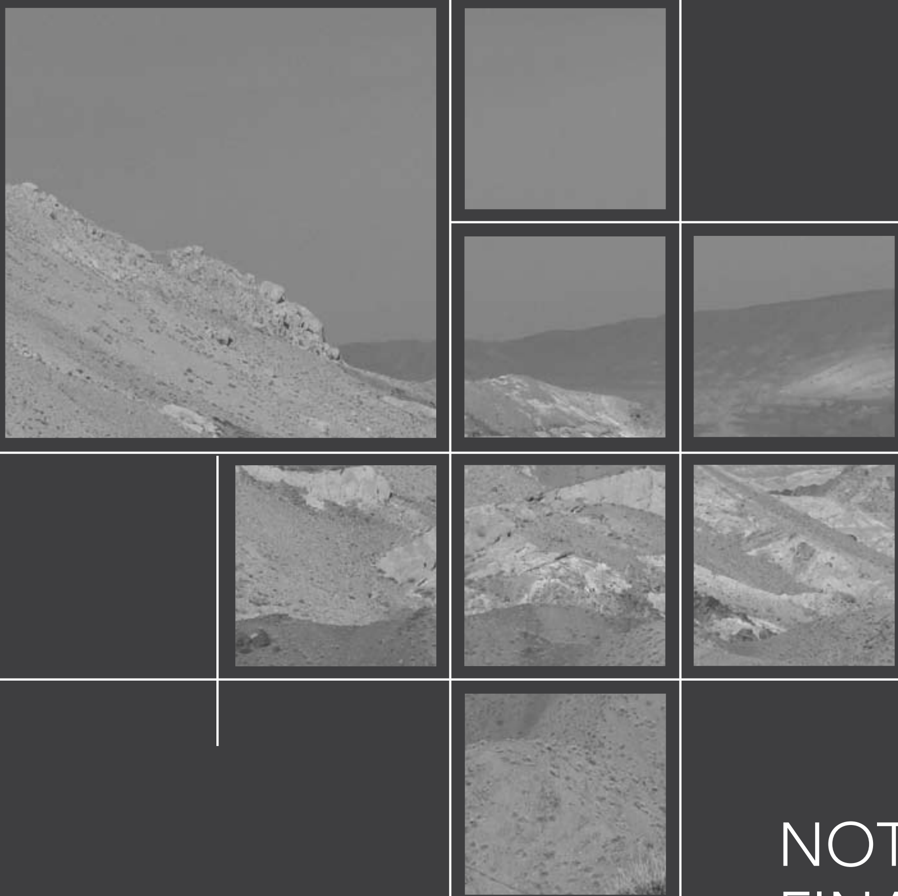
The accompanying notes form part of the financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		CONSOLIDATED		COMPANY	
	NOTE	**2008 $**	2007 $	**2008 $**	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**–**	–	**–**	–
Payments to suppliers		**(5,834,516)**	(3,151,392)	**(3,669,358)**	(1,357,621)
NET CASH (USED IN) OPERATING ACTIVITIES	27(b)	**(5,834,516)**	(3,151,392)	**(3,669,358)**	(1,357,621)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**424,944**	243,945	**424,927**	243,945
Payments for mineral properties		**–**	(100,000)	**–**	(100,000)
Payment for property, plant equipment and intangibles		**(163,396)**	(199,562)	**(156,383)**	(18,570)
Amounts advanced to related parties		**–**	–	**(2,293,798)**	(1,874,461)
Other		**–**	45,675	**(2,493)**	45,675
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**261,548**	(9,942)	**(2,027,747)**	(1,703,411)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and other equity securities		**5,044,035**	5,105,795	**5,044,035**	5,105,795
Repayment of borrowings		**(7,073)**	–	**(7,073)**	–
Payment for share issue costs		**(157,546)**	(168,660)	**(157,546)**	(168,660)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**4,879,416**	4,937,135	**4,879,416**	4,937,135
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(693,552)**	1,775,801	**(817,689)**	1,876,103
Cash and cash and cash equivalents at the beginning of the year		**4,828,294**	3,015,374	**4,786,064**	2,909,961
Effects of exchange rates on cash and cash equivalents		**(94,834)**	37,119	**–**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27(a)	**4,039,908**	4,828,294	**3,968,375**	4,786,064

The accompanying notes form part of the financial statements.



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1. General information

Monaro Mining NL is a listed public company, incorporated in Australia. During the reporting period the Company operated in Australia, the Kyrgyz Republic and Estonia.

The registered and principal place of business is Suite 705, Level 7, St Martins Tower, 31 Market Street, Sydney NSW 2000.

2. Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised current standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

At the date of authorisation of the financial report, the following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date and the Directors do not expect that these changes will have a material impact on the financial performance or position in future periods.

AASB AMENDMENT	STANDARDS AFFECTED		OUTLINE OF AMENDMENT	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral			
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements			
	AASB 107	Cash Flow Statements			
	AASB 111	Construction Contracts			
	AASB 116	Property, Plant and Equipment			
	AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above.	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above.	1.1.2009	1.7.2009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. Significant accounting policies

The following is a summary of the significant accounting policies adopted by the company and by the parent entity and its controlled entities in preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

a) Basis of preparation of accounts

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

The financial report has been prepared on the accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The presentation currency used in this financial report is Australian Dollars.

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The financial statements were authorised for issue by the Directors on 8 September 2008.

b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

c) Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk or changes on value, net of outstanding bank overdrafts. Bank overdrafts are shown with borrowing in current liabilities on the balance sheet.

Cash flows have been allocated among operating, investing and financing activities which appropriately classify the Entity's activities.

e) Derivative financial instruments

The Entity does not presently hold derivatives.

f) Employee benefits

General

Employee benefits expenses arising in respect to wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave, other leave entitlements and other types of employee benefits are charged to the income statement in the period in which they are incurred. Contributions to superannuation funds are charged to the income statement when due. A superannuation scheme is not maintained on behalf of employees.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect to these services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of

3. Significant accounting policies (continued)

service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share options granted after 7 November 2002 and vested after 1 January 2005

Equity-settled share-based payments after November 2002 that were invested as part of 1 January 2005 are measured at fair value at the date of grant. Fair value is measured by the use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed at the date of issue. For cash settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

g) Investments and other financial assets

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. The policy of management is to designate a financial asset as such if there is a possibility it will be sold in the short-term and the asset is subject to frequent changes in fair value. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit and loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Entity's management has the positive intention and ability to hold to maturity.

Bills of exchange are recorded at amortised at cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised costs of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs.

Securities held by the Entity are classified as being available-for-sale and are stated at fair value less impairment. Realised and unrealised gains and losses arising from changes in fair value are recognised directly in equity in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Entity establishes fair value by using valuation techniques. These include reference of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash-flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its costs is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Loans and receivables

Loans and receivables are not derivative financial assets with fixed or determinable payments that are quoted in an active market. They arise when the Entity provides money, goods or services directly to the debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or disclosure purposes.

Techniques, such as estimated discount cash flows, are used to determine fair value for certain financial instruments. The fair value of forward exchange contracts, where applicable, is determined using forward exchange market rates at the balance sheet date.

The nominal value less credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Entity for similar financial instruments.

i) Financial instruments used by the company

Debt and equity instruments

Debt and equity instruments including ordinary shares and options are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Transaction costs on the issue of equity agreements

Transaction costs arising on the issue of equity instruments, including new shares and options, are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those equity instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments. The Entity does not presently pay dividends.

j) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the Entity operates (the “functional currency”).

The financial statements are presented in Australian dollars, which is Monaro Mining NL’s functional and presentation currency.

Transaction balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies and foreign operations

The results and financial position of all Group entities (none of which has the currency or hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowing and other currency instruments designated as hedges of such investments, are taken to shareholders’ equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign Entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign Entity and are translated at exchange rates prevailing at the reporting date.

k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except;

i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

3. Significant accounting policies (continued)

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

l) Acquisition of assets and goodwill

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Entity's share of the identifiable net assets acquired is recorded as goodwill and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. If the cost of acquisition is less than the fair value of the business combination, the difference is recognised directly in the income statement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

m) Exploration and evaluation costs

Exploration and evaluation costs are accumulated in respect of each "area of interest" or geographical segment in accordance with AASB 6 *'Exploration for and Evaluation of Mineral Resources'* and are disclosed as a separate class of assets. Costs are either expensed as incurred or partially or fully capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions is satisfied:

i) the exploration and evaluation expenditures are expected to be recouped through development and exploitation of the area of interest or by future sale; and

ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are classified between tangible and intangible and are assessed for impairment when facts and circumstances suggest the carrying amount may exceed recoverable amount. Impairment losses are recognised in the income statement.

n) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are recognised in the income statement.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

o) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and joint ventures except where the Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

p) Joint ventures

Jointly controlled assets and operations

Interests in jointly controlled assets and operations are reported in the financial statements by including the Entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

Jointly controlled entities

The interest in a joint venture partnership is accounted for in the financial statements using the equity method and is carried at cost by the parent Entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing a joint venture partnership and transactions with the joint venture are eliminated to the extent of the Entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

q) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Entity as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income in accordance with the Entity's general policy on borrowing costs. Refer to note 3(b).

3. Significant accounting policies (continued)

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

r) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

s) Payables

Trade payables and other accounts payable are recognised when the Entity becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

t) Principles of consolidation

The financial statements are prepared by combining the financial statements of all the entities that comprise the Entity, being the Company (the parent Entity) and its subsidiaries as defined in Accounting Standard AASB 127 *'Consolidated and Separate Financial Statements'*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Monaro Mining NL ("Company" or "Parent Entity") as at the reporting date and the results of all the subsidiaries for the year then ended. Monaro Mining NL and its subsidiaries together are referred to as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another Entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries which are business combinations by the Group (refer to note 3(l)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

u) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

All tangible assets have limited useful lives and are depreciated/ amortised using the diminishing balance method over their estimated useful lives, taking into account estimated residual values, with the exception of carried forward development expenditure in the production phase which is amortised on a units of production method based on the ratio of actual production to remaining proved reserves as estimated by independent experts, and finance lease assets which are amortised over the term of the relevant lease, or where it is likely the Entity will obtain ownership of the asset, the life of the asset.

Depreciation is calculated on the diminishing balance method as follows:

- Motor vehicles 22.5%
- Computer hardware 40%
- Computer software 40%
- Website development 40%
- Office Furniture and Equipment 20%
- Telephones 30%
- Field Equipment 30%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Entity policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

v) Share based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed at the date of issue.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

w) Provisions

Provisions are recognised when the Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

The Entity recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. Restoration and abandonment obligations are reviewed annually taking into account estimates by independent consultants.

x) Revenue recognition

Sale of mineral products

Revenue from the sale of minerals is recognised when the Entity has transferred to the buyer the significant risks and rewards of ownership and can be measured reliably.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

y) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

z) Trade receivables

Trade receivables are recognised initially at fair value. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement of the allowance is recognised in the income statement.

3. Significant accounting policies (continued)

aa) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Mine rehabilitation

The Consolidated Entity recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. Future restoration and abandonment obligations are reviewed annually taking into account estimates by independent mine engineers. Presently the Consolidated Entity does not have any large scale production facilities that would have a material impact in relation to future restoration costs and accordingly there are no provisions for future restoration costs. This position is likely to change should the entity embark on a more substantial development project.

ii) Share-based payments

The Group is required to use assumptions in respect of the fair value models, and the variable elements in these models, used in determining the share based payments.

iii) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

iv) Provision for intercompany receivables

Monaro Mining NL provides loans to its subsidiaries in order for them to fund their exploration activities. In assessing the recoverability of these intercompany receivables, management has determined that the ability of the subsidiaries to repay these loans is dependent on the success of the exploration activities. Given the inherently high risk nature of mineral exploration, there is no certainty that sufficient income will be generated by these projects to repay the amounts due to the parent company. As a result, all intercompany receivables have been provided for in full at balance date.

5. Business and geographical segments

During the year the Consolidated Entity operated predominantly in one business segment that consisted of mineral exploration. Geographically, the group operates in Australia, Kyrgyz and Estonia. Offices are maintained in Australia and in Kyrgyz where operations comprise the operations of Zona Noblus LLC. Segment accounting policies are the same as the Consolidated Entity's policies described in Note 3. Segment results are classified in accordance with their use within geographic segments regardless of legal Entity ownership.

2008	AUSTRALIA $	KYRGYZ $	ESTONIA $	NIGER $	UNALLOCATED $	ELIMINATIONS $	TOTAL $
Revenue							
Interest income	**424,474**	**–**	**17**	**–**	**–**	**–**	**424,491**
Total segment revenue	**424,474**	**–**	**17**	**–**	**–**	**–**	**424,491**
Depreciation and amortisation of segment assets	**33,174**	**43,483**	**–**	**–**	**–**	**–**	**76,657**
Segment assets	**8,100,224**	**173,916**	**28,904**	**1,749**	**–**	**(6,828)**	**8,297,965**
Segment liabilities	**794,384**	**3,701,111**	**251,355**	**–**	**–**	**(3,906,743)**	**840,107**
Acquisition of non-current assets	**213,165**	**7,015**	**–**	**–**	**–**	**–**	**220,180**

2007	AUSTRALIA $	KYRGYZ $	ESTONIA $	NIGER $	UNALLOCATED $	ELIMINATIONS $	TOTAL $
Revenue							
Other income	249,535	–	–	–	50,000	–	299,535
Total segment revenue	249,535	–	–	–	50,000	–	299,535
Depreciation and amortisation of segment assets	3,200	28,283	–	–	–	–	31,483
Segment assets	8,641,041	215,307	–	–	–	2,433	8,858,781
Segment liabilities	98,847	2,215,670	–	–	–	(2,101,899)	212,618
Acquisition of non-current assets	122,894	180,992	–	–	–	–	303,886

6. Revenue

An analysis of the Group's revenue for the year is as follows:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Other income:				
Interest revenue				
Bank deposits	**424,491**	249,535	**424,474**	249,535
Other*	**–**	50,000	**–**	50,000
	424,491	299,535	**424,474**	299,535

*Other income of $50,000 represents a non-refundable deposit received from Ironbark Gold Limited.

7. Loss for the year

a) Losses

Loss for the year has been arrived at after crediting/(charging) the following gains and losses:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Net foreign exchange gains/(losses)	**(1,204)**	(5,240)	**(479,497)**	(151,988)
	(1,204)	(5,240)	**(479,497)**	(151,988)

b) Other expenses

Loss for the year includes the following expenses:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Exploration costs expensed	**(2,268,392)**	(1,890,513)	**(1,035,272)**	(518,448)
Impairment of intercompany loans	**–**	–	**(1,814,301)**	(1,722,474)
Depreciation of non-current assets	**(70,315)**	(27,173)	**(29,324)**	(3,081)
Amortisation of intangible assets	**(6,342)**	(4,310)	**(3,850)**	(119)
	(76,657)	(31,483)	**(33,174)**	(3,200)
Share-based payments:				
Equity-settled share-based payments	**(102,600)**	(236,405)	**(102,600)**	(236,405)
Employee benefit expense:				
Post employment benefits:				
– Defined contribution plans	**(55,213)**	(13,334)	**(55,213)**	(13,334)
Other employee benefits	**(2,998)**	–	**(2,998)**	–
	(58,211)	(13,334)	**(58,211)**	(13,334)
Share-based payments:				
Equity-settled share-based payments	**(36,300)**	–	**(36,300)**	–
	(94,511)	(13,334)	**(94,511)**	(13,334)

8. Income taxes

a) Income tax recognised in profit or loss

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Tax expense/(income) comprises:				
Current tax expense/(income)	**–**	–	**–**	–
Deferred tax expense/(income)	**–**	–	**–**	–
Total tax expense/(income)	**–**	–	**–**	–

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss before income tax expense	**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
Prima facie tax payable on profit/(loss)**	**(1,830,264)**	(957,252)	**(1,878,104)**	(941,554)
Foreign tax rate differential	**208,646**	192,849	**–**	–
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-deductible expenses	**42,572**	94,147	**42,217**	94,147
Lease liabilities	**(131)**	–	**(131)**	–
Business capital costs	**357,316**	(47,302)	**357,316**	(47,302)
Movement in capitalised exploration expenditure	**–**	(30,000)	**–**	(30,000)
Provisions	**19,325**	2,781	**707,464**	565,827
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**1,202,536**	744,777	**771,238**	358,882
Income tax	**–**	–	**–**	–

**The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Adjustment has been made for the impact of the Kyrgyz income tax rate which is 20%, Estonia's tax rate of 22% and Niger's tax rate of 35% for the purpose of this disclosure note with respect to the operations of the Consolidated Entity.

b) Income tax recognised directly in equity

There were no current and deferred amounts charged directly to equity during the period.

c) Deferred tax assets

Capital raising costs	**155,732**	162,722	**155,732**	162,722
Business capital costs	**387,167**	–	**387,167**	–
Provisions	**26,921**	7,731	**1,388,389**	677,053
Carry forward tax losses	**2,145,710**	946,295	**1,278,301**	510,185
Total	**2,715,530**	1,116,748	**3,209,589**	1,349,960

8. Income taxes (continued)

d) Deferred tax liabilities (at 30%)

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Capitalised exploration costs	**30,000**	30,000	**30,000**	30,000
Lease liabilities	**131**	–	**131**	–
Other	**3,445**	3,581	**3,445**	3,581
Total	**33,576**	33,581	**33,576**	33,581

The above deferred tax assets and liabilities have not been brought to account as assets and liabilities.

The carried forward tax losses used in the determination of the deferred tax asset calculation are as follows:

Tax losses in Australia (net)	**(4,261,214)**	(1,701,712)	**(4,261,002)**	(1,700,618)
Tax losses in Foreign countries (net)	**(4,311,838)**	(2,178,905)	**–**	–
Total	**(8,573,052)**	(3,880,617)	**(4,261,002)**	(1,700,618)

For the purposes of determining deferred tax asset calculations the tax rate used for the Australian parent and subsidiary is 30%. The corporate tax rate for the Kyrgyz Republic is 20%, Estonia is 22% and Niger is 35%.

Tax consolidation

Relevance of tax consolidation to the consolidated entity.

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 1 July 2006 and are therefore taxed as a single entity from that date. The head Entity within the tax-Consolidated Group is Monaro Mining NL. The members of the tax-Consolidated Group are identified at note 26.

9. Trade and other receivables

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Other receivables	**104,913**	31,930	**97,572**	31,930
Total	**104,913**	31,930	**97,572**	31,930

10. Other assets

Prepayments	**49,187**	15,816	**45,636**	15,770
Total	**49,187**	15,816	**45,636**	15,770

11. Other financial assets

Investments carried at cost:				
Non-current				
Investments in subsidiaries	**–**	–	**3,634,011**	3,627,194
Non-current				
Loans to subsidiaries	**–**	–	**3,906,743**	2,092,442
Allowance for doubtful debts	**–**	–	**(3,906,743)**	(2,092,442)
Security Deposits with the NSW Government	**50,000**	50,000	**50,000**	50,000
Other	**–**	4,324	**–**	4,324
	50,000	54,324	**50,000**	54,324
	50,000	54,324	**3,684,011**	3,681,518
Disclosed in the financial statements as:				
Non-current other financial assets	**50,000**	54,324	**3,684,011**	3,681,518
	50,000	54,324	**3,684,011**	3,681,518

12. Property, plant and equipment

	CONSOLIDATED			COMPANY		
	PLANT AND EQUIPMENT $	EQUIPMENT UNDER FINANCE LEASE $	TOTAL $	PLANT AND EQUIPMENT $	EQUIPMENT UNDER FINANCE LEASE $	TOTAL $
Gross Carrying Amount						
Balance at 1 July 2006	51,068	–	51,068	12,052	–	12,052
Additions	182,754	–	182,754	12,535	–	12,535
Disposals/write off	(12,860)	–	(12,860)	(12,052)	–	(12,052)
Impairment	–	–	–	–	–	–
Net foreign currency exchange differences	(17,420)	–	(17,420)	–	–	–
Balance at 1 July 2007	203,542	–	203,542	12,535	–	12,535
Additions	154,234	56,781	211,015	147,219	56,781	204,000
Disposals/write off	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Net foreign currency exchange differences	(23,080)	–	(23,080)	–	–	–
Balance at 30 June 2008	**334,696**	**56,781**	**391,477**	**159,754**	**56,781**	**216,535**
Accumulated Depreciation/amortisation and impairment						
Balance at 1 July 2006	6,507	–	6,507	3,246	–	3,246
Disposals/write off	(4,829)	–	(4,829)	(4,167)	–	(4,167)
Impairment	–	–	–	–	–	–
Depreciation expense	27,173		27,173	3,080	–	3,080
Net foreign currency exchange differences	(2,144)	–	(2,144)	–	–	–
Balance at 1 July 2007	26,707	–	26,707	2,159	–	2,159
Disposals/write off	–	–	–	–	–	–
Impairment	–	–	–	–	–	–
Depreciation expense	65,765	4,550	70,315	24,774	4,550	29,324
Net foreign currency exchange differences	(5,707)	–	(5,707)	–	–	–
Balance at 30 June 2008	**86,765**	**4,550**	**91,315**	**26,933**	**4,550**	**31,483**
Net Book Value						
30 June 2007	176,835	–	176,835	10,376	–	10,376
30 June 2008	**247,931**	**52,231**	**300,162**	**132,821**	**52,231**	**185,052**

Aggregate depreciation allocated, whether recognised as an expense, or capitalised as part of the carrying amount of other assets during the year:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Plant and equipment	**70,315**	27,173	**29,324**	3,080

13. Mineral properties

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Non-producing properties				
Exploration and evaluation expenditure:				
Intangibles				
Balance at 1 July 2007	**3,739,084**	3,639,084	**100,000**	–
Additions	**–**	100,000	**–**	100,000
Impairment losses	**–**	–	**–**	–
Net foreign currency exchange differences	**–**	–	**–**	–
Balance at 30 June 2008	**3,739,084**	3,739,084	**100,000**	100,000

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas.

14. Intangible assets

	CONSOLIDATED	COMPANY
	COMPUTER SOFTWARE $	COMPUTER SOFTWARE $
Gross Carrying Amount		
Balance at 1 July 2006	–	–
Additions	20,337	6,035
Disposals/write off	(3,529)	–
Impairment	–	–
Net foreign currency exchange differences	–	–
Balance at 1 July 2007	16,808	6,035
Additions	9,163	9,163
Disposals/write off	–	–
Impairment	–	–
Net foreign currency exchange differences	(1,274)	–
Balance at 30 June 2008	**24,697**	**15,198**
Accumulated Depreciation/amortisation and impairment		
Balance at 1 July 2006	–	–
Disposals/write off	–	–
Impairment	–	–
Depreciation expense	4,310	119
Net foreign currency exchange differences	–	–
Balance at 1 July 2007	4,310	119
Disposals/write off	–	–
Impairment	–	–
Depreciation expense	6,342	3,850
Net foreign currency exchange differences	(666)	–
Balance at 30 June 2008	**9,986**	**3,969**
Net Book Value		
30 June 2007	12,498	5,916
30 June 2008	**14,711**	**11,229**

15. Trade and other payables

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Trade payables	**151,347**	166,594	**151,058**	54,686
Other (accruals)	**597,163**	39,716	**541,221**	28,099
	748,510	206,310	**692,279**	82,785

16. Provisions

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Current				
Employee benefits	**34,615**	6,308	**31,488**	2,704
	34,615	6,308	**31,488**	2,704
Non-Current				
Employee benefits	**7,275**	–	**7,275**	–
	7,275	–	**7,275**	–

17. Financial liabilities

Current				
Finance lease	**10,611**	–	**10,611**	–
	10,611	–	**10,611**	–
Non-Current				
Finance lease	**39,096**	–	**39,096**	–
	39,096	–	**39,096**	–

18. Issued capital

29,431,508 fully paid ordinary shares (2007: 24,954,929)	**17,146,944**	11,763,374	**17,146,944**	11,763,374
5,000,000 partly paid ordinary shares (2007: 5,200,000)	**5,000**	5,200	**5,000**	5,200
Share issue expenses	**(708,704)**	(551,158)	**(708,704)**	(551,158)
	16,443,240	11,217,416	**16,443,240**	11,217,416

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	CONSOLIDATED AND COMPANY			
	2008 NUMBER	**2008 $**	2007 NUMBER	2007 $
Fully paid ordinary shares				
Balance at beginning of financial year	**24,954,929**	**11,212,216**	19,700,100	5,668,522
Transfer from option reserve account	**–**	**339,335**	–	718,159
Shares allotted during the year	**4,476,579**	**5,044,235**	5,254,829	5,105,795
Share issue costs	**–**	**(157,546)**	–	(280,260)
Ordinary fully paid shares at end of year	**29,431,508**	**16,438,240**	24,954,929	11,212,216

18. Issued capital (continued)

Fully paid ordinary shares carry one vote per sare and carry the right to dividends. Partly paid ordinary shares entitle the holder to vote, participate in dividends and proceeds on a winding up in proportion to the number of and amounts paid on the shares held.

	CONSOLIDATED		COMPANY	
	2008 NUMBER	**2008 $**	2007 NUMBER	2007 $
Partly paid ordinary shares				
Balance at beginning of financial year	**5,200,000**	**5,200**	5,200,000	5,200
Movements	**(200,000)**	**(200)**	–	–
Balance at end of financial year	**5,000,000**	**5,000**	5,200,000	5,200

Partly paid ordinary shares carry one vote per share and carry the right to dividends. These shares are paid to 0.1 cents each. The balance of 19.9 cents payable on each of these shares has been called and is payable on or before 31 May 2010.

a) The following equity securities were issued during the reporting period:
   - i) 4,170,196 listed options to subscribe for ordinary shares at $1.20 on or before 31 July 2007 were exercised by option holders raising $5,004,235 before the costs of issue.
   - ii) On 3 December 2007, 200,000 ordinary shares were issued as a result of the balance due of 19.9 cents per ordinary share on unquoted contributing shares being fully paid.
   - iii) On 21 February 2008, 106,383 ordinary shares and 500,000 options were allotted to Hapsburg Exploration Pty Ltd at an exercise price of $1.20, expiring 18 February 2012.
   - iv) On 30 June 2008, 275,000 employee incentive options were allotted at an exercise price of $0.50, expiring on 31 December 2009.

b) At balance date the Company had the following options available to be exercised:
   - 1,800,000 unlisted options over ordinary shares with an exercise price of 60 cents each, exercisable on or before 31 December 2008.
   - 750,000 unlisted options over ordinary shares with an exercise price of $1.75 each, exercisable on or before 31 December 2008.
   - 275,000 options over ordinary shares with an exercise price of 50 cents each, exercisable on or before 31 December 2009.
   - 250,000 options over ordinary shares with an exercise price of $1.07 each, expiring on or before 19 April 2011.
   - 500,000 options over ordinary shares with an exercise price of $1.20 each, exercisable on or before 18 February 2012.

Information relating to the Company's employee option plan, including details of options issued, exercised and lapsed during the financial year are set out in note 29 .

Information relating to share options issued to key management personnel during the financial year, refer to note 30 share-based payment.

19. Reserves

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Summary				
Option reserve – listed	**–**	339,335	**–**	339,335
Option reserve – unlisted	**1,095,605**	993,005	**1,095,605**	993,005
Employee equity-settled benefits	**228,380**	192,080	**228,380**	192,080
Total option reserve	**1,323,985**	1,524,420	**1,323,985**	1,524,420
Foreign currency translation	**(89,659)**	23,155	**–**	–
	1,234,326	1,547,575	**1,323,985**	1,524,420

The Options reserve records items recognised as expenses on the valuation of employee share options.
The Foreign Currency Translation Reserve records exchange differences arising on the translation of a foreign controlled subsidiary.

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
i) Option reserve – listed				
Opening balance	**339,335**	408,894	**339,335**	408,894
Options allotted	**–**	–	**–**	–
Options converted	**(339,335)**	(69,559)	**(339,335)**	(69,559)
Balance at end of year	**–**	339,335	**–**	339,335
ii) Option reserve – unlisted				
Opening balance	**993,005**	1,293,600	**993,005**	1,293,600
Options allotted*	**102,600**	348,005	**102,600**	348,005
Options converted	**–**	(648,600)	**–**	(648,600)
Balance at end of year	**1,095,605**	993,005	**1,095,605**	993,005

*On 21 February 2008, pursuant to an Exploration Heads of Agreement, dated 20 September 2006, between Monaro and Hapsburg Exploration Pty Ltd ("Hapsburg"), the Company allotted 500,000 share purchase options to Hapsburg at an exercise price of $1.20, expiring 18 February 2012. These options have been valued at $102,600 using the Binomial Tree Option Calculator with regard to and in accordance with ASIC guidance.

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
iii) Employee equity-settled benefits reserve				
Balance at beginning of financial year	**192,080**	192,080	**192,080**	192,080
Share-based payment	**36,300**	–	**36,300**	–
Transfer to share capital	**–**	–	**–**	–
Balance at end of financial year	**228,380**	192,080	**228,380**	192,080

The employee equity-settled benefits reserve arises on the grant of share options to executives under the executive share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 29 to the financial statements.

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
iv) Foreign currency translation reserve				
Balance at beginning of year	**23,155**	1,312	**–**	–
(Loss)/Gain on translation of overseas controlled entity	**(112,814)**	21,843	**–**	–
Balance at the end of financial year	**(89,659)**	23,155	**–**	–

20. Accumulated losses

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Balance at beginning of financial year	**(4,118,828)**	(927,988)	**(4,195,751)**	(1,057,238)
Loss attributable to members of the Parent entity	**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
Balance at end of financial year	**(10,219,708)**	(4,118,828)	**(10,456,099)**	(4,195,751)

21. Earnings per share

	2008 CENTS PER SHARE	2007 CENTS PER SHARE
Basic earnings/(loss) per share	**(18.0)**	(11.7)
Diluted earnings/(loss) per share	**(18.0)**	(11.7)

The following reflects the income and share data used in the calculations of the basic and diluted earnings per share:

	2008 $	2007 $
Earnings reconciliation		
Net loss for the year	**(6,100,880)**	(3,190,840)
Earnings used in calculating basic and diluted earnings per share	**(6,100,880)**	(3,190,840)

	2008 NUMBER	2007 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive earnings per share	**33,922,704**	27,262,109

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares in the calculation of diluted earnings per share:

	2008 NUMBER	2007 NUMBER
$1.20 July 2007 listed options (MROO)	**–**	4,170,196
$0.60 December 2008 unlisted options	**1,800,000**	1,800,000
$1.75 December 2008 unlisted options	**750,000**	750,000
$0.50 December 2009 unlisted options	**275,000**	–
$1.07 April 2011 unlisted options	**250,000**	350,000
$1.20 February 2012 unlisted options	**500,000**	–

22. Commitments for expenditure

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Mineral Properties				
Not later than 1 year	**1,364,455**	2,302,740	**1,099,934**	512,300
Between 1 year and 5 years	**3,118,966**	4,448,730	**3,055,658**	3,563,611
	4,483,421	6,751,470	**4,155,592**	4,075,911

The exploration commitments reflect the minimum expenditure to meet the conditions under which the properties are granted or such greater amounts that have been contractually committed. These commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, joint venture or relinquishment of the interests and may vary depending upon the results of exploration. Should expenditure not reach the required level in respect of each area of interest, the Consolidated Entity's interest could be either reduced or forfeited.

23. Leases

Operating lease

Leasing arrangements

Operating lease relates to office facilities with lease terms of three years with an option to renew for a further three years. Contingent rental provisions within the lease agreement require the minimum lease payment shall be increased by 4.5% in year 2 and market value in year 3.

Non-cancellable operating lease payments				
– Not later than 1 year	**84,333**	–	**84,333**	–
– Between 1 year and 5 years	**126,958**	–	**126,958**	–
	211,291	–	**211,291**	–

Finance lease

Finance lease refers to a lease over a motor vehicle.

Finance lease commitments				
Payable – minimum lease payments				
– Not later than 1 year	**14,187**	–	**14,187**	–
– Between 1 year and 5 years	**43,863**	–	**43,863**	–
Minimum lease payment	**58,050**	–	**58,050**	–
Less future finance charges	**(8,343)**	–	**(8,343)**	–
Present value of minimum lease payments	**49,707**	–	**49,707**	–

24. Contingent liabilities and contingent assets

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Contingent liabilities	**32,300**	32,300	**32,300**	32, 300
Contingent assets	**–**	–	**–**	–

Details of service contracts with executives have been included in the Remuneration Report section of the Directors' report. In the event that service contracts are terminated early then the Company may become liable for payments in lieu of notice. In relation to the McRobbie contract this comprises two months or approximately $32,300. In the case of the Rampe contract this amount is not presently quantifiable. There are no other contingent liabilities arising from service contracts with executives.

Pursuant to an Agreement to acquire uranium and gold exploration licences in the Kyrgyz Republic settled on 30 January 2006, a further 2,000,000 fully paid ordinary shares will be issued upon the grant of a mining licence and all mining, environmental and export approvals for a uranium mining operation on one of the projects. The Company applied for and was granted a waiver from Listing Rule 7.3.2 as the shares would not be issued within three months of the General Meeting of Shareholders but will be issued no later than 36 months after the date of the meeting.

25. Interests in joint venture operations

The Consolidated Entity has an interest in the following material joint venture operations whose principal activities are mineral exploration and development.

NAME OF VENTURE AUSTRALIA	NOTES	PRINCIPAL ACTIVITY
Hapsburg Exploration Pty Ltd	i)	Exploration – uranium, gold, base metals.
Ironbark Gold Limited	ii)	Exploration – base metals, gold.
Noah Resources NL	iii)	Exploration – molybdenum, tin, tungsten.
Richmond Mining Limited	iv)	Exploration – gold, copper

Notes

i) Hapsburg Exploration Pty Ltd

Under the terms of the joint venture agreement, Monaro shall fund 100% of the expenditure on exploration on granted exploration licences to a minimum of AUD 1.5 million over a two year period. At the completion of the minimum expenditure the respective interests of the parties will be Monaro 35% and Hapsburg 65%. Monaro has the right to further increase its interest in the joint venture:

- to 51% by the definition of an inferred mineral resource totalling 5,000 tonnes of contained U_30_8, and
- to 75% by the completion of a Feasibility Study on any one of the licence areas.

It is the intention of the parties that Monaro shall sole-fund the joint venture up to Monaro having earned a 75% interest in any one project.

ii) Ironbark Gold Limited ("Ironbark")

On 18 August 2006, the Company announced an agreement had been entered into with Ironbark Gold Limited (Ironbark) over the Captains Flat Exploration Licence whereby Ironbark is entitled to earn up to a 75 per cent interest by meeting certain obligations including expenditure obligations to keep the licence in good standing for at least two years. Under the agreement Ironbark paid the Company a non-refundable deposit of $50,000.

iii) Noah Resources NL ("Noah")

The Company and Noah Resources NL have signed a Heads of Agreement covering the Company's molybdenum, tin and tungsten projects located in southern NSW. Under the terms of the Agreement, Noah will expend up to $400,000 over two years to earn a 70% interest in both projects.

The Consolidated Entity has contributed to the above joint venture operations as detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	2008 $	2007 $
Non-current assets		
Mineral prospects	**100,000**	100,000
Total non-current assets	**100,000**	100,000

iv) Richmond Mining Limited ("Richmond")

On 6 March 2008, the Company announced the execution of a Joint Venture with Richmond over its Mayfield (EL 6358) and Mayfield North (EL 6691) tenements located in NSW, subject to its successful listing on the Australian Securities Exchange (ASX). Richmond was admitted to the official list of the ASX on 10 June 2008. The tenements are prospective for gold and copper in a variety of geological settings.

The terms of the Joint Venture require Richmond to expend $300,000 on exploration during the first three years of the agreement in order to earn a 50% interest. At this point, Monaro may elect to contribute pro-rata to exploration expenditures or allow Richmond to expend a further $300,000 to earn an additional 20%.

Contingent liabilities and capital commitments

Contingent liabilities and capital commitments arising from the Group's interests in joint ventures are disclosed in notes 22 and 24, respectively.

26. Subsidiaries

		OWNERSHIP INTEREST	
NAME OF ENTITY	COUNTRY OF INCORPORATION	2008 %	2007 %
Parent Entity			
Monaro Mining NL	Australia	**100**	100
Subsidiaries			
Carbeck Pty Ltd	Australia	**100**	100
Zona Noblus LLC	Kyrgyz	**100**	100
Ou Balti Kaevandusedja Uuringud	Estonia	**100**	100
Niger Energy Resources Ltd	Niger	**100**	–

Monaro Mining NL is the Head Entity within the tax Consolidated Group that includes Carbeck Pty Ltd.

27. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Cash and cash equivalents	**4,039,908**	4,828,294	**3,968,375**	4,786,064

b) Reconciliation of profit (loss) for the period to net cash flows from operating activities

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Profit/(loss) for the period	**(6,100,880)**	(3,190,840)	**(6,260,348)**	(3,138,513)
(Gain) on sale or disposal of non-current assets	**–**	–	**–**	–
Depreciation and amortisation of non-current assets	**76,657**	31,483	**33,174**	3,200
Foreign exchange (gain)/loss – net	**–**	–	**479,497**	151,988
Foreign exchange (gain)/loss on working capital	**–**	–	**–**	–
Equity settled share-based payment	**138,900**	236,405	**138,900**	236,405
Interest income received	**(424,944)**	(243,945)	**(424,927)**	(243,945)
Write down of intercompany receivable	**–**	–	**1,814,301**	1,722,474
Expenditure not capitalised	**–**	–	**–**	–
Asset write down	**–**	8,031	**–**	7,885
Amounts set aside for provision	**51,340**	6,308	**51,818**	2,704
Other revenue	**–**	(50,000)	**–**	(50,000)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	**(72,984)**	(12,936)	**(65,643)**	(12,936)
Other current assets	**(29,047)**	(12,183)	**(29,866)**	(15,770)
Increase/(decrease) in liabilities:				
Current payables	**526,442**	76,285	**593,736**	(21,113)
Net cash from operating activities	**(5,834,516)**	(3,151,392)	**3,669,358**	(1,357,621)

c) Non-cash financing and investing activities

During the financial year, there were no non-cash financing or investing activities.

d) Cash balances not available for use

There are no restrictions on cash balances at the reporting date

28. Financial instruments

Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

No derivatives are being used by the Group during the financial year. The Group does not speculate in the trading of derivative instruments.

i) Treasury risk management

Due to the size of the Company, a separate finance committee does not exist. The full Board considers credit risk policies and future cash flow requirements as required.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii) Financial risk exposures and management

The main risks the Group are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2008 the only debt that is exposed to interest rate risk is the lease liabilities of which the interest is fixed at 8.76%.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Group's measurement currency.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities as required are maintained. The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

Credit risk

Credit risk is managed on a group basis and refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group as well as through deposits with financial institutions. The Group has adopted a policy of only dealing with creditworthy counterparties obtaining sufficient collateral or other security where appropriate as a means of mitigating the risk of financial loss from defaults and only banks and financial institutions with an "A" rating are utilised. The Group measures risk on a fair value basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2008.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Price risk

The Group is mainly exposed to mining services price risk. The management does constantly monitor price movements and seeks ways to minimise the cost on mining activities.

28. Financial instruments (continued)

iii) Financial instruments

Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

2008	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets							
Cash and cash equivalents	**7.40**	**4,039,908**	**–**	**–**	**–**	**–**	**4,039,908**
Trade and other receivables		**–**	**–**	**–**	**–**	**104,914**	**104,914**
Other financial assets		**–**	**–**	**–**	**–**	**50,000**	**50,000**
		4,039,908	**–**	**–**	**–**	**154,914**	**4,194,822**
Financial liabilities							
Trade and other payables		**–**	**–**	**–**	**–**	**748,510**	**748,510**
Lease liabilities	**8.76**	**–**	**10,611**	**39,096**	**–**	**–**	**49,707**
		–	**10,611**	**39,096**	**–**	**748,510**	**798,217**

2007	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets							
Cash and cash equivalents	6.21	4,828,294	–	–	–	–	4,828,294
Trade receivables		–	–	–	–	31,930	31,930
Other financial assets		–	–	–	–	54,324	54,324
		4,828,294	–	–	–	86,254	4,914,548
Financial liabilities							
Trade and other payables		–	–	–	–	206,310	206,310
		–	–	–	–	206,310	206,310

iv) Net fair values

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2007: net fair value).

v) Sensitivity analysis

Interest rate risk, foreign currency risk and price risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2008, the effect on loss and equity as a result of 2% increase in the interest rate, with all other variables remaining constant, would be a decrease in loss by $80,000 (2007: $96,000) and an increase in equity by $80,000 (2007: $96,000)

Foreign currency risk sensitivity analysis

At 30 June 2008, the effect on loss and equity as a result of 5% improvement in the value of the Australian Dollar to the US Dollar/Euros, with all other variables remaining constant would be a decrease in loss by approximately $106,000 (2007: approximately $96,000) and an increase in equity by approximately $106,000 (2007: approximately $96,000).

Price risk sensitivity analysis

As the Company does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mining projects will be impacted by commodity price changes (predominantly uranium and gold) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

29. Share-based payments

Employee share option plan

An Incentive Option Scheme was approved by shareholders at a General Meeting held on 11 January 2006, pursuant to which certain share options have been granted to executives. Each option converts into one ordinary share of the Company on exercise. No amounts have been paid or are payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry except to the extent that any terms and conditions imposed in relation to any options granted by the Board at or prior to the time of grant state otherwise. The option valuation amounts shown below have been calculated using the Binomial Tree Option Calculator with regard to and in accordance with ASIC guidance.

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

EMPLOYEE SHARE OPTION PLAN	**2008 NUMBER OF OPTIONS**	2007 NUMBER OF OPTIONS
Balance at beginning of the financial year	**350,000**	350,000
Granted during the financial year	**275,000**	–
Exercised during the financial year	**–**	–
Cancelled during the financial year	**(100,000)**	–
Expired during the financial year	**–**	–
Balance at end of the financial year	**525,000**	350,000

a) Balance at beginning of the financial year

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 19 April 2006	350,000	19 April 2006	19 April 2011	$1.07	$192,080

The 2006 option valuation model assumed an option life of five years, volatility of 67% and interest risk free rate of 5.75% discounted by 20% as the securities are not listed.

29. Share based payments (continued)

b) Granted during the financial year

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 30 June 2008	**275,000**	**30 June 2008**	**31 Dec 2009**	**$0.50**	**$36,300**

INPUTS INTO THE MODEL	OPTION SERIES
Grant date share price	30 June 2008
Number granted	275,000
Exercise price	$0.50
Expected volatility	70%
Option life	549 days
Risk-free interest rate	6.71%
Fair value per option	13.2 cents

c) Exercised during the financial year

There were no incentive options exercised during the 2008 or 2007 financial year by Directors or Executives.

d) Cancelled during the financial year

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 19 April 2006	100,000	19 April 2006	19 April 2011	$1.07	$54,880

e) Balance at end of the financial year

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 19 April 2006	250,000	19 April 2006	19 April 2011	$1.07	$137,200
Issued 30 June 2008	275,000	30 June 2008	31 Dec 2009	$0.50	$36,300
Balance at end of the financial year	**525,000**				

Other share options on issue

The following reconciles other outstanding share-based payment options on issue at the beginning and at the end of the financial year:

	2008 NUMBER OF OPTIONS	2007 NUMBER OF OPTIONS
Balance at beginning of the financial year	**750,000**	750,000
Granted during the financial year	**–**	–
Forfeited during the financial year	**–**	–
Exercised during the financial year	**–**	–
Expired during the financial year	**–**	–
Balance at end of the financial year	**750,000**	750,000

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 18 December 2006	500,000	18 Dec 006	18 Dec 2008	$1.75	$189,000
Issued 18 December 2006	200,000	18 Dec 006	18 Dec 2008	$1.75	$111,600
Issued 02 March 2007	50,000	02 Mar 007	31 Dec 2008	$1.75	$47,405

INPUTS INTO THE MODEL	OPTION SERIES	OPTION SERIES	OPTION SERIES
Grant date share price	18 Dec 2006	18 Dec 2006	02 Mar 2007
Exercise price	$1.75	$1.75	$1.75
Expected volatility	60.0%	60.0%	60.0%
Option life	791 days	755 days	684 days
Risk-free interest rate	6.12%	6.12%	6.12%

30. Key management personnel disclosures

a) Details of key management personnel

The key management personnel of the Consolidated Entity during the year were:

KEY MANAGEMENT PERSONNEL	POSITION
Directors	
W Grigor	Non-Executive Chairman
M Rampe	Managing Director
M James	Non-Executive Director (Appointed 5 October 2007)
Executives	
A Adaley	Company Secretary and Chief Financial Officer
S McRobbie	General Manager CIS/Europe
J Randabel	Chief Geologist (Appointed 4 February 2008)
Former Director	
M Evans	Non-Executive Director (Resigned 5 October 2007)

Key management personnel remuneration has been included in the Remuneration report section of the Directors' report.

30. Key management personnel disclosures (continued)

b) Number of options held by key management personnel

	BALANCE 30 JUNE 2007	GRANTED AS COMP-ENSATION	OPTIONS EXERCISED	NET CHANGE OTHER	**BALANCE 30 JUNE 2008**	**TOTAL VESTED 30 JUNE 2008**	**TOTAL EXERCISABLE 30 JUNE 2008**	**TOTAL UN-EXERCISABLE 30 JUNE 2008**
Directors								
W Grigor	–	–	–	–	**–**	**–**	**–**	**–**
M Rampe	–	–	–	–	**–**	**–**	**–**	**–**
M James	–	–	–	–	**–**	**–**	**–**	**–**
Executives								
A Adaley	–	200,000	–	–	**200,000**	**200,000**	**200,000**	**–**
S McRobbie	275,000	–	–	–	**275,000**	**275,000**	**275,000**	**–**
J Randabel	–	–	–	–	**–**	**–**	**–**	**–**
TOTAL	275,000	200,000	–	–	**475,000**	**475,000**	**475,000**	**–**

c) Key management personnel shareholdings

Fully Paid Ordinary Shares

2008	BALANCE 1 JULY 2007	RECEIVED AS COMPENSATION	PURCHASES/ (SALES)	RECEIVED ON EXERCISE OF OPTIONS	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors						
W Grigor	1,285,100	–	335,000	276,270	**1,896,370**	1,896,370
M Rampe	40,000	–	–	10,000	**50,000**	50,000
M James	–	–	–	–	**–**	–
Executives						
A Adaley	–	–	–	–	**–**	–
S McRobbie	–	–	–	–	**–**	–
J Randabel	–	–	–	–	**–**	–
TOTAL	1,325,100	–	335,000	286,270	**1,946,370**	1,946,370

Partly Paid Ordinary Shares

2008	BALANCE 1 JULY 2007	PAID UP DURING THE YEAR	NET OTHER CHANGE	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors					
W Grigor	2,000,000	–	–	**2, 000,000**	2,000,000
M Rampe	1,500,000	–	–	**1,500,000**	–
M James	–	–	–	**–**	–
Executives					
A Adaley	–	–	–	**–**	–
S McRobbie	–	–	–	**–**	–
J Randabel	–	–	–	**–**	–
Total	3,500,000	–	–	**3,500,000**	2,000,000

31. Related party disclosures

a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 26 to the financial statements.

Equity interests in associates and joint ventures

Nil.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in the Remuneration Report in the Directors' Report.

c) Key management personnel equity holdings

Fully Paid Ordinary Shares

2008	BALANCE 30 JUNE 2007	PURCHASES/ (SALES)	RECEIVED ON EXERCISE OF OPTIONS	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors					
W Grigor	1,285,100	335,000	276,270	**1,896,370**	1,896,370
M Rampe	40,000	–	10,000	**50,000**	50,000
M James	–	–	–	**–**	–
Executives					
A Adaley	–	–	–	**–**	–
S McRobbie	–	–	–	**–**	–
J Randabel	–	–	–	**–**	–

31. Related party disclosures (continued)

2007	BALANCE 30 JUNE 2007	PURCHASES/ (SALES)	RECEIVED ON EXERCISE OF OPTIONS	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors					
W Grigor	1,285,100	–	–	**1,285,100**	1,285,080
M Rampe	40,000	–	–	**40,000**	40,000
M Evans	50,000	–	–	**50,000**	50,000
Executives					
J Atling	29,000	(29,000)	–	**–**	–
S McRobbie	–	–	–	**–**	–

Partly Paid Ordinary Shares

2008	BALANCE 30 JUNE 2007	PAID UP DURING THE YEAR	NET OTHER CHANGE	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors					
W Grigor	2,000,000	–	–	**2, 000,000**	2,000,000
M Rampe	1,500,000	–	–	**1,500,000**	–
M James	–	–	–	**–**	–
Executives					
A Adaley	–	–	–	**–**	–
S McRobbie	–	–	–	**–**	–
J Randabel	–	–	–	**–**	–

2007	BALANCE 30 JUNE 2006	PAID UP DURING THE YEAR	NET OTHER CHANGE	BALANCE 30 JUNE 2007	BALANCE HELD NOMINALLY
Directors					
W Grigor	2,000,000	–	–	2,000,000	2,000,000
M Rampe	1,500,000	–	–	1,500,000	–
M Evans	1,500,000	–	–	1,500,000	1,500,000
Executives					
J Atling	100,000	–	–	100,000	–
S McRobbie	–	–	–	–	–

Options outstanding as at 30 June 2008

	BALANCE 30 JUNE 2007	GRANTED AS COMPENSATION	OPTIONS EXERCISED	NET OTHER CHANGE	**BALANCE 30 JUNE 2008**	**TOTAL VESTED 30 JUNE 2008**	**TOTAL EXERCISABLE 30 JUNE 2008**	**TOTAL UN-EXERCISABLE 30 JUNE 2008**
Directors								
W Grigor	–	–	–	–	**–**	**–**	**–**	**–**
M Rampe	–	–	–	–	**–**	**–**	**–**	**–**
M James	–	–	–	–	**–**	**–**	**–**	**–**
Executives								
A Adaley	–	200,000	–	–	**200,000**	**200,000**	**200,000**	**–**
S McRobbie	275,000	–	–	–	**275,000**	**275,000**	**275,000**	**–**
J Randabel	–	–	–	–	**–**	**–**	**–**	**–**
Total	275,000	200,000	–	–	**475,000**	**475,000**	**475,000**	**–**

Options Expired 31 July 2007

2008	BALANCE 30 JUNE 2007	OPTIONS FORFEITED	OPTIONS CONVERTED	**BALANCE 30 JUNE 2008**	BALANCE HELD NOMINALLY
Directors					
W Grigor	321,275	45,005	276,270	**–**	–
M Rampe	10,000	–	10,000	**–**	–
M James	–	–	–	**–**	–
Executives					
A Adaley	–	–	–	**–**	–
S McRobbie	–	–	–	**–**	–
J Randabel	–	–	–	**–**	–
Former Director and Executive					
M Evans	12,500	–	12,500	**–**	–
J Atling	6,250	–	6,250	**–**	–

2007	BALANCE 30 JUNE 2006	OPTIONS FORFEITED	OPTIONS CONVERTED	BALANCE 30 JUNE 2007	BALANCE HELD NOMINALLY
Directors					
W Grigor	321,275	–	–	321,275	321,275
M Rampe	10,000	–	–	10,000	10,000
M Evans	12,500	–	–	12,500	12,500
Executives					
J Atling	6,250	–	–	6,250	6,250
S McRobbie	–	–	–	–	–

31. Related party disclosures (continued)

Executive Share Options

Details of executive share options have been disclosed at note 29 to the financial statements.

d) Transactions with the Directors of the Consolidated Entity

Fees of $189,750 inclusive of GST (2007: $140,800) were paid to Harvest Exploration Pty Ltd in which Mr Rampe has an interest, for providing consulting, geological and management services to the Company.

Fees of $13,200 inclusive of GST (2007: $6,600) were paid to Harvest Holding Company Pty Ltd in which Mr Rampe has an interest, for providing office premises.

e) Controlling entity

The Parent Entity in the Consolidated Entity is Monaro Mining NL. Both the ultimate Parent Entity and the ultimate Australian Entity in the wholly owned group is Monaro Mining NL.

f) Transactions with other related parties

By an agreement dated 29 April 2005, the Parent Entity contracted with First Australian Resources Ltd ("FAR"), a public listed company, to share for a period of two years the administrative office premises and facilities presently operated by the Parent Entity in West Perth. Under the Agreement, FAR will be responsible for payment of half the fixed costs of the premises such as rent and outgoings together with certain other costs divided on a fair and reasonable apportionment basis depending on the extent to which the costs are for the benefit of each Company. Where apportionment is not practicable, the costs will be shared equally.

During the financial year, the Consolidated Entity incurred costs of $13,933 (2007: $61,625) in respect of the foregoing agreement.
Mr W Grigor was a Non-Executive Director of FAR during the reporting period until 1 April 2008 and holds shares in FAR. Mr M Evans former Non-Executive Director of the Consolidated Entity is Executive Chairman of FAR and hold shares in FAR.

32. Remuneration of auditors

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	**2008 $**	2007 $
Remuneration of the auditor of the parent entity for:				
Audit or review of the financial report	**45,000**	–	**45,000**	–
Other audit services in connection with proposed US Listing	**157,018**	–	**157,018**	–
	202,018	–	**202,018**	–
Remuneration of previous auditors of the parent entity for:				
Audit or review of the 2007 financial report	**9,096**	23,585	**9,096**	23,585
Total	**211,114**	23,585	**211,114**	23,585

The auditor of the Consolidated Entity is Grant Thornton NSW.

33. Subsequent events

Subsequent to the financial year end, on 24 July 2008, the Perth registry of the Federal Court approved the Scheme of Arrangement between Uranium King Limited ("UKL") and its shareholders relating to the merger of Monaro and UKL.

On 25 July 2008, UKL lodged with the Australian Securities and Investment Commission a copy of the Court Order of the Perth Registry of the Federal Court approving the Scheme of Arrangement.

The Scheme of Arrangement was implemented on 12 August 2008. Under the terms of the Merger Implementation Agreement ("MIA"), shareholders in UKL received five Monaro shares for each seven shares they hold in UKL. UKL became a wholly owned subsidiary of Monaro. Accordingly, 61,495,710 fully paid ordinary shares in the Company were issued to the Scheme Participants on 12 August 2008. Furthermore, in accordance with the MIA, 1,535,714 unlisted options over ordinary shares were granted with an exercise price of $0.35 each, exercisable on or before 31 December 2009. For accounting purposes Monaro is deemed the acquirer as the Company has gained control of UKL and through the Board and management structure of the merged group, Monaro will control the operating and financial decisions. The total cost of acquisition was $22 million. The Company will incur corporate advisory fees in relation to the merger.

Other than as stated in this note, the Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Consolidated Entity in subsequent financial years.

DIRECTOR'S DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

The Directors declare that:

1) the financial statements and notes, as set out on pages 34 to 74 are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date of the Company and Consolidated Group;
2) the Chief Executive Officer and Chief Finance Officer have each declared that:
   a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b) the financial statements, and the notes for the financial year, comply with the accounting standards; and
   c) the financial statements and notes for the financial year give a true and fair view; and
3) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001.*

On behalf of the Directors

Mart Rampe
Managing Director

8 September 2008

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONARO MINING NL

Report on the Financial Report

We have audited the accompanying financial report of Monaro Mining NL, (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MONARO MINING NL (cont)

Auditor's Responsibility (cont)

engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a the financial report of Monaro Mining NL is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONARO MINING NL (cont)

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 31 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Monaro Mining NL for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A J Archer

A J Archer
Partner

Sydney, 8 September 2008

SUPPLEMENTARY INFORMATION

PURSUANT TO THE LISTING REQUIREMENTS OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

Number of holders of equity securities

Ordinary shares

As at 4 September 2008, the issued capital comprised 90,931,504 ordinary fully paid shares (ASX code: MRO) held by 1,934 holders and 5,000,000 ordinary shares (not quoted) paid to .01 cents per share held by five holders.

Options

At 4 September 2008, the Company had the following options available to be exercised:

- 1,800,000 unlisted options over ordinary shares with an exercise price of 60 cents each, exercisable on or before 31 December 2008.
- 750,000 unlisted options over ordinary shares with an exercise price of $1.75 each, exercisable on or before 31 December 2008.
- 275,000 options over ordinary shares with an exercise price of 50 cents each, exercisable on or before 31 December 2009.
- 1,535,714 options over ordinary shares with an exercise price of 35 cents each, exercisable on or before 31 December 2009.
- 250,000 options over ordinary shares with an exercise price of $1.07 each, expiring on or before 19 April 2011.
- 500,000 options over ordinary shares with an exercise price of $1.20 each, exercisable on or before 18 February 2012.

Each option converts to one ordinary share. Options do not carry the right to vote.

Distribution of holders of equity security

FULLY PAID ORDINARY SHARES HOLDING	NUMBER OF HOLDERS
1 – 1,000	239
1,001 – 5,000	634
5,001 – 10,000	340
10,001 – 50,000	557
50,001 – 100,000	84
100,001 – 500,000	63
500,001 – 1,000,000	11
1,000,001 and over	6
Total number of holders	1,934
Holding less than a marketable parcel	415

SUPPLEMENTARY INFORMATION

PURSUANT TO THE LISTING REQUIREMENTS OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

Top twenty shareholders

ORDINARY SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Mineral Energy and Technology Corporation	33,142,857	36.45
ANZ Nominees Limited	8,676,323	9.54
Nikam Investments Pty Ltd	2,003,337	2.20
Fortis Clearing Nominees P/L	1,632,326	1.80
Gregorach Pty Ltd	1,360,714	1.50
Kilkenny Enterprises Pty Ltd	1,330,357	1.46
Absolut Investments Pty Ltd	1,000,000	1.10
Manfree Nominees Pty Ltd	795,071	0.87
Mr Howard Dawson & Mrs Leigth Dawson	714,286	0.79
Sancoast Pty Ltd	700,000	0.77
Reads It Pty Ltd	692,857	0.76
Mr Howard Graham Dawson and Mrs Leigth Dawson	583,929	0.64
Ms Jodie Marwick	571,429	0.63
UBS Wealth Management Australia Nominees Pty Ltd	543,800	0.60
Yatesbury Pty Limited	514,938	0.57
Mr George Panagakis and Mrs Anastasia Panagakis	503,571	0.55
National Nominees Limited	500,045	0.55
Citicorp Nominees Pty Limited	485,611	0.53
Mr Matthew James Maxwell Telling	472,500	0.52
NEFCO Nominees Pty Ltd	427,955	0.47
Total	56,651,906	62.30

Substantial shareholders

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY SHARES NUMBER
Mineral Energy and Technology Corporation	33,142,857

CORPORATE DIRECTORY

Directors

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

Company Secretary

Anne Adaley

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Stock Exchange Listings

Australian Securities Exchange
ASX Code: MRO

Frankfurt Stock Exchange
Xetra Code: MRH

United States of America
OTC: MNOMY

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