FINANCIAL STATEMENTS

MONARO MINING NL

FOR THE YEAR ENDED
30 JUNE 2009

24 SEPTEMBER 2009 ASX ANNOUNCEMENT

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FURTHER INFORMATION

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CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

This statement summarises the corporate governance practices adopted by the Board of Directors of Monaro Mining NL ("'Monaro" and or the "Company") in the format of the Corporate Governance Principles and Recommendations (Revised Principles) issued by the ASX Corporate Governance Council.

Monaro'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.

The Company and its controlled entities together are referred to as Monaro ("the Group") in this statement.

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

Principle 1
Lay solid foundations for management and oversight

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 Director and Company Secretary.

Evaluation of Executive Performance

The Managing/Executive Director monitors the performance, against various performance criteria, of the group's key executives. An employee assessment profile is applied to key executives and reviewed on a six monthly basis and reported to the full Board. Performance evaluations have been completed for all executives during the reporting period in accordance with approved processes.

Principle 2
Structure the board to add value

Board composition

A majority of the Board are independent directors. Currently the Board comprises four directors, being a non-executive chairman, two executive directors and one non-executive director. The directors have a broad mix of skills, experience and knowledge to enable them to effectively and efficiently discharge their responsibilities and duties.

During the period 1 July 2008 to 29 April 2009, the then Chairman, W Grigor, was a non-executive Director of the Company, and as such, did not satisfy the test of independence due to holding a beneficial interest in a substantial shareholder of the Company. Whilst this was a departure from best practice there was no objection raised by any investors given Mr. Grigor's contribution to the Company.

Following a review of the Group's corporate structure to reflect the Company's financial circumstances, the Managing Director's role was converted to that of an Executive Director in line with the entity's requirements effective from 31 January 2009.

Directors' Independence

To ensure that independent judgement is achieved and maintained in respect of its decision-making processes, 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 Director's 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 and the Chairman satisfies the test of independence. 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 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. 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.

Evaluation of performance of the Board, its Committee and individual Directors

A review of the Board's own performance is conducted annually together with the reviews of the performance of the Audit Committee and individual directors.

Principle 3
Promote ethical and responsible decision-making

Code of Corporate Conduct

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.

Trading in company securities by Directors and employees

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.

Principle 4
Safeguard integrity in financial reporting

The Company has a structured six monthly reporting process culminating in the Executive 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 Audit Committee is comprised of two non-executive directors and is chaired by an independent Director. Although, Recommendation 4.2 provides that the Audit Committee should have at least three members, the Board considers that the current number of members is appropriate for the Company at this stage of development.

The Audit 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 has policies and procedures in place to ensure the timely and appropriate release of all information required to be disclosed to shareholders in accordance with the Continuous Disclosure regime under ASX Listing Rules. 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.

Principle 6
Respect the rights of shareholders

All information disclosed to the ASX is posted on the Company's website. Shareholders and other interested parties may register on the website to receive electronic notification of releases of information by the Company. The website also contains corporate governance information and general information regarding the Company's activities. Information is communicated to shareholders through:

– the annual report which is distributed to shareholders either electronically or a printed copy if requested;

– quarterly activity report and half yearly report;

– the annual and other general meetings convened for shareholder review and approval of board proposals;

– continuous disclosure of material changes to the ASX; and

– the Company website which contains copies of all ASX announcements including notices of meetings and financial reports.

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 Board is responsible for the overall risk management and control framework for the Company. The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing and monitoring the Company's financial and reporting matters, risk management and internal control processes, occupational health and environmental issues.

ASX Best Practice Recommendation 7.1 provides that the Board should establish policies on risk oversight and management. The Company does not have formal written policies on risk oversight and management. The Company has established a reporting system designed to ensure that significant problems are brought to the attention of the Board in a timely way.

The major area of risk facing the Company include: exploration and development risks, risks that are normally subject to insurance (such as natural disasters, public liability etc); and contractual and litigation risks including risks associated with mining titles, operating internationally, environments, systems, foreign exchange and liquidity risks.

In all cases, risk is best managed by the use of suitable personnel and systems, backed by specialist outside professional advice where appropriate. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the board having ultimate responsibility for the risk management and control framework. Arrangements put in place by the board to monitor risk management and internal control systems include:

– regular reporting to the Board and the Audit Committee in respect of operations, the financial position of the Group and compliance requirements;

– report by the Chairman of the Audit Committee to the Board; and

– periodic review of internal controls.

Monaro's Executive Director and Chief Financial Officer provide a written declaration to the Audit Committee in relation to each six-month reporting period that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company has established a Technical Advisory Committee (TAC) which reviews and comments upon the company's existing projects as well as new projects that may be presented to the Company. The TAC then makes observations and recommendations to the Board with respect to the exploration and development of projects subject to consideration at any one time. The TAC is made up of technical consultants with relevant expertise.

The Company maintains effective internal control by ensuring compliance with documented Internal controls polices which cover key risk areas including: code of ethics, financial reporting processes, authorisation of expenditure, treasury policies, new project evaluation and continuous disclosure.

Principle 8
Encourage enhanced performance

The Company does not comply with ASX recommendation 8.1 in that it has not established a separate remuneration committee. Given the current size of the company, the Board believe there are no efficiencies in forming a separate committee and the Board as a whole performs this role.

During the reporting period, following a review of the Group's corporate structure to reflect the Company's financial circumstances, the principles of compensation have been revised for certain key management roles in line with the entity's requirements effective from 31 January 2009.

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.

The Board determines the remuneration of the executive directors. 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 Remuneration Report in the Directors' report.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

The Directors of Monaro Mining NL submit herewith the annual financial statements for the year ended 30 June 2009. 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:

James Malone	-	Non-Executive Chairman (appointed a Director 30 July 2008, appointed Chairman 29 April 2009)
Greg Barns	-	Non-Executive Director (appointed 30 July 2008)
Michael Duncan	-	Executive Director (appointed 30 July 2008)
Mart Rampe	-	Executive Director
Warwick Grigor	-	Non-Executive Chairman (resigned 29 April 2009)
Malcolm James	-	Non-Executive Director (resigned 17 December 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 2009 after income tax was $19,494,371 (2008: loss $6,100,880).

Dividends

The Directors recommend that no dividend be paid for the year ended 30 June 2009 nor have any amounts been paid or declared by way of dividend during the year.

Review of operations

During 2008-2009, the Company continued on with its consolidation in the uranium business. On the exploration front, several joint ventures on its mineral projects were executed with in-coming funding partners, whereas exploration on some of its core uranium projects was advanced in its own right. On the corporate front, activities associated with the Uranium King Limited ("UKL") merger were completed and its financial strength was bolstered with a limited capital raising.

Exploration

- Exploration on the Apache Basin uranium project in Arizona, USA commenced in earnest during the reporting period. Under the terms of a letter agreement between Monaro's wholly owned subsidiary Uranium Corporation Arizona LLC ("UCA") and Vale Exploration Canada Inc. ("Vale"), Vale is required to spend US$3.25M (by way of option payments) to earn a 60% interest in these as well as any other subsequent claims that may be staked within an "Area of Influence". Thereafter, further expenditure will be pro-rata to each parties' respective interests. Vale has now indicated that it has expended the initial US$750,000 and will be continuing on with the exploration program into Year 2. Exploration to date has included airborne radiometric surveys with ground follow-up to assess a number of identified radiometric anomalies. It is intended to execute a drilling program in early 2010 to assess several of these targets.
- Subsequent to the reporting period, a Letter Agreement was executed between Monaro's wholly owned subsidiary Uranium Company of Arizona LLC ("UCA") and Cristol Enterprises LLC, a USA based exploration and development company. The Agreement covers the Bernard gold, uranium and manganese project located in La Paz County, Arizona which has been secured by UCA and covers 212 claims for an aggregate area of approximately 11km2.

Under the terms of the agreement, UCA and Cristol will create a new limited liability company into which the Bernard claims will be transferred. Initial equity in the new company will be 100% UCA. In addition, Cristol is to expend a total of A$5.1M in stages over 4 years to earn a 49% interest in the new company and, further funding thereafter will be on a pro-rata basis, subject to an industry standard dilution clause. At the time of writing, a comprehensive drilling program had commenced, requiring initial expenditures of $475,000. No results were available for this review.

- In a further development subsequent to the reporting period, the Company executed a joint venture agreement with Capital Mining Limited ("Capital") over its Mayfield copper-gold project located in NSW, Australia. Capital anticipates being able to fast track the definition of a shallow, open cut mineable gold resource in the Mayfield Project area. Under the terms of the joint venture agreement Capital is the manager and has the exclusive right to earn a 51% equity interest in the project for expenditure of $100,000 to December 2010. It has a further right to earn a 75% equity interest for expenditure of a further $100,000 should Monaro elect not to contribute and to dilute its interest. Capital has commenced preliminary exploration and anticipates drilling by the end of 2009.
- In regards to the Kyrgyz projects, all activities were predominantly focused on renewing several of the existing exploration under newly created wholly owned corporate entities. A Memorandum of Understanding ("MOU") executed early in 2008 with Sinosteel Corporation lapsed, allowing the Company to pursue other potential joint venture partners. At the time of writing, discussions with several companies had been initiated.
- The Hapsburg Joint Venture has been rationalised during the reporting period and now includes only two uranium projects located in the Northern Territory. These are known as the Fog Bay and Liverpool projects. Exploration on the Fog Bay project has now reached the stage where drilling targets have identified, whereas the Liverpool project is still in application status.
- Monaro decided not to pursue with its tenders on a number of Coal Release areas located in NSW. It subsequently transferred its interest in the tendering process to Loyal Coal Pty Ltd ("Loyal"), retaining a management function in the event that any of the coal release areas were awarded and taken up by Loyal.
- The Company retains its interests in a number of gold and base-metal prospects in NSW. The Company is considering divestment options for these assets, with the view to focussing on the Company's core uranium business.

Corporate

- 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 May 2009, the Company made a share placement raising approximately $1 million after costs. Funds from the placement are to be used principally to further advance the Apex-Lowboy and Rio Puerco projects as well as allowing the retention of a number of USA claims and further advance its other exploration projects. A total of 12,439,726 new ordinary shares were issued, bringing the total issued capital to 103,371,230 shares on issue.
- Given the challenging economic times, the Company has taken the view that all but the most essential activities must be curbed to preserve the Company's cash position. As a result of cost cutting measures, the Company has curtailed its interests in Estonia, Bulgaria and Niger and significantly reduced its level of activity on the Australian uranium projects. Cost reduction remains a high priority for the Company in 2009-2010.

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 above or in the financial statements or notes thereto.

Subsequent events

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

In the United States, the operations and proposed activities of the Consolidated Entity are subject to State laws of New Mexico and Nevada and any other United States state jurisdiction that that company may operate in as well as the Federal laws of the United States of America and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

The Consolidated 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 Consolidated 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 2009 are set out in Note 31 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 no incentive options granted to directors or employees (2008: 275,000).

During the period there were:-

- 1,535,714 unlisted options issued in accordance with the Merger Implementation Agreement with Uranium King, Ltd at an exercise price of $0.35 each, exercisable on or before 31 December 2009;
- 800,000 unlisted options issued to consultants in recognition of services provided. 200,000 options are exercisable at 45 cents per option and 600,000 options are exercisable at 35 cents per option. The options expire on 10 September 2010; and
- 400,000 unlisted options issued to Hapsburg Exploration Pty Limited at an exercise price of $0.20, expiring on 1 January 2012.

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 OPTION	EXPIRY DATE OF OPTIONS
Monaro Mining NL	275,000	Ordinary	$0.50	31 Dec 2009
Monaro Mining NL	1,535,714	Ordinary	$0.35	31 Dec 2009
Monaro Mining NL	600,000	Ordinary	$0.35	10 Sep 2010
Monaro Mining NL	200,000	Ordinary	$0.45	10 Sep 2010
Monaro Mining NL	250,000	Ordinary	$1.07	19 Apr 2011
Monaro Mining NL	500,000	Ordinary	$1.20	18 Feb 2012
Monaro Mining NL	400,000	Ordinary	$0.20	01 Jan 2012

Indemnification of officers and auditors

During the year, the Company arranged a policy of insurance in respect of directors' and officers' liability. The policy insures persons who are directors or officers of the Company and its controlled entities against certain costs and expenses which may be incurred by them in defending proceedings and against other liabilities which may arise from their positions. The insured directors and officers are the directors, executive officers and secretary of the Company and its controlled entities.

The insurance contract prohibits the disclosure of particulars of the premiums and the nature of the liabilities insurance.

During or since the end of 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

James L M Malone
Non-Executive Chairman

Mr Malone was appointed Chairman on 29 April 2009, served as a non-executive director since 30 July 2008 and is a member of the Audit Committee. 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 unlisted 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), Richmond Mining Limited (since 2007), Quest Petroleum (since 2006) and Atlantic Limited (since 2007). He is a former member of the boards of Livingstone Petroleum Limited (2004 to 2007), Catalyst Metals Limited (2006 to 2007) and Uranium King Limited (2006-2009) and NSL Limited (2008-2009).

Gregory J Barns
Non-Executive Director

Mr Barns was appointed a Non-Executive Director on 30 July 2008 and is Chairman of the Audit Committee. 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 board of Republic Gold Limited (since 2003), Richmond Mining Ltd (since 2008), Resco Pty Ltd (Since 2007), and is a former member of the boards of Uranium King Limited (2008 to 2009), Excalibur Mining (2004 to 2006) and Citigold Limited (2002 to 2005).

Michael D Duncan
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 2006) and is a former member of the board of Uranium King Limited (2006 to 2009).

Mart Rampe
Executive Director

Mr Rampe has been an Executive Director of Monaro Mining NL since the Company listed in 2006. Mr Rampe is a geologist having completed a BSc (Applied Geology) from the University of NSW and has over thirty five years experience in minerals exploration and development and 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, coal and industrial minerals. Country experience includes Australia, Papua New Guinea, Solomon Islands, New Zealand and US (Alaska) and more recently Central Asia and northern Europe. Since 1985 he has been the principal of Harvest Exploration Pty Ltd, a successful consultancy in the minerals and environmental industry. Mr Rampe is a former member of the board of Noah Resources NL (2005 to 2008).

Warwick R Grigor
Non-Executive Chairman

Mr Grigor was appointed Chairman on 11 March 1996 and resigned on 29 April 2009. Mr Grigor was 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 5 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).

Malcolm R S James
Non-Executive Director

Mr James was appointed a Non-Executive Director on 5 October 2007 and resigned on 17 December 2008. Mr James was 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 serves on the Boards of ASX listed Peninsula Minerals Ltd (since 2004) and AIM listed Alecto Energy plc (formerly Cue Energy plc (since 2005). Mr James is a former member of the board of Lefroy Resources Ltd (2004 to 2009).

Company secretary

The following person held the position of Company Secretary during and since 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 11 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
J Malone	11	11	1	1
G Barns	11	10	-	-
M Duncan	11	9	-	-
M Rampe	12	12	-	-
W Grigor	12	12	2	2
M James	12	12	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
J Malone	1,450,000	767,857	-
G Barns	-	-	-
M Duncan	33,142,857	-	-
M Rampe	50,000	-	1,500,000

Details of directors' interests in contracts during the year are outlined in note 33 to the financial statements.

Remuneration report

Principles of compensation

During the reporting period, following a review of the Monaro's corporate structure to reflect the Company's financial circumstances, the principles of compensation have been revised for certain key management roles in line with the entity's requirements effective from 31 January 2009.

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.

Aside from the Monaro's corporate re-structuring detailed above, the principles of compensation in place are as follows.

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
- incentives component of each executive's compensation.

Remuneration report (continued)

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 Monaro Mining Employee Option Plan 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

Directors	Position
J Malone	Non-Executive Chairman (appointed a Director 30 July 2008, appointed Chairman 29 April 2009)
Greg Barns	Non-Executive Director (appointed 30 July 2008)
M Duncan	Executive Director (appointed 30 July 2008)
M Rampe	Executive Director
Executives	
A Adaley	Company Secretary and Chief Financial Officer
D Geldard	General Manager – US Operations (appointed 29 September 2008)
J Randabel	Geologist
S Sapper	Geologist
Former Directors	
W Grigor	Non-Executive Chairman (resigned 29 April 2009)
M James	Non-Executive Director (resigned 17 December 2008)
Former Executives	
S McRobbie	General Manager CIS/Europe (resigned 31 January 2009)

Details of the nature and amount of each major element of remuneration for each member of the key management personnel of the consolidated group and the four named Company executives and relevant group executives who receive the highest remuneration are detailed below.

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.

Remuneration report (continued)

The following table summarises the remuneration of the key management personnel of the consolidated group for the year ended 30 June 2009:

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFIES			SHARE-BASED PAYMENTS	TOTAL
NAME	SALARY AND FEES $	OTHER $	SUPER $	OTHER LONG-TERM EMPLOYEE BENEFITS $	TERMINATION BENEFITS $	OPTIONS $	$
DIRECTORS							
J Malone(i)	51,667	-	-	-	-	-	51,667
G Barns(i)	13,331	-	1,200	-	-	-	14,531
M Duncan(i)	171,877	-	-	-	-	-	171,877
M Rampe(ii)	157,498	11,675	1,350	-	-	-	170,523
EXECUTIVES							
A Adaley(iii)	179,670	30,000	13,200	-	-	-	222,870
D Geldard(iv)	197,847	58,572	-	-	-	-	256,419
J Randabel(v)	123,111	7,840	9,761	-	15,000	-	155,712
S Sapper(vi)	124,792	-	-	-	-	-	124,792
FORMER DIRECTORS							
W Grigor	37,498	-	3,375	-	-	-	40,873
M James(vii)	-	-	-	-	-	-	-
FORMER EXECUTIVE							
S McRobbie (viii)	76,684	-	-	-	-	-	76,684
Total	**1,133,975**	**108,087**	**28,886**	**-**	**15,000**	**-**	**1,285,948**

(i) Total remuneration paid to J Malone, G Barns, M Duncan and S Sapper reflects the period from the date of implementation of the merger with Uranium King limited, being 12 August 2008 to 30 June 2009.

(ii) M Rampe: Total fees of $157,498 is comprised of directors fees totalling $14,998 and fees of $142,500, paid to Harvest Exploration Pty Ltd in which Mr Rampe has an interest, for providing consulting, geological and management services to the Company. Other short-term employee benefits include motor vehicle costs which form part of the total remuneration.

(iii) A Adaley: other short-term employee benefit includes a bonus (13.5% of total remuneration) granted on 1 July 2008. This bonus payment was made at the discretion of the Board.

(iv) D Geldard was appointed General Manager – US Operations on 29 September 2008. Total remuneration reflects the period 29 September 2008 to 30 June 2009. Other short-term employee benefits include housing costs which form part of the total remuneration.

(v) Following the corporate restructuring during the period, J Randabel was terminated as an employee. However, he continued to provide his services on a consultancy basis as required by the Company.

(vi) S Sapper: Total remuneration during the period represents payments for nine months during the reporting period. Following the corporate restructuring during the period, S Sapper was terminated on 28 February 2009 and re-instated on 1 June 2009.

(vii) M James resigned as Director on 17 December 2008. Mr James was not paid directors' fees during the reporting period.

(viii) S McRobbie: Total remuneration reflects the period 1 July 2008 to 31 January 2009. S McRobbie resigned as an employee on 31 January 2009. However, continued to provide consulting services as required by the entity.

Remuneration report (continued)

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 BENEFIES			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(i)	192,500	8,352	1,800	-	-	-	202,652
M James(ii)	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(iii)	69,828	3,026	6,688	-	-	-	79,542
FORMER DIRECTOR							
M Evans(iv)	-	-	5,450	-	-	-	5,450
Total	**739,341**	**11,378**	**38,463**	**-**	**-**	**26,400**	**815,582**

(i) M Rampe: Other short-term employee benefits include motor vehicle costs which form part of the total remuneration.

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

(iii) J Randabel was appointed Chief Geologist on 4 February 2008. Total remuneration reflects the period 4 February 2008 to 30 June 2008. Other short-term employee benefits include motor vehicle costs which form part of the total remuneration.

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

Contracts for services of key management personnel

Written contracts in place during the financial year between key management personnel and the Consolidated Entity are as follows:

M Rampe

By an agreement dated 1 April 2005 and revised on 1 May 2009, 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). The Company may terminate the agreement at any time subject to a 12 month notice period.

M Duncan

M Duncan has an employment agreement in place with Uranium King Corporation which was in place at the date of the entity's acquisition by Monaro and requires a four week notice period by either party.

D Geldard

D Geldard was appointed US General Manager on 29 September 2008. There was no written contract of employment in place during the reporting period. However, effective from 1 July 2009 a 12 month contract has been agreed. The contract stipulates that the contract may be terminated at any time by the Company with a three month notice period. Under the Agreement the Company provides insurance coverage in relation to travel and medical, housing and motor vehicle.

Remuneration report (continued)

A Adaley

Following the corporate restructuring during the period, A Adaley transferred from an employee to a consultancy status. This consulting is covered by a signed agreement with no fixed term and requires a four week notice period by either party.

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. McRobbie resigned on 31 January 2009 following two months notice. Under the Agreement the Company provided insurance coverage in relation to travel and medical evacuation as required.

Incentive options granted as remuneration

No incentive options were granted as remuneration during the financial year.

The following options were granted as remuneration to key management personnel of the consolidated group for the year ended 30 June 2008:

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 foregoing 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. 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.

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 services provided during the year by the auditor are outlined in note 34 to the financial statements.

Fees totalling $6,035 (2008: nil) were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2009.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 16 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:

James Malone
Chairman
Sydney, 24 September 2009

Grant Thornton

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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 for the year ended 30 June 2009, 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, 24 September 2009

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTE	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
CONTINUING OPERATIONS					
Revenue	7	**189,140**	424,491	**135,866**	424,474
Other income	8(a)	**230,429**	-	**-**	-
Foreign exchange gain(loss)	8(a)	**1,466**	(1,204)	**(502,367)**	(479,497)
Depreciation and amortisation	8(b)	**(113,554)**	(76,657)	**(48,724)**	(33,174)
Insurance costs		**(110,243)**	(35,456)	**(32,991)**	(21,767)
Occupancy & administration expense		**(736,721)**	(780,783)	**(451,726)**	(585,465)
Project expenditure	8(b)	**(2,503,832)**	(2,268,392)	**(801,797)**	(1,035,272)
Corporate advisory services		**(270,507)**	(1,619,721)	**(166,492)**	(1,619,721)
Salary, wages, professional fees		**(1,907,625)**	(1,416,959)	**(867,244)**	(834,762)
Travel		**(184,704)**	(326,199)	**(87,300)**	(260,863)
Impairment of loans to controlled entities		**-**	-	**(1,303,361)**	(1,814,301)
Impairment of investment in controlled entities		**-**	-	**(15,390,971)**	-
Impairment of mineral properties	8(b),14	**(19,774,778)**	-	**-**	-
Loss before income tax expense		**(25,180,929)**	(6,100,880)	**(19,517,107)**	(6,260,348)
Income tax benefit	19	**5,686,558**	-	**-**	-
Net loss for the period after tax		**(19,494,371)**	(6,100,880)	**(19,517,107)**	(6,260,348)
Loss attributable to members of Monaro Mining NL		**(19,494,371)**	(6,100,880)	**(19,517,107)**	(6,260,348)
EARNINGS/(LOSS) PER SHARE:					
Basic earnings/(loss)per share (cents per share)	23	**(21.7)**	(18.0)		
Diluted earning/(loss) per share (cents per share)	23	**(21.7)**	(18.0)		

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2009

	NOTE	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
CURRENT ASSETS					
Cash and cash equivalents	29(a)	**1,692,580**	4,039,908	**1,586,544**	3,968,375
Trade and other receivables	10	**37,318**	104,913	**27,835**	97,572
Other	11	**40,144**	49,187	**25,118**	45,636
TOTAL CURRENT ASSETS		**1,770,042**	4,194,008	**1,639,497**	4,111,583
NON-CURRENT ASSETS					
Other financial assets	12	**50,000**	50,000	**10,474,240**	3,684,011
Property, plant and equipment	13	**351,139**	300,162	**149,683**	185,052
Mineral properties	14	**10,529,314**	3,739,084	**100,000**	100,000
Intangibles	15	**10,922**	14,711	**6,737**	11,229
TOTAL NON-CURRENT ASSETS		**10,941,375**	4,103,957	**10,730,660**	3,980,292
TOTAL ASSETS		**12,711,417**	8,297,965	**12,370,157**	8,091,875
CURRENT LIABILITIES					
Trade and other payables	16	**572,487**	748,510	**98,185**	692,279
Provisions	17	**19,914**	34,615	**-**	31,488
Financial liabilities	18	**10,611**	10,611	**10,611**	10,611
TOTAL CURRENT LIABILITIES		**603,012**	793,736	**108,796**	734,378
NON-CURRENT LIABILITIES					
Trade and other payables	16	**197,190**	-	**1,672,328**	-
Provisions	17	**-**	7,275	**-**	7,275
Financial liabilities	18	**28,484**	39,096	**28,484**	39,096
Deferred tax liabilities	19	**771,756**	-	**-**	-
TOTAL NON-CURRENT LIABILITIES		**997,430**	46,371	**1,700,812**	46,371
TOTAL LIABILITIES		**1,600,442**	840,107	**1,809,608**	780,749
NET ASSETS		**11,110,975**	7,457,858	**10,560,549**	7,311,126
EQUITY					
Issued capital	20	**38,962,174**	16,443,240	**38,962,174**	16,443,240
Reserves	21	**1,862,880**	1,234,326	**1,571,581**	1,323,985
Accumulated losses	22	**(29,714,079)**	(10,219,708)	**(29,973,206)**	(10,456,099)
TOTAL EQUITY		**11,110,975**	7,457,858	**10,560,549**	7,311,126

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	SHARE CAPITAL	OPTIONS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL
CONSOLIDATED					
Balance at 1 July 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**
Adjustment from translation of foreign controlled entities	-	-	380,958	-	380,958
Loss for the year	-	-	-	(19,494,371)	(19,494,371)
Total recognised income and expense for the period	-	-	380,958	(19,494,371)	(19,113,413)
Shares issued during the year	22,582,376	-	-	-	22,582,376
Share issue costs	(63,442)	-	-	-	(63,442)
Options granted	-	247,596	-	-	247,596
Balance at 30 June 2009	**38,962,174**	**1,571,581**	**291,299**	**(29,714,079)**	**11,110,975**
COMPANY					
Balance at 1 July 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 options allotted	-	-	-	-	-
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**
Loss for the year	-	-	-	(19,517,107)	(19,517,107)
Total recognised income and expense for the period	-	-	-	(19,517,107)	(19,517,107)
Shares issued during the year	22,582,376	-	-	-	22,582,376
Share issue costs	(63,442)	-	-	-	(63,442)
Options granted	-	247,596	-	-	247,596
Balance at 30 June 2009	**38,962,174**	**1,571,581**	**-**	**(29,973,206)**	**10,560,549**

The accompanying notes form part of the financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009	2008	**2009**	2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Other receipts		**45,764**	-	**-**	-
Payments to suppliers and employees		**(6,191,941)**	(5,834,516)	**(2,912,928)**	(3,669,358)
Net cash (used in) operating activities	29(b)	**(6,146,177)**	(5,834,516)	**(2,912,928)**	(3,669,358)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**153,280**	424,944	**145,770**	424,927
Payment for property, plant, equipment and intangibles		**(11,738)**	(163,396)	**(8,078)**	(156,383)
Proceeds from sale of property, plant and equipment		**14,995**	-	**-**	-
Cash inflow from acquisition of subsidiary (net of directly attributable costs)	35	**2,135,637**	-	**-**	-
Contributions from joint venture		**775,750**	-	**-**	-
Payments for joint venture operations		**(542,291)**	-	**-**	-
Realised foreign exchange gain		**230,429**	-	**-**	-
Amounts received from related entities		**-**	-	**1,202,563**	-
Amounts advanced to related entities		**-**	-	**(1,792,481)**	(2,293,798)
Other		**-**	-	**-**	(2,493)
Net cash provided by/(used in) investing activities		**2,756,062**	261,548	**(452,226)**	(2,027,747)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and other equity securities		**1,057,377**	5,044,035	**1,057,377**	5,044,035
Repayment of borrowings		**(10,612)**	(7,073)	**(10,612)**	(7,073)
Payment for share issue costs		**(63,442)**	(157,546)	**(63,442)**	(157,546)
Net cash provided by financing activities		**983,323**	4,879,416	**983,323**	4,879,416
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,406,792)**	(693,552)	**(2,381,831)**	(817,689)
Cash and cash equivalents at the beginning of the year		**4,039,908**	4,828,294	**3,968,375**	4,786,064
Effects of exchange rates on cash and cash equivalents		**59,464**	(94,834)	**-**	-
Cash and cash equivalents at the end of the year	29(a)	**1,692,580**	4,039,908	**1,586,544**	3,968,375

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

1. General information

Monaro Mining NL is a listed public company limited by shares incorporated and domiciled in Australia. During the reporting period the Company operated in Australia, the United States, the Kyrgyz Republic, Niger 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. Details as follows:

– AASB8 Operating Segments replaces the presentations requirements of segment requirements of segment reporting AASB114 Segment Reporting. Also, AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 must be adopted in conjunction with AASB8. Both AASB8 and AASB2007-3 are applicable to the Group for the annual reporting period beginning 1 July 2009 and 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.

– Revised AASB101 Presentation of Financial Statements introduces a 'statement of comprehensive income'. It is applicable to the Group for the reporting period commencing 1 July 2009 and is expected to impact disclosures within the Financial Report.

– AASB2008-1 Amendments to Australian Accounting Standard – Share Based Payment: Vesting Conditions and Cancellations changes the measurement of share based payments that contain non-vesting conditions and is applicable to the Group for the reporting period commencing 1 July 2009.

– AASB3R/127 The revised AASB 3: Business Combinations has removed the option to capitalise professional fees incurred in relation to a business combination and require immediate expense of these costs. The revised AASB also will not longer allow for adjustments to contingent consideration to be made to goodwill resulting in adjustments being made directly into the Income Statement. This standard is applicable to the Group for the reporting period commencing 1 July 2009.

3. Going concern basis of accounting

The financial report has been prepared on a going concern basis. The exploration projects currently undertaken by the Consolidated Entity will require additional capital. The Company will be seeking to raise fresh capital in the form of equity to fund development and working capital, the outcome of which is currently materially uncertain.

The Company's ability to continue as a going concern is contingent upon successfully raising additional capital. If additional funds are not raised, the going concern basis may not be appropriate with the result that the Consolidated Entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

4. 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.

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 24 September 2009.

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 the income statement 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.

4. Significant accounting policies (continued)

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 and annual leave that are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's 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 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.

Employee share options

Equity-settled share-based payments granted 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 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 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.

4. Significant accounting policies (continued)

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

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not 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.

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.

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.

4. Significant accounting policies (continued)

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 is operating in a 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 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 are 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 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.

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.

4. Significant accounting policies (continued)

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 are 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

Non-financial 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.

Financial Assets

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.

4. Significant accounting policies (continued)

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.

Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

4. Significant accounting policies (continued)

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 note4(b).

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.

4. Significant accounting policies (continued)

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 4 (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 is 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.

4. Significant accounting policies (continued)

v) Share based payments

Equity-settled share-based payments granted 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.

Management fee revenue

Management fee revenue is recognised on an accrual basis in accordance with contractual requirements.

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.

4. 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.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, 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 judgments. 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.

Given the stage of exploration of the group, it is not possible to reliably estimate future cash flows. The carrying value of mineral properties is reviewed and assessed with reference to comparative transactions, the status of existing joint venture arrangements, market volatility and the significant changes in valuations for all mineral assets as a result of the recent significant discounting of equity markets. 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.

5. Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

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.

vi) Acquisition of Uranium King Limited

Monaro acquired all of the shares in Uranium King Limited ("UKL") by way of Scheme of Arrangement which was implemented on 12 August 2008 (the "Acquisition"). Under the terms of the Merger Implementation Agreement ("MIA"), shareholders in UKL received five Monaro shares for each seven shares they hold in UKL. 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 controls the operating and financial decisions.

UKL shareholders together held 61% (on a fully diluted basis) shareholding in MRO at the date of the transaction. No shareholder (individually or with their associates) held more than one-half of the voting rights in the merged entity or governed the financial or operating policies of the merged group.

Monaro has acquired 100% of the shares in UKL in exchange for Monaro scrip. The acquirer is usually the combining entity that pays a premium over the pre-combination fair value of the equity interests of the other combining entity. In this case, Monaro offered to acquire the shares in UKL at a premium to their trading price at the time of the announcement.

The 5:7 merger ratio was agreed on 5 October 2007 when MRO's share price closed at $1.02 and UKL closed at $0.70. The ratio implied a share price of $0.73 on the day the decision was made.

6. 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 the Unites States, 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 4. Segment results are classified in accordance with their use within geographic segments regardless of legal Entity ownership.

2009	AUSTRALIA $	KYRGYZ $	ESTONIA $	NIGER $	UNITED STATES $	ELIMINATIONS $	TOTAL $
REVENUE							
Interest income	143,351	-	17	-	8	-	143,376
Management fee	-	-	-	-	45,764	-	45,764
Total segment revenue	**143,351**	**-**	**17**	**-**	**45,772**	**-**	**189,140**
Depreciation and amortisation of segment assets	**48,724**	**38,603**	**-**	**-**	**26,227**	**-**	**113,554**
Segment assets	**14,854,151**	**116,573**	**5,542**	**1,634**	**3,491,930**	**(5,758,413)**	**12,711,417**
Segment liabilities	**1,813,563**	**5,103,691**	**-**	**-**	**1,520,249**	**(6,837,061)**	**1,600,442**
Acquisition of non-current assets	**9,388**	**3,660**	**-**	**-**	**130,529***	**-**	**143,577**

* Acquisition of non-current assets in the United States totalling $130,529 represents property, plant and equipment acquired on the acquisition of Uranium King Limited. Refer to note 35 for further detail on the acquisition of Uranium King Limited.

6. *Business and geographical segments (continued)*

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

7. Revenue

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

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	2008 $
Revenue				
Interest revenue – bank deposits	**143,376**	424,491	**135,866**	424,474
Management fees	**45,764**	-	**-**	-
	189,140	424,491	**135,866**	424,474

8. Loss for the year

a) Gains and losses

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

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	2008 $
Realised foreign exchange gain	**230,429**	-	**-**	-
Unrealised net foreign exchange gains/(losses)	**1,466**	(1,204)	**(502,367)**	(479,497)

b) Other expenses

Loss for the year includes the following expenses:

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	2008 $
Exploration costs expensed	**(2,503,832)**	(2,268,392)	**(801,797)**	(1,035,272)
Impairment of non-current assets:				
Impairment of intercompany loans	**-**	-	**(1,303,361)**	(1,814,301)
Impairment of investment in subsidiaries	**-**	-	**(15,390,971)**	-
Impairment of mineral properties (refer to note 14)	**(19,774,778)**	-	**-**	-
	(19,774,778)	-	**(16,694,332)**	(1,814,301)

8. Loss for the year (continued)

	2009 $	2008 $	2009 $	2008 $
Depreciation of non-current assets	**(106,659)**	(70,315)	**(44,232)**	(29,324)
Amortisation of intangible assets	**(6,895)**	(6,342)	**(4,492)**	(3,850)
	(113,554)	(76,657)	**48,724**	(33,174)
Share-based payments:				
Equity-settled share-based payments	**(61,160)**	(102,600)	**(61,160)**	(102,600)
Employee benefit expense:				
Post employment benefits:				
- Defined contribution plans	**(41,829)**	(55,213)	**(41,829)**	(55,213)
Other employee benefits	**(8,659)**	(2,998)	**(8,659)**	(2,998)
	(50,488)	(58,211)	**(50,488)**	(58,211)
Share-based payments:				
Equity-settled share-based payments	**-**	(36,300)	**-**	(36,300)
	(50,488)	(94,511)	**(50,488)**	(94,511)

9. Income taxes

a) Income tax recognised in profit or loss

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Tax expense/(income) comprises:				
Current tax expense/(income)	**-**	-	**-**	-
Deferred tax (income)	**(5,686,558)**	-	**-**	-
Total tax (income)	**(5,686,558)**	-	**-**	-
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	**(25,180,929)**	(6,100,880)	**(19,517,107)**	(6,260,348)
Prima facie tax payable on profit/(loss) *	**(7,554,279)**	(1,830,264)	**(5,855,132)**	(1,878,104)
Foreign tax rate differential	**(62,936)**	208,646	**-**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-deductible expenses	**6,104**	42,572	**21,526**	42,217
Lease liabilities	**(152)**	(131)	**(152)**	(131)
Business capital costs	**(138,090)**	357,316	**(104,946)**	357,316
Movement in capitalised exploration expenditure	**-**	-	**-**	-
Provisions	**5,940,511**	19,325	**5,144,232**	707,464
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**1,808,842**	1,202,536	**794,472**	771,238
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%, Niger's tax rate of 35% and the United States tax rates ranging from 34% to 41.19% for the purpose of this disclosure note with respect to the operations of the Consolidated Entity.

9. Income taxes (continued)

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

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Capital raising costs	**143,545**	155,732	**85,694**	155,732
Business capital costs	**455,919**	387,167	**371,291**	387,167
Provisions	**282,103**	26,921	**6,256,718**	1,388,389
Carry forward tax losses	**4,375,817**	2,145,710	**2,072,773**	1,278,301
Total	**5,257,384**	2,715,530	**8,786,476**	3,209,589

d) Deferred tax liabilities (at 30%)

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Capitalised exploration costs	**30,000**	30,000	**30,000**	30,000
Lease liabilities	**152**	131	**152**	131
Other	**474**	3,445	**474**	3,445
Total	**30,626**	33,576	**30,626**	33,576

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:

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Tax losses in Australia (net)	**(8,439,607)**	(4,261,214)	**(6,909,242)**	(4,261,002)
Tax losses in Foreign countries (net)	**(6,930,326)**	(4,311,838)	**-**	-
Total	**(15,369,933)**	(8,573,052)	**(6,909,242)**	(4,261,002)

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 2008 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 28.

10. Trade and other receivables

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Other receivables	**37,318**	104,913	**27,835**	97,572
Total	**37,318**	104,913	**27,835**	97,572

There were no past due amounts at 30 June 2009 and no provision has been recorded.

11. Other assets

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Prepayments	**40,144**	49,187	**25,118**	45,636
Total	**40,144**	49,187	**25,118**	45,636

12. Other financial assets

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Non-current				
Investments in controlled entities – at cost	**-**	-	**25,815,211**	3,634,011
Impairment of investment in controlled entities*	**-**	-	**(15,390,971)**	-
	-	-	**10,424,240**	3,634,011
Non-current				
Loans to subsidiaries	**-**	-	**5,936,489**	3,906,743
Allowance for doubtful debts	**-**	-	**(5,936,489)**	(3,906,743)
Security Deposits with the NSW Government	**50,000**	50,000	**50,000**	50,000
	50,000	50,000	**50,000**	50,000
	50,000	50,000	**10,474,240**	3,684,011
Disclosed in the financial statements as:				
Non-current other financial assets	**50,000**	50,000	**10,474,240**	3,684,011

* Impairment of $15,390,971 has been recorded to reflect the diminished value of the investments in subsidiary as a result of the consolidated impairment review of Mineral Properties. Refer to note 14 for further detail on the impairment of Mineral Properties.

13. 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 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**
Additions	10,586	-	10,586	9,388	-	9,388
Additions (acquisition)	130,529	-	130,529	-	-	-
Disposals/write off	(38,457)	-	(38,457)	(707)	-	(707)
Impairment	-	-	-	-	-	-
Net foreign currency exchange differences	45,563	-	45,563	-	-	-
Balance at 30 June 2009	**482,917**	**56,781**	**539,698**	**168,435**	**56,781**	**225,216**
Accumulated Depreciation /amortisation and impairment						
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**
Additions	-	-	-	-	-	-
Disposals/write off	(16,046)	-	(16,046)	(182)	-	(182)
Impairment	-	-	-	-	-	-
Depreciation expense	100,130	6,529	106,659	37,703	6,529	44,232
Net foreign currency exchange differences	6,631	-	6,631	-	-	-
Balance at 30 June 2009	**177,480**	**11,079**	**188,559**	**64,454**	**11,079**	**75,533**
Net Book Value						
30 June 2008	247,931	52,231	300,162	132,821	52,231	185,052
30 June 2009	**305,437**	**45,702**	**351,139**	**103,981**	**45,702**	**149,683**

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

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Plant and equipment	**106,659**	70,315	**44,232**	29,324

14. Mineral properties

	CONSOLIDATED		COMPANY	
	2009	2008	**2009**	2008
	$	$	**$**	$
Non-producing properties **Exploration and evaluation expenditure:** **Intangibles**				
Balance at 1 July 2008	**3,739,084**	3,739,084	**100,000**	100,000
Fair value attributed to mineral properties on acquisition of UKL (refer to note 35)	**26,309,042**	-	**-**	-
Impairment of mineral properties	**(19,774,778)**	-	**-**	-
Net foreign currency exchange differences	**255,966**	-	**-**	-
Balance at 30 June 2009	**10,529,314**	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. The entity conducts impairment testing on an annual basis unless indicators of impairment are present at the reporting date. The Scheme Booklet dated 7 May 2008 for the proposed merger of Monaro and UKL included an Independent valuation of the UKL mining assets ranging from a lower case valuation of $23.25million. This valuation supported the fair value of the assets acquired at the acquisition date. Subsequent to the acquisition of Uranium King the impact of the global financial crisis resulted in indicators of impairment under AASB 6 'Exploration for and evaluation of Mineral Resources' and AASB 136 'Impairment of Assets'. The recoverable amount has been assessed on the basis of fair value less costs to sell. Fair value less costs to sell has been assessed by the Directors with reference to the previous valuation, comparable transactions, the status of existing joint venture arrangements, market volatility and the significant changes in valuations for all mineral assets as a result of the recent significant discounting of equity markets. Key assumptions in the fair value assessment include the current Uranium price multiplied by an exchange rate of 0.81 Australian dollars to 1 US dollar. This fair value assessment has resulted in an impairment charge of $19,774,778 which is separately presented in the income statement as an 'impairment loss.'

15. Intangible assets

	CONSOLIDATED SOFTWARE $	COMPANY SOFTWARE $
Gross Carrying Amount		
Balance at 1 July 2007	**16,808**	**6,035**
Additions	9,163	9,163
Net foreign currency exchange differences	(1,274)	-
Balance at 30 June 2008	**24,697**	**15,198**
Additions	2,462	-
Net foreign currency exchange differences	1,576	-
Balance at 30 June 2009	**28,735**	**15,198**
Accumulated Depreciation /amortisation and impairment		
Balance at 1 July 2007	**4,310**	**119**
Depreciation expense	6,342	3,850
Net foreign currency exchange differences	(666)	-
Balance at 30 June 2008	**9,986**	**3,969**
Depreciation expense	6,895	4,492
Net foreign currency exchange differences	932	-
Balance at 30 June 2009	**17,813**	**8,461**
Net Book Value		
30 June 2008	**14,711**	**11,229**
30 June 2009	**10,922**	**6,737**

16. Trade and other payables

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Current				
Trade payables	**88,316**	151,347	**47,549**	151,058
Accruals	**276,664**	597,163	**50,636**	541,221
Surplus joint venture contributions	**207,507**	-	**-**	-
	572,487	748,510	**98,185**	692,279
Non-Current				
Trade payables	**197,190**	-	**-**	-
Unsecured payable to other controlled entity	**-**	-	**1,672,328**	-
	197,190	-	**1,672,328**	-

17. Provisions

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Current				
Employee benefits	**19,914**	34,615	**-**	31,488
	19,914	34,615	**-**	31,488
Non-Current				
Employee benefits	**-**	7,275	**-**	7,275
	-	7,275	**-**	7,275

18. Financial liabilities

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Current				
Finance lease	**10,611**	10,611	**10,611**	10,611
	10,611	10,611	**10,611**	10,611
Non-Current				
Finance lease	**28,484**	39,096	**28,484**	39,096
	28,484	39,096	**28,484**	39,096

19. Deferred Tax Liability

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Deferred tax liability related to assets acquired through business combination (refer to note 35)	**6,458,314**	-	**-**	-
Less: Tax benefit effect on impairment of assets acquired	**(5,686,558)**	-	**-**	-
Deferred tax	**771,756**	-	**-**	-

A deferred tax liability of $6,458,314 has arisen on the acquisition of the UKL assets (refer to note 35). At 30 June 2009 the Mineral Properties acquired were subsequently impaired and written back to fair value. Accordingly, the deferred tax liability has been reviewed with a tax benefit of $5,686,558.

20. Issued capital

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
103,371,230 fully paid ordinary shares (2008: 29,431,508)	**39,729,320**	17,146,944	**39,729,320**	17,146,944
5,000,000 partly paid ordinary shares (2008: 5,000,000)	**5,000**	5,000	**5,000**	5,000
Share issue expenses	**(772,146)**	(708,704)	**(772,146)**	(708,704)
	38,962,174	16,443,240	**38,962,174**	16,443,240

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

	CONSOLIDATED AND COMPANY			
	2009 NUMBER	**2009** $	2008 NUMBER	2008 $
Fully paid ordinary shares Balance at beginning of financial year	**29,431,508**	**16,438,240**	24,954,929	11,212,216
Transfer from option reserve account	**-**	**-**	-	339,335
Shares allotted during the year	**73,939,722**	**22,582,376**	4,476,579	5,044,235
Share issue costs	**-**	**(63,442)**	-	(157,546)
Ordinary fully paid shares at end of year	**103,371,230**	**38,957,174**	29,431,508	16,438,240

Fully paid ordinary shares carry one vote per share 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	
	2009 NUMBER	**2009** $	2008 NUMBER	2008 $
Partly paid ordinary shares Balance at beginning of financial year	**5,000,000**	**5,000**	5,200,000	5,200
Movements	**-**	**-**	(200,000)	(200)
Balance at end of financial year	**5,000,000**	**5,000**	5,000,000	5,000

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) 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

ii) 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.

iii) On 30 June 2008, 275,000 employee incentive options were allotted at an exercise price of $0.50, expiring on 31 December 2009.

iv) On 12 August 2008, 61,495,710 ordinary shares were allotted in accordance with the Scheme of Arrangement with Uranium King Limited.

iv) On 12 August 2008, 1,535,714 unlisted options were allotted at an exercise price of $0.35, expiring on 31 December 2009.

v) On 10 September 2008, 600,000 unlisted options were allotted at an exercise price of $0.35, expiring on 10 September 2010.

vi) On 10 September 2008, 200,000 unlisted options were allotted at an exercise price of $0.45, expiring on 10 September 2010.

vii) On 1 January 2009, 400,000 unlisted options were allotted at an exercise price of $0.20, expiring on 1 January 2012.

iv) On 9 June 2009, the Company allotted 12,439,726 ordinary shares at an issue price of $0.85 cents per share raising $1,057,377 before costs.

20. Issued capital (continued)

b) At balance date the Company had the following options available to be exercised:

- 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.
- 1,535,714 options over ordinary shares with an exercise price of 35 cents each, exercisable on or before 31 December 2009.
- 600,000 options over ordinary shares with an exercise price of 35 cents each, exercisable on or before 10 September 2010.
- 200,000 options over ordinary shares with an exercise price of 45 cents each, exercisable on or before 10 September 2010.
- 400,000 options over ordinary shares with an exercise price of 20 cents each, exercisable on or before 1 January 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 31.

Information relating to share options issued to key management personnel during the financial year, refer to note 33 share-based payments.

c) **Capital Management**

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital and partly paid ordinary shares.

Management effectively manages the group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

21. Reserves

	CONSOLIDATED		COMPANY	
SUMMARY	**2009** $	2008 $	**2009** $	2008 $
Option reserve – listed	**-**	-	**-**	-
Option reserve – unlisted	**1,571,581**	1,095,605	**1,571,581**	1,095,605
Employee equity-settled benefits	**-**	228,380	**-**	228,380
Total option reserve	**1,571,581**	1,323,985	**1,571,581**	1,323,985
Foreign currency translation	**291,299**	(89,659)	**-**	-
	1,862,880	1,234,326	**1,571,581**	1,323,985

The Options reserve records items recognised as expenses on the issue of employee share options.

The Foreign Currency Translation Reserve records exchange differences arising on the translation of a foreign controlled subsidiary.

	CONSOLIDATED		COMPANY	
(i) Option reserve – listed	**2009** $	2008 $	**2009** $	2008 $
Opening balance	**-**	339,335	**-**	339,335
Options allotted	**-**	-	**-**	-
Options converted	**-**	(339,335)	**-**	(339,335)
Balance at end of year	**-**	-	**-**	-

21. Reserves (continued)

(ii) Option reserve – unlisted				
Opening balance	**1,095,605**	993,005	**1,095,605**	993,005
Options allotted	**247,596**	102,600	**247,596**	102,600
Options converted	**-**	-	**-**	-
Balance at end of year	**1,343,201**	1,095,605	**1,343,201**	1,095,605

The following options were issued during the period:

– On 12 August 2008, pursuant to the various contracts issued in connection with the Scheme of Arrangement with Uranium King Limited, The Company allotted 1,535,714 options with an exercise price of 35 cents each. The options expire on 31 December 2009. These options have been valued at $186,436 using the Binomial Tree Option Calculator.

– On 10 September 2008, the Company granted 800,000 options to consultants in recognition of services provided to the Company. 200,000 options are exercisable at 45 cents per option and 600,000 options are exercisable at 35 cents per option. The options expire on 10 September 2010. The 800,000 options are not quoted on the ASX and have no voting or dividend rights until exercised. No funds were raised by the issue of the options. These options have been valued at $53,800 using the Binomial Tree Option Calculator.

– On 1 January 2009, the Company granted 400,000 to Hapsburg Exploration Pty Limited exercisable at 20 cents per option and which expire on 1 January 2012. The options were issued to Hapsburg Exploration Pty Limited in return for extending the time the Company has to earn its 35% interest in the Joint Venture to 31 December 2009. The 400,000 options are not quoted on the ASX and have no voting or dividend rights until exercised. No funds were raised by the issue of the options. These options have been valued at $7,360 using the Binomial Tree Option Calculator.

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

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 31 to the financial statements.

(iv) Foreign currency translation reserve				
Balance at beginning of the year	**(89,659)**	23,155	**-**	-
(Loss)/Gain on translation of overseas controlled entity	**380,958**	(112,814)	**-**	-
Balance at the end of financial year	**291,299**	(89,659)	**-**	-

22. Accumulated losses

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Balance at beginning of financial year	**(10,219,708)**	(4,118,828)	**(10,456,099)**	(4,195,751)
Loss attributable to members of the Parent entity	**(19,494,371)**	(6,100,880)	**(19,517,107)**	(6,260,348)
Balance at end of financial year	**(29,714,079)**	(10,219,708)	**(29,973,206**	(10,456,099)

23. Earnings per share

	2009 CENTS PER SHARE	2008 CENTS PER SHARE
Basic earnings/(loss) per share	**(21.7)**	(18.0)
Diluted earnings/(loss) per share	**(21.7)**	(18.0)

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

	2009 $	2008 $
Earnings reconciliation		
Net loss for the year	**(19,494,371)**	(6,100,880)
Earnings used in calculating basic and diluted earnings per share	**(19,494,371)**	(6,100,880)

	2009 $	2008 $
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive earnings per share	**89,640,579**	33,922,704

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:

	2009 NUMBER	2008 NUMBER
$0.60 Dec 2008 unlisted options	**-**	1,800,000
$1.75 Dec 2008 unlisted options	**-**	750,000
$0.50 Dec 2009 unlisted options	**275,000**	275,000
$0.35 Dec 2009 unlisted options	**1,535,714**	-
$0.35 Sep 2010 unlisted options	**600,000**	-
$0.35 Sep 2010 unlisted options	**200,000**	-
$1.07 Apr 2011 unlisted options	**250,000**	250,000
$0.20 Jan 2012 unlisted options	**400,000**	-
$1.20 Feb 2012 unlisted options	**500,000**	500,000

24. Commitments for expenditure

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009 $**	2008 $
Mineral Properties				
Not later than 1 year	**763,201**	1,364,455	**224,847**	1,099,934
Between 1 year and 5 years	**372,738**	3,118,966	**181,808**	3,055,658
	1,135,939	4,483,421	**406,655**	4,155,592

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.

25. Leases

Operating lease

Leasing arrangements

Operating lease relates to office facilities with lease terms of 3 to 4 years. Contingent rental provisions within the lease agreement require the minimum lease payment shall be increased to market value in the final year.

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Non-cancellable operating lease payments				
- Not later than 1 year	**110,012**	84,333	**81,623**	84,333
- Between 1 year and 5 years	**59,414**	126,958	**37,643**	126,958
	169,426	211,291	**119,266**	211,291

Finance lease

Finance lease refers to a lease over a motor vehicle.

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	2009 $	2008 $
Finance lease commitments **Payable – minimum lease payments**				
- Not later than 1 year	**14,187**	14,187	**14,187**	14,187
- Between 1 year and 5 years	**29,676**	43,863	**29,676**	43,863
Minimum lease payment	**43,863**	58,050	**43,863**	58,050
Less future finance charges	**(4,767)**	(8,343)	**(4,767)**	(8,343)
Present value of minimum lease payments	**39,096**	49,707	**39,096**	49,707

26. Contingent liabilities and contingent assets

i) 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 Rampe contract this comprises twelve months or approximately $90,000 (2008: nil). In the case of Geldard contract this comprises three months or approximately $73,946 (2008: nil). There are no other contingent liabilities arising from service contracts with executives. In 2008 there was a written contract with S McRobbie, General Manager, CIS/Europe. In the event that the service contract terminated early then the Company may have become liable for payments in lieu of notice. The contract provided for two months or approximately $32,300. The contract was amended in January 2009 and as a result there is no on-going contingent liability.

ii) 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.

iii) The Rio Puerco, Apex, Lowboy and Church Rocks projects areas carry a yellow cake royalty, to a maximum equivalent of a 5% on a claim by claim basis. In all cases the royalty does not exceed 5% over any project.

iv) Jim Malone, Mike Duncan, Directors of Monaro Mining NL, Uranium King Ltd, and subsidiary companies of Monaro Mining NL domiciled in the USA were defendants in a rescission action brought by Dean Coleman, a shareholder in Monaro's largest shareholder, METCO. This action sought to rescind the transaction between METCO and UKL. This action was filed in the Supreme Court of New Mexico and was dismissed on 8 January 2009 against UKL and METCO. An Appeal has been filed against the Dismissal of the Coleman case by Ms Ostrochovsky. Preliminary legal advice received by the Company is that the Appeal is without merit.

26. Contingent liabilities and contingent assets (continued)

v) Jim Malone, Mike Duncan and a range of other parties are defendants in a RICO action brought by persons purporting to be minority shareholders in METCO. In April this year, the United States District Court District of New Mexico dismissed the actions brought by the persons purporting to represent minority shareholders in METCO. The plaintiffs have appealed this decision to the United States Court of Appeal and the appeal is being vigourously opposed.

27. 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	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
Vale Canada Exploration Inc.	v)	Exploration - uranium
Capital Mining Ltd	vi)	Exploration – gold and copper
Cristol Enterprises LLC	vii)	Exploration – gold, manganese and uranium

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 licenses 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 5000 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.

At the time of writing, the agreement has been amended to enable the Company until 31 December, 2009 to complete the required expenditures. 400,000 Monaro options were issued to Hapsburg in recognition of this extension.

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 Project (EL 6381) whereby Ironbark is entitled to earn up to a 75 percent interest by meeting exploration and 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.

On 8 May 2008, the agreement with Ironbark was amended to enable NSW Base Metals Limited, a wholly owned subsidiary of Glencore International AG (“Glencore”) to join with Ironbark Gold Limited to explore the project. The original interest held by the Company remains unchanged.

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 2 years to earn a 70% interest in both projects.

The Consolidated Entity’s 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:

27. Interests in joint venture operations (continued)

	CONSOLIDATED	
	2009 $'000	2008 $'000
Non-current assets		
Mineral prospects	**100,000**	100,000
Total non-current assets	**100,000**	100,000

Noah subsequently withdrew from the joint venture in May, 2009.

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.

The terms of the Joint Venture required Richmond to expend $300,000 on exploration during the first 3 years of the agreement in order to earn a 50% interest. At that point, Monaro could have elected to contribute pro-rata to exploration expenditures or allow Richmond to expend a further $300,000 to earn an additional 20%. Subsequent to Richmond completing a brief exploration program, it withdrew from the joint venture, effective 29 October 2008.

v) Vale Canada Exploration Inc.

The Company's wholly owned subsidiary Uranium Corporation Arizona LLC ("UCA") executed a letter of agreement on 8 October 2008 with Vale Exploration Canada Inc. ("Vale") over its Apache Basin uranium project located in Arizona, USA.

The agreement requires Vale to spend US$3.25M (by way of option payments) to earn a 60% interest in these as well as any other subsequent claims that may be staked within an "Area of Influence". Thereafter, further expenditure will be pro-rata to each parties respective interests. Vale is committed to spending US$750,000 during Year 1, with UCA acting as the operator on behalf of the Exploration Management Committee during the first year of activities.

vi) Capital Mining Limited

Following the withdrawal of Richmond Mining from a joint venture over the Mayfield projects, an agreement was executed with Capital Mining Limited on 28 April 2009 over the Mayfield Project. Under the terms of the joint venture agreement Capital Mining Limited has:

- the exclusive right to earn a 51% equity interest in EL 6358 for expenditure of $100,000 to December 2010;
- the right to earn a 75% equity interest for expenditure of a further $100,000 should Monaro elect not to contribute and to dilute its interest.

Robertsconsulting Pty Ltd, who held a 5% minority interest in the tenement prior to the execution of this agreement, will be diluted in parallel with Monaro.

vii) Cristol Enterprises LLC

The Company's wholly owned subsidiary Uranium Company of Arizona LLC ("UCA") executed a Heads of Agreement with Cristol Enterprises LLC ("Cristol"), an exploration company based in Nevada, USA on 24/6/2009. The agreement covers the Bernard gold, uranium and manganese project located in La Paz County, Arizona which has been secured by UCA and covers 212 claims for an aggregate area of approximately 11km2. The agreement is subject to the following basic conditions, viz:

- UCA and Cristol will create a new limited liability company into which the Bernard claims will be transferred. Initial equity in the new company will be 100% UCA;
- Cristol is to expend a total of $5.1M in stages to earn a 49% interest in the new company;
- Thereafter, further funding of the project will be on a pro-rata basis, subject to an industry standard dilution clause;
- The first stage will entail expenditures of $475,000 and involve a comprehensive drilling program; and
- UCA is the project manager.

Contingent liabilities and capital commitments

Contingent liabilities and capital commitments arising from the Group's interests in joint ventures are disclosed in notes 24 and 26, respectively.

28. Subsidiaries

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2009 %	OWNERSHIP INTEREST 2008 %
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**	-
Uranium King Pty Ltd	Australia	**100**	-
Uranium King Corporation	USA	**100**	-
Uranium Company of Nevada LLC	USA	**100**	-
Uranium Company of New Mexico	USA	**100**	-
Uranium Company of Arizona LLC	USA	**100**	-

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

29. 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 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Cash and cash equivalents	**1,692,580**	4,039,908	**1,586,544**	3,968,375

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

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	COMPANY 2009 $	COMPANY 2008 $
Loss for the period	**(19,494,371)**	(6,100,880)	**(19,517,107)**	(6,260,348)
(Gain) on sale or disposal of non-current assets	**-**	-		
Depreciation and amortisation of non-current assets	**113,554**	76,657	**48,723**	33,174
Foreign exchange (gain)/loss – net	**(230,429)**	**-**	**(502,367)**	479,497
Foreign exchange (gain)/loss on working capital	**-**	-		
Equity settled share-based payment	**61,160**	138,900	**61,160**	138,900
Interest income received	**(153,280)**	(424,944)	**(145,770)**	(424,927)
Write down of intercompany receivable	**-**	-	**2,029,746**	1,814,301
Loss on sale of property, plant and equipment	**7,415**	-	**-**	-
Loan to controlled entity written off	**-**	-	**265,628**	-
Impairment of investment in controlled entities	**-**	-	**15,390,971**	-
Impairment of mineral properties	**19,774,778**	-	**-**	-
Tax effect on impairment of mineral properties	**(5,686,558)**	-	**-**	-
Amounts set aside for provision	**(21,976)**	51,340	**(38,763)**	51,818
Other revenue	**-**	-	**-**	-

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

Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	**144,114**	(72,984)	**69,737**	(65,643)
Other current assets	**17,281**	(29,047)	**18,473**	(29,866)
Increase/(decrease) in liabilities:				
Current and non-current payables	**(677,865)**	526,442	**(593,359)**	593,736
Net cash from operating activities	**(6,146,177)**	(5,834,516)	**(2,912,928)**	3,669,358

c) Non-cash financing and investing activities

During the financial year, UKL, a 100% owned subsidiary of Monaro Mining NL was acquired. Note 35 provides further details on this acquisition. There were no non-cash financing activities.

d) Cash balances not available for use

There are no restrictions on cash balances at the reporting date

30. Financial instruments

Financial risk management policies

The Company's and the Consolidated Entity'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 the Group's operations.

No derivatives are being used by the Company and the Consolidated Entity 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 Company and the Consolidated Entity are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk credit risk and price risk.

Interest rate risk

The Company's and the Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. At 30 June 2009 the only debt that is exposed to interest rate risk is the Lease Liabilities of which the interest is fixed at 8.76%. The Company and the Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

Foreign currency risk

The Company and the Consolidated Entity has exploration activities overseas and in Australia. While most funds have been held in Australian dollars, some deposits are held in foreign currency for working capital purposes. The Company and the Consolidated Entity is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the group's measurement currency. The Company and the Consolidated Entity is mainly exposed to US dollars.

30. *Financial instruments (continued)*

Liquidity risk

The Company and the Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities as required are maintained. The Company's and the Consolidated Entity'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 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 credit worthy counterparties obtaining sufficient collateral or other security where appropriate as 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 are no collateral held as security at 30 June 2009.

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

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.

iii. Financial instruments

The company and the consolidated entity's exposure to interest rate risk and effective weighted average interest rate for financial assets and liabilities is set out below.

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.

			FIXED MATURITY DATES				
2009	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets							
Cash and cash equivalents	**2.39**	**1,692,580**	**-**	**-**	**-**	**-**	**1,692,580**
Trade and other receivables		**-**	**-**	**-**	**-**	**37,318**	**37,318**
Other financial assets		**-**	**-**	**-**	**-**	**50,000**	**50,000**
		1,692,580	**-**	**-**	**-**	**87,318**	**1,779,898**
Financial liabilities							
Trade and other payables		**-**	**-**	**-**	**-**	**769,677**	**769,677**
Lease liabilities	**8.76**	**-**	**10,611**	**28,484**	**-**	**-**	**39,095**
		-	**10,611**	**28,484**	**-**	**769,677**	**808,772**

30. Financial instruments (continued)

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

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 (2008: 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 2009, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 2% increase in the interest results in a decrease in loss by $80,000 (2008: $96,000) and an increase in equity by $80,000 (2008: $96,000).

Foreign Currency Risk Sensitivity Analysis

At 30 June 2009, 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 $138,107 (2008: approximately $106,000) and an increase in equity by approximately $138,107 (2008: approximately $106,000).

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.

31. Share based payments

Employee share option plan

An Incentive Option Scheme was approved by shareholders at a General Meeting held on 11 January 2006. This Scheme was replaced with a new incentive plan called the Monaro Mining Employee Option Plan 2008 and was approved by shareholders at the Annual General Meeting held on 26 November 2008. 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.

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	2009 NUMBER OF OPTIONS	2008 NUMBER OF OPTIONS
Balance at beginning of the financial year	**525,000**	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**	525,000

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*	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 beginning of the financial year	**525,000**				

*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.

*The 2008 option valuation model assumed an option life of 18 months, volatility of 70% and interest risk free rate of 6.71% discounted by 20% as the securities are not listed.

b) Granted during the financial year

There were no incentive options granted to directors or executives during the year.

c) Exercised during the financial year

There were no incentive options exercised during the 2009 or 2008 financial year by directors or executives.

d) Cancelled during the financial year

There were no incentive options cancelled during the year. The following incentive options were cancelled during the comparative reporting period:

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**				

31. Share based payments (continued)

Other share-based payment 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:

	2009 NUMBER OF OPTIONS	2008 NUMBER OF OPTIONS
Balance at beginning of the financial year	**1,250,000**	750,000
Granted during the financial year	**2,735,714**	500,000
Expired during the financial year	**(750,000)**	-
Balance at end of the financial year	**3,235,714**	1,250,000

The following share-based payment arrangements were in existence during the reporting period:

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 18 December 2006	500,000	18 Dec 2006	18 Dec 2008	$1.75	$189,000
Issued 18 December 2006	200,000	18 Dec 2006	18 Dec 2008	$1.75	$111,600
Issued 02 March 2007	50,000	02 Mar 2007	31 Dec 2008	$1.75	$47,405
Issued 21 February 2008	500,000	21 Feb 2008	18 Feb 2012	$1.20	$102,600
Issued 12 August 2008	1,535,714	12 Aug 2008	31 Dec 2009	$0.35	$186,436
Issued 10 September 2008	600,000	10 Sep 2008	10 Sep 2010	$0.35	$43,200
Issued 10 September 2008	200,000	10 Sep 2008	10 Sep 2010	$0.45	$10,600
Issued 01 January 2009	400,000	01 Jan 2009	01 Jan 2012	$0.20	$7,360

INPUTS INTO THE MODEL	OPTION SERIES	OPTION SERIES	OPTION SERIES	OPTION SERIES
Grant date share price	18 Dec 2006	18 Dec 2006	02 Mar 2007	21 Feb 2008
Exercise price	$1.75	$1.75	$1.75	$1.20
Expected volatility	60.0%	60.0%	60.0%	70.0%
Option life	791 days	755 days	684 days	1,458 days
Risk-free interest rate	6.12%	6.12%	6.12%	6.43%

INPUTS INTO THE MODEL	OPTION SERIES	OPTION SERIES	OPTION SERIES	OPTION SERIES
Grant date share price	12 Aug 2008	10 Sep 2008	10 Sep 2008	01 Jan 2009
Exercise price	$0.35	$0.35	$0.45	$0.20
Expected volatility	70.0%	70.0%	70.0%	70.0%
Option life	506 days	730 days	730 days	1,095 days
Risk-free interest rate	5.74%	5.52%	5.52%	3.21%

The following share-based payment arrangements were in existence during the comparative reporting period:

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued 18 December 2006	500,000	18 Dec 2006	18 Dec 2008	$1.75	$189,000
Issued 18 December 2006	200,000	18 Dec 2006	18 Dec 2008	$1.75	$111,600
Issued 02 March 2007	50,000	02 Mar 2007	31 Dec 2008	$1.75	$47,405
Issued 21 February 2008	500,000	21 Feb 2008	18 Feb 2012	$1.20	$102,600

INPUTS INTO THE MODEL	OPTION SERIES	OPTION SERIES	OPTION SERIES	OPTION SERIES
Grant date share price	18 Dec 2006	18 Dec 2006	02 Mar 2007	21 Feb 2008
Exercise price	$1.75	$1.75	$1.75	$1.20
Expected volatility	60.0%	60.0%	60.0%	70.0%
Option life	791 days	755 days	684 days	1,458 days
Risk-free interest rate	6.12%	6.12%	6.12%	6.43%

32. Key management personnel compensation

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

a) Key Management Personnel

Directors	Position
J Malone	Non-Executive Chairman (appointed a Director 30 July 2008, appointed Chairman 29 April 2009)
Greg Barns	Non-Executive Director (appointed 30 July 2008)
M Duncan	Executive Director (appointed 30 July 2008)
M Rampe	Executive Director
Executives	
A Adaley	Company Secretary and Chief Financial Officer
D Geldard	General Manager – US Operations (appointed 29 September 2008)
J Randabel	Geologist
S Sapper	Geologist
Former Directors	
W Grigor	Non-Executive Chairman (resigned 29 April 2009)
M James	Non-Executive Director (resigned 17 December 2008)
Former Executives	
S McRobbie	General Manager CIS/Europe (resigned 31 January 2009)

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

b) Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the Consolidated Entity and the Company is set out below:

	CONSOLIDATED		COMPANY	
	2009 $	2008 $	**2009** $	2008 $
Short-term employee benefits	**1,242,062**	750,719	**612,290**	546,206
Post employment benefits	**43,886**	38,463	**43,886**	38,463
Share-based payment	**-**	26,400	**-**	26,400
Total	**1,285,948**	815,582	**656,176**	611,069

33. 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.

33. Related party disclosures (continued)

b) Key management personnel shareholdings

Fully Paid Ordinary Shares

2009	BALANCE 1 JULY 2008	PURCHASES / (SALES)	NET OTHER CHANGE	RECEIVED ON EXERCISE OF OPTIONS	BALANCE AT DATE OF CESSATION	BALANCE 30 JUNE 2009
Directors						
J Malone(i)	-	119,643	1,330,357	-	-	1,450,000
G Barns	-	-	-	-	-	-
M Duncan	-	-	-	-	-	-
M Rampe	50,000	-	-	-	-	50,000
Executives						
A Adaley	-	-	-	-	-	-
D Geldard	-	-	-	-	-	-
J Randabel	-	-	-	-	-	-
S Sapper	-	-	-	-	-	-
Former Directors	-	-	-	-	-	-
W Grigor(ii)	1,896,370	-	-	-	1,896,370	-
M James	-	-	-	-	-	-
Former Executive						
S McRobbie	-	-	-	-	-	-

(i) J Malone: Net other change of 1,330,357 includes his holding in the Company at the date of the implementation of the merger with Uranium King Ltd.

(ii) W Grigor: Balance of 1,896,370, at date of cessation, includes W Grigor's holding at the date of his resignation as a director on 29 April 2009.

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

33. Related party disclosures (continued)

b) Key management personnel shareholdings (continued)

Partly Paid Ordinary Shares

2009	BALANCE 1 JULY 2008	PAID UP DURING THE YEAR	NET OTHER CHANGE	BALANCE AT DATE OF CESSATION	BALANCE 30 JUNE 2009
Directors					
J Malone	-	-	-	-	-
G Barns	-	-	-	-	-
M Duncan	-	-	-	-	-
M Rampe	1,500,000	-	-	-	1,500,000
Executives					
A Adaley	-	-	-	-	-
D Geldard	-	-	-	-	-
J Randabel	-	-	-	-	-
S Sapper	-	-	-	-	-
Former Directors	-	-	-	-	-
W Grigor[i1]	2,000,000	-	-	2,000,000	-
M James	-	-	-	-	-
Former Executive					
S McRobbie	-	-	-	-	-

(i) W Grigor: Balance of 2,000,000 at date of cessation, includes W Grigor's holding at the date of his resignation as a director on 29 April 2009.

2008	BALANCE 1 JULY 2007	PAID UP DURING THE YEAR	NET OTHER CHANGE	BALANCE 30 JUNE 2008
Directors				
W Grigor	2,000,000	-	-	2,000,000
M Rampe	1,500,000	-	-	1,500,000
M Janes	-	-	-	-
Executives				
A Adaley	-	-	-	-
S McRobbie	-	-	-	-
J Randabel	-	-	-	-

33. Related party disclosures (continued)

c) Key management personnel equity holdings

Share Options

2009	BALANCE 1 JULY 2008	GRANTED AS COMP-ENSATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE 30 JUNE 2009	TOTAL VESTED 30 JUNE 2009	TOTAL EXERCISABLE 30 JUNE 2009	TOTAL UN-EXERCISABLE 30 JUNE 2009
Directors								
J Malone(i)	-	-	-	767,858*	767,858	767,858	767,858	-
G Barns	-	-	-	-	-	-	-	-
M Duncan	-	-	-	-	-	-	-	-
M Rampe	-	-	-	-	-	-	-	-
Executives								
A Adaley	200,000	-	-	-	200,000	200,000	200,000	-
D Geldard	-	-	-	-	-	-	-	-
J Randabel	-	-	-	-	-	-	-	-
Former Directors								
W Grigor	-	-	-	-	-	-	-	-
M James	-	-	-	-	-	-	-	-
Former Executive								
S McRobbie	250,000	-	-	-	250,000	250,000	250,000	-

(i) J Malone: On 12 August 2008, pursuant to a contract issued in connection with the Scheme of Arrangement with Uranium King Limited, the Company granted 767,858 options with an exercise price of 35 cents each, exercisable on or before 31 December 2009.

2008	BALANCE 1 JULY 2007	GRANTED AS COMPEN-SATION	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	250,000	-	-	-	250,000	250,000	250,000	-
J Randabel	-	-	-	-	-	-	-	-

Executive Share Options

Details of executive share options have been disclosed at note 31 to the financial statements.

d) Transactions with the directors of the consolidated entity

In addition to compensation paid M Rampe via Harvest Exploration Pty Ltd as disclosed in the Remuneration Report Fees of $15,840 inclusive of GST (2008: $14,400) were paid to Harvest Holding Company Pty Ltd in which Mr Rampe has an interest, for providing office premises.

Fees of $18,150 inclusive of GST (2008: Nil) were paid to Greg Barns, for providing consulting services to the Company. This arrangement is based on normal commercial terms and conditions.

33. Related party disclosures (continued)

M Duncan, Director, is a director of INEXCO which provided airborne exploration services to the consolidated entity during the reporting period. Fees of $64,688 (US $52,488) is payable to INEXCO as at 30 June 2009. This arrangement is based on normal commercial terms and conditions.

An amount of $339,306 (US $275,313) is payable to M Duncan as at 30 June 2009, being for expenses incurred but not paid as at that date. A payment program has been implemented.

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

The Company and Noah Resources NL have signed a Heads of Agreement as disclosed in note 27. M Rampe served as a Non-Executive Director of Noahs Resources NL from August 2007 to November 2008.

Following the withdrawal of Richmond Mining Limited from a joint venture over the Mayfield projects, an agreement was executed with Capital Mining Limited on 28 April 2009 over the Mayfield Project (refer to note 27). G Barns and J Malone serve as Non-Executive Directors of Richmond Mining Limited.

34. Remuneration of auditors

	CONSOLIDATED		COMPANY	
	2009	2008	2009	2008
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
Audit or review of the financial report	**66,300**	45,000	**66,300**	45,000
Other audit services in connection with proposed US Listing	**49,200**	157,018	**49,200**	157,018
	115,500	202,018	**115,500**	202,018
Remuneration of the auditor of the parent entity for:				
Other services	**6,135**	-	**6,135**	-
Remuneration of previous auditors of the parent entity for:				
Audit or review of the 2007 financial report	-	9,096	-	9,096
Total	**121,635**	211,114	**121,635**	211,114

The auditor of the Consolidated Entity is Grant Thornton NSW.

35. Acquisition of Uranium King Limited

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, 61,499,996 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 $22,181,201.

The cost of acquisition was allocated as follows:

	CONSOLIDATED	
	2009 $	2008 $
Purchase consideration	**22,181,200**	-
Cash consideration	**469,766**	-
Cash acquired	**(2,605,403)**	-
Net cash inflow from acquisition	**(2,135,637)**	-
Assets and liabilities acquired at acquisition date:		
Cash	**2,605,403**	-
Receivables	**76,519**	-
Prepayments	**10,283**	-
Fair value attributed to mineral properties	**26,309,042**	-
Property, plant and equipment	**130,529**	-
Payables	**(492,261)**	-
Deferred tax liability relating to assets acquired	**(6,458,314)**	-
Total	**22,181,201**	-

36. Subsequent events

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

The Directors declare that:

1. the financial statements and notes, as set out on pages 17 to 59 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 financial position as at 30 June 2009 and of the 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 group 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

James Malone

Chairman

24 September 2009

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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 2009, 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 4, 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 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 2009 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 4.

Significant uncertainty regarding continuation as a going concern
Without qualification to the audit opinion expressed above, attention is drawn to Note 3 in the financial report. The matters described in Note 3 indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 15 of the directors' report for the year ended 30 June 2009. 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 2009 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, 24 September 2009

SUPPLEMENTARY INFORMATION

Number of holders of equity securities

Ordinary shares

As at 10 September 2009, the issued capital comprised of 103,371,230 ordinary fully paid shares (ASX code: MRO) held by 1,801 holders and 5,000,000 ordinary shares (not quoted) paid to .01 cents per share held by 5 holders.

Options

At 10 September 2009, the Company had the following options available to be exercised:

- 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.
- 1,535,714 options over ordinary shares with an exercise price of 35 cents each, exercisable on or before 31 December 2009.
- 600,000 options over ordinary shares with an exercise price of 35 cents each, exercisable on or before 10 September 2010.
- 200,000 options over ordinary shares with an exercise price of 45 cents each, exercisable on or before 10 September 2010.
- 400,000 options over ordinary shares with an exercise price of 20 cents each, exercisable on or before 1 January 2012.

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

Distribution of holders equity security

FULLY PAID ORDINARY SHARES

HOLDING		NUMBER OF HOLDERS
1	- 1,000	233
1,001	- 5,000	552
5,001	- 10,000	303
10,001	- 100,000	613
100,001	and over	100
Total number of holders		1,801
Holding less than a marketable parcel		863

SUPPLEMENTARY INFORMATION

Top twenty shareholders

ORDINARY SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Mineral Energy And Technology Corporation	33,142,857	32.06
ANZ Nominees Limited <Cash Income A/C>	11,119,132	10.76
Sancoast Pty Ltd	2,400,000	2.32
Nikam Investments Pty Ltd <Makin Family S/F A/C>	2,003,337	1.94
Interstate Investments P/L	1,815,852	1.76
Kilkenny Enterprises Pty Ltd <Malone Family A/C>	1,330,357	1.29
Fortis Clearing Nominees P/L <Settlement A/C>	1,112,681	1.08
Mr Matthew James Maxwell Telling <Maxwell Telling Family A/C>	1,100,000	1.06
Greatbay Investments Pty Ltd	1,000,000	0.97
HSBC Custody Nominees (Australia) Limited	924,900	0.90
Mr Mato Veselcic & Ms Rebecca Macdonald	800,000	0.77
Mr Howard Dawson & Mrs Leigth Dawson <H&L Dawson Super Fund A/C>	714,286	0.69
Absolut Investments Pty Ltd <The Jameson Family A/C>	697,058	0.67
Paso Holdings Pty Ltd	680,000	0.66
Citicorp Nominees Pty Limited	668,877	0.65
Mr Craig Ian Burton <Burton Super Fund A/C>	588,235	0.57
Mr Howard Graham Dawson & Mrs Leigth Dawson <Discretionary A/C>	583,929	0.57
Mr Alan Brien & Mrs Melinda Brien <A & M Brien A/C>	567,974	0.55
Mr Marcus Allan Kelly	550,000	0.53
Reija Pty Ltd <Martinovich Super Fund A/C>	515,000	0.50
TOTAL	62,314,475	60.30

Substantial shareholders

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

CORPORATE DIRECTORY

Directors
James Malone (Chairman)
Greg Barns (Non-Executive Director)
Michael Duncan (Executive Director)
Mart Rampe (Executive Director)

Company Secretary
Anne Adaley

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Stock Exchange Listings
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Frankfurt Stock Exchange
Xetra Code: MRH

United States of America
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