



**Monaro Mining NL**  
**Shareholder update from the Chairman**  
**23rd March 2010**

Dear Shareholder,

I thought it was a good time to write and update all shareholders on what is happening with Monaro Mining NL ("Monaro" or the "Company") and with the uranium world. Significant events are currently occurring both with Monaro and in the uranium world and especially within the uranium and nuclear power industries in the United States of America ("USA or US"). These events are both exciting and highly encouraging for Monaro and its shareholders. I would like to expand on these and discuss the Company's progress as well.

1. Share Price

The exciting developments in the global uranium industry and with Monaro have yet to be reflected in the value of our share price, which is currently floundering at around 6.5 cents per share giving the Company a market capitalisation of approximately AUD\$9 million. This equates to \$0.70 a pound of JORC compliant resource.<sup>1</sup> Despite

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<sup>1</sup> Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission limits disclosure for U.S. reporting purposes to mineral deposits that a Company can economically and legally extract or produce. We use terms on this letter, such as "reserves," "resources," "geologic resources," "proven," "probable," "measured," "indicated," or "inferred," which may not be consistent with the reserve definitions established by the SEC. U.S. investors are urged to consider closely the disclosure in our Annual Reports. You can review and obtain copies of these filings from our website.

This letter contains forward-looking statements. These statements relate to future events, or our future financial performance. We have attempted to identify forward-looking statements by terminology, including "anticipates", "believes", "can", "continue", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors. The following factors, among others, could cause our actual results and performance to differ materially from the results and performance projected in, or implied by, the forward-looking statements:

- Our history of losses and expectation of further losses;
- The effect of poor operating results on our Company;
- Our ability to expand our operations in both new and existing prospects and our ability to develop or acquire new prospects;
- Our ability to develop new prospects and our performance in detecting and producing uranium for yellow cakes;
- Our ability to raise capital;
- Our ability to fully utilize and retain new executives;
- Negative publicity surrounding our product;
- Trends in consumer tastes in energy;
- The impact of litigation;
- The impact of federal, state, local or foreign government regulations;
- The effect of competition in our industry; and
- Economic and political conditions generally.



the poor market for small/micro caps over the past five months and uranium small/micro caps in particular, management believes the current price does not reflect the quality of our assets which consist of resources that are above average in grade, and are supported by experienced personnel and located in a safe, advanced, secure, mining-friendly country with the best infrastructure in the world, the USA.

Coupled with this is the recent awakening of the USA and the world - with, it seems, the exception of Australia - to the advantages of nuclear vis a vis other forms of energy from the point of view of nuclear being clean (zero carbon footprint), cheap and efficient. As a consequence you have many investors (other than in Australia) currently looking to become involved with companies with good uranium assets.

Given this scenario, the Board of Directors of Monaro have taken the decision to focus on marketing the Company in the US, to the US market, while at the same time ensuring we do not turn our back on our Australian investors. This will be facilitated by our ADR facility where our shares currently can trade on the OTC market in the US. We believe that US investors, with a generally sophisticated knowledge and appreciation of what is happening in uranium, especially in the US, will give Monaro a far more realistic valuation for the assets we have. In some cases US domiciled uranium companies with similar assets and resources to Monaro trade at ten times the valuation of Monaro. We will be assisted by the fact that the Monaro ADR programme will be reinvigorated by the conversion of existing Monaro shares into ADRs, which can be traded immediately and will provide the liquidity US investors are seeking. As of April a number of market makers will be supporting the Company, including the US trading Company Knight Securities and the programme will be sponsored by JP Morgan's.

This means that future capital raisings and the majority of marketing will be focused on US investors and we are targeting to have greater than 50% of our stock owned by North American investors and trading on North American markets by this time next year. However, no assurances can be given as to the timing, availability or pricing of future financings which will depend on market conditions and the Company's assets. We are not turning our back on our Australian investors. We will continue to trade on the ASX and we believe this concentrated focus on US investors will increase value for the Australian investor. The stock will trade in both the US and Australian markets and any US re-evaluation of the stock should drag the ASX price up to counter any transpacific arbitrage. With the assistance of our US advisors Murdock Capital, JP Morgan's and Knight Securities, we will be endeavouring to ramp up the ADR programme and trading with US based shareholders commencing April and throughout the year. To assist with this programme two US based companies are commencing research coverage of Monaro and we look forward to the publication of their reports during the next four weeks.

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We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in, or implied by, these forward-looking statements, even if new information becomes available in the future.

## 2. New name

To better reflect the new focus of the Company, we have decided to change the name of the Company to Australian-American Mining Corporation Ltd. As this is rather long winded we will use the acronym AusAmerican. A new ticker will be issued by the ASX and for the ADR shortly and we will let you know what this is as soon as we receive it. A shareholders' meeting will take place in April for this to be voted on. This will have no effect on your shares; a new statement will be issued with the new name and ticker.

## 3. Developments in the uranium world

The world, and especially the USA, has slowly begun to realise that uranium and nuclear power are here to stay and are an essential part of the increasingly worrying energy supply problem the world faces. Our leaders in Australia seem to ignore the obvious benefits of nuclear power as a clean contributor to our power requirements despite the fact that Australia sits on the world's largest known uranium deposits. This is akin to the Saudi government decreeing that they will not use oil for their power needs.

Fortunately this does not directly affect Monaro and management would like to focus on the USA, which is the market that most concerns us. The USA appears more interested in nuclear power generation and uranium mining. This focus and awareness will, in my opinion, lead to a spotlight being put on the uranium sector in the very near future and over the next couple of years. The reasons for this are as follows:

- (i) Realisation of the supply shortage, especially in the USA, beyond 2010 and in particular from 2013 when the HEU agreement ends;
- (ii) Need to create jobs and re-start 'old' industries in the USA;
- (iii) Presidential and government support in the USA for nuclear power;
- (iv) Bipartisan political support for nuclear power in the USA for the first time ever; and
- (v) Public support for nuclear is strong in the USA for the first time ever.

I would like to expand briefly on these points. The USA currently uses 55 million pounds of uranium per year and produces 4 million pounds. The balance has come from the highly-enriched stockpiles that have been derived from the old nuclear arsenal of the former Soviet Union. Russia has been selling this supply of enriched uranium cheaply to the USA for a number of years. The problem for the USA is that the agreement ends in 2013, the stockpile has been depleted and Russia wants what is left for its own use (Russia is planning another 30 new nuclear power plants during the next 10-15 years). The USA currently has 104 nuclear power plants, more than any other country. Where they will obtain their fuel from beyond 2013 has become a great concern for authorities and the utility firms.

The nuclear/uranium industry was a significant employer of workers in the US up until the 1970s. Since then there has not been a single nuclear power plant constructed and many of the mines and plants in places like New Mexico and Wyoming have closed. With official US unemployment currently running at close to 10% (and talk of the real figure being closer to 20%), the Obama administration needs to create new jobs and is re-visiting 'old' industries such as nuclear and uranium. President Obama announced US\$54 billion in debt assistance for the construction of nuclear power stations during his State of the Union speech in January. He also announced in February 2010 that the first two new power plants to be commissioned since 1973 will be built in the state of Georgia and will be financed by government-backed loans.

Significantly, these decisions have been made by a Democrat President. Typically, the champions of nuclear and uranium development have been Republicans while many Democrats have been fervently opposed to any resurrection of nuclear power and uranium mining.

All of these factors, in addition to the fact that China and India are planning a rapid increase in nuclear power capacity starting immediately and continuing over the next 20 years (along with Russia, most of Europe and other developing countries), will, in our opinion result in an increase in the demand for uranium and apply upward pressure to both spot and contract prices. Most of the leading analysts are predicting a rise in the spot and contract price of uranium occurring during the second half of this year, and into the foreseeable future.

#### 4. ADR listing

Monaro has a Level 1 ADR facility and its shares are ready to be traded on the Over the Counter Market ("OTC") in the USA. Up until now no shares have traded in this market. The Company has recently decided to re-invigorate the ADR programme. The Company is negotiating with holders of shares listed on the ASX to deposit shares in the ADR programme so that these shares can make a market. In order to facilitate this, our US-based advisors, Murdock Capital, have filed an SEC Form 15C-211, which legally and officially allows a market-making entity to begin quoting and trading Monaro stock 30 days after the form has been submitted to the SEC (this was done in late January 2010). This, in effect, is an official pronouncement that a firm is willing to make a market in the stock. We currently, as of early March, have at least two US-based market makers willing to trade the stock, one being the Knight Securities Group which is one of the biggest trading houses in the world. We believe this is a strong indicator of US investor interest in Monaro.

We are confident that the interest shown by investors will translate into a buoyant trading of the stock by US investors' (both retail, market-maker and institutions) and that this market will set the value for the stock.

## **Project update**

### ***Apex/Lowboy project - Nevada (MRO 100%)***

We have permits for drilling at Apex, which we are projecting to start in April 2010. Prior to this we are conducting radon hydrocarbon soil testing, which we hope will detect radon gas associated with the presence of uranium.

The exploration at Apex will involve drilling at close proximity to holes developed by previous explorers. Core samples will be assayed and results of the radiometrics scans will be compared with historical logs. We have developed 3-D modelling and radiometric targets that will assist us in more accurately identifying targets. Our short term exploration target for Apex is an additional 3 million pounds; exploration targets for the Apex/Lowboy regional acreage is between 5-10 million pounds of additional uranium ore.

We have commissioned environmental studies as part of the development plans that will be submitted to regulators shortly. If exploration confirms the current resource or increases it, Monaro will continue to drill into 2011 while commencing a Feasibility Study with the aim of producing at this project by the end of 2012.

### ***Rio Puerco uranium project - New Mexico (MRO 100%)***

Commencing in May 2010, we plan to drill in close proximity to the old Kerr McGee drill holes, assessing the original data. We are also due to commence radon hydrocarbon soil testing at Rio Puerco this month prior to the drilling programme. Recent analysis and modelling that has been completed during the past 4 months has identified an exploration target of an additional 5-10 million pounds in the sections (sections 24, 17, 19 and 20) adjacent to the old Rio Puerco mine (Section 18 which contains JORC inferred 11.4 million pounds at 900 ppm using a 300 ppm cut-off). Sections 17, 18, 19, 20 and 24 make up approximately 10% of Monaro's land holding at Rio Puerco so the potential target for the whole project is significant but too early to predict at this stage.

### ***Bernard Gold project - Arizona (MRO 90%, farming down to 49%)***

As recently announced on 2 February 2010, the first stage drilling programme at Bernard was encouraging. As a result our JV partners, Cristol Enterprises LLC, committed to the second phase and in anticipation of a successful second stage drilling programme, we staked an additional 600 acres of land surrounding the original JV claims.

Because of the inclement weather the USA has been experiencing this winter, we have experienced a series of delays to the commencement of stage two drilling programme. Although this is frustrating, we may have had an element of luck because we have used these delays to complete a seismic and magnetic survey over the claims.



The results from this survey have been highly encouraging and have generated a number of new targets (these results were released to the market on 12 March 2010).

Our geologists have assessed the information and have reviewed our planned stage two drilling programme adding an additional three holes to target recommendations of the study.

We expect this drilling to commence towards the end of this month.

***Apache Basin project - Arizona (MRO 100%, farming down to 40%)***

Monaro is in a JV with Vale Exploration Canada Inc, a wholly owned subsidiary of Vale S.A (“VALE”) on these properties and VALE is manager of the project. VALE completed their first year obligations by spending the required \$750k last year and assumed the role of manager of the JV. There has been some delay in VALE completing their recommendations for the next stage of development of this project. We expect to receive this report and its recommendations this month.

**5. Project acquisition**

During the past five months, Monaro and their US-based advisors, Murdock Capital, have been working on a number of acquisitions of uranium projects located in southern USA. All of these projects have been previously drilled out, are highly prospective and are located in pro-uranium jurisdictions with no serious permitting or environmental issues.

Monaro is hopeful to announce the first of these acquisitions during the next month. Should the Company be successful in these acquisitions, we believe these new projects will add considerable value to the Company. One or all of these projects would immediately become the priority project(s) for us as we would have the potential to be producing uranium from these projects within 18-24 months of acquisition.

Please note that there can be no assurance that these acquisitions will be available or that the terms of them can be satisfactorily negotiated and closed.

**6. Company targets**

Subject to the completion of the acquisition of at least one of the projects, and being able to raise the funds necessary to finance these programmes, I am comfortable in setting out below the planned targets of the Company during the next 12 months. These are indicative but with hard work, exploration success, a solid uranium market and a bit of luck, management believes they should be achievable.

The Company intends to:

- (i) Increase the Company's JORC resource at Apex/Lowboy and Rio Puerco to more than 20 million pounds U3O8 by March 2011 and for 50% of this resource to be in the measured or indicated category;
- (ii) Acquire at least two additional properties with exploration targets of more than 8 million pounds U3O8. Commence drilling on all of these projects and pre-feasibility studies on at least one of these projects
- (iii) Announce an initial JORC resource estimation at the Bernard gold project;
- (iv) Commence Apex/Lowboy feasibility study ;
- (v) To have 50% of its stock owned and trading in the USA market.

If we can achieve the above it will be our intention to be producing from at least one of the newly acquired project(s) by the middle of 2012 and Apex by toward the end of 2012. The production timetable for Rio Puerco is dependent on the final permitting approvals and construction of a plant in the East Grants vicinity. At least one TSX listed Uranium Company is well advanced with their permitting for a mill and is hopeful of commissioning this mill by 2013. This proposed mill is within 65 km of the Rio Puerco mine. At this stage they have indicated publically they plan to have toll treating capacity at the mill/plant and, subject to the completion of a successful feasibility study, our current strategy is to use our existing developed mining infrastructure at Rio Puerco to mine U3O8 at the Rio Puerco mine and transport the ore to the proposed mill/plant for treatment under a toll treating agreement.

I would like to thank you for your continued support and patience. Exciting times are ahead of us. The entire team at Monaro (soon to be AusAmerican), both in Australia and in the US is working extremely hard with the major goal of increasing shareholder value. I would be happy to discuss anything in this update with you. I can be reached on 0419 537 714 or on [jim.malone@iinet.net.au](mailto:jim.malone@iinet.net.au). More information is available on our webpage – [www.monaromining.com.au](http://www.monaromining.com.au).

Regards,



Jim Malone  
Executive Chairman.



**DISCLAIMER:** All persons should seek appropriate professional investment advice in reviewing or considering this letter and all other information with respect to Monaro Mining's business, financial performance and operations. Neither the provision of this letter nor the information contained therein, nor any associated communication to any person should be taken as constituting financial advice regarding the purchase or dealing of shares in Monaro Mining NL. This letter does not purport to provide all information that might reasonably be required to complete a detailed assessment of Monaro Mining. Individuals should conduct their own investigation of investment and financial parameters relevant to their personal requirements for investment purposes.

The letter may contain forward looking statements regarding the intentions of the Company, and these will be affected movements in share markets, commodity prices and many other factors beyond the control of Company personnel. The letter must be considered in the light of these uncertainties and investments in Monaro Mining NL should be considered as speculative in nature.

The letter is not a prospectus or similar disclosure document and does not constitute an invitation to apply for shares.

Statements relating to potential quantity and grades of exploration targets in this letter are conceptual in nature as there has been insufficient exploration to define a mineral resource and it is uncertain whether further exploration will result in the determination of a Mineral Resource.

**Competent Person.** The review of exploration activities and results contained in this presentation in relation to the Company's projects is based on information compiled by Mr. Denis Geldard and Mr. David S. Boyer. Mr. Geldard is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr. Boyer is a licensed geologist registered in the State of Washington No 2400 and is a member of the Society of Economic Geology and Arizona Geological Society. He has significant experience relevant to the style of mineralisation and types of deposits under consideration. Both gentlemen consent to the inclusion of this information in the form and context in which it appears in this letter.