



# QUARTERLY

## REPORT



**MONARO  
MINING NL**

FOR THE THREE MONTHS ENDING  
31 DECEMBER 2008

29 JANUARY 2009

ASX ANNOUNCEMENT

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### Further Information

For further information please contact Mart Rampe, Executive Director, on +61 2 4647 9566 or Warwick Grigor, Chairman, on +61 2 9247 0077.

## HIGHLIGHTS

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**NSW Coal – Expressions of Interest submitted**

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**Exploration commences on Apache Basin Uranium**

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**Cash balance as at 31 December 2008 was \$2.2M**

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## **1 CORPORATE**

The Company has cash reserves of \$2.2M as at 31 December 2008. 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. Cost reduction remains a high priority for the Company in 2009.

At the same time it has reorganised its corporate structure to better reflect the current financial circumstances. In this regard, the Managing Director's role will be converted to that of an Executive Director, allowing Mr Rampe to focus on the Coal and other Projects.

## **2 EXPLORATION OVERVIEW**

As a result of the cost cutting measures referred to above, the Company has curtailed its interests in Estonia, Bulgaria and Niger and significantly reduced its level of activity on the Australian uranium projects.

Elsewhere, however, Monaro and Sinosteel Corporation ("Sinosteel") are progressing the completion of a Transaction Agreement over several of the Company's Kyrgyz projects whereas in the USA, exploration activities are centred on the Apache Basin uranium project, where Vale Exploration Canada Inc is carrying the cost of all exploration in return for an interest in the project.

At the same time, the Company is pursuing new initiatives including the Coal Project in NSW. Details regarding these projects are outlined in the following sections.

## **3 NSW COAL PROJECT**

During the December Quarter, the Company was invited by the NSW Department of Primary Industries (DPI) to submit Expressions of Interest for one or more Coal Release areas located in the Western and Hunter Coalfields of NSW. As a result, Expressions of Interest were submitted for 9 coal release areas.

Advanced discussions have been held with both overseas and local enterprises that could result in joint ventures and funding opportunities should the Company be successful in the tender process.

Subsequent to the end of the Quarter, The DPI has advised the Company that the tender has been re-opened until 16 February. The DPI has not yet advised the Company of a date on which the results of the tender process will be announced.

## 4 URANIUM PROJECTS

### 4.1 Overview

The Company's exploration efforts were focused on two areas of interest. In the first instance, exploration on the Apache Basin of Nevada commenced following the execution of a letter agreement with Vale Exploration Canada Inc. In addition, desktop studies commenced on the Apex uranium orebody, with the objective of modeling the geology and mineralisation ahead of validation drilling and feasibility studies. A similar approach will be taken to the Rio Puerco project located in New Mexico. The location of the USA projects are illustrated in Figure 1.

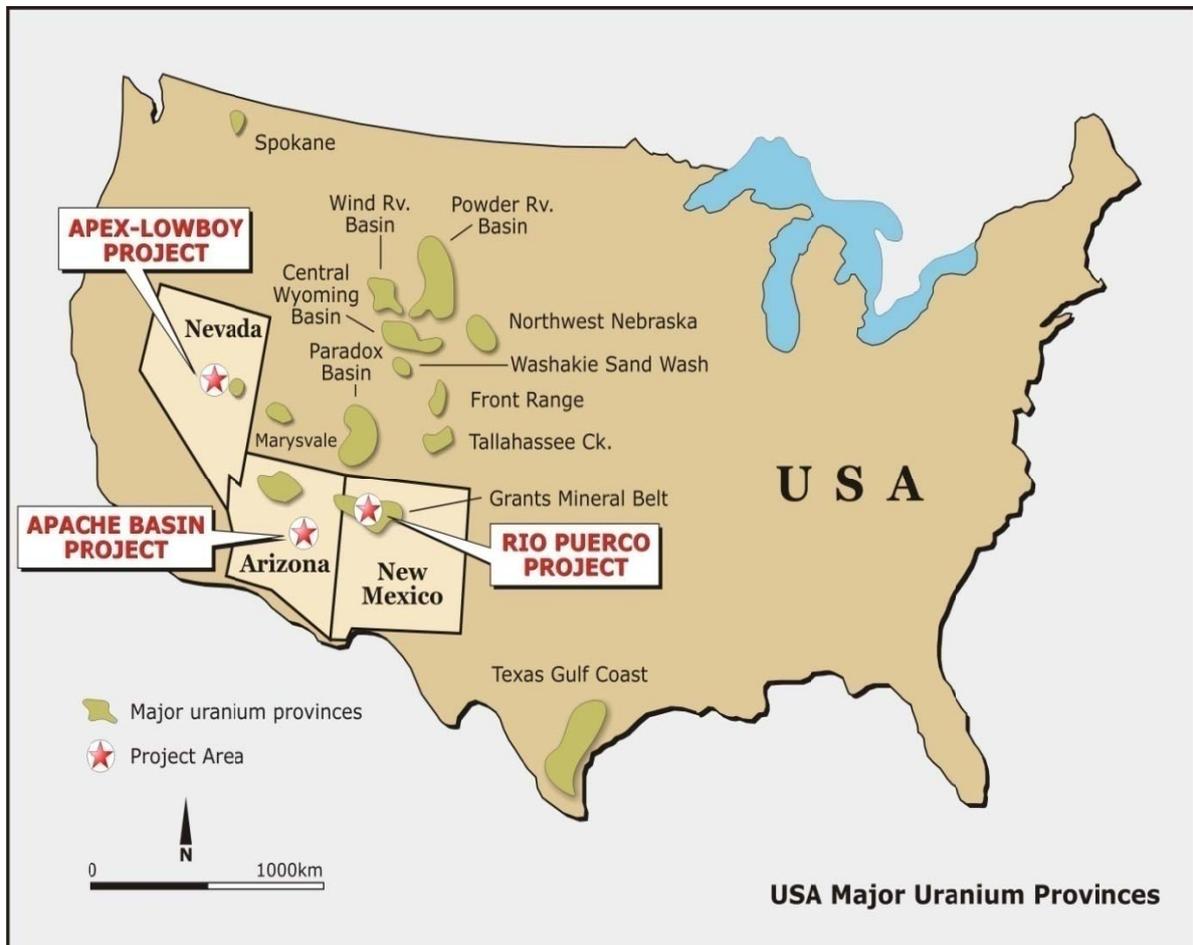


FIGURE 1: LOCATION OF THE COMPANY'S MAIN PROJECTS IN THE USA

### 4.2 Arizona – USA: Apache Basin (Monaro reducing to 40%)

Following the execution of a letter agreement with Vale Exploration Canada Inc (“VEC”), an affiliate of Vale Inco Limited, each a wholly-owned subsidiary of Companhia Vale do Rio Doce (“VALE”) (NYSE: RIO), an airborne gamma spectrometric and magnetometer survey was commenced over portions of the Apache Basin (Arizona) that are prospective for Unconformity uranium deposits. The location of the project area is illustrated in Figure 2.

The letter agreement was executed between VEC and the Company's wholly owned subsidiary Uranium Corporation Arizona LLC (“UCA”) and is focused on several hundred staked by UCA in the Apache Basin, Arizona (the “Claims”). On a conceptual basis, the Apache Basin is analogous to the Canadian Athabasca Basin, which is

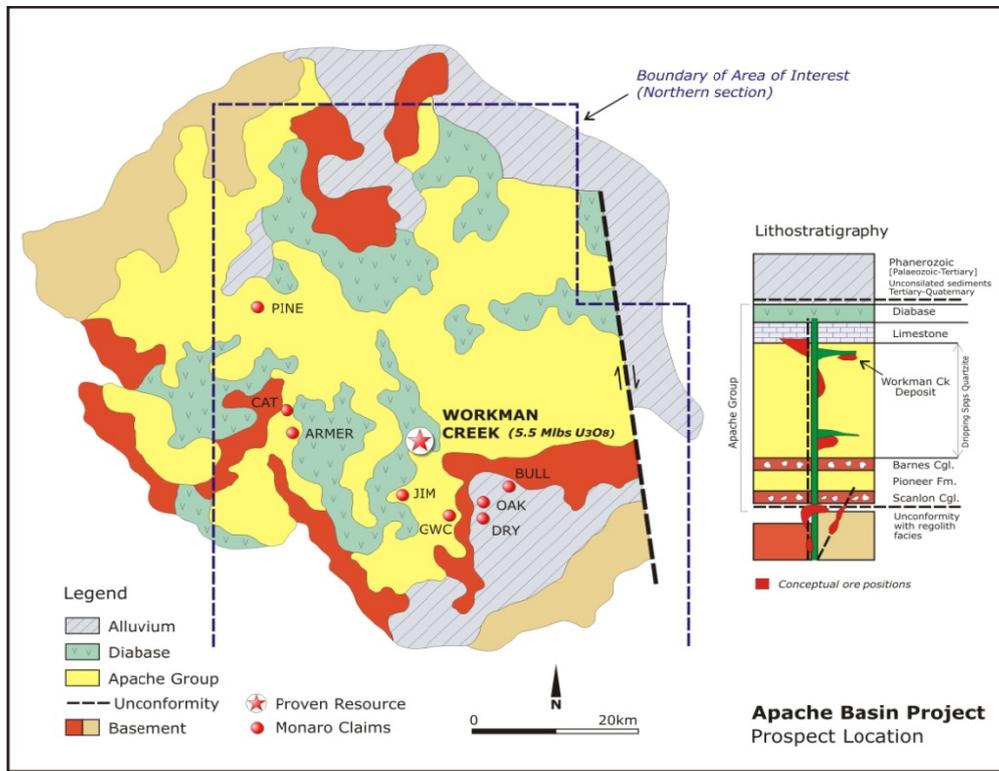
a world renowned uranium province. The location of the Claims, together with a conceptual representation of the mineralisation model is illustrated in Figure 3.

The Claims are located within close proximity (but do not include) the Workman Creek uranium deposit which is reported to contain 5.5 Million lbs of U<sub>3</sub>O<sub>8</sub>.

Under the agreement, VEC has committed to funding US\$750,000 in exploration programs in the first year and may elect to fund a further US\$2,500,000 over the subsequent two years to earn the option to acquire an undivided 60% participating interest in the Claims. Thereafter, further expenditures will be funded by the parties pro-rata in accordance with their respective participating interests in the Claims. VEC also has the option to acquire an additional 10% participating interest in the Claims if it completes a favorable feasibility study and may elect to earn an interest in any other subsequent claims that may be staked within an "Area of Interest". UCA will be the operator and manager in the first year of the agreement and VEC may elect to be the operator for the subsequent two years.



**FIGURE 2: LOCATION OF VEC JOINT VENTURE**



**FIGURE 3: LOCATION OF PROSPECTS IN THE APACHE BASIN AND AREAS BEING CURRENTLY FLOWN BY AIRBORNE SURVEY.**

The program is designed to test a number of claim blocks located in the northern part of the “Area of Interest” and known as the Jim and Bull projects. The focus of the exploration effort is uranium mineralization associated with structural zones and linear radiometric anomalies associated with the Dripping Springs Quartzite.

These targets are located close to old mine workings known as the Red Bluff and Sue mines. Historic records indicate that between 1953 and 1955, 3009 tons of ore, grading 0.19% U<sub>3</sub>O<sub>8</sub> were mined from the Red Bluff Mine. Grades of up to 2.0% U<sub>3</sub>O<sub>8</sub> have been reported. The Sue Mine was worked between 1954 and 1956 and reportedly shipped about 500 tons of ore with an average grade of 0.18% U<sub>3</sub>O<sub>8</sub>.

Since the unconformity between the Apache Group and underlying basement has never been drilled in the Apache Basin up to now, there has been no data available to guide the placement of drill holes to intercept specific unconformity targets. However, the working concept generated by Tucson office personnel, is that mineralization within the Dripping Springs Quartzite (as represented by the above mineralisation) could be genetically related to mineralization occurring at the unconformity (Athabasca Basin model) and from which uranium mineralisation has been subsequently mobilized via vertical fracture sets.

The Jim claims cover approximately 2000 metres of a mineralised structural zone hosted by the Dripping Spring Quartzite and lies immediately along strike from the Red Bluff Mine. The mineralized zone has been confirmed by radiometric surveys as well as mineralized occurrences. Based on the extent of the known mineralisation, the width of the target zone may be up to 600 metres wide.

At the Bull claims, the upper target zone is located immediately below the Sue Mine, whereas the unconformity target zone is located at a depth of approximately 245 metres. Evidence for the unconformity model has been discovered in the nearby Cherry Creek Valley, where vertical veins containing hematite, silica and uranium outcrop in basement rocks. These probable roots of uranium-bearing vein systems are the first direct evidence of unconformity-related mineralization in the Apache Basin, and their further evaluation will aid in the interpretation of data from the up-coming drilling program.

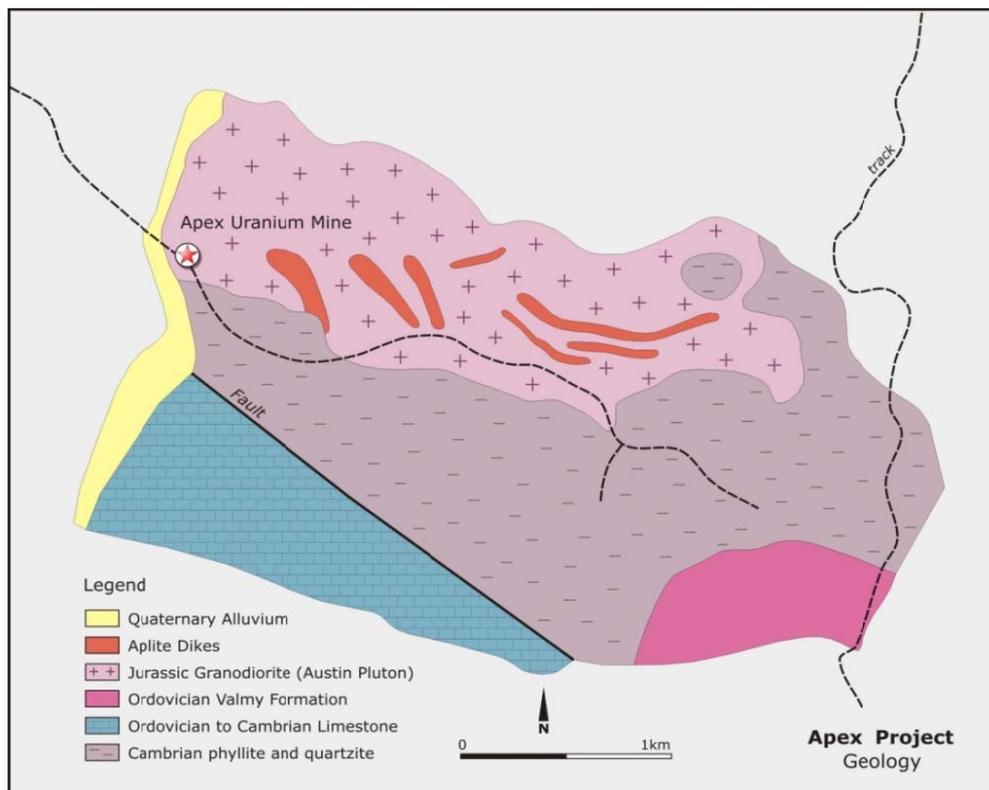
The objective of the airborne survey work is to delineate additional targets to the Jim and Bull claims where a drill program is planned pending statutory approvals. It is anticipated that subject to the interpretation of the airborne results, additional areas may be claimed with a further drilling program following Jim and Bull.

VEC is the North American exploration division of VALE, the world's second largest mining company by market capitalization with its headquarters in Brazil. VALE reported revenues of US\$33.1 billion and net earnings of US\$11.8 billion for the year ended December 31, 2007. VALE is committed to the pursuit of sustainable growth by operating with respect for the natural environment and being an ethically and socially responsible company.

### 4.3 Nevada – USA: Apex-Lowboy Uranium (Monaro 100%)

The Apex and Lowboy properties are located near Austin which is located approximately 270 kilometres east of Reno. The Apex and Lowboy deposits, which both contain historic workings, are around 7 kilometres apart. Both properties are located on the same mineralised trend which is a contact zone between a Jurassic granitic pluton and meta-sedimentary units of a Palaeozoic thrust sheet.

The uranium mineralisation at both Apex and Lowboy is located mainly within the metasediments and consists of the uranium phosphates autunite, torbernite and meta-torbernite. Although only limited data is available, uraninite and coffinite have been reported at depth. Apex was an underground mine between 1954 and 1966 and a reported 105,926 pounds of uranium oxide was produced during that period. This production averaged a grade of 0.25% U<sub>3</sub>O<sub>8</sub>. The geology of the immediate mine area is illustrated in Figure 4.



**FIGURE 4: GEOLOGY AROUND THE APEX URANIUM MINE**

The focus of attention during the quarter was the commencement of desktop studies, the objective of which was to complete an acceptable geological model and confirm previous resource estimates. Based on the work completed so far, the Company is now confident about its understanding of the Apex geology of including an understanding of the controls on mineralisation. Preliminary diagrams of the data generated are illustrated in Figures 5 - 7.

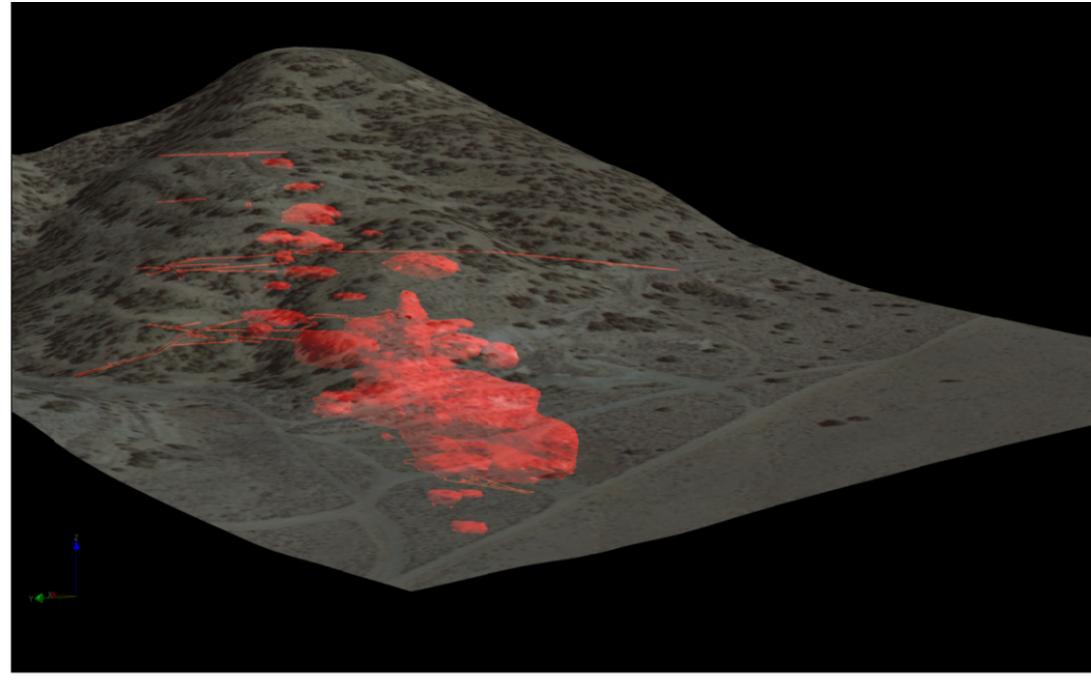


FIGURE 5: 3D MODEL OF OREBODY OVERLAIN BY AERIAL PHOTO

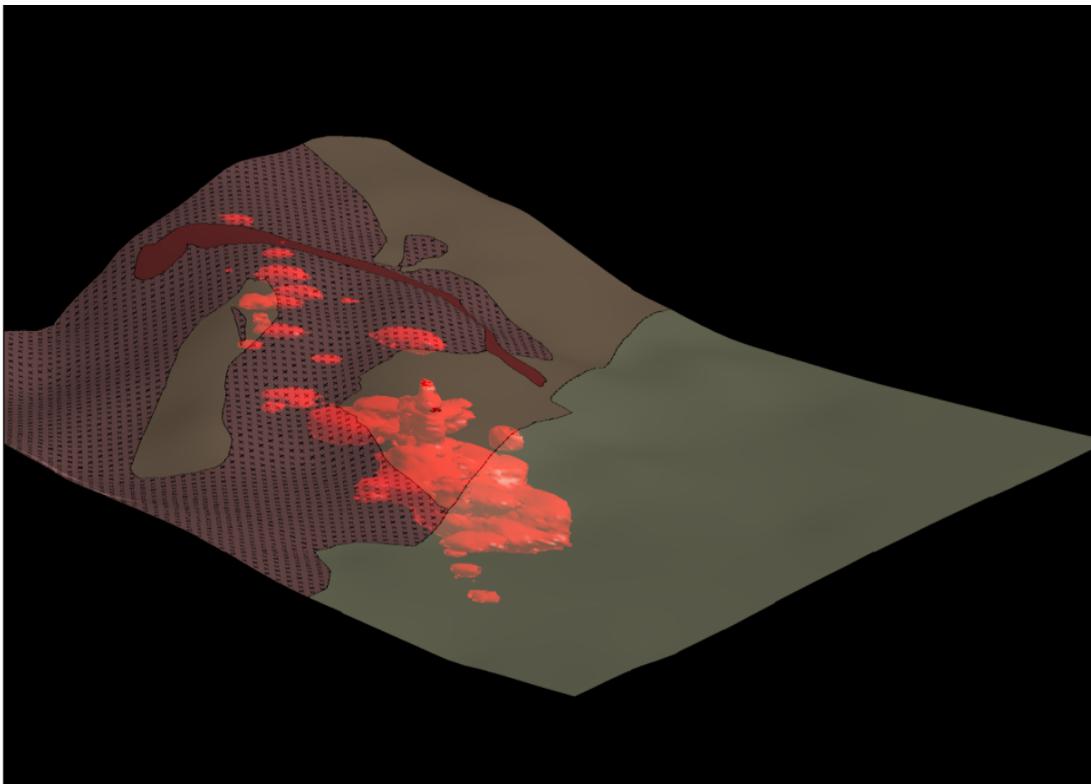


FIGURE 6: 3D MODEL OF OREBODY OVERLAIN BY SURFACE GEOLOGY

It is anticipated that this work will be completed during the next quarter. In addition, drill hole positions will be selected for the purposes of resource validation and exploration of ore position extensions.

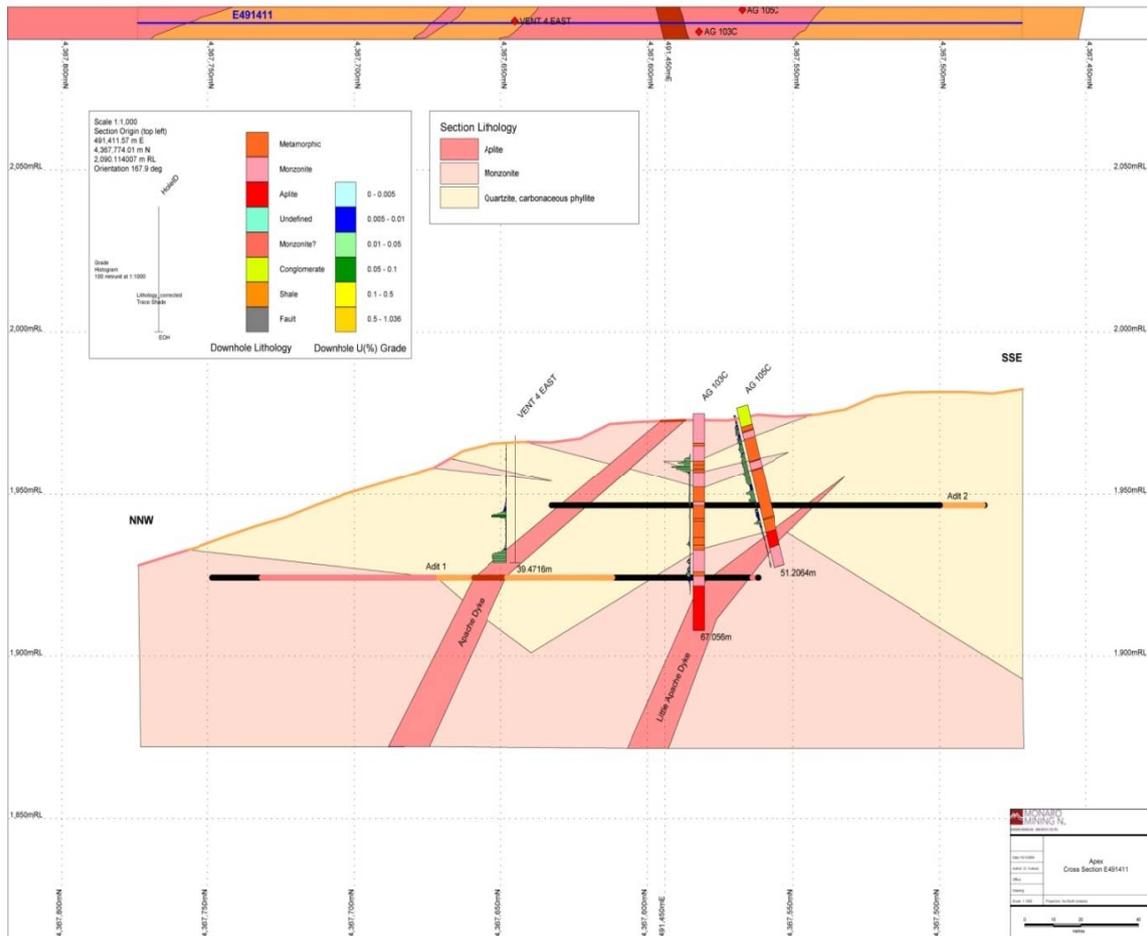


FIGURE 7: TYPICAL CROSS-SECTION ACROSS GEOLOGY SHOWING ADITS AND DRILL HOLES.

## 4.4 Kyrgyz Projects

During the Quarter, no exploration activities were undertaken. Activities were predominantly focused on renewing a number of the existing exploration licences and it was decided to relinquish the Company's interest in the Utor licence.

On the corporate front, the Company and Sinosteel Corporation ("Sinosteel") are in the process of completing a Transaction Agreement which will reflect the details of a Memorandum of Understanding ("MOU") executed early in 2008.

Under the terms of the MOU, Sinosteel has been given the opportunity to assess and develop several of the Company's Kyrgyz uranium projects. The Transaction Agreement is the formalisation of the terms and conditions under which Sinosteel will earn its interest.

#### **4.5 Australian Projects – Hapsburg Joint Venture (MRO earning up to 75%)**

Following a review of the projects within the Hapsburg Joint Venture, it was decided to relinquish the Company's interest in all of the Queensland projects. The Company retains its interest in the Northern Territory projects (Fog Bay, Fog Bay Extended, Liverpool 1 and Liverpool 2).

No significant work was carried out during the last quarter. Further interpretive work is planned for the results of the ground magnetic survey to better define the geological targets previously delineated by airborne work.

## **5 GOLD & BASE METAL PROJECTS - AUSTRALIA**

No exploration activities were conducted on any of the Company's gold and base metal projects located in NSW. The Company was advised by Richmond Mining Limited that it had decided to withdraw from the Mayfield Project Joint Venture, following a review of the results from its exploration program.

Renewal applications were lodged for the Mayfield, Mayfield North, Mt Paynter licences.

Mart Rampe  
**Executive Director**

### **COMPETENT PERSON**

*The review of exploration activities and results contained in this report is based on information compiled by **Mr Mart Rampe**, a Member of the Australasian Institute of Mining and Metallurgy and who is an Executive Director of the Company. He 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). Mart Rampe consents to the inclusion of this information in the form and context in which it appears in this report.*

## APPENDIX 5B

### Mining exploration entity quarterly report

(Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001).

Name of entity

<b>Monaro Mining NL</b>
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ABN

<b>99 073 155 781</b>
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Quarter ended ("current quarter")

<b>31 December 2008</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(347)	(1,111)
(b) development	-	-
(c) production	-	-
(d) administration	(1,890)	(3,134)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	56	125
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(2,181)</b>	<b>(4,120)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(6)	(11)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(11)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,187)</b>	<b>(4,131)</b>

1.13	Total operating and investing cash flows (brought forward)	(2,187)	(4,131)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	2,605
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(3)	(5)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(3)	2,600
	<b>Net increase (decrease) in cash held</b>	(2,190)	(1,531)
1.20	Cash at beginning of quarter/year to date	4,696	4,040
1.21	Exchange rate adjustments to item 1.20	(261)	(264)
1.22	<b>Cash at end of quarter</b>	2,245	2,245

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	155
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payments to directors for services to the group	

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	45
4.2 Development	-
<b>Total</b>	<b>45</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	228	536
5.2 Deposits at call	427	694
5.3 Commercial Bills	1,590	3,466
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,245</b>	<b>4,696</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 6356 Mt Paynter (reduced by 50%)	Reducing to 30%	100%	100%
	EL 6358 Mayfield (reduced by 50%)	Reducing to 30%	100%	100%
	EL 6691 Mayfield N (reduced by 50%)	Reducing to 30%	100%	100%
	EL 6694 Wymah (reduced by 50%)	Reducing to 30%	100%	100%
	EPM 16184 Red Bull 1-A	Earning 75%	Nil	Nil
	EPM 15711 Red Bull	Earning 75%	Nil	Nil
	EPM 15710 Mt Fort Bowen	Earning 75%	Nil	Nil
	EPM 15712 Mt Brown	Earning 75%	Nil	Nil
	EPM 16475 Mungera	Earning 75%	Nil	Nil
	EPM 16471 Bow Park	Earning 75%	Nil	Nil
	EPM 16473 Bezuma Downs	Earning 75%	Nil	Nil
	EPM 16469 Woodlands	Earning 75%	Nil	Nil
	EPM 17344 Etta Plains	Earning 75%	Nil	Nil
	EPM 17345 Bow Park East	Earning 75%	Nil	Nil
	EPM 17646 Numil Downs	Earning 75%	Nil	Nil
MP32 Utor	Wholly owned	100%	Nil	
6.2 Interests in mining tenements acquired or increased	-	-	-	-

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> ( <i>description</i> )	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>				
Fully Paid	90,931,504	90,931,504	N/A	N/A
Part-Paid	5,000,000	Nil	0.001 cent	0.001 cent
7.4 Changes during quarter				
(a) Fully paid Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>Convertible debt securities</b> ( <i>description</i> )				
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
Incentive	250,000	N/A	107 cents	19 April 2011
Incentive	275,000	N/A	50 cents	31 Dec 2009
Unlisted	1,535,714	N/A	35 cents	31 Dec 2009
Unlisted	600,000	N/A	35 cents	10 Sept 2010
Unlisted	200,000	N/A	45 cents	10 Sept 2010
Unlisted	500,000	N/A	120 cents	18 Feb 2012
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter				
Unlisted	1,800,000	N/A	60 cents	31 Dec 2008
Incentive	750,000	N/A	175 cents	31 Dec 2008
7.11 <b>Debentures</b>	-	-		
( <i>totals only</i> )	-	-		
7.12 <b>Unsecured notes</b>	-	-		
( <i>totals only</i> )	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

Date: 29 January 2009

Company Secretary

Print name: Anne Adaley

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

## CORPORATE INFORMATION

### Directors

Warwick Grigor	Chairman
Mart Rampe	Executive Director
Greg Barns	Non-Executive Director
Michael Duncan	Non-Executive Director
Jim Malone	Non-Executive Director

### Senior Management

Anne Adaley	Company Secretary/ Chief Financial Officer
Jerome Randabel	Chief Geologist

### Registered Office

Suite 705, Level 7, St Martins Tower  
31 Market Street, Sydney NSW 2000

### Issued Capital

At 31 December 2008, Monaro Mining had on issue 90,931,504 ordinary shares, 5,000,000 partly-paid shares to .001 cents and 3,360,714 unlisted options.

### Stock Exchange Listings

Monaro Mining is listed on the Australian Securities Exchange (ASX Code: MRO) and the Frankfurt Stock Exchange (Xetra Code: M2H). Monaro shares are eligible for Over-The-Counter trading in the United States of America in the form of American Depositary Shares (ADS) under the symbol "MNOMY".

### Share Price Activity for the Quarter

Quarter	High	Low	Close
March 2008	\$0.89	\$0.39	\$0.38
June 2008	\$0.63	\$0.34	\$0.42
September 2008	\$0.44	\$0.17	\$0.18
December 2008	\$0.29	\$0.06	\$0.08

### Further Information on Monaro Mining NL

Visit: [www.monaromining.com.au](http://www.monaromining.com.au)  
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 Sydney NSW 2000  
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 Fax: +61 2 9264 8933  
 Email: [info@monaromining.com.au](mailto:info@monaromining.com.au)

To be notified by email of future announcements, visit the website [www.monaromining.com.au](http://www.monaromining.com.au) and subscribe to Monaro Mining News.

### Shareholder Enquiries

Registries Limited manages the share register for Monaro Mining. Queries regarding the number of shares held, change of address and other matters regarding your shareholding should be directed to:-

Registries Limited  
 Level 7, 207 Kent Street  
 Sydney NSW 2000  
 Tel: +61 2 9290 9600  
 Fax: +61 2 9279 0664

### ADR Depositary Bank

JPMorgan Chase Bank N.A.  
 Depositary Receipts Group  
 4 New York Plaza  
 New York, NY 10004

Any enquiries regarding an individual ADR holding can be directed to JPMorgan Service Center:-

**By Phone:**  
 Toll - free US & Canada 800-990-1135  
 Outside the US 651-453-2128  
 Hearing Impaired 866-700-1652

**By Internet:**  
 Visit [www.adr.com](http://www.adr.com) and go to Shareholder Services

**By Email:**  
 Email: [jpmorgan.adr@wellsfargo.com](mailto:jpmorgan.adr@wellsfargo.com)

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