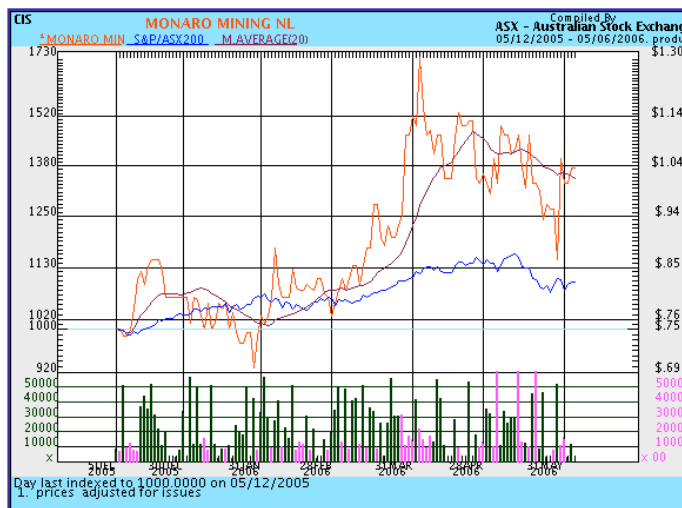


Uraniumletter INTERNATIONAL

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Special Situation - June 2006

www.monaromining.com



Monaro Mining (A\$ 1.03)

ASX	: MRO
H+L prices (12 months)	: A\$ 1.38 - 0.27
Net shares issued	: 19.7 million
Options issued	: 15.4 million
Market Capitalization	: A\$ 20.3 million

First price target: A\$ 2.00

Company profile

Monaro is an Australian based international exploration and development company focused on uranium and gold prospects in the Kyrgyz Republic and base metals, gold and other minerals in New South Wales (NSW), Australia.

The Company has commenced exploration activities on both its Kyrgyz and NSW properties and is expecting substantive resource emerge during the final two quarters of the 2005-06 financial year ending June 30, 2006. In addition, Monaro is assessing mineral projects throughout Australia and overseas on an ongoing basis.

In January 2006, Monaro officially completed the acquisition of uranium and gold projects in the Kyrgyz Republic, where it holds the largest package of 100% owned uranium exploration licences. The uranium licences cover the spectrum from grass roots prospects to historical uranium sites, with CIS reserves on several of the licences.

The licences acquired by Monaro contain CIS reserves of approximately 2,000 tonnes (44 million pounds) U3O8 in C1 + C2 and +P 1 categories (non NI 43-101 compliant). Advanced exploration conducted by Soviet geologists took place but drilling was limited.

Exploration work on the Company's most prospective licences is ongoing, including field checking key areas of the Aramsu Licence for potential EM surveying; compilation of data for the and into a structural GIS database for both the Utor and Naryn Licences; and field reconnaissance to confirm evidence of previous drill programs at the Sogul Licence.

Notwithstanding the acquisition of the uranium and gold projects in the Kyrgyz Republic, Monaro continues to advance its Lachlan Fold Belt licences in NSW, Australia. The prospectivity of the region is evidenced by the Lake George Mine at Captains Flat, which produced 406,418 tonnes of zinc, 243,851 tonnes of lead, 27,230 tonnes of copper, 236 tonnes of silver and 220,000 oz of gold from 4 million tonnes of ore.

Kyrgyzstan



The Kyrgyz Republic has a tradition of uranium mining up until the 1970s with three mines producing 3,500 tonnes of U₃O₈. It has similar geology to neighbouring Kazakhstan and Uzbekistan, two prominent uranium producing countries. The Shu-Sarysu and Sudaraya uranium deposits in South Kazakhstan have total resources of 1.13 million tonnes of U₃O₈ predicted equal to 20% of known global recoverable resources in the region.

The Government of the Kyrgyz Republic is favourable disposed towards uranium mining, as is evidenced by its involvement in the Kara Balta processing facility, which recovers yellow cake transported from Kazakhstan. The country is traditionally the most "free-market"- oriented of the former Soviet Union Central Asian republics and has less stronger environmental legislation and regulation than Australia or Canada.

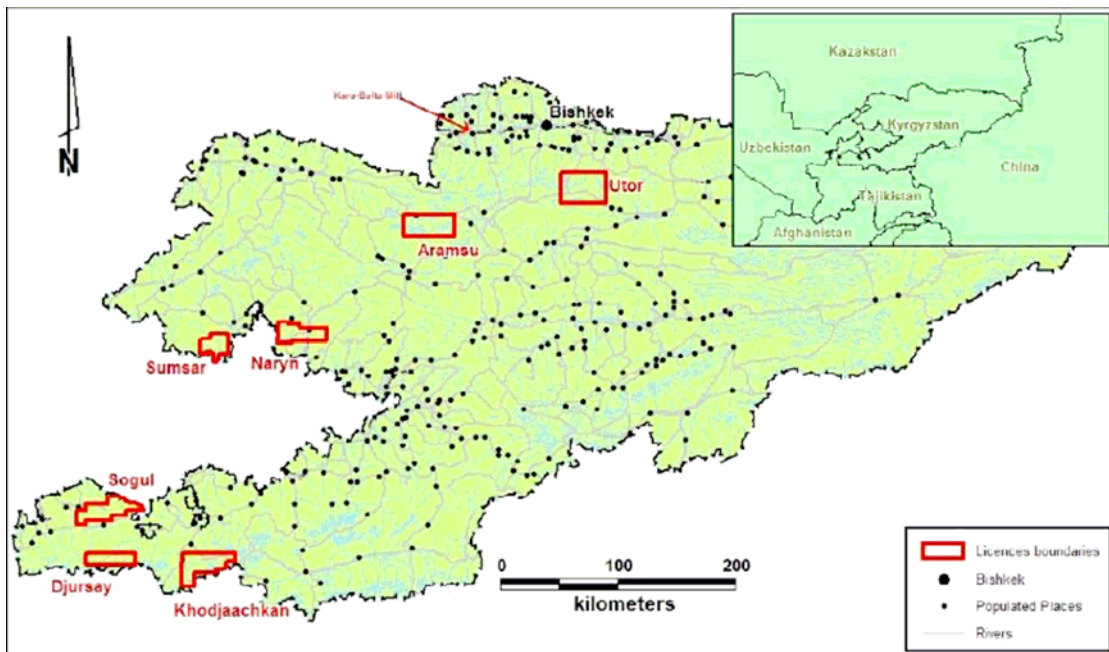
Overview of Projects

➤ Aramsu Licence

Aramsu is a small high-grade resource (average grade 0.167% U₃O₈). The primary ore body consists of breccia-hosted mineralization at granite sediment contact. Pitchblende, pyrite and galena are primary minerals.

Aramsu has C1 and C2 CIS reserves of 325 tonnes U₃O₈. Only a small portion of the licence is explored.

In the March 2006 Quarter Monaro completed a GIS data and geo-referencing of plans of the Central Aramsu area. In addition, the establishment of a structural database including digitised topography to create a DTM and manipulation of plans, sections, etc into the electronic layers in Map info have also been completed.



Exploration archives including the main report of the Susamyr Expedition were checked for further useful regional data. On a local level, a number of drill hole logs for the Central Aramsu deposit have been found, including 5 out of 12 surface holes and 30 of 62 underground holes. The uranium content to drill core from this program (completed in 1962) was largely assessed by gamma logging.

Proposed work for the June 2006 Quarter includes field checking key areas of the licence for potential EM surveying and assessment of clay alteration geochemistry as an aid in the detection of non-outcropping targets. The potential for helicopter-borne aeromagnetic surveying will also be considered.

➤ **Utor Licence**


At Utor, uranium mineralization is found in hydrothermally altered sandstone beds up to 20 metres thick, over a 10 km strike length, analogous to Kazakhstan ore bodies. Assays generally range up to 0.08% U3O8, with exceptional zones drilled to prove up to 1% U3O8 and even 2.15% U3O8.

Utor, which could be an in-situ-leach target, has P 1 and P2 resources, but these require further work to upgrade.

In the March 2006 Quarter, attempts made to source data from the Volkov Expedition in Kazakhstan were unsuccessful. However, based on other data sources, 6 key target areas out of 113 deposits have been revealed as a result of work carried out in the 1950s.

Proposed work for the June 2006 Quarter includes compilation of data into a structural GIS database. This will be followed by an assessment of the data with the view to priority targets.

Uranium Grades & Values
Comparing Projects in Gold Equivalent



kg/tonne = %/tonne = lb/tonne	In-Ground Value US\$/lb			Resource Reported Company	Project	Gold Equiv. gpt
	30	35	45			
	Value Per Tonne of Ore A\$ at Various Grades					
0.30	27.94	32.59	41.91	Arafura	Nolan's Bore	2.2
0.35	32.59	38.03	48.89	Aldershot	Turee Ck	2.6
0.50	46.56	54.32	69.85	PepinNini	Crockers Well	3.7
0.70	65.19	76.05	97.78	Redport	Lake Maitland	5.2
0.72	67.05	78.23	100.58	Paladin	Langer Heinrich	5.4
0.77	71.71	83.66	107.56	Monaro	Sumsar	5.8
0.80	74.50	86.92	111.75	Paladin	Manyingee	6.0
0.90	83.81	97.78	125.72	Monaro	Naryn	6.7
0.92	85.68	99.96	128.51	Paladin	Kayelekera	6.9
1.05	97.78	114.08	146.67	Agincourt	Centipede	7.9
1.40	130.38	152.11	195.57	Summit	Valhalla	10.5
1.45	135.03	157.54	202.55	Glengarry	Oasis	10.9
1.50	139.69	162.97	209.54	Summit	Andersons	11.2
1.65	153.66	179.27	230.49	Monaro	Aramsu	12.4
2.50	232.82	271.62	349.23	ERA	Ranger	12.5

Exchange Rate 0.710 Gold Price 580 US\$/oz

➤ **Naryn Licence**

Naryn covers the most prospective part of the Northern Fergana uranium province. Underground mining was conducted in the late 1960s/early1970s, but in-situ-leaching was not employed at the time and could be an opportunity. Naryn has C 1 reserves of 491.5 tonnes U3O8. Extensive sandy limestone beds host pitchblende and uranium vanadate along a 27 km long strike length with better grades in organic rich sections - grades generally 0.05-0.096% U3O8.

A neighboring mine produced 3,362 tonnes U3O8 at 0.089% U3O8.

In the March 2006 Quarter archive searches were successfully completed, resulting in the discovery of exploration reports for the main projects located within the licence area. These data included geological, geophysical and evaluation information. In addition, logs were acquired for 19 of 32 drill holes from the Shing and Balapan deposits. Rights to explore for polymetals on the Sumsar licence were also acquired.

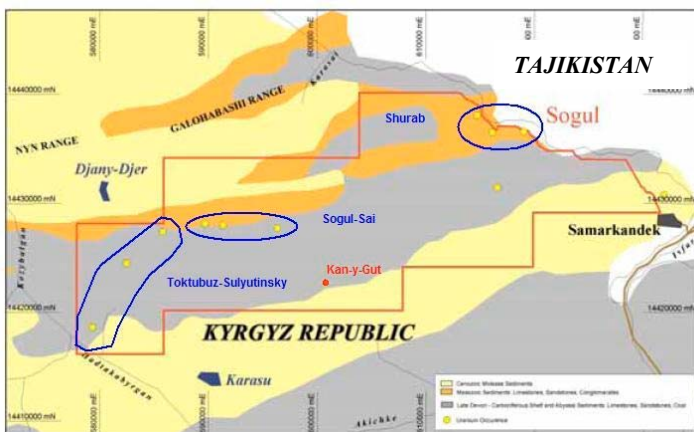
In the June 2006 Quarter, compilation of data into a structured GIS database will be conducted. This will be followed by an assessment of the data to include logs from oil wells with the view to prioritize targets.

➤ Sumsar Licence

Sumsar shows similar structures and mineralization to the west of Naryn with the potential for sandy-limestone hosted uranium deposits. Beds demonstrate high porosity and permeability, which is important for in-situ leaching. Assays of 0.77% to 0.165% of U₃O₈ have been recorded. Limited mining took place in the 1950s, but production records are limited.

Sumsar has several prospects, including Shakoptar, which features carnotite mineralization in widths of up to 2.5 metres with assays up to 0.1% across a series of lenses; Cohonkal, which features hydrothermally altered porphyries up to 10 metres in width, with assays up to 0.09% U₃O₈; Tenga, which has mineralization associated with intrusive; and Yangak-Sa, which gas mineralization associated with granites.

➤ Sogul Licence



Sogul hosts mineralization similar to that of neighbouring deposits in Uzbekistan e.g. Koscheka, Djantuar, Rudnoe, Altyntau. Mineralization is hosted in black shales typically containing pitchblende and uranyl-vanadate phosphates. Average grades vary from 0.06% to 0.132% of U₃O₈ and the mineralization includes anomalous amounts of molybdenum, vanadium and gold.

The Koktobionskoe prospect features mineralised clays over 6 km aerial extent and limestone associated mineralization - trenches exposed narrow zones peaking at 0.097% U₃O₈. There is

potential also for sandstone-style mineralization with pitchblende and coffinite similar to that in Kazakhstan, where grades range from 0.026% to 0.18% U₃O₈ in beds found at depths of between 50-600 metres. There is evidence of a drill program on 40 m x 80 m grid (approximately 60 holes), for reserve definition purposes, but no written report has been obtained yet. Field evidence suggests intensive drill activity on an area measuring 2 x 3.5 km.

An advanced silver-lead-zinc occurrence was tested during the 1950s and again during 1989-1992 by Government agencies. Testwork included the sampling of underground workings, as well as drilling. Mineralization associated with metasomalised Carboniferous limestone deposits was intersected, which included silver grades ranging from 5.9 oz - 9.1 oz/t, lead grades from 1.75 - 3.62%. In-situ values of silver grades alone represent US\$ 85 - \$ 132 per tonne at current metal prices. Significant tonnages of mineralization appear to have been delineated, and should future exploration (including extensive drilling) demonstrate adequate volumes of mineralization, there is a potential for a profitable mine at current metal prices.

In the March 2006 Quarter attempts were made to recover two key deposits relative to the Sogul Licence. These data include the closing report on exploration in the area by the Leninobod Mining, Chemical and Exploration Company and the drill report on activities carried out by the Krasnakomsky Expedition from 1985 to 1991. To date, these attempts have been unsuccessful, but further approaches are to be made via the Kyrgyz Ministry to access the Central Archives in Moscow and also through sources based in Uzbekistan and Tajikistan

Recent fieldwork identified the presence of the historical Koni-i-Gut silver-lead-zinc prospect that was previously unknown and identified the locations of up to 60 drill holes that tested for base metal mineralization, believed to be for resource calculation and mine planning purpose.

The recent fieldwork confirms that Sogul is an advanced project, though there is still the requirement to access historical reports that have been archived in order to better quantify the potential.

Proposed work for the June 2006 Quarter includes field reconnaissance to confirm evidence of previous drill programs and geo-referencing of boundaries to the drilling activity.

➤ **Hodjakaan and Djurasai Licences**

These two licences are prospective for black shale hosting, Carlin-style gold mineralization enriched in uranium. This is a project with gold potential.

In the March 2006 Quarter, a work program was submitted to the Kyrgyz Ministry in order to carry out exploration activities. At the same time the licence conditions were extended to allow the Company to explore for metals in addition to uranium. Maps covering regional scale aeromagnetic and radiometry data were also obtained.

Proposed work for the June 2006 Quarter includes reconnaissance of licence areas and interpretation of regional data to assess priority areas.

Other Kyrgyz Properties

➤ **Gavasi Gold Property**

Gavasi Gold is a promising gold prospect located in a highly prospective gold region on the edge of the Chatkal Valley discovered in 1982/83. An excluded area contains the Bozymchack gold deposit, which contains almost 40 tonnes of gold (2 x P1) in porphyry copper-gold setting. Six zones of gold mineralization have been intersected at Djal-Kokildak. Strike lengths are generally 200 metres and widths 5 metres. Encouraging trench grades from 1.5 g/t to 10 g/t averaging 3 g/t gold have been documented in a number of exploration reports. Prior exploration comprised channel sampling, trenching and excavation of test shafts. Based on similar style of deposits, the potential exists for 200-300 m vertical extensions. The initial target is 500,000 ounces of gold and the prospect is amenable to an early drilling program.

In the March 2006 Quarter, a GIS database and geo-referencing of plans and aerial photographs of the Djal-Kokildak area (6 km²) was completed.

Proposed work for the June 2006 Quarter includes fieldwork to commence with a program of structural mapping and sampling for alteration, as well as trenches excavated during past exploration programs. The primary aim will be to define viable drilling targets.

New South Wales (NSW) Projects, Australia

Notwithstanding the acquisition of the uranium and gold prospects in the Kyrgyz Republic, Monaro continues to advance its Lachlan Fold Belt licences in NSW. The prospectivity of the region is evidenced by the Lake George Mine at Captains Flat, which produced 406,418 tonnes of ore, 243,851 tonnes of lead, 27,230 tonnes of copper, 236.4 tonnes of silver and 220,000 ounces of gold from 4 million tonnes of ore. Recorded grades were approximately 10% zinc, 6% lead, 0.7% copper, 56 g/t silver and 1.7 g/t gold.

In addition, there are numerous other locations on the licences that have demonstrated economic assay results. The outcropping and near surface potential of the licences has been well explored over the years, but there is still very good potential for mineralization at depth.

Thirteen target projects have been identified including: Lake George Mine "Deeps", Vanderbilt Hill and Jerangle.

Monaro is pursuing a strategy whereby modern exploration techniques will be used to identify or define drill targets that will be assessed either by Monaro or by joint venture partners.

Investment recommendation:

Monaro is focusing on uranium and gold prospects in the Kyrgyz Republic, as well as on base metals, gold and other metals in New South Wales, Australia. The Kyrgyz Republic has a tradition of uranium mining up until the 1970s with three mines producing 3,500 tonnes of U3O8. It has similar geology to neighbouring Kazakhstan and Uzbekistan, two prominent uranium-producing countries.

Monaro holds the largest package of 100% owned uranium exploration licences in the Kyrgyz Republic which contain Russian reserves of approximately 2,000 tonnes (44 million pounds) U3O8 in C1 + C2 and P1 categories (non NI 43-101 compliant).

Exploration work on the Company's most prospective licences is ongoing, including field checking key areas of the Aramsu Licence for potential EM surveying; compilation of data for the and into a structural GLS database for both the Utar and Naryn Licences; and field reconnaissance to confirm evidence of previous drill programs at the Sogul Licence.

In New South Wales, Australia, Monaro continues to advance its prospective Lachlan Fold Belt licences, where it identified projects and will define drill targets that will be assessed either by Monaro or by joint venture partners.

With its uranium and gold projects in the Kyrgyz Republic completed just half a year ago, Monaro hasn't been in a position yet to create added value through results of its ongoing exploration programs. The Company is expecting substantive resource emerge during the first half of 2006, however.

Based on advanced exploration conducted by the Soviets with the possibility to confirm and extend existing reserves of 2,000 tonnes, at a net market capitalization of just A\$ 20.3 million, we consider the shares of Monaro strongly undervalued.

Our first price objective is: A\$ 2.00.