NEWS RELEASE

DESPATCH OF MANTRA SCHEME BOOKLET

PERTH, Western Australia – 20 April 2011: Mantra Resources Limited ('Mantra') (ASX:MRU, TSX:MRL) advises that the attached scheme booklet ('Scheme Booklet'), in relation to the all-cash offer from JSC Atomredmetzoloto ('ARMZ') to acquire all of the issued shares in Mantra by way of a Board recommended Scheme of Arrangement ('Scheme'), has been approved by the Supreme Court of Western Australia, and is in the process of being despatched to Mantra's shareholders. A copy of the Scheme Booklet will also available on SEDAR and on Mantra's website (www.mantraresources.com.au).

Shareholder Information Line

Shareholders can contact the Shareholder Information Line for further information on 1300 135 438 (from within Australia) or on +61 3 9415 4350 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday.

Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

Telephone: + 61 8 9322 6322
Facsimile: + 61 8 9322 6558
E-mail: info@mantraresources.com.au

www.mantraresources.com.au
ASX Code: MRU • TSX Code: MRL
ABN: 26 116 478 703

MANTRA
RESOURCES LIMITED

20 April 2011

Dear Shareholder

Scheme Booklet

We refer to Mantra Resources Limited's ('Mantra') news release dated 19 April 2011 in relation to the status of the revised all-cash offer from JSC Atomredmetzoloto ('ARMZ') to acquire all of the issued shares in Mantra by way of a Board recommended Scheme of Arrangement ('Scheme').

On behalf of the Board of Mantra, I am pleased to enclose your copy of the Scheme Booklet, together with your personalised proxy form for the Scheme meeting to be held at 2.00pm (ASWT) on Friday, 20 May 2011 ('Scheme Meeting').

Please note that references in the Scheme Booklet to the chairman of the Scheme Meeting should be to 'Mr Grant Paterson, or failing him, another person approved by the Court'.

On behalf of the Board

Peter Breese
Chief Executive Officer

Enc.

ABN: 26 116 478 703
Level 9, The BGC Centre, 28 The Esplanade, Perth WA 6000
Tel: +61 8 9322 6322 Fax: + 61 8 9322 6558

MANTRA RESOURCES LIMITED

ABN 26 116 478 703

Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition of all Shares in Mantra Resources Limited by JSC Atomredmetzoloto

Each Director recommends that you vote in favour of the Scheme in the absence of a Superior Proposal

A Scheme Booklet to explain the proposed scheme of arrangement between Mantra Resources Limited and Shareholders (and includes the Notice of Scheme Meeting and Management Information Circular for the Scheme Meeting).

If you are in any doubt about what action you should take, please consult your professional adviser.

Financial Adviser

RBC Capital Markets®

Legal Adviser

HARDY BOWEN LAWYERS

This is an important document and requires your immediate attention.
If you have recently sold all your Shares in Mantra, please disregard this document.

Important Notice

Purpose of this document

This Scheme Booklet is a scheme booklet to explain the proposed scheme of arrangement between Mantra Resources Limited (**Mantra**) and Shareholders (and includes the Notice of Scheme Meeting and Management Information Circular for the Scheme Meeting).

ASIC and securities regulatory authorities

A copy of this Scheme Booklet has been provided to ASIC for the purposes of section 411(2) of the Corporations Act. ASIC has been asked to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. Notwithstanding the making of such a statement, neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

This transaction has not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed judgement upon the fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this Scheme Booklet and its annexures. Any representation to the contrary is a criminal offence.

ASX and TSX

A copy of this Scheme Booklet has been lodged with ASX and has been filed with applicable Canadian securities regulatory authorities and TSX, and is available at www.sedar.com. Neither ASX, TSX nor any of their officers take or accept any responsibility for the contents of this Scheme Booklet.

Court

A copy of this Scheme Booklet has been lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meeting. Orders made by the Court convening the Scheme Meeting are made pursuant to section 411 of the Corporations Act. The fact that under subsection 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how Shareholders should vote (on this matter Shareholders must reach their own decision); or

(b) has prepared, or is responsible for the content of, this Scheme Booklet.

Investment decisions

This Scheme Booklet is intended for all Shareholders collectively and does not take into account the investment objectives, financial situation and particular needs of each Shareholder or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme. Before making any investment decision in relation to these matters you should consider, preferably with the assistance of a professional adviser, whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do you should seek independent financial, taxation and other professional advice before making any investment decision in relation to the Scheme.

Forward looking statements

Certain statements in this Scheme Booklet are about the future. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Mantra to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements. Deviations as to future conduct, results, performance and achievements are both normal and to be expected. A discussion of some of the risks associated with an investment in Mantra is set out in section 4.10 of this Scheme Booklet.

None of Mantra, ARMZ, their respective directors, officers and advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned about relying on any such forward looking statements. In particular, any forward looking statements set out in the Independent Expert's Report have been prepared by the Independent Expert and none of Mantra, ARMZ, or their respective directors, officers and advisers are responsible for such statements.

The forward looking statements in this Scheme Booklet reflect views held only as of the date of this Scheme Booklet, unless otherwise stated. Subject to the Corporations Act and any other applicable laws or regulations, neither Mantra nor ARMZ give any undertaking to update these statements other than with respect to information Mantra or ARMZ respectively become aware of prior to the Scheme Meeting which is material to the making of a decision by a Shareholder regarding whether or not to vote in favour of the Scheme.

Information contained in this Scheme Booklet and its annexures

The information in this Scheme Booklet (except for the ARMZ Information and the Independent Expert's Report contained in Annexure 1) (**Mantra Information**) has been prepared by Mantra and is Mantra's responsibility.

The information concerning ARMZ and its intentions for Mantra in section 5 (**ARMZ Information**) has been prepared by ARMZ and is the responsibility of ARMZ.

The Independent Expert has prepared the Independent Expert's Report concerning the Scheme, and is responsible for that report.

None of ARMZ, any member of the ARMZ Group, or any of their respective directors, officers or advisers take or accept any responsibility for the accuracy or completeness of the Mantra Information, the Independent Expert's Report or any other information contained in the Scheme Booklet other than in section 5.

Except to the extent that the Corporations Act imposes responsibility on them, neither Mantra nor any of its directors, officers or advisers take or accept any responsibility for the accuracy or completeness of the ARMZ Information or the Independent Expert's Report.

Currency

Dollar amounts set forth in this Scheme Booklet and its annexures, except as otherwise indicated, are stated in Australian dollars ("$" or "A$"). US dollars are indicated as "US$" and Canadian dollars are indicated as "C$".

Privacy

Mantra may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Shareholders and the names of persons appointed by Shareholders to act as proxy, corporate representative or attorney at the Scheme Meeting. The primary purpose of collecting this information is to assist Mantra in conducting the Scheme Meeting and to enable the Scheme to be implemented by Mantra in the manner described in this Scheme Booklet. Personal information may be disclosed to ARMZ, the Registrar, print and mail service providers, authorised securities brokers and to related bodies corporate of Mantra or ARMZ. Shareholders have the right to access personal information that has been collected. A Shareholder who wishes to access personal information should contact the Registrar.

Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should inform that person of the matters outlined above.

Date

This Scheme Booklet is dated 13 April 2011.

Key Dates

Expected key dates for the Scheme are set out below:

Latest time and date for receipt of proxies from Shareholders for the EGM and Scheme Meeting	2.00pm on Wednesday, 18 May 2011
Date and time for determining eligibility to attend and vote at the EGM and Scheme Meeting	5.00pm on Wednesday, 18 May 2011
EGM to consider the Constitutional Amendment	1.00pm on Friday, 20 May 2011
Scheme Meeting	2.00pm on Friday, 20 May 2011
Proposed Second Court Hearing for approval of the Scheme	Wednesday, 25 May 2011
Board to consider declaring the Special Dividend	Wednesday, 25 May 2011
Proposed Effective Date of the Scheme and last day of trading of the Shares on ASX and TSX	Monday, 30 May 2011
Proposed Record Date for determination of entitlements to the Scheme Consideration and Special Dividend	7.00pm on Monday, 6 June 2011
Implementation Date	Thursday, 9 June 2011

Mantra reserves the right to vary the times and dates above and will announce any changes on ASX and SEDAR. All dates subsequent to the Scheme Meeting are indicative only and subject to Court approval and may therefore change. The start time for the Scheme Meeting may be delayed if the EGM does not finish by 2:00pm on 20 May 2011.

All times set out in this Scheme Booklet are in Australian Western Standard Time (AWST) unless stated otherwise.

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MANTRA RESOURCES LIMITED

Letter from CEO

13 April 2011

Dear Shareholder,

On 15 December 2010, Mantra announced that it had entered into a Scheme Implementation Agreement with ARMZ under which it was proposed that ARMZ would acquire all of the issued shares in Mantra by way of scheme of arrangement. On 11 March 2011 there was a major earthquake and tsunami affecting Japan. Damage caused by the earthquake and tsunami has led to a series of serious incidents at the Fukushima Nuclear Power Station in Japan, which has had particularly material consequences on the uranium industry.

On 17 March 2011, Mantra announced on the ASX that ARMZ considered that a condition precedent in the Scheme Implementation Agreement relating to material adverse change was not capable of satisfaction. ARMZ indicated, however, that it was willing to explore how the transaction could proceed by way of an alternative approach. Following this, Mantra and ARMZ entered into good faith negotiations with a view to determining whether the transaction could proceed by way of an alternative approach.

On 22 March 2011, Mantra announced on the ASX that, after considering all of the available options, and advice received from its financial and legal advisers, it had agreed with ARMZ to amend the Scheme Implementation Agreement. The amended Scheme Implementation Agreement provides for ARMZ to acquire all of the issued share capital in Mantra by way of a scheme of arrangement for A$6.87 per Share (**Scheme**), permits Mantra to pay an unfranked special dividend to Scheme Participants and is not subject to a material adverse change condition.

If the Scheme is implemented, Scheme Participants will receive:

- A$6.87 per Share from ARMZ as consideration for the transfer of their Shares (**Scheme Consideration**); and
- provided that the Constitutional Amendment is approved at the extraordinary general meeting of Shareholders (**EGM**), an unfranked dividend of A$0.15 for each Share held on the Record Date (**Special Dividend**),

(together, the **Cash Payments**).

The Cash Payments of A$7.02 per Share allow Shareholders to realise value for their Shares in the near term and, in the view of the Board, are compelling when taking into consideration the increased level of project development risk and uranium sector risk. In addition, there is a greater level of certainty with respect to the Scheme being completed, due to the reduced conditionality of the deal including removal of the material adverse change clauses.

The Cash Payments of A$7.02 per Share that Scheme Participants will receive if the Scheme becomes Effective represent a substantial premium to Mantra's unaffected Share price[1], being:

[1] 30 day volume weighted average price calculated on data between 03/11/2010 and 14/12/2010, 60 day volume weighted average price calculated on data between 22/09/2010 and 14/12/2010, volume weighted average price between the date the natural disasters occurred in Japan and the day prior to the announcement of the revised Scheme calculated on data between 14/03/2011 and 18/03/2011 and closing price on the day prior to the announcement of the revised Scheme calculated at 18/03/2011. Data taken from ASX trading only and does not include trading data from the TSX. Source: Bloomberg.

- 32.7% to the closing price the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

- 14.4% to the volume weighted average price between 11 March 2011, being the date the natural disasters occurred in Japan, and the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

- 6.3% to the 30 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010; and

- 16.7% to the 60 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010.

In order to facilitate the payment of the Special Dividend, Mantra's Constitution must first be amended by Special Resolution to permit Mantra to pay dividends in accordance with section 254T of the Corporations Act (**Constitutional Amendment**). An EGM to consider and, if thought fit, approve, the Constitutional Amendment will be held immediately prior to the Scheme Meeting. Mantra will not declare and pay the Special Dividend unless the Scheme becomes Effective. Details of the EGM will be included in a separate Notice of EGM.

The Board believes the Scheme represents an opportunity for Shareholders to realise certainty in value and reflects the size, strategic nature and near-term development potential of the Mkuju River Project, as well as providing the opportunity to secure a significant premium for their Shares (compared to Mantra's unaffected Share price prior to the announcement of ARMZ's offer) at a time when Mantra is subject to a number of risks. In this context, the Board notes that:

- the price of the Shares is likely to be significantly affected by short and medium-term changes in commodity prices, uranium prices, currency exchange fluctuation, capital cost increases, project approvals and timelines or in its financial condition or results of operations as reflected in its quarterly earnings reports; and

- the shares of mineral resource and mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. This is particularly relevant for uranium exploration companies, such as Mantra, in light of the increased uncertainty for the uranium sector after the series of serious incidents at the Fukushima Nuclear Power Station in Japan.

Your Directors have considered the advantages and disadvantages of the Scheme and unanimously recommend that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. Each Director of Mantra intends to vote in favour of the Scheme with respect to any Shares they hold or control in the absence of a Superior Proposal.

In addition, Mantra's largest Shareholder, Highland Park, which holds 13.46% of Mantra's fully diluted share capital, has represented to Mantra that it will vote in favour of the Scheme in the absence of a Superior Proposal.

The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert reaches the same conclusion if the Constitutional Amendment is not approved, and the Special Dividend is not paid (i.e. Scheme Participants only receive the Scheme Consideration).

The Scheme requires the approval of Shareholders at the Scheme Meeting, which will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia at 2.00pm (AWST) on 20 May 2011.

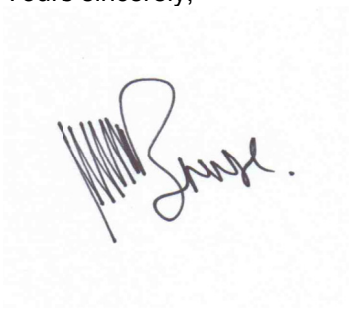
Your vote is important in determining whether or not the Scheme proceeds. You should cast your vote in person or by proxy at the Scheme Meeting. If you intend to vote by proxy, you should complete and

return the enclosed proxy form in the envelope provided as soon as possible, so it is received by the Registrar no later than 2.00pm (AWST) on 18 May 2011.

This Scheme Booklet contains important information to help you make an informed decision about how to vote at the Scheme Meeting. I urge you to read it carefully.

If you have any questions about the Scheme, please contact the Shareholder Information Line on 1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday.

Yours sincerely,



Peter Breese
CEO, Mantra Resources Limited

Reasons to Vote in Favour of the Scheme

- ✓ Each of the Directors recommends that, in the absence of a Superior Proposal, Shareholders vote in favour of the Scheme.
- ✓ The Independent Expert has concluded that the Scheme is in the best interests of Shareholders.
- ✓ The Cash Payments of A$7.02 cash per Share represent a substantial premium to the unaffected market price of the Shares.
- ✓ The Cash Payments of A$7.02 cash per Share represent an attractive premium to the value of most other significant uranium developers based on comparable trading multiples per pound of uranium resource.
- ✓ The Scheme has the support of Mantra's largest Shareholder, Highland Park S.A., which has represented to Mantra that it will vote in favour of the Scheme in the absence of a Superior Proposal.
- ✓ The Scheme Consideration is all cash and therefore provides certainty of value to Shareholders, removing the risks and uncertainties inherent in being a Shareholder of Mantra, particularly following the recent events in Fukushima, Japan.
- ✓ Since the initial announcement on the ASX of the scheme on 15 December 2010, no Superior Proposal has emerged.
- ✓ Mantra's Share price is likely to fall if the Scheme is not implemented, in the absence of an alternative proposal.
- ✓ The Scheme provides Scheme Participants an opportunity to realise the value of their Shares without any brokerage or stamp duty being payable by Scheme Participants in relation to the Scheme.

Possible reasons not to vote in favour of the Scheme

- × You may hold a different view to the Directors and the Independent Expert in relation to the Scheme.
- × If the Scheme is implemented you will no longer be a Shareholder of Mantra and you will not participate in any potential benefits that may result from being a Shareholder of Mantra.
- × You may believe that there is potential for a Superior Proposal to be made in the future. The Directors are not presently aware of any Superior Proposal.
- × If the Scheme proceeds, there are likely to be tax consequences for Scheme Participants which may include tax payable on any gain on the disposal of Shares and receipt of the Special Dividend, and any withholding tax payable in respect of the Special Dividend.

Scheme Highlights

Overview of the Scheme	The Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act which, if implemented, will result in all Shares held by Scheme Participants being transferred to ARMZ in exchange for the Scheme Consideration of A$6.87 per Share. If the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive a Special Dividend of A$0.15 per Share.
Cash Payments	If the Scheme becomes Effective, Scheme Participants will receive the Cash Payments of A$7.02 cash per Share, comprising: • the Scheme Consideration of A$6.87 per Share; and • the Special Dividend of A$0.15 per Share. Payment of the Special Dividend is conditional on the Constitutional Amendment being approved.
Board recommendation	Each Director recommends that Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Each Director of Mantra intends to vote in favour of the Scheme with respect to any Shares they hold or control in the absence of a Superior Proposal. The principal factor taken into account by the Directors in arriving at their recommendation was the Directors' belief that the potential advantages of the Scheme are greater than the potential disadvantages of the Scheme, as set out in section 2 of this Scheme Booklet. The Directors note that the Independent Expert has concluded that the Scheme is in the best interests of Shareholders. Before making a decision about the Scheme, Shareholders should read the Scheme Booklet in its entirety and if in doubt about what action to take, should contact their professional advisers.
Independent Expert's conclusion	The Directors commissioned **BDO Corporate Finance (WA) Pty Ltd** (**Independent Expert**) as an independent expert to report on the Scheme. The Independent Expert has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert reaches the same conclusion if the Constitutional Amendment is not approved, and the Special Dividend is not paid (i.e. Scheme Participants only receive the Scheme Consideration). A copy of the Independent Expert's Report is annexed as Annexure 1.
No Superior Proposal	At the date of this Scheme Booklet, no Superior Proposal has emerged.
Conditions of the Scheme	The Scheme is subject to the satisfaction of certain conditions, which are summarised in section 1.7 of this Scheme Booklet.
Treatment of Options and Performance Rights	The treatment of Options and Performance Rights is set out in section 1.8 of this Scheme Booklet.

Scheme Meeting Details and How to Vote

Read this Scheme Booklet carefully

This Scheme Booklet provides information for you to make a decision as to how to vote on the Scheme at the Scheme Meeting. The Directors recommend you read this Scheme Booklet in its entirety.

Scheme Meeting

The Scheme Meeting will be held at 2.00pm (AWST) on 20 May 2011 at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia.

If the Scheme is approved by the Requisite Majorities at the Scheme Meeting, the Court will be asked to approve the Scheme at the Second Court Hearing so that the Scheme can be implemented.

Exercise your vote

Shareholders may vote by attending the Scheme Meeting in person, or by proxy, by attorney or, in the case of a corporation, by corporate representative.

Voting is not compulsory, however, the Mantra Directors believe that the Scheme is an important opportunity for all Shareholders to realise the value of their Shares and recommend that, having carefully considered this Scheme Booklet, you vote in favour of the Resolution approving the Scheme, unless the Mantra Board receives a Superior Proposal before the Scheme Meeting.

Voting entitlement

Each Shareholder who is registered on the Register at 5.00pm (AWST) on 18 May 2011 is entitled to attend and vote at the Scheme Meeting. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

In the case of Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held Shares, only the vote of the holder whose name appears first in the Register will be counted.

How to vote

Full details of how to vote are set out in the notes to the Notice of Scheme Meeting in Annexure 4.

- **Voting in person**

  If you are the registered Shareholder, you may vote in person by attending the Scheme Meeting.

  A Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting upon disclosure at the point of entry to the Scheme Meeting of their name and address.

- **Voting by proxy**

  If you wish to appoint a proxy in respect of the Scheme Meeting, you are requested to complete and sign the original loose leaf personalised proxy form sent to you with this Scheme Booklet.

  Proxy forms must be received by 2.00pm (AWST) on 18 May 2011.

A proxy will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a proxy form will not preclude a Shareholder from attending in person and voting at the Scheme Meeting at which the Shareholder is entitled to attend and vote.

- **Voting by attorney**

  If you wish to appoint an attorney to attend the Scheme Meeting on your behalf, or if an attorney signs a proxy form on your behalf, the power of attorney must be sent to the Registrar as indicated in the proxy form sent to you with this Scheme Booklet.

  Powers of attorney must be received no later than 2.00pm (AWST) on 18 May 2011.

  An attorney will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, their name and address and the identity of the appointer.

- **Voting by corporate representative**

  To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is a Shareholder must appoint a person to act as its representative.

  The appointment must comply with section 250D of the Corporations Act.

  An authorised corporate representative will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Beneficial (non-registered) holders

A beneficial owner of Shares who is not the registered Shareholder will not be recognised at the Scheme Meeting for the purpose of voting those Shares unless the beneficial owner is appointed by the registered Shareholder as a proxy, attorney or corporate representative.

Alternatively, a non-registered beneficial owner of Shares may complete a Voting Instruction Form directing the registered Shareholder how to vote the Shares. Further details in relation to Voting Instruction Forms are set out in the Management Information Circular in Annexure 4.

Further information

If you have any questions or require further information, please contact the Shareholder Information Line on 1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday.

If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial or other professional adviser.

Frequently Asked Questions

This Scheme Booklet contains detailed information on the proposed Scheme. The following section provides summary answers to some basic questions you may have in relation to the Scheme and will assist you to locate further detailed information in this Scheme Booklet.

Question	Answer
What is the Scheme?	On 15 December 2010, Mantra announced that it had entered into the Scheme Implementation Agreement with ARMZ, under which ARMZ agreed to acquire all of the Shares in Mantra by way of a scheme of arrangement. The Scheme Implementation Agreement was subsequently amended by the First Deed of Amendment dated 25 January 2011 and the Second Deed of Amendment dated 21 March 2011. The Scheme involves an offer by ARMZ to acquire all the Shares in Mantra held by Shareholders on the Record Date (**Scheme Participants**) in exchange for the Scheme Consideration of A$6.87 cash per Share. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive a Special Dividend of A$0.15 per Share.
Who is ARMZ?	ARMZ (or JSC Atomredmetzoloto) is a company incorporated in the Russian Federation. ARMZ is responsible for the mining and supply of uranium to companies operating in the Russian Federation's nuclear power division. ARMZ manages all of the Russian Federation's civil uranium mining assets within the Russian Federation and abroad and is ultimately state owned. Further information about ARMZ is available at its website www.armz.ru/eng.
What are the Cash Payments?	If the Scheme is implemented, Scheme Participants will receive: • A$6.87 per Share from ARMZ as consideration for the transfer of their Shares (**Scheme Consideration**); and • provided that the Constitutional Amendment is approved at the EGM, an unfranked dividend of A$0.15 for each Share held on the Record Date (**Special Dividend**), (together, the **Cash Payments**).

Question	Answer
Why has the Scheme Consideration changed?	On 11 March 2011, there was a major earthquake and tsunami affecting Japan. Damage caused by the earthquake and tsunami has led to a series of serious incidents at the Fukushima Nuclear Power Station in Japan, which has had particularly material consequences on the uranium industry. On 17 March 2011, Mantra announced on the ASX that ARMZ considered that a condition precedent in the Scheme Implementation Agreement relating to material adverse change was not capable of satisfaction. ARMZ indicated, however, that it was willing to explore how the transaction could proceed by way of an alternative approach. Following this, Mantra and ARMZ entered into good faith negotiations with a view to determining whether the transaction could proceed by way of an alternative approach. On 22 March 2011, Mantra announced on the ASX that after considering all of the available options, and advice received from its financial and legal advisers, it had agreed with ARMZ to amend the Scheme Implementation Agreement. The amended Scheme Implementation Agreement provides for ARMZ to acquire all of the issued share capital in Mantra by way of the Scheme for A$6.87 per Share, permits Mantra to pay the Special Dividend to Scheme Participants and is not subject to a material adverse change condition.
What is the effect of the Scheme if implemented?	If the Scheme is implemented, Scheme Participants will receive Scheme Consideration of A$6.87 cash per Share held on the Record Date. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will receive a Special Dividend of A$0.15 for each Share held on the Record Date. Mantra will become a wholly-owned subsidiary of ARMZ. Mantra will apply to be delisted from ASX and TSX. ARMZ will also apply for Mantra to cease to be a reporting issuer for the purposes of Canadian securities law.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 2.00pm (AWST) on 20 May 2011 at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia. The EGM to consider the Constitutional Amendment will be held at 1.00pm (AWST) on 20 May 2011 at the same location.
What do the Directors recommend?	Each Director recommends that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal. In doing so, the Mantra Directors have considered the advantages and disadvantages of the Scheme and believe that the Scheme is in the best interests of Shareholders. For details of the reasons to vote in favour of the Scheme see section 2.3 of this Scheme Booklet.
How do Mantra Directors intend to vote?	Each Director intends to vote in favour of the Scheme with respect to any of the Shares they hold or control, in the absence of a Superior Proposal. For details on the Directors' interests see section 7.2 of this Scheme Booklet.

Question	Answer
What is the Independent Expert's conclusion?	The Independent Expert has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert reaches the same conclusion if the Constitutional Amendment is not approved, and the Special Dividend is not paid (i.e. Scheme Participants only receive the Scheme Consideration). The Independent Expert's Report is included in Annexure 1.
What vote is required at the Scheme Meeting to obtain Shareholder approval?	For the Scheme to obtain Shareholder approval at the Scheme Meeting, the Resolution will need to be approved by: • unless the Court orders otherwise, a majority in number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative); and • at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative), (together, the **Requisite Majorities**).
How does Mantra's largest Shareholder, Highland Park S.A. intend to vote?	Mantra's largest single shareholder, Highland Park S.A., which owns 11.94% of the issued Shares in Mantra (and 13.46% of Mantra's fully diluted share capital), has represented to Mantra that it will vote in favour of the Scheme, in the absence of a Superior Proposal.
What are my options?	Shareholders have the following options: • vote in favour of the Scheme; • vote against the Scheme; • sell their Shares; or • do nothing (although the Directors encourage you to exercise your vote).
Am I entitled to vote?	All Shareholders on the Register as at 5.00pm (AWST) on 18 May 2011 will be entitled to attend and vote at the Scheme Meeting. Shareholders on the Canadian register or who hold their Shares through a nominee on the Canadian register should refer to the more detailed voting information contained in Annexure 4 regarding how they can vote.
How do I vote?	Shareholders may vote by attending the Scheme Meeting in person, or by proxy, by attorney or, in the case of a corporation, by corporate representative.

Question	Answer
What are the reasons to vote in favour of the Scheme?	Further details of how to vote in each case are set out in the notes to the Notice of Scheme Meeting set out in Annexure 4. The reasons to vote in favour of the Scheme include: • Each of the Directors recommends that, in the absence of a Superior Proposal, Shareholders vote in favour of the Scheme. • The Independent Expert has concluded that the Scheme is in the best interests of Shareholders. • The Cash Payments of A$7.02 cash per Share represent a substantial premium to the unaffected market price of the Shares. • The Cash Payments of A$7.02 cash per Share represent an attractive premium based on comparable trading multiples per pound of uranium resource. • The Scheme has the support of Mantra's largest shareholder, Highland Park S.A., who has represented to Mantra that it will vote in favour of the Scheme in the absence of a Superior Proposal. • The Scheme Consideration is all cash and therefore provides certainty of value to Shareholders, removing the risks and uncertainties inherent in being a Shareholder of Mantra, particularly following the recent events in Fukushima, Japan. • Since the announcement on the ASX of the scheme on 15 December 2010, no Superior Proposal has emerged. • Mantra's Share price is likely to fall if the Scheme is not implemented, in the absence of an alternative proposal. • The Scheme provides Scheme Participants an opportunity to realise the value of their Shares without any brokerage or stamp duty being payable by Scheme Participants in relation to the Scheme.

Question	Answer
Are there any potential disadvantages of the Scheme?	The Mantra Board considers that the advantages of the Scheme outweigh its potential disadvantages. The potential disadvantages for Scheme Participants if the Scheme is implemented include: • You may hold a different view to the Directors and the Independent Expert in relation to the Scheme. • If the Scheme is implemented you will no longer be a Shareholder of Mantra and you will not participate in any potential benefits that may result from being a Shareholder of Mantra. • You may believe that there is potential for a Superior Proposal to be made in the future. The Directors are not presently aware of any Superior Proposal. • If the Scheme proceeds, there are likely to be tax consequences for Scheme Participants which may include tax payable on any gain on the disposal of Shares and receipt of the Special Dividend, and potential withholding tax on the Special Dividend.
What are the potential risks associated with Mantra if the Scheme is not implemented?	The risks associated with an investment in Mantra should the Scheme not be implemented include: • development and production risks; • uranium price risks; • capital cost risks; • project funding risks; • currency risks; • regulatory risks; • sovereign risks relating to Tanzania and Mozambique; and • key personnel risks. These risks will continue to be relevant to the Mantra business if the Scheme is not implemented. A full discussion of the risks associated with an investment in Mantra as a standalone company is set out in section 4.10.
Is the Scheme subject to any conditions?	Implementation of the Scheme is subject to a number of conditions that will need to be satisfied or waived before the Scheme can be implemented. The conditions of the Scheme are summarised in section 1.7 of this Scheme Booklet and the key terms of the Scheme Implementation Agreement are set out in section 8.

Question	Answer
How will the Scheme be implemented?	For the Scheme to be implemented, the Resolution must be approved at the Scheme Meeting by the Requisite Majorities of Shareholders. If the Scheme is approved by Shareholders at the Scheme Meeting and the conditions to the Scheme are satisfied or waived (see above), Mantra will seek approval of the Scheme from the Court.
Why does the Constitution need to be amended?	The Constitution currently states that the Board may only resolve to pay dividends out of Mantra's profits. In order to allow the payment of the Special Dividend, the Constitution must be amended to permit Mantra to pay dividends in accordance with section 254T of the Corporations Act.
How can the Constitution be amended?	To allow payment of the Special Dividend, the Constitution must be amended by Special Resolution of the Shareholders. The Special Resolution will be proposed at the EGM to be held at 1.00pm on the same day and at the same location as the Scheme Meeting (i.e. on 20 May 2011).
What happens if the Constitutional Amendment is not approved?	If the Scheme becomes Effective and the Constitutional Amendment is not approved, payment of the Special Dividend will not be possible and Scheme Participants will only receive the Scheme Consideration for each Share. In such circumstances, the Independent Expert still concludes that the Scheme is fair and in the best interests of Shareholders.
What happens if the Constitutional Amendment is approved but the Scheme does not become Effective?	If the Constitutional Amendment is approved and the Scheme does not proceed, then the Constitutional Amendment will remain in effect however, the Board will not declare the Special Dividend and it will not be paid.
How is the Special Dividend approved?	If the Constitutional Amendment is approved and the Court approves the Scheme at the Second Court Hearing, the Board will approve the payment of the Special Dividend subject to the Scheme becoming Effective.
What will be the Record Date for the Special Dividend?	The Record Date for the Special Dividend will be the same date as the Record Date under the Scheme.
Will I have to pay brokerage fees or stamp duty?	No brokerage or stamp duty will be payable by Scheme Participants in relation to the Scheme.

Question	Answer
Do I have to sign anything to transfer my Shares?	No. If the Scheme is approved, Mantra will have authority to sign a transfer on your behalf, and then the Scheme Consideration will be paid to you. However, you should be aware that under the terms of the Scheme, you are deemed to have warranted to ARMZ that: • all your Shares are fully paid and not encumbered; and • you have full power and capacity to sell your Shares.
When will I receive the Scheme Consideration?	If the Scheme is implemented, you should expect to receive the Scheme Consideration from ARMZ within five Business Days of the Implementation Date. The Implementation Date is expected to be 9 June 2011 (although this date may change).
When will I receive the Special Dividend	If the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will receive the Special Dividend from Mantra at the same time as the Scheme Consideration from ARMZ.
Is voting compulsory?	Voting is not compulsory, however, your vote is important. If you cannot attend the Scheme Meeting to be held at 2.00pm (AWST) on 20 May 2011, you can complete and return the proxy form enclosed with this Scheme Booklet. For further details regarding voting and submitting proxy forms for the Scheme Meeting, see the notes to the Notice of Scheme Meeting set out in Annexure 4. Details regarding voting on the Constitutional Amendment at the EGM are set out in the separate Notice of EGM sent to Shareholders.
What happens if I do not vote?	If you are a Shareholder on the Record Date and the Scheme has been approved by the Requisite Majorities at the Scheme Meeting and by the Court, your Shares will be transferred under the Scheme and you will receive the Scheme Consideration for your Shares and the Special Dividend. This is regardless of whether you voted at the Scheme Meeting. If the Scheme is not approved, you will remain a Shareholder. The Special Dividend will not be paid unless the Scheme becomes Effective and the Constitutional Amendment is approved.
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting are expected to be available immediately after the conclusion of the Scheme Meeting and will be announced to ASX and posted on SEDAR.
Can I sell my Shares now?	You can sell your Shares on market at any time before the close of trading on ASX or TSX (depending on which exchange your particular Shares trade on) on the Effective Date at the prevailing market price. The Effective Date is expected to be 30 May 2011 (although this date may change).

Question	Answer
What are the tax consequences of the Scheme for me?	Section 6 of this Scheme Booklet provides a description of the general tax implications of the Scheme for Australian and Canadian tax residents. You should consult with your own tax adviser regarding the consequences of the Scheme, in light of current tax laws and your particular investment circumstances.
Who will manage Mantra following implementation of the Scheme?	If the Scheme is implemented, Mantra will become a wholly-owned subsidiary of ARMZ and ARMZ will cause ARMZ representatives to fill a majority of positions on the Mantra board. See section 5.4(c) for further details.
What happens if the Scheme is not approved or does not otherwise proceed?	If the Scheme is not approved by the Requisite Majorities of Shareholders at the Scheme Meeting, or by the Court, or is not implemented for some other reason: • Shareholders will retain their Shares and will not receive the Scheme Consideration or the Special Dividend; • Mantra will continue to operate as a standalone company listed on ASX and TSX. In that scenario, Shareholders are exposed to a number of business risks that are summarised in section 4.10 of this Scheme Booklet; and • Mantra's Share price is likely to fall if the Scheme is not approved, in the absence of an alternative proposal.
What happens if a Superior Proposal for Mantra emerges?	If a Superior Proposal for Mantra emerges, the Directors will carefully consider the offer in accordance with their fiduciary obligations. The Directors are not presently aware of any Superior Proposal.
Where can I get further information?	Shareholders can contact the Shareholder Information Line for further information on 1300 135 438 (from within Australia) or on +61 3 9415 4350 (from outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday.

1. Summary of the Scheme

1.1 Overview

The Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act which, if implemented, will result in all Shares held by Scheme Participants being transferred to ARMZ in exchange for the Scheme Consideration of A$6.87 cash per Share. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive a Special Dividend of A$0.15 for each Share held on the Record Date.

Mantra will then become a wholly-owned subsidiary of ARMZ and will be delisted from ASX and TSX.

1.2 How will the acquisition of Mantra be effected?

The transaction will be effected by a scheme of arrangement under Part 5.1 of the Corporations Act which, if implemented, will result in all Shares held by Scheme Participants being transferred to ARMZ in exchange for the Scheme Consideration. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive a Special Dividend of A$0.15 for each Share held on the Record Date.

1.3 Shareholder approval of the Scheme

Shareholders will be asked to approve the Scheme at the Scheme Meeting to be held at 2.00pm (AWST) on 20 May 2011 at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia.

Each Shareholder who is registered on the Register at 5.00pm (AWST) on 18 May 2011 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by way of a poll.

For the Scheme to be approved, it must be approved by the Requisite Majorities of Shareholders at the Scheme Meeting.

If the Requisite Majorities of the Shareholders vote in favour of the Scheme, and all other conditions of the Scheme have been satisfied, the Court will be asked to approve the Scheme at the Second Court Hearing.

1.4 Amendment of Constitution

In order to allow Mantra to pay the Special Dividend to Shareholders, the Constitutional Amendment must be approved. An EGM will be held prior to the Scheme Meeting (at 1.00pm on 20 May 2011) to consider and, if thought fit, approve, the Constitutional Amendment. If the Constitutional Amendment is not approved, Mantra will not be able to pay the Special Dividend.

1.5 Cash Payments

If the Scheme is implemented, Scheme Participants will receive:

- A$6.87 per Share from ARMZ as consideration for the transfer of their Shares (**Scheme Consideration**); and
- provided that the Constitutional Amendment is approved at the EGM, an unfranked dividend of A$0.15 from Mantra for each Share held on the Record Date (**Special Dividend**),

(together, the **Cash Payments**).

If the Scheme is implemented, Scheme Participants will receive the Scheme Consideration and, provided the Constitutional Amendment is approved, the Special Dividend within five Business Days of the Implementation Date.

The Cash Payments represent a premium of[2]:

(a) 32.7% to the closing price the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

(b) 14.4% to the volume weighted average price between 11 March 2011, being the date the natural disasters occurred in Japan, and the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

(c) 6.3% to the 30 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010; and

(d) 16.7% to the 60 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010.

ARMZ has executed the Deed Poll pursuant to which ARMZ has agreed, subject to the Scheme becoming Effective, to procure that each Scheme Participant be provided with the relevant Scheme Consideration to which it is entitled under the Scheme. A copy of the Deed Poll is attached as 0 of this Scheme Booklet.

1.6 Warranty by Scheme Participants

Shareholders' attention is drawn to the warranties that Scheme Participants will be deemed to have given, if the Scheme takes effect, in clause 5.10 of the Scheme (which is set out in Annexure 3).

1.7 Conditions of the Scheme

The outstanding conditions of the Scheme are summarised as follows:

(a) the Scheme being approved by the Requisite Majorities of Shareholders at the Scheme Meeting;

(b) the Court approving the Scheme at the Second Court Hearing;

(c) approval required in the United Republic of Tanzania under the Mining Act 2010 for the transfer of the Shares to ARMZ;

(d) there being no action or restraint by any Government Agency restricting the acquisition of Mantra by ARMZ or requiring ARMZ to divest any assets it acquires from Mantra;

(e) no untrue statements being made by Mantra to ASX, TSX, or ASIC;

(f) the representations and warranties of Mantra as set out in the Scheme Implementation Agreement remaining true and correct in all material respects;

[2] 30 day volume weighted average price calculated on data between 03/11/2010 and 14/12/2010, 60 day volume weighted average price calculated on data between 22/09/2010 and 14/12/2010, volume weighted average price between the date the natural disasters occurred in Japan and the day prior to the announcement of the revised Scheme calculated on data between 14/03/2011 and 18/03/2011 and closing price on the day prior to the announcement of the revised Scheme calculated at 18/03/2011. Data taken from ASX trading only and does not include trading data from the TSX. Source: Bloomberg.

(g) no Prescribed Event (as defined in the Scheme Implementation Agreement) occurring by 8.00am on the Second Court Hearing Date; and

(h) the Scheme Implementation Agreement not being terminated by 8.00am on the Second Court Hearing Date.

The conditions to obtain FIRB approval and the approval required in the United Republic of Tanzania under the Fair Competition Act 2003 for the transfer of the Shares to ARMZ have been satisfied (see section 7.5 for further details).

Mantra Tanzania Limited (a wholly owned subsidiary of Mantra) applied for approval under the Mining Act 2010 for the transfer of all the issued Shares to ARMZ under the Scheme on 2 February 2011.

There are no outstanding approvals, relief, exemptions or modifications from ASIC or approvals, waivers or consents from ASX in relation to the implementation of the Scheme.

1.8 Treatment of Options and Performance Rights

(a) **Options**

ARMZ made offers to the holders of all outstanding Options to acquire those Options, subject to the Scheme becoming Effective, for a price equal to the Cash Payments less the exercise price of the relevant Options.

Certain of the Directors have interests in the Options that will be acquired by ARMZ if the Scheme becomes Effective (see section 7.2 for further details).

(b) **Performance Rights**

In accordance with the terms of the Performance Rights (as approved by Shareholders at a general meeting on 16 June 2010), the Performance Rights will automatically vest upon Court approval of the Scheme at the Second Court Hearing.

If the Court approves the Scheme at the Second Court Hearing, Mantra will ensure that all Shares to be issued in respect of the Performance Rights will be issued before the Record Date, so that they will be acquired by ARMZ on the Implementation Date.

One tranche of the Performance Rights has a $5.50 exercise price. The holder of these Performance Rights has agreed to sell these Performance Rights to ARMZ for a price equal to the Cash Payments less the $5.50 exercise price.

1.9 Timing

Important dates are set out on page (iii) of this Scheme Booklet.

1.10 Taxation

The transfer of your Shares and receipt of the Scheme Consideration under the Scheme may be a taxable transaction to you and tax may be withheld on the Special Dividend. You should seek your own professional advice regarding the individual tax consequences applicable to you.

Section 6 of this Scheme Booklet contains further information on the general tax implications of the Scheme.

1.11 No fees payable

The Scheme provides Scheme Participants an opportunity to realise the value of their Shares without any brokerage or stamp duty being payable by Scheme Participants in relation to the transfer of Shares pursuant to the Scheme.

1.12 Further information

If you have any questions or require further information, please contact the Shareholder Information Line on 1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday.

2. Directors' Recommendation and Matters Relevant to Your Vote on the Scheme

2.1 Directors' recommendation

Each of the Directors recommends that, in the absence of a Superior Proposal, Shareholders vote in favour of the Scheme.

The Directors believe that the Scheme is in the best interests of Shareholders and that the reasons for Shareholders to vote in favour of the Scheme outweigh the reasons to vote against the Scheme, in the absence of a Superior Proposal. These reasons and other relevant considerations are set out in section 2.3 below.

The Scheme has a number of advantages and disadvantages which may affect Shareholders in different ways depending on their individual circumstances. In considering whether to vote in favour of the Scheme, the Directors encourage you to read this Scheme Booklet in full, including the Independent Expert's Report, and to seek advice from your legal, financial or other professional adviser regarding your particular circumstances, as appropriate.

2.2 Voting intentions of Directors

Each Director of Mantra intends to vote in favour of the Scheme with respect to any Shares they hold or control in the absence of a Superior Proposal.

The interests of Directors are disclosed in section 7.2 of this Scheme Booklet.

2.3 Reasons to vote in favour of the Scheme

(a) **Your Board of Directors unanimously recommend that you vote in favour of the Scheme**

The Directors have each concluded that the Scheme is in the best interests of Shareholders and unanimously recommend that Shareholders vote in favour of the Scheme (in the absence of a Superior Proposal).

(b) **Conclusion of the Independent Expert**

The Independent Expert has concluded that the Scheme is in the best interests of Shareholders.

The Independent Expert has assessed a value for Mantra of between $5.90 and $7.47 per Share. This reflects the estimated full underlying value of Mantra including a premium for control. As the Cash Payments are A$7.02 cash per Share, the Independent Expert has concluded that the Scheme is in the best interests of the Shareholders.

The Independent Expert has considered a number of factors in assessing the Scheme, including:

(i) how the value of a Share compares to the Cash Payments for each Share;

(ii) the likelihood of a Superior Proposal being available to Mantra;

(iii) other factors which the Independent Expert considers relevant to Shareholders in their assessment of the Scheme; and

(iv) the position of Shareholders should the Scheme not proceed.

Based on its consideration of these and other factors, the Independent Expert has concluded that the Scheme is in the best interests of Shareholders. The Independent Expert reaches the same conclusion if the Constitutional Amendment is not approved, and the Special Dividend is not paid (i.e. Scheme Participants only receive the Scheme Consideration).

Annexure 1 of this Scheme Booklet contains a complete copy of the Independent Expert's Report. The Directors encourage you to read the Independent Expert's Report in its entirety.

(c) **Premium to the unaffected price of the Shares – pre and post Japanese events**

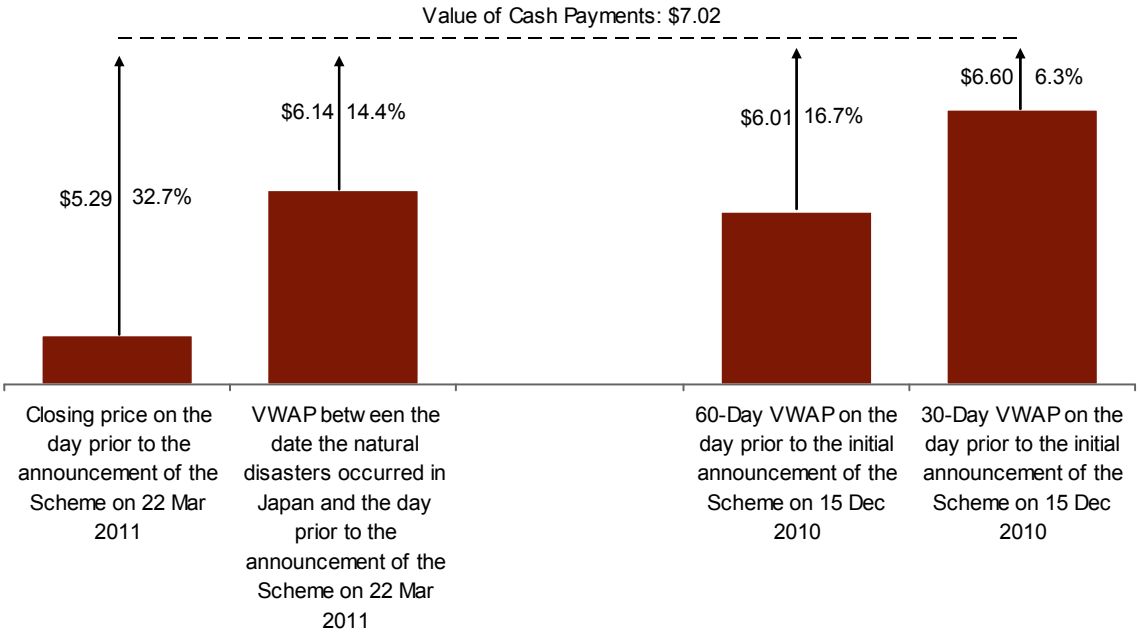
The Cash Payments enable Shareholders to realise immediate value for their Shares and reflects the size, strategic nature and near-term development potential of the Mkuju River Project uranium deposit. The Cash Payments of A$7.02 cash per Share represent a premium of[3]:

(i) 32.7% to the closing price the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

(ii) 14.4% to the volume weighted average price between 11 March 2011, being the date the natural disasters occurred in Japan, and the day prior to the announcement on the ASX of the revised Scheme on 22 March 2011;

(iii) 6.3% to the 30 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010; and

(iv) 16.7% to the 60 day volume weighted average price as at the close of trading on the day prior to the initial announcement on the ASX of the scheme on 15 December 2010.

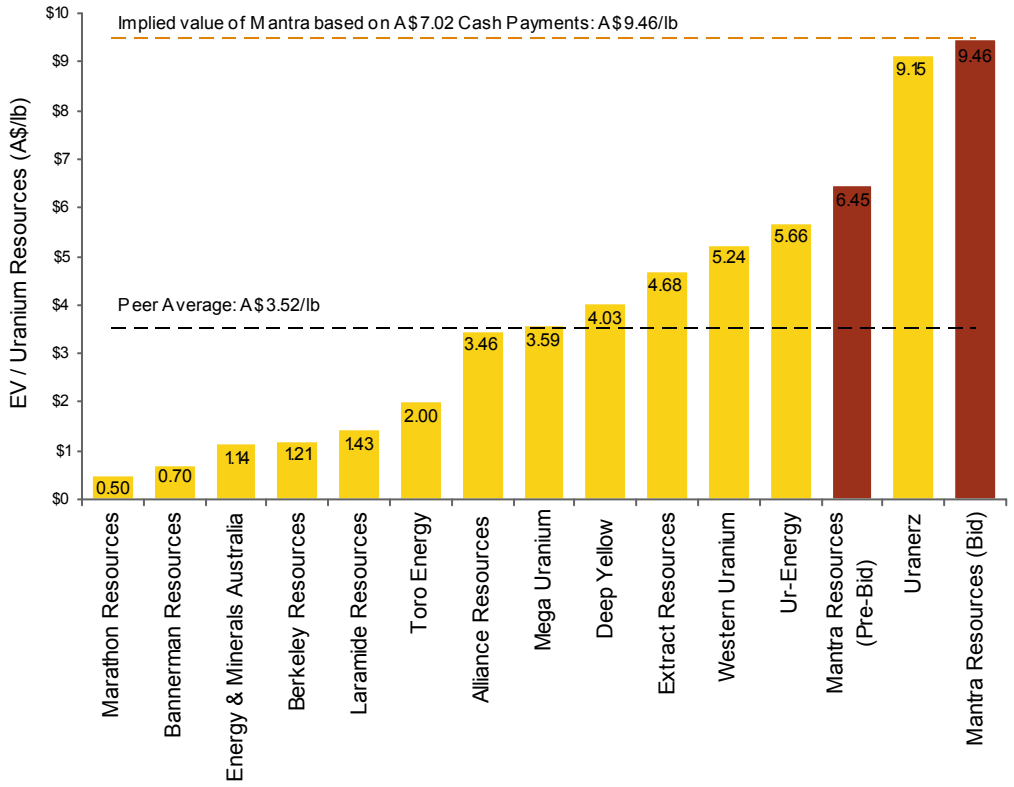


Source: Bloomberg

[3] 30 day volume weighted average price calculated on data between 03/11/2010 and 14/12/2010, 60 day volume weighted average price calculated on data between 22/09/2010 and 14/12/2010, volume weighted average price between the date the natural disasters occurred in Japan and the day prior to the announcement of the revised Scheme calculated on data between 14/03/2011 and 18/03/2011 and closing price on the day prior to the announcement of the revised Scheme calculated at 18/03/2011. Data taken from ASX trading only and does not include trading data from the TSX. Source: Bloomberg.

(d) **Premium based on comparable trading multiples per pound of uranium resource**[4]

As demonstrated below, the Cash Payments value Mantra at A$9.46 per pound of uranium resource, which represents an attractive premium to the value of most other substantial uranium developers based on comparable trading multiples per pound of uranium resource.



Source: Bloomberg. Price data as at market close 18/03/11

(e) **Support of largest Shareholder**

Mantra's largest single shareholder, Highland Park S.A., which owns 11.94% of the issued Shares in Mantra (and 13.46% of Mantra's fully diluted share capital), has represented to Mantra that it will vote in favour of the Scheme, in the absence of a Superior Proposal.

Furthermore, Highland Park S.A. has agreed not to sell, assign, grant any option over, create an encumbrance over, create an economic interest in or enter into any agreement, arrangement or understanding with any person which would otherwise give them a relevant interest in its Shares or the shares underlying its Options or otherwise dispose of or deal in its Shares or Options up until close of trading on the day on which the Scheme becomes Effective.

(f) **Certainty of value**

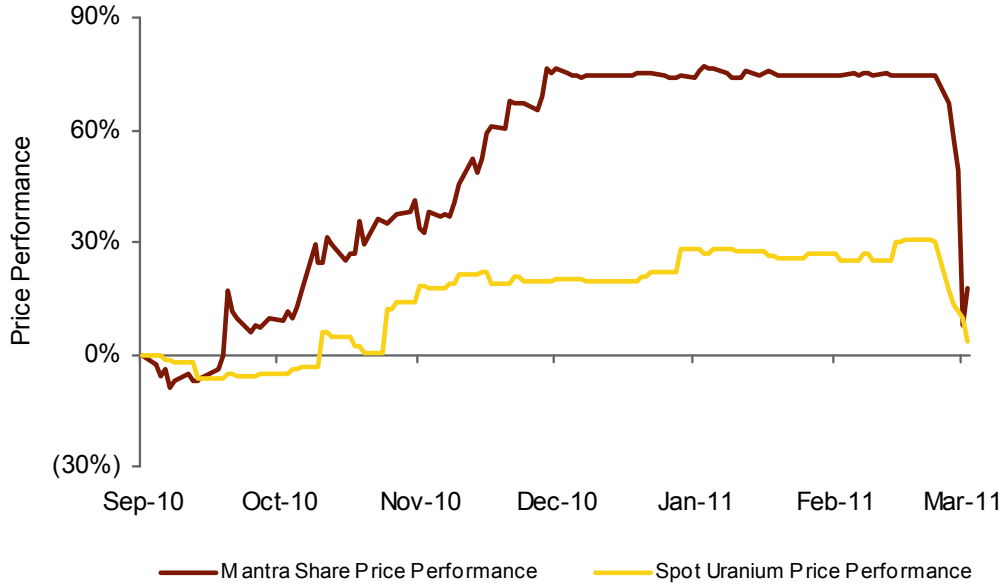
The cash nature of the Scheme Consideration and Special Dividend will provide certainty of value to Mantra Shareholders and allows Shareholders to realise immediate value which reflects the size, strategic nature and near-term development potential of the Mkuju River

[4] Enterprise value and resource data for Mantra and each comparable company calculated on 18/03/2010. Implied value of Cash Payment per pound of uranium resource calculated on 30/03/2011.
Source: Bloomberg, company reports

Project while allowing Shareholders to avoid the ongoing business risks associated with an investment in Mantra, particularly following the recent events in Fukushima, Japan.

If the Scheme is not approved, Mantra will continue to operate as a standalone company. In that scenario, Shareholders are exposed to:

(i) fluctuations in the uranium price. As demonstrated by the chart below, Mantra's Share price increased over the six months preceding the disaster in Japan (broadly in line with the appreciation in the spot uranium price over this time). However, following the disaster in Japan, both the Mantra Share price and the uranium spot price suffered a material decline. Any decrease in the spot price of uranium could cause Mantra's Share price to fall;



Source: Bloomberg

(ii) other ongoing business risks inherent in the ownership of Mantra (which are set out in further detail in section 4.10 of this Scheme Booklet);

(iii) general economic conditions;

(iv) exchange rate fluctuations; and

(v) interest rates and the cost of financing the development of Mantra's projects, including the Mkuju River Project.

Any one of the risks mentioned above could have an adverse impact on Mantra.

(g) **No Superior Proposal has emerged**

Since the initial announcement on the ASX of the scheme on 15 December 2010, and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Board is not aware of any Superior Proposal that is likely to emerge.

(h) **If the Scheme is not implemented, the Share price is likely to fall**

The Directors believe that if the Scheme is not implemented and ARMZ withdraws its offer, and no alternative proposal emerges, Mantra's Share price is likely to fall.

(i) **No brokerage or stamp duty**

The Scheme provides Scheme Participants an opportunity to realise the value of their Shares without any brokerage or stamp duty being payable by Scheme Participants in relation to the Scheme.

2.4 Potential disadvantages of the Scheme

Although the Scheme is recommended by each of your Directors (in the absence of a Superior Proposal), the Scheme has a number of potential disadvantages and risks that Shareholders should consider in deciding whether or not to vote in favour of the Scheme. A summary of the potential disadvantages associated with the Scheme is as follows:

(a) **The Scheme**

You may hold a different view to the Directors and the Independent Expert in relation to the Scheme.

(b) **Scheme Participants will cease to have any interest in Mantra**

If the Scheme is implemented, Scheme Participants will transfer their Shares to ARMZ in return for the Scheme Consideration of A$6.87 cash per Share. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive the Special Dividend of A$0.15 per Share.

Consequently, Scheme Participants will not receive any potential future dividends or participate in any future growth opportunities for Mantra.

No dividends on the Shares have been paid by Mantra to date and the Special Dividend will not be paid if the Scheme does not become Effective. If the Scheme does not proceed, Mantra anticipates that for at least the next three to five years it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including Mantra's financial condition and current and anticipated cash needs.

There is no guarantee of future dividends or growth in earnings due to operational, financial and external risks associated with (amongst other things) Mantra's existing operations, commodity prices, currency exchange fluctuation and the political environment in Tanzania.

For further details regarding Mantra's ongoing business risks as an independent company, see section 4.10 of this Scheme Booklet.

(c) **Possibility of a Superior Proposal emerging**

If the Scheme does not proceed, it is possible that an alternative acquirer or merger partner could emerge that offers greater value for Shareholders than would be realised under the Scheme. The Directors are not presently aware of a Superior Proposal.

(d) **Tax consequences for Scheme Participants**

If the Scheme proceeds, there are likely to be tax consequences for Scheme Participants which may include tax payable on any gain on the disposal of Shares and tax may be withheld on the Special Dividend. Further information on the relevant tax consequences for Australian and Canadian tax residents is included in section 6 of this Scheme Booklet. Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.

3. Effect of the Scheme

3.1 Overall effect of the Scheme

On 15 December 2010, Mantra and ARMZ entered into a Scheme Implementation Agreement under which it was proposed that ARMZ would acquire all of the issued Shares in Mantra by way of scheme of arrangement. On 11 March 2011, there was a major earthquake and tsunami affecting Japan. Damage caused by the earthquake and tsunami has led to a series of serious incidents at the Fukushima Nuclear Power Station in Japan, which has had particularly material consequences on the uranium industry. On 17 March 2011, Mantra announced on the ASX that ARMZ considered that a condition precedent to the Scheme Implementation Agreement relating to material adverse change was not capable of satisfaction. ARMZ indicated, however, that it was willing to explore how the transaction could proceed by way of an alternative approach. Following this, Mantra and ARMZ entered into good faith negotiations with a view to determining whether the transaction could proceed by way of an alternative approach.

On 22 March 2011, Mantra announced on the ASX that, after considering all of the available options, and advice received from its financial and legal advisers, it had agreed with ARMZ to amend the Scheme Implementation Agreement. The amended Scheme Implementation Agreement provides for ARMZ to acquire all of the issued share capital in Mantra for A$6.87 per share under the Scheme, permits Mantra to pay an unfranked special dividend to Scheme Participants and is not subject to a material adverse change condition. Copies of the Scheme Implementation Agreement and the First Deed of Amendment and the Second Deed of Amendment were attached to Mantra's ASX release dated 22 March 2011. A summary of the key terms of the Scheme Implementation Agreement (as amended) is set out in section 8.

If the Scheme is implemented, all Scheme Participants will be paid the Scheme Consideration of A$6.87 cash per Share and Mantra will become a wholly-owned subsidiary of ARMZ. In addition, if the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive the Special Dividend of A$0.15 per Share.

3.2 Scheme Meeting and EGM

On or about the date of this Scheme Booklet, the Court ordered that the Scheme Meeting be convened on 20 May 2011 in accordance with the Notice of Scheme Meeting and appointed Ian Middlemas to chair the Scheme Meeting. The Notice of Scheme Meeting is in Annexure 4 of this Scheme Booklet.

Each Shareholder who is registered on the Register at 5.00pm (AWST) on 18 May 2011 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by way of a poll.

To be approved under section 411(4)(b) of the Corporations Act, the Resolution in favour of the Scheme must be approved at the Scheme Meeting by the Requisite Majorities of Shareholders.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out in the notes to the Notice of Scheme Meeting in Annexure 4 of this Scheme Booklet.

It is noted that the extraordinary general meeting of Shareholders to consider and if thought fit approve the proposed Constitutional Amendment will be held one hour before the Scheme meeting (i.e. at 1:00pm on 20 May 2011).

3.3 Court approval of the Scheme

In the event that the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting and all conditions of the Scheme have been satisfied or waived (if they are capable of being waived), Mantra will apply to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme at the Second Court Hearing.

The proposed date for the Second Court Hearing is Wednesday, 25 May 2011. Each Shareholder has the right to appear at the Second Court Hearing.

3.4 Effective Date

The Scheme will become Effective on the date that a copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC (**Effective Date**). Mantra will give notice to ASX upon the Scheme becoming Effective. The Effective Date is expected to be Monday, 30 May 2011.

If the Scheme becomes Effective, Mantra intends to apply to ASX and TSX for the Shares to be suspended from official quotation on ASX and TSX, respectively, from close of trading on the Effective Date.

3.5 What happens if the Scheme becomes Effective?

If the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting and is subsequently approved by the Court and becomes Effective:

(a) ARMZ will deposit the aggregate Scheme Consideration into a bank account established by Mantra for the purpose of holding those funds on trust for the Scheme Participants on the Business Day before the Implementation Date;

(b) If the Constitutional Amendment is approved, after the Second Court Hearing, the Board will approve the payment of the Special Dividend subject to the Scheme becoming Effective;

(c) ARMZ will procure the payment of the Scheme Consideration by Mantra to the Scheme Participants as soon as practicable after the Implementation Date and, in any event, no later than five Business Days after the Implementation Date;

(d) Mantra will pay the Special Dividend to the Scheme Participants as soon as practicable after the Implementation Date and, in any event, no later than five Business Days after the Implementation Date;

(e) On and from the Implementation Date, Mantra will become a wholly-owned subsidiary of ARMZ;

(f) After the Implementation Date, Mantra will apply:

  (i) for termination of the official quotation of its Shares on ASX and TSX;

  (ii) to be removed from the official list of ASX and from being listed and posted for trading on TSX (if not removed by TSX prior to such time - it is expected that TSX will delist Mantra on or immediately following the Implementation Date without further action by ARMZ or Mantra); and

  (iii) to cease to be a reporting issuer for the purposes of Canadian securities law.

3.6 Record Date and entitlement to the Cash Payments

If the Scheme becomes Effective and the Constitutional Amendment is approved, those Shareholders on the Register on the Record Date will become entitled to receive the Scheme Consideration and the Special Dividend in respect of the Shares they hold at that time (in this Scheme Booklet, those Shareholders are referred to as 'Scheme Participants'). The Record Date is expected to be 7.00pm (AWST) on Monday, 6 June 2011.

For the purposes of determining the entitlement to Cash Payments, Mantra will, until the Scheme Consideration has been provided, maintain the Register, subject to the comments in section 3.6(a) of this Scheme Booklet, in its form as at the Record Date. The Register in this form will solely determine entitlements to Scheme Consideration and the Special Dividend. Dealings in Shares after the Scheme becomes Effective will be treated as follows.

(a) **Dealings on or prior to the Record Date**

For the purposes of calculating entitlements under the Scheme, any dealing in Shares will only be recognised if:

(i) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant Shares at or before the Record Date; and

(ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry at or before the Record Date.

(b) **Dealings after the Record Date**

Mantra will neither accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Shares received after the Record Date.

From the Record Date, all holding statements for Shares will cease to have effect as documents of title, and each entry on the Register at the Record Date will cease to have any effect, other than as evidence of the entitlements of Scheme Participants to the Cash Payments.

3.7 Implementation Date

The Implementation Date is the third Business Day after the Record Date. ARMZ will deposit the aggregate Scheme Consideration into a bank account established by Mantra for the purpose of holding those funds on trust for the Scheme Participants on the Business Day before the Implementation Date.

Upon implementation of the Scheme and as soon as practicable after the Implementation Date and, in any event, no later than five Business Days after the Implementation Date:

(a) ARMZ will procure the payment of the Scheme Consideration by Mantra to the Scheme Participants; and

(b) provided the Constitutional Amendment is approved, Mantra will pay the Special Dividend to the Scheme Participants.

3.8 Deed Poll

ARMZ has executed the Deed Poll pursuant to which ARMZ has agreed, subject to the Scheme becoming Effective, to procure that Mantra provide each Scheme Participant with the relevant Scheme Consideration to which it is entitled under the Scheme.

A copy of the Deed Poll is in 0 of this Scheme Booklet.

3.9 What happens if the Scheme does not proceed?

If the Scheme is not approved by the Requisite Majorities of Shareholders at the Scheme Meeting, or by the Court, or does not proceed for some other reason:

(a) Shareholders will retain their Shares and will not receive the Scheme Consideration or the Special Dividend;

(b) Mantra will continue to operate as a standalone company listed on ASX and TSX (in that scenario, Shareholders are exposed to a number of business risks that are summarised in section 4.10 of this Scheme Booklet); and

(c) Mantra's Share price is likely to fall in the absence of an alternative proposal.

If the Constitutional Amendment is approved and the Scheme does not proceed, then the Constitutional Amendment will remain in effect, however, the Board will not declare the Special Dividend and it will not be paid. No dividends on the Shares have been paid by Mantra to date. If the Scheme does not proceed, Mantra anticipates that for at least the next three to five years it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including Mantra's financial condition and current and anticipated cash needs.

4. Information on Mantra

4.1 Background

Mantra is a mineral exploration and development company focussed on uranium in eastern Africa. Mantra was incorporated in Australia on 30 September 2005.

Mantra completed an initial public offering on 27 September 2006 and its Shares commenced trading on ASX under the symbol "MRU" on 9 October 2006. The Shares were listed and posted for trading on TSX under the symbol "MRL" on 19 November 2009.

4.2 Directors

The current directors of Mantra are:

- Mr Ian Middlemas – appointed 30 September 2005;
- Mr Robert Behets – appointed 7 November 2005;
- Mr Colin Steyn – appointed 19 March 2008;
- Mr Peter Breese – appointed 25 January 2010;
- Mr Ted Mayers – appointed 3 September 2010; and
- Mr William Smart (alternate for Mr Colin Steyn) – appointed 16 June 2010.

4.3 Overview of operations

Mantra is a mineral exploration and development company whose principal objective is to become a significant uranium producer in the short to medium term.

Mantra has direct and joint venture interests in a portfolio of uranium exploration tenements in Tanzania and Mozambique. Mantra's principal asset is its wholly owned Mkuju River Project. The Mkuju River Project is located in southern Tanzania, some 470km southwest of Dar es Salaam and contains Measured and Indicated Mineral Resources of 65.5 million pounds of U_3O_8 and Inferred Mineral Resources of 35.9 million pounds of U_3O_8.

Mantra's work program at the Mkuju River Project is aimed at advancing the exploration, appraisal and potential development of the widespread 'Karoo' sandstone-hosted uranium mineralisation identified within the Mkuju River Project area. Exploration and drilling undertaken to date has confirmed the presence of widespread surface uranium mineralisation and multiple stacked mineralised horizons at shallow depths at the Nyota Prospect.

Figure 1: Mkuju River Project - Location Map

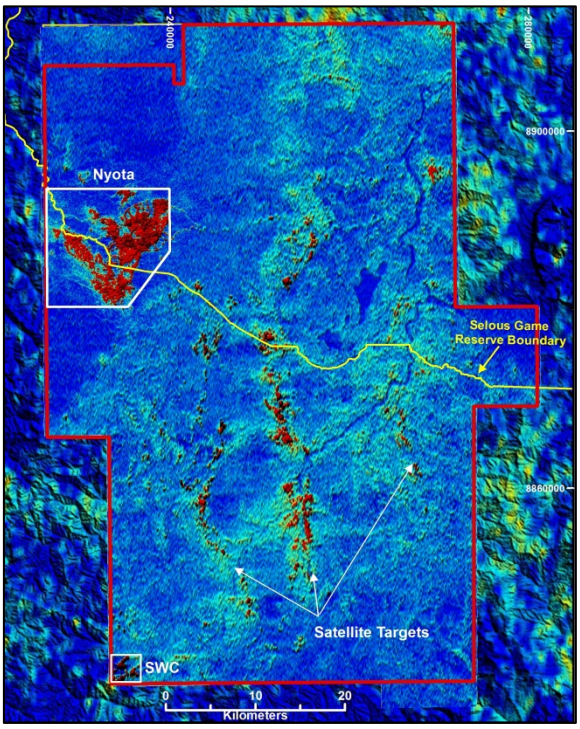


Figure 2: Mkuju River Project – Airborne Radiometric Image and Prospect Locations

4.4 Mkuju River Project

Mantra began exploration on the Mkuju River Project in late 2006. Mantra's ongoing exploration work at the Nyota Prospect (which is part of the Mkuju River Project) has included geological mapping, radiometric traversing, trenching, aircore drilling, open-hole drilling, reverse circulation drilling and diamond drilling.

The results of a Pre-Feasibility Study (**PFS**) completed in March 2010 on the Mkuju River Project confirmed its technical and economic viability and its capacity to operate with strong cash margins. Using an earlier Mineral Resource Estimate (**MRE**) which comprised 28.5 million pounds of U_3O_8 classified into the Indicated Resource category, plus Inferred Resources of 55.8 million pounds of U_3O_8, the PFS demonstrated that the Mkuju River Project can support an average annual production of 3.7 million pounds U_3O_8 over a minimum twelve year mine life.

In November 2010, Mantra announced an updated MRE for the Nyota Prospect. The updated MRE comprises Measured and Indicated Resources of 67.7 million tonnes averaging 439 ppm for 65.5 million pounds of U_3O_8, plus Inferred Resources of 41.2 million tonnes averaging 395 ppm for 35.9 million pounds of U_3O_8 at a lower cut-off grade of 200 ppm U_3O_8.

The updated MRE included the results of the 2010 infill and extension drilling program and incorporates new data from a total of approximately 1,740 aircore/open-hole drill holes for 107,500 metres and 71 diamond drill holes for 4,660 metres.

Mkuju River Project - Nyota Prospect Mineral Resource Estimate as at 15 November 2010 Reported at a Lower Cut-off Grade of 200 ppm U_3O_8			
	Tonnage (million tonnes)	**Grade (U_3O_8 ppm)**	**Contained U_3O_8 (million pounds)**
Measured Resource	40.9	442	39.9
Indicated Resource	26.8	433	25.6
Total Measured & Indicated	**67.7**	**439**	**65.5**
Inferred Resource	41.2	395	35.9

The updated MRE represents a 20% increase from the earlier statement (84.3 Mlbs), with the Measured and Indicated Resources now totalling 65.5 Mlbs U_3O_8 or 65% of the MRE. The majority of the MRE is within 60 metres of surface.

Following the completion of the PFS, Mantra commenced the Phase 1 Definitive Feasibility Study (**DFS**) on the Mkuju River Project in early March 2010 and intends to appoint DRA Mineral Projects (**DRA**) as the Engineering, Procurement, Construction and Management Contractors.

Mantra has also commenced a second PFS on heap leaching lower grade mined ore for the Mkuju River Project's next phase of growth. This PFS will include further resource modelling and detailed leaching testwork to allow grade/recovery relationships to be investigated and the minimum cut-off grade for economic treatment of the Nyota Prospect to be determined.

The information concerning Mantra's exploration results and MRE set out in sections 4.3 and 4.4 is based on information prepared by persons who are:

- Competent Persons in accordance with the JORC Code; and
- Qualified Persons under NI 43-101.

The qualifications of these persons are set out in section 7.8.

4.5 Capital structure and ownership

(a) **Capital Structure**

The capital structure of Mantra as at 31 March 2011 is as follows:

Number of Shares	135,326,194
Number of Options	6,839,919
Number of Performance Rights	2,573,154

(b) **Twenty Largest Shareholders**

The names of the 20 largest Shareholders as at 31 March 2011 are listed below:

Name	Number of Shares	% of Issued Shares
Canadian Register Control	42,109,300	31.12%
Highland Park SA	16,080,649	11.88%
JP Morgan Nominees Australia Limited <Cash Income A/C>	15,949,808	11.79%
HSBC Custody Nominees (Australia) Limited	15,373,312	11.36%
JP Morgan Nominees Australia Limited	9,148,550	6.76%
HSBC Custody Nominees (Australia) Limited - A/C 3	5,380,584	3.98%
HSBC Custody Nominees (Australia) Limited-Gsco Eca	4,425,145	3.27%
HSBC Custody Nominees (Australia) Limited - A/C 2	3,739,849	2.76%
Citicorp Nominees Pty Limited	2,693,258	1.99%
National Nominees Limited	2,502,966	1.85%
Mr Robert Arthur Behets + Mrs Kristina Jane Behets <Behets Family A/C>	1,671,915	1.24%
Arredo Pty Ltd	1,640,000	1.21%
Penson Australia Nominees Pty Ltd <Argonaut Account>	1,489,169	1.10%
Invia Custodian Pty Limited <M3788965b A/C>	1,260,000	0.93%
Colbern Fiduciary Nominees Pty Ltd	952,976	0.70%
Mountainside Investments Pty Ltd <The Oasis Super Fund A/C>	809,901	0.60%
Bouchi Pty Ltd	756,042	0.56%
Merrill Lynch (Australia) Nominees Pty Ltd	742,804	0.55%
Societe Generale (Canada Branch)	475,000	0.35%
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	419,716	0.31%
Total Top 20	**127,620,944**	**94.31%**
Others	7,705,250	5.69%
Total Ordinary Securities on Issue	**135,326,194**	**100.00%**

(c) **Substantial Shareholders**

The substantial Shareholders listed in Mantra's Register as at 31 March 2011 are listed below:

Shareholder	Number of Shares	% of Issued Shares
Highland Park SA (1)	16,162,915	11.94%
Deans Knight Capital Management Ltd	11,458,294	8.46%
Haywood Securities Inc	7,283,648	5.38%
Totals	**34,904,857**	**25.79%**

Note:
(1) 16,080,649 of the Shares are held as of record by Highland Park S.A. and 82,266 of the Shares are held as of record by JP Morgan Nominees.

4.6 Recent Share price performance

During the three months prior to the date of this Scheme Booklet, the maximum price of Shares on the ASX has been $8.03 on 19 January 2011 and the lowest price has been $4.27 on 17 March 2011.

The closing price of Shares on 12 April 2011, that being the day immediately prior to the date of this Scheme Booklet, was $6.66.

4.7 Litigation

To the best of the Mantra Directors' knowledge, there is no material current, threatened or impending litigation against Mantra.

4.8 Financial information

All financial information presented below complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), and also complies with International Financial Reporting Standards (IFRS). The financial information contained in this section has been presented in abbreviated form and does not contain all the disclosures usually provided in an annual financial report or a half year financial report prepared in accordance with the Corporations Act.

	Six Months Ended 31 December 2010	Year ended 30 June	
	2010 (Unaudited) A$	2010 Audited A$	2009 Audited A$
Revenue	**1,731,215**	**2,045,885**	**1,551,777**
Other Income	-	1,591,866	-
Corporate and administration costs	(3,093,992)	(2,950,419)	(2,194,993)
Exploration and evaluation costs	(25,175,281)	(30,099,715)	(21,633,321)
Business development costs	-	-	(65,900)
Other costs	(497,318)	(783,169)	(31,593)
Impairment of exploration and evaluation assets	-	-	(7,759,787)
Loss before income tax	**(27,035,376)**	**(30,195,553)**	**(30,133,817)**
Income tax expense	-	-	-
Loss for the period	**(27,035,376)**	**(30,195,553)**	**(30,133,817)**
Other comprehensive income			
Exchange differences arising on translation of foreign operations	(423,925)	(106,751)	189,332
Gain/(loss) on available-for-sale investments taken to equity	161,541	(1,028,223)	-
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive (loss) for the period	(262,384)	(1,134,974)	189,332
Total comprehensive (loss) for the period	**(27,297,760)**	**(31,330,527)**	**(29,944,485)**
Total comprehensive (loss) attributable to members of the parent	**(27,297,760)**	**(31,330,527)**	**(29,944,485)**
Earnings per share			
Weighted average number of shares	130,316,688	117,583,054	81,754,911
Basic loss per share (cents per share)	(20.75)	(25.68)	(36.86)
Diluted loss per share (cents per share)	(20.75)	(25.68)	(36.86)

The above Condensed Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the Company's 30 June 2010 Annual Financial Report, and 31 December 2010 Half-Year Financial Report.

	31 December 2010 Unaudited A$	30 June 2010 Audited A$	30 June 2009 Audited A$
ASSETS			
Current Assets			
Cash and cash equivalents	58,102,005	78,693,938	26,116,132
Trade and other receivables	2,031,608	1,545,462	498,074
Other assets	162,881	510,405	74,424
Other financial assets	-	-	202,362
Total Current Assets	**60,296,494**	**80,749,805**	**26,890,992**
Non-current Assets			
Property, plant and equipment	2,038,221	1,919,451	1,028,729
Capital-Work-In-Progress	5,121,180	-	-
Available-for-sale financial assets	601,218	439,677	-
Other assets	37,941	39,095	-
Total Non-current Assets	**7,798,560**	**2,398,223**	**1,028,729**
TOTAL ASSETS	**68,095,054**	**83,148,028**	**27,919,721**
LIABILITIES			
Current Liabilities			
Trade and other payables	4,779,222	4,337,114	1,584,838
Provisions	283,756	184,259	230,399
Borrowings	740,380	740,380	740,380
Total Current Liabilities	**5,803,358**	**5,261,753**	**2,555,617**
TOTAL LIABILITIES	**5,803,358**	**5,261,753**	**2,555,617**
NET ASSETS	**62,291,696**	**77,886,275**	**25,364,104**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	183,389,476	173,045,344	91,163,906
Reserves	10,871,721	9,775,056	8,938,770
Accumulated losses	(131,969,501)	(104,934,125)	(74,738,572)
TOTAL EQUITY	**62,291,696**	**77,886,275**	**25,364,104**

The above Condensed Interim Consolidated Statement of Financial Position should be read in conjunction with the Company's 30 June 2010 Annual Financial Report, and 31 December 2010 Half-Year Financial Report.

4.9 Significant movements since Mantra's last accounts published

Within the knowledge of Mantra's directors, and other than as disclosed in this Scheme Booklet or announced to the ASX, there have been no material changes in Mantra's financial position since 30 June 2010, being the date of the statement of financial position which was included in Mantra's 2010 annual report that was sent to Shareholders.

4.10 Mantra's business risks

Shareholders are already exposed to a number of risks through their existing Shareholding. A number of these risks are inherent in investing in shares generally and also inherent in a uranium exploration and development business like that of Mantra.

Mantra's management have identified the key risks currently facing Mantra, which continue to be monitored and managed by Mantra:

(a) **Mineral exploration and development is speculative and uncertain and involves a high degree of risk**

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Mantra may be affected by numerous factors that are beyond the control of Mantra and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in Mantra not receiving an adequate return on investment capital. All of the properties in which Mantra has an interest, including the Mkuju River Project, are currently without any ore reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Mantra expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Mantra towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

Mantra has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Mantra believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, Mantra may experience delays or increased costs in developing its properties.

There can be no assurance that Mantra's mineral exploration activities will be successful. If such commercial viability is never attained, Mantra may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

(b) **Mantra's activities will require further capital**

The exploration and any development of Mantra's projects will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of Mantra's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Mantra. If Mantra obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If Mantra obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Mantra would be successful in overcoming these risks or any other problems encountered in connection with such financings.

(c) **Some of Mantra's properties are within game and forest reserves**

Pursuant to section 95 of the Tanzanian Mining Act 2010 (**Mining Act**), the holder of a mineral right shall not exercise any of their rights under the licence or under the Mining Act in respect of land in any game reserve declared under the Wildlife Conservation Act of 1974 except with the written consent of the authority having control over the reserve. A portion of Mantra's Mkuju River Project (which contains a portion of the Mkuju River Project's MRE) is located within the Selous Game Reserve, a World Heritage Site. On 28 January 2011, the Government of Tanzania submitted an application to the Secretariat of the World Heritage Committee for a minor boundary modification of the Selous Game Reserve. This application seeks to modify the boundary of the Selous Game Reserve so that the land the subject of the Nyota Prospect would no longer be within the Selous Game Reserve. This application will be considered by the World Heritage Committee at the 35th session in June 2011.

Mantra has complied with the protocol outlined in the Mining Act and has been granted permission from the Ministry of Natural Resources and Tourism to undertake uranium exploration on the portion of the tenements that falls within the Selous Game Reserve. Mantra will require additional approvals to progress from the exploration phase to the development and mining phases of operations.

Also pursuant to section 95 of the Mining Act, the written consent of the relevant authority is required prior to exploration commencing on the portion of the tenements outside of the Selous Game Reserve that falls within a forest reserve. Mantra has been granted permission to undertake uranium exploration on the portion of the tenements that falls within the forest reserve from the authority having control over the forest reserve. Mantra will require additional approvals to progress from the exploration phase to the development and mining phases of operations.

Failure to obtain such approvals for mining or the imposition of restrictive conditions on mining activities making the Mkuju River Project uneconomic may have a material adverse effect on the business operations of Mantra.

(d) **Mantra is subject to sovereign risk of Tanzania and Mozambique**

Mantra's operations in Tanzania and Mozambique are exposed to various levels of political, economic and other risks and uncertainties. Tanzania and Mozambique are developing countries with multi-party democracies which have successfully evolved over the past decade into having an established and expanding mining industry. There are, however, risks attaching to exploration and mining operations in a developing country which are not necessarily present in a developed country. These risks and uncertainties vary from country to country and include, but are not limited to, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection,

mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Mantra may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Tanzania or Mozambique that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of Mantra. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on exploration, development, mining production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, local economic empowerment or similar policies, employment, contractor selection and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors adds uncertainties that cannot be accurately predicted and could have an adverse effect on Mantra's operations or profitability.

(e) **Mantra is subject to legal systems of Tanzania and Mozambique**

The legal systems operating in Tanzania and Mozambique may be less developed than in more established countries, which may result in risk such as: political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute, a higher degree of discretion on the part of governmental agencies, the lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights, inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or relative inexperience of the judiciary and courts in such matters.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

(f) **Mantra has no history of earnings and no production revenues**

Mantra has no history of earnings and has not commenced commercial production on any of its properties. Mantra has experienced losses from operations for each of the years ended 30 June 2008 to 30 June 2010 and expects to continue to incur losses for the foreseeable future. There can be no assurance that Mantra will be profitable in the future. Mantra's operating expenses and capital expenditures are likely to increase in future years as consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, Mantra's acquisition of additional properties and other factors, many of which are beyond Mantra's control. Mantra expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of Mantra's properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that Mantra will generate any revenues or achieve profitability.

(g) **Risks to resource estimations**

Mantra's mineral resources and any future ore reserves are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and consequently, the actual mineral resources and/or any future ore reserves may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Mkuju River Project encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Mkuju River Project's operations.

(h) **Mantra may be adversely affected by fluctuations in uranium price**

The price of uranium fluctuates widely and is affected by numerous factors beyond the control of Mantra, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events. The supply of uranium consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production, if any, from Mantra's mineral properties will be dependent upon the price of uranium being adequate to make these properties economic. Future serious price declines in the market value of uranium could cause continued development of, and eventually commercial production from, the Mkuju River Project and Mantra's other properties to be rendered uneconomic.

Depending on the prices of uranium, Mantra could be forced to discontinue development of, and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of uranium are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of Mantra and its financial condition, declining commodity prices can impact on operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Mantra currently does not engage in any hedging or derivative transactions to manage commodity price risk.

As Mantra's operations change, the Directors will review this policy periodically. There can be no assurance that fluctuations in commodity prices will not have a material adverse effect upon Mantra's financial performance and results of operations.

(i) **Mantra's title to its properties could be challenged**

There can be no assurances that Mantra's interest in its properties is free from defects. Mantra has investigated its rights as set forth in this Scheme Booklet and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of Mantra. There can be no assurances that Mantra's rights and title interests will not be challenged or impugned by third parties.

Interests in tenements in Tanzania are governed by legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Mantra could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

All of the tenements in which Mantra has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement is usually at the discretion of the relevant government authority. If a tenement is not renewed or granted, Mantra may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

In accordance with section 95 of the Mining Act, the holder of a tenement is obliged to seek the prior consent of lawful occupiers before exercising their rights under the Mining Act in respect of the occupied land. The need for this consent may be dispensed with by the Minister of Energy and Minerals if, in the opinion of the Minister, it is being unreasonably withheld by the lawful occupier. Failure to obtain the consent or the imposition of restrictive conditions may have an adverse affect on the business operations of Mantra.

(j) **Mantra depends on key management personnel and may not be able to attract and retain qualified personnel**

Mantra is dependent on a number of key management personnel, including the services of certain key employees.

Mantra's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Mantra's ability to manage and expand the business.

It may be particularly difficult for Mantra to attract and retain suitably qualified and experienced people, in particular various expatriates required to be domiciled in Africa, given the current high demand in the industry and modest size of Mantra, compared with other industry participants.

(k) **General economic conditions may adversely affect Mantra's growth and profitability**

The events in global financial markets in recent years have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Mantra's growth.

(l) **Global financial conditions have been subject to increased volatility and may impact Mantra's ability to finance its activities**

Global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by the broad lack of investor confidence and by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of Mantra to obtain equity or debt financing in the future and, if obtained, on terms favourable to Mantra. If these increased levels of volatility and market turmoil continue, Mantra's activities could be adversely impacted and the trading price of Mantra's Shares could be adversely affected.

(m) **Uranium industry**

In March 2011, following a natural disaster, there was a serious incident at a nuclear power plant in Fukushima, Japan. These events have led to intense world-wide coverage of the nuclear industry and its regulation. Any decrease in demand for uranium as a result of these events may have an ongoing adverse impact on Mantra's future performance including its ability to raise capital for the construction of its Mkuju River Project in Tanzania.

(n) **Mantra may enter into various uranium contracts**

In order to secure additional debt funding, Mantra may be required to enter into various forward contracts for the physical delivery of some or all of its expected uranium from the Mkuju River Project. These contracts are designed to provide protection against the future potential fluctuations in the price of uranium. If Mantra fails to meet its obligations in terms of product quantity, quality or timing of supply, Mantra faces a risk that it will have to purchase the physical uranium shortfall on-market to meet its obligations under the forward contracts. This could have a material adverse effect upon Mantra's financial performance and results of operations, especially if the price of uranium has increased.

If Mantra is able to determine through future exploration and studies that the Mkuju River Project is capable of economic development and Mantra decides to proceed with the development of the Mkuju River Project, Mantra will need to enter into off-take agreements for the product of mining operations. Mantra may have difficulty in finding off-take partners who are prepared to enter into long term off-take agreements with a party that does not have a proven production profile.

Long term off-take agreements may be required in order for Mantra to obtain financing for the development of the Mkuju River Project. If Mantra is not able to negotiate such long term agreements then the development of the Mkuju River Project may be delayed or prevented.

If Mantra enters into any take-or-pay contracts for the off-take of its expected uranium from the Mkuju River Project, these contracts may provide Mantra with market prices subject to escalating floor and ceiling prices while allowing Mantra to benefit from some upside should the spot price for uranium out-perform the ceiling prices. However, Mantra faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quantity, quality or timing of supply. In addition, if Mantra fails to meet its obligations in terms of product quantity, quality or timing of supply, Mantra faces a risk that it will have to purchase the physical uranium shortfall on-market to meet its obligations under the take-or-pay contracts. This could have a material adverse effect upon Mantra's financial performance and results of operations, especially if the price of uranium has increased.

(o) **Written consent of the Licensing Authority is required for a change in control of Mantra**

Pursuant to section 110 of the Mining Act, the written consent of the Licensing Authority is required in Tanzania for the transfer of shares in a company that holds mineral rights if the

effect of doing so would result in a change of control of Mantra. There can be no assurance that, if required, the consent will be given to a change in control of Mantra, or if Mantra divests or joint ventures its interest in its subsidiaries or its tenements which would have a material adverse effect on the business operations of Mantra.

The consent of the Licensing Authority is a condition of the Scheme. See section 1.7 for further information on conditions of the Scheme.

(p) **Mantra may acquire businesses and assets which are not successfully integrated**

Mantra undertakes evaluations of opportunities to acquire additional properties and businesses. Any acquisitions may change the scale of Mantra's business and may expose Mantra to new geographic, political, operating, financial and geological risks. Mantra's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. There can be no assurance that any assets or businesses acquired will prove to be beneficial or that Mantra will be able to integrate the required businesses successfully, which could slow Mantra's rate of expansion and Mantra's business and financial condition could suffer.

(q) **The mineral resource industry is competitive**

The mineral resource industry is competitive in all of its phases. Mantra competes with other companies, some of which have greater financial and other resources than Mantra and, as a result, may be in a better position to compete for future business opportunities. Mantra competes with other exploration and mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of Mantra's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that Mantra can compete effectively with these companies.

Furthermore, nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity. Any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

(r) **Mantra's activities are subject to government regulation**

Mantra's activities are subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail Mantra's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on Mantra and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Currently, section 108 of the Mining Act prohibits the export of uranium unless a permit has been granted by the Commissioner for Minerals. Even if exploration is successful, there can be no guarantee that Mantra will receive a permit to export uranium, which may have a material adverse effect on the business operations of Mantra. Other approvals and permits may in the future be required in connection with the operations of Mantra.

To the extent such approvals are required and not obtained, Mantra may be curtailed or prohibited from mining operations or from proceeding with planned exploration or development of mineral properties.

(s) **Mantra's activities are subject to environmental laws and regulations**

Uranium mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk.

Tanzania introduced the Mining (Radioactive Minerals) Regulations, 2010, which became effective on 1 November 2010. The regulations mandate the prospecting, mining, processing, disposal, storage, transportation and marketing of radioactive minerals. There is no assurance that future changes in Tanzania's legislation and regulations, if any, will not adversely affect Mantra's activities. The cost and complexity of complying with such legislation and regulations may prevent Mantra from being able to develop potentially economically viable mineral deposits.

Mantra relies on licences, permits and approvals from various governmental authorities. Mantra believes that it holds all necessary licences and permits under applicable laws and regulations to conduct its current activities and believes that it is presently complying in all material respects with the terms of such licences and permits. However, such licences and permits are subject to change in various circumstances and certain permits and approvals are required to be renewed from time to time. Additional permits and permit renewals will need to be obtained in the future and the granting, renewal and continued effectiveness of these permits and approvals are, in most cases, subject to some level of discretion by the applicable regulatory authority. Certain governmental approval and permitting processes are subject to public comment and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. There can be no guarantee Mantra will be able to obtain or maintain all necessary licences and permits as are required to explore or develop its properties.

(t) **Mantra has uninsured risks**

The business of Mantra is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Mantra or others, delays in mining, monetary losses and possible legal liability.

Although Mantra maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to

cover any resulting liability. It is not always possible to obtain insurance against all such risks and Mantra may decide not to insure against certain risks because of high premiums or for other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Mantra or to other companies in the mining industry on acceptable terms. Losses from these events may cause Mantra to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(u) **Mantra may be adversely affected by fluctuations in foreign exchange rates**

International prices of various commodities are denominated in United States dollars and a portion of Mantra's capital expenditure and ongoing expenditure is denominated in either United States dollars or Tanzanian shillings, whereas the income and expenditure of Mantra are and will be taken into account in Australian currency, exposing Mantra to the fluctuations and volatility of the rate of exchange between the United States dollar, the Tanzanian shilling and the Australian dollar as determined in international markets.

Mantra currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As Mantra's operations change, the Directors will review this policy periodically. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon Mantra's financial performance and results of operations.

(v) **Mantra's joint venture parties, contractors and agents**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Mantra is, or may become a party, or insolvency or other managerial failure by any of the contractors or other service providers used by Mantra in any of its activities.

(w) **Mantra may be subject to litigation**

Mantra may be involved in disputes with other parties in the future, which may result in litigation. If Mantra is unable to resolve these disputes favourably, it may have a material adverse impact on Mantra's financial condition.

(x) **Mantra's directors and officers may have conflicts of interest**

Certain of the directors and officers of Mantra also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

(y) **Mantra has a limited operating history**

Mantra has a limited operating history on which it can base an evaluation of its prospects.

The prospects of Mantra must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

(z) **Short term investment risks**

Mantra may from time to time invest excess cash balances in short term commercial paper or similar securities. Recent market conditions affecting certain types of short term investments of some North American and European issuers have resulted in restricted liquidity for these investments. Although Mantra has not invested and does not intend to invest excess cash balances in securities issued by these affected issuers, there can be no guarantee that further market disruptions affecting various short term investments will not have a negative effect on the liquidity of similar investments made by Mantra.

(aa) **Securities investment risks**

Shareholders should be aware that there are risks associated with any securities investment. The prices at which Mantra's Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and volumes will be sustained.

These factors may materially affect the market price of the Shares, regardless of Mantra's operational performance.

4.11 Further information on Mantra

As a disclosing entity under the Corporations Act, and due to its secondary listing on TSX, Mantra is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC may be obtained from or inspected at any ASIC office.

Mantra maintains a Register of Shareholders and holders of Options, including copies of all option records, in accordance with Part 2C.1 of the Corporations Act. Shareholders and holders of Options may inspect and obtain copies of these registers and records in accordance with the provisions of the Corporations Act.

Prior to the Scheme Meeting, Shareholders have a right to obtain, free of charge, a copy of Mantra's 31 December 2010 half-year financial report, 30 June 2010 annual financial report and any continuous disclosure notices that have been lodged since the 2010 annual report was lodged with ASIC, ASX and TSX. All annual and half-yearly financial reports and announcements made under continuous disclosure are lodged with ASX and TSX, and can be viewed and downloaded at www.asx.com.au and www.sedar.com. Shareholders can also find further information on Mantra's website at www.mantraresources.com.au.

All requests for copies of the documents set out above should be addressed to the Company Secretary at Mantra Resources Limited, Level 9, BGC Centre, 28 The Esplanade, Perth, WA, 6000.

5. Information about ARMZ

5.1 ARMZ

(a) **Overview**

JSC Atomredmetzoloto (trading as ARMZ Uranium Holding Co.) is an open joint stock company incorporated in the Russian Federation, registered on 22 February 1995. ARMZ is one of the world's uranium production leaders, among the top four uranium producers by production volume and top two uranium producers in terms of uranium raw material base.

ARMZ is responsible for the mining of uranium and the supply of uranium to companies operating under the Russian Federation's nuclear power division. ARMZ manages all of the Russian Federation's civil uranium mining assets within the Russian Federation and abroad and is ultimately owned by the State Atomic Energy Corporation (**Rosatom**), which is a Russian state-owned corporation.

(b) **Operations**

ARMZ has interests in a number of uranium mining and exploration projects within Russia, Armenia, Mongolia and Namibia. ARMZ's producing operations include:

- **JSC Priargunsky Industrial Mining and Chemical Union (Priargunsky)**: Priargunsky is located in the Trans-Baikal Territory in Russia. Priargunsky is ARMZ's largest source of uranium production, producing 3004 tonnes of uranium in 2009. As at the date of this Scheme Booklet, ARMZ owns 79.63% of Priargunsky.

- **JSC Dalur (Dalur)**: Dalur is located in the Kurgan Region in the south of Russia. Dalur produced 462.5 tonnes of uranium in 2009. As at the date of this Scheme Booklet, ARMZ owns 98.89% of Dalur.

- **JSC Khiagda (Khiagda)**: Khiagda is located in the Bauntovsky District of the Republic of Buryatia in Russia. Khiagda produced 96.5 tonnes of uranium in 2009. As at the date of this Scheme Booklet, Khiagda is wholly-owned by ARMZ.

ARMZ is also constructing four new uranium mining operations in the South Yakutia Region and Chita Region of Russia.

ARMZ has a majority 51.4% shareholding in the Canadian uranium exploration and mining company, Uranium One Inc. (**Uranium One**). Uranium One is publicly listed, with a primary listing on TSX and a secondary listing on the Johannesburg Stock Exchange.

(c) **Board of Directors**

The current directors of ARMZ are:

- Alexander Markovich Lokshin, Chairman of the Board
- Vadim Lvovich Zhivov
- Vladislav Igorevich Korogodin
- Yury Alexandrovich Olenin
- Vladimir Valentinovich Travin

(d) **Public information available for inspection**

More information about ARMZ is publicly available and may be accessed at http://www.armz.ru/eng/.

5.2 Scheme rationale

ARMZ's rationale for the Scheme is in line with its objective to increase its uranium resource and operating base. The acquisition of Mantra is part of this strategy as it will diversify and grow ARMZ's uranium resource base.

5.3 Funding arrangements for Scheme Consideration

(a) **Total cash Scheme Consideration**

The Scheme Consideration is 100% cash.

ARMZ will deposit the aggregate Scheme Consideration into a bank account established by Mantra for the purpose of holding those funds on trust for the Scheme Participants on the Business Day before the Implementation Date.

If the Scheme becomes Effective, ARMZ will procure the payment of the Scheme Consideration by Mantra to the Scheme Participants as soon as practicable after the Implementation Date and, in any event, within five Business Days of the Implementation Date.

The amount of cash that ARMZ will be required to pay in respect of all the Shares on issue (plus the Shares that would be issued on full exercise of all outstanding Options and Performance Rights) at the date of this Scheme Booklet will be approximately A$994.4 million.

(b) **Overview of funding arrangements**

The funds necessary to pay the Scheme Consideration will predominantly be met from ARMZ's existing cash reserves (as further described in section 5.3(c) below), supplemented as necessary by funds available to be drawn down under a Credit Facility Agreement (**Facility**) to be provided by the Russian bank Gazprombank (as further described in section 5.3(d) below).

In aggregate, the funds available from ARMZ's existing cash reserves and the amount available to be drawn down under the Facility are sufficient to fund the Scheme Consideration.

(c) **Particulars of ARMZ's cash reserves**

As at 11 April 2011, ARMZ had cash reserves of approximately 25.61 billion Russian rubles (approximately A$865.7million[5]) held in a bank account with Gazprombank.

These cash reserves are not subject to any security interests, rights of set off or other arrangements that might materially affect ARMZ's ability to use these cash reserves to pay the Scheme Consideration in accordance with the Scheme and Deed Poll.

(d) **Particulars of the Facility**

ARMZ and Gazprombank entered into the Facility on 29 December 2010.

[5] Based on an exchange rate of RUB29.5844/AUD as at 12 April 2011

Under the Facility, Gazprombank has agreed to provide ARMZ funding up to 15 billion Russian rubles (approximately A$507.0 million[6]) on the following key terms:

- **Purpose of the Facility**

  The funds under the Facility have been made available to ARMZ for the purpose of paying the Scheme Consideration, acquiring the Options and meeting any other expenses in connection with the acquisition of Mantra.

- **Representations and warranties**

  The representations and warranties given by ARMZ in relation to the Facility are not unduly onerous having regard to the nature of the loan.

- **Conditions precedent to disbursement under the Facility**

  Disbursements under the Facility may be made provided certain conditions precedent have been satisfied or waived by Gazprombank. These conditions precedent are procedural in nature and customary for a loan of this nature.

- **Draw down of the Facility**

  Subject to the satisfaction or waiver of the conditions precedent, the funds under the Facility will be available to be drawn down on the Business Day before the Implementation Date.

(e) **Deposit on trust for the benefit of Scheme Participants**

Under the terms of the Scheme, ARMZ will deposit in a trust account maintained by Mantra the funds necessary to pay the Scheme Consideration in immediately available funds no later than one Business Day before the Implementation Date. These funds will be held on trust for the benefit of Scheme Participants.

Mantra will pay the Scheme Consideration to the Scheme Participants as soon as practicable after the Implementation Date, but in any event, within five Business Days of the Implementation Date.

5.4 Post-acquisition intentions of ARMZ

This section 5.4 sets out ARMZ's current intentions in relation to:

- the continuation of the business of Mantra;
- the board of Mantra;
- any major changes to the business of Mantra and any redeployment of the fixed assets of Mantra, if ARMZ acquires all of the Shares on issue through the approval and implementation of the Scheme;
- the future employment of the current employees of Mantra; and
- its ownership of Mantra.

[6] Based on an exchange rate of RUB29.5844/AUD as at 12 April 2011

These intentions are based on the information concerning Mantra, its business and the general business environment that is known to ARMZ at the time of the preparation of this Scheme Booklet, which is limited to publicly available information and a due diligence review of certain non-public information provided by Mantra.

Final decisions in relation to the ongoing prospects for Mantra will only be reached after ARMZ has had an opportunity to undertake a detailed review of Mantra's operations. Accordingly, the statements set out in this section 5.4 are statements of current intention only which may change as new information becomes available or circumstances change.

(a) **Delisting**

If the Scheme becomes Effective, Mantra will be obliged to request ASX and TSX to remove Mantra from their respective official lists.

(b) **The board of Mantra**

ARMZ has a right under the Scheme Implementation Agreement to reconstitute the boards of each of Mantra and its subsidiaries with representatives appointed by ARMZ.

(c) **Business continuity / major changes**

If the Scheme is implemented, ARMZ will own all business operations currently conducted by Mantra.

ARMZ currently intends that Mantra will continue to conduct exploration activities in accordance with its existing exploration licences and permits.

Mantra has made an application to the relevant Tanzanian Governmental Agency for the issue of a special mining licence in respect of PL 4700. If the special mining licence has not been granted by the Implementation Date, ARMZ intends to continue to seek the special mining licence.

ARMZ and Uranium One have agreed that, upon implementation of the Scheme, Uranium One and Mantra will enter into an operating agreement, on terms to be agreed, under which Uranium One will manage the operations of Mantra.

(d) **Employees**

It is ARMZ's current intention to retain Mantra's existing employees and maintain the current workforce at Mantra's current exploration operations.

If the special mining licence referred to in 5.4(c) is granted and Mantra commences mining operations, a significant increase in Mantra's workforce will be required.

(e) **Ownership of Mantra**

If the Scheme is implemented, ARMZ will own 100% of Mantra.

In addition to the Scheme Implementation Agreement, ARMZ has entered into a Put and Call Agreement with Uranium One under which Uranium One (directly or via a wholly-owned subsidiary) has the right to acquire from ARMZ (**Call Option**), and ARMZ has the right to sell to Uranium One (**Put Option**), all of the Shares for consideration equal to the aggregate Scheme Consideration plus certain additional expenditures.

Upon exercise of the Call Option by Uranium One or the Put Option by ARMZ, Mantra will become a wholly-owned subsidiary of Uranium One and ARMZ will have an indirect interest in Mantra through its shareholding in Uranium One.

5.5 Interests in the Shares

(a) **ARMZ's interest in Mantra**

ARMZ has a relevant interest in 11.94% of Mantra's issued share capital pursuant to the Standstill Agreement, under which it has the power to control the disposal of 16,162,915 Shares currently held by Highland Park S.A..

(b) **No dealings in the Shares in previous four months**

Except for the consideration to be provided under the Scheme and its relevant interest in Shares under the Standstill Agreement, neither ARMZ nor any of its associates has provided, or agreed to provide, consideration for any Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

(c) **Benefits to holders of the Shares**

During the four months before the date of this Scheme Booklet, neither ARMZ nor any of its associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate of that other person, to:

(i) vote in favour of the Scheme; or

(ii) dispose of Shares,

and which is not offered to all Mantra Shareholders.

(d) **Benefits to current Mantra Directors**

Other than those payments disclosed in section 7.3, ARMZ will not make any payment or give any benefit to any current member of the Mantra Board as compensation or consideration for, or otherwise in connection with, their resignation from the Mantra Board, if the Scheme becomes Effective and the Board is accordingly reconstituted.

6. Tax Implications of the Scheme

6.1 Tax consequences for Scheme Participants

The following is a general summary of the potential Australian and Canadian tax consequences for Scheme Participants of disposing of Shares under the Scheme and receiving the Special Dividend. This summary is based on the law and practice in effect on the date of this Scheme Booklet. However, the summary is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Scheme Participant.

Section 6.2 is only relevant to Australian tax resident Scheme Participants who hold Shares on capital account while Section 6.3 is relevant for Non-Australian tax resident Scheme Participants. Section 6.4 is relevant for all Scheme Participants. This summary does not discuss the taxation implications for those Shareholders who hold their Shares on revenue account. Section 6.5 is only relevant to Canadian tax resident Scheme Participants.

All Shareholders are advised to seek independent professional advice in relation to their particular circumstances. In particular, non-resident Shareholders should seek their own advice on the Australian and foreign tax consequences.

6.2 Australian CGT consequences on disposal of Shares by Australian tax resident Scheme Participants

(a) **CGT**

Scheme Participants who hold their Shares on capital account will be subject to Australian CGT on the disposal of their Shares under the Scheme.

An Australian tax resident Scheme Participant will make a capital gain equal to the amount by which the capital proceeds from disposal exceeds the cost base of the Shares the subject of the Scheme. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount will be included in the Scheme Participant's taxable income.

A Scheme Participant will alternatively make a capital loss equal to the amount by which the reduced cost base of the Shares the subject of the Scheme exceeds the capital proceeds from disposal. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

(b) **Capital proceeds from the disposal**

The capital proceeds from the disposal of Shares will include the Scheme Consideration. Whilst not falling squarely within the principles outlined in Tax Ruling 2010/4 we consider the Commissioner of Taxation may take the view that the Special Dividend should also be included in capital proceeds. Shareholders should seek their own independent professional advice on this matter.

(c) **Cost base of Shares**

The cost base of Shares will generally be equal to the cost of acquiring the Shares, including any stamp duty and brokerage fees.

(d) **Capital gain**

In the event that the capital proceeds from the disposal are greater than the cost base of the Mantra Shares, Shareholders will be subject to CGT on the capital gain.

However, if the capital proceeds include the Special Dividend, the capital gain will be reduced by the Special Dividend amount to the extent that the Special Dividend has been included in assessable income as discussed in section 6.4. The Special Dividend cannot reduce the capital gain to below zero.

Any Scheme Participant who is an individual, the trustee of a trust, or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

(i) the Shares were acquired at least 12 months prior to disposal under the Scheme; and

(ii) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A Scheme Participant who is an individual or, generally speaking, the trustee of a trust may discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or trust. The methodology for trustees is complex and such Scheme Participants and their respective beneficiaries should obtain specific tax advice.

A Scheme Participant who is a complying superannuation entity may discount the capital gain by 33 $^{1}/_{3}$% and include 66 $^{2}/_{3}$% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Scheme Participant that is a company or any Scheme Participant who holds their Shares on revenue account or as trading stock.

(e) **Capital loss**

In the event that the capital proceeds from disposal are less than the reduced cost base of the Mantra Shares, Shareholders will make a capital loss. If the capital proceeds includes the Special Dividend, the capital loss will not be increased by the Special Dividend amount that may have been included in assessable income.

6.3 Australian tax CGT consequences on disposal of Shares by Non-Australian tax resident Scheme Participants

Provided the Shares are held on capital account, a capital gain or loss derived by a Non-Australian tax resident Scheme Participant should be disregarded for Australian tax purposes on the basis that the Shares are not "taxable Australian property".

6.4 Australian tax consequences on receipt of the Special Dividend

Australian tax resident Scheme Participants will include the amounts of the Special Dividend in their assessable income. Where a Scheme Participant has not provided Mantra with a Tax File Number or Australian Business Number, tax will be withheld at the top marginal tax rate.

Any tax withheld will be able to be claimed by the Australian tax resident taxpayer in their tax return. Where the taxpayer would otherwise have tax payable, the amount withheld will reduce their tax liability. Where the taxpayer has no tax liability they will receive a refund of the tax withheld.

On the basis that Mantra will withhold the appropriate amount of Australian dividend withholding tax from the Special Dividend paid to Non-Australian tax resident Scheme Participants there will be no further Australian tax implications. In this regard, the relevant dividend withholding tax rate will vary depending on the country of tax residency and whether a valid double tax agreement is currently in force.

6.5 Certain Canadian Federal Income Tax Considerations for Canadian Tax Resident Scheme Participants

(a) **Limitations, qualifications and assumptions**

In the opinion of Blake, Cassels & Graydon LLP, Canadian counsel to Mantra, the following summary fairly describes the principal Canadian federal income tax considerations generally applicable to a Scheme Participant who, for the purposes of the *Income Tax Act* (Canada) (**Tax Act**) and at all relevant times, (i) is, or is deemed to be, a resident of Canada for the purposes of the Tax Act, (ii) holds Shares as capital property, (iii) deals at arm's length with Mantra and ARMZ, and (iv) is not affiliated with Mantra or ARMZ (**Canadian Scheme Participant**).

Shares will generally be considered to be capital property to a holder unless such Shares are used or held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (**CRA**) made publicly available prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the federal Minister of Finance (Canada) prior to the date of the Scheme Booklet and assumes that all proposed amendments to the Tax Act and regulations thereunder (**Proposed Amendments**) will be enacted in their present form. However, no assurances can be given that the Proposed Amendments will be enacted in their present form, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices, whether by legislative, regulatory, administrative or judicial action or decision, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may be different from those discussed in this summary.

This summary is not applicable to a Canadian Scheme Participant (i) who is a "financial institution" for the purposes of the "mark-to-market" rules in the Tax Act or a "specified financial institution" (both as defined in the Tax Act), (ii) whose interest in Shares would be a "tax shelter investment" (as defined in the Tax Act), (iii) who acquired their Shares on exercise of an employee stock option, (iv) who has made an election pursuant to the functional currency reporting election rules in the Tax Act, or (v) in respect of whom Mantra is a "foreign affiliate" as defined in the Tax Act. Such entities are urged to consult their own tax advisers concerning the tax consequences of the Scheme to them.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Canadian Scheme Participant. This summary is not exhaustive of all possible Canadian federal income tax considerations. Accordingly, Canadian Scheme Participants are urged to consult their own tax advisers with respect to the Canadian income tax consequences of the Scheme to them having regard to their own particular circumstances.

(b) **Currency Translation**

For purposes of the Tax Act, all amounts relevant to the computation of income under the Tax Act must be reported in Canadian dollars. Any amount that is expressed or denominated in a currency other than Canadian dollars, including adjusted cost base and proceeds of disposition,

must be converted into Canadian dollars based on the relevant noon exchange rate quoted by the Bank of Canada on the date each such amount arises.

(c) **Disposal of Shares**

Cash payment received from ARMZ

A Canadian Scheme Participant who disposes of Shares under the Scheme will realize a capital gain (or a capital loss) equal to the amount by which the cash received from ARMZ by the Canadian Scheme Participant under the Scheme exceeds (or is less than) the aggregate of the adjusted cost base of the Shares to the Canadian Scheme Participant and any reasonable costs of disposition.

One-half of any capital gain (a "taxable capital gain") realized by a Canadian Scheme Participant in a taxation year will be included in the Canadian Scheme Participant's income for the year. One-half of any capital loss (an "allowable capital loss") realized by a Canadian Scheme Participant in a taxation year may be deducted against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back up to three taxation years or carried forward indefinitely and deducted against net taxable capital gains realized in those other years, to the extent and in the circumstances specified in the Tax Act.

Subject to certain limitations, a Canadian Scheme Participant may be entitled to claim a tax credit under the Tax Act, in computing their Canadian income tax liability, for any foreign tax payable on any gain realized on disposal of the Shares.

Capital gains realized by an individual or a trust, other than certain trusts, may give rise to alternative minimum tax under the Tax Act. Canadian Scheme Participants should consult their own tax advisers with respect to the alternative minimum tax provisions.

Special Dividend received from Mantra

Any dividends, including the Special Dividend, received or deemed to be received on the Shares by a Canadian Scheme Participant who is an individual will be included in the individual's income and will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Dividends, including the Special Dividend, received or deemed to be received on the Shares by a Canadian Scheme Participant that is a corporation will be included in computing the corporation's income and generally will not be deductible in computing the corporation's taxable income.

Foreign withholding tax, if any, payable by a Canadian Scheme Participant in respect of dividends received on the Shares may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances prescribed in the Tax Act.

Additional refundable tax

A Canadian Scheme Participant that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax of 6 $^{2}/_{3}$% on its "aggregate investment income", which is defined in the Tax Act to include an amount in respect of taxable capital gains and dividends to the extent such dividends are not deductible in computing the corporation's taxable income.

6.6 Australian goods and services tax and stamp duty

No Australian goods and services tax or stamp duty will be payable by Scheme Participants under the Scheme.

7. Additional Statutory Information

7.1 Mantra issued securities

(a) **Issued securities**

As at the date of this Scheme Booklet, Mantra has on issue:

(i) 135,326,194 Shares;

(ii) 6,839,919 Options; and

(iii) 2,573,154 Performance Rights.

(b) **Substantial Shareholders**

As at the close of trading on ASX on the date of this Scheme Booklet, the substantial Shareholders of Mantra are those listed in section 4.5(c) of this Scheme Booklet.

7.2 Interests of Directors

(a) **Directors' interests in Mantra securities**

As at the date of this Scheme Booklet, the Directors had the following relevant interests in Shares, and held the following Performance Rights and Options.

Director	Shares	Performance Rights*	Options		
			Number	*Exercise Price*	*Expiry Date*
Ian Middlemas	1,640,000	-	-		
Peter Breese	587,648	382,785	500,000	$4.50	31/12/2012
			500,000	$5.00	30/06/2013
			500,000	$5.50	31/12/2013
Robert Behets	1,671,915	187,500	-		
Colin Steyn**	16,162,915	-	3,332,661	$2.20	30/06/2011
William Smart**	16,162,915	-	3,332,661	$2.20	30/06/2011
Ted Mayers	173,251	75,000	36,291	$2.20	30/06/2011

* The Performance Rights held by the Directors do not have an exercise price but are subject to various performance conditions which need to be satisfied prior to certain expiry dates up until December 2013. If the Scheme is approved by the Court at the Second Court Hearing, the outstanding Performance Rights will automatically vest and the equivalent number of Shares will be issued by Mantra before the Record Date (and these Shares will be acquired by ARMZ under the Scheme).

** Colin Steyn and William Smart have an indirect beneficial interest in Shares and Options held in the name of Highland Park S.A. Highland Park S.A. has entered into a Standstill Agreement with ARMZ in relation to the Shares (see section 2.3(e) for further details) and has agreed to sell its Options to ARMZ if the Scheme becomes Effective (see section 1.8 for further details).

(b) **Directors' dealings in Mantra securities**

No Director acquired or disposed of a relevant interest in any Shares or acquired or disposed of any Performance Rights or Options in the four month period ending on the date immediately before the date of this Scheme Booklet, other than as follows:

Director	Date	Nature of Dealing
Peter Breese	21 December 2010	Issued 250,000 Shares from the exercise of Options, at an exercise price of $1.65
Robert Behets	20 December 2010	Disposed of 600,000 Options for a total consideration of $3,660,000
	31 March 2011	Issued 62,500 Shares from the vesting of Performance Rights
Ted Mayers	31 March 2011	Issued 12,500 Shares from the vesting of Performance Rights

(c) **Directors' interests in ARMZ securities**

As at the date of this Scheme Booklet, no Director had a relevant interest in any shares or other marketable securities in ARMZ.

(d) **Directors' dealings in ARMZ securities**

No Director has acquired or disposed of a relevant interest in any shares or other marketable securities in ARMZ in the four month period ending on the date immediately before the date of this Scheme Booklet.

7.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

No payment or other benefit is proposed to:

- be made or given to any Director, company secretary or executive officer of Mantra as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Mantra or a related body corporate of Mantra; or
- be made or given to any Director, company secretary or executive officer of any related body corporate of Mantra as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in that related body corporate of Mantra or Mantra,

in connection with the Scheme, other than in the capacity as a Shareholder or holder of Options or Performance Rights, except that Mantra will, if the Scheme becomes Effective, take out Directors & Officers run-off insurance on industry-standard terms for the outgoing Directors and officers. It is also noted that if the Scheme becomes Effective and Mantra seeks to materially amend the position, position description, reporting lines, or location from where employment services are to be provided, of either Peter Breese or Wayne Drier, Mr. Breese and Mr. Drier are entitled to terminate their executive service contracts upon giving three months notice and be paid as follows:

- Mr. Breese is entitled to be paid 12 months salary (US$534,240) plus any accrued benefits; and
- Mr. Drier is entitled to be paid 3 months salary (US$66,250) plus any accrued benefits.

(b) **Agreements connected with or conditional on the Scheme**

There are no agreements or arrangements made between any Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as a Shareholder or holder of Options or Performance Rights.

The treatment of Options and Performance Rights is set out in sections 1.8 and 7.2(a).

(c) **Interests of Directors in contracts with ARMZ**

None of the Directors have any interest in any contract entered into by ARMZ, or any related body corporate of ARMZ, other than in their capacity as a Shareholder or holder of Options or Performance Rights.

(d) **Benefits from ARMZ**

None of the Directors have agreed to receive, or are entitled to receive, any benefit from ARMZ which is conditional on, or is related to, the Scheme, other than in their capacity as a Shareholder or holder of Options or Performance Rights.

7.4 ARMZ's voting power in Mantra

ARMZ has voting power (as defined by section 610 of the Corporations Act) in 11.94% of the issued Shares in Mantra due to its relevant interest in the 16,162,915 Shares in Mantra the subject of the Standstill Agreement (under which it has the power to control the disposal of these Shares which are held by Highland Park S.A.).

7.5 Status of regulatory approvals

As at the date of this Scheme Booklet, ARMZ has sought and obtained the following regulatory approvals:

(a) approval for the Scheme from the Foreign Investment Review Board, and has obtained a notice that there are no objections to the proposed acquisition of Mantra by ARMZ; and

(b) approval from the United Republic of Tanzania under the Fair Competition Act 2003 for the transfer of the Shares to ARMZ.

Mantra Tanzania Limited (a wholly owned subsidiary of Mantra) applied for approval under the Mining Act 2010 for the transfer of all the issued Shares to ARMZ under the Scheme on 2 February 2011.

There are no outstanding approvals, relief, exemptions or modifications from ASIC or approvals, waivers or consents from ASX in relation to the implementation of the Scheme.

7.6 Consents to be named

(a) Hardy Bowen has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as legal adviser to Mantra in this Scheme Booklet in the form and the context in which it is so named. Hardy Bowen has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.

(b) Blake, Cassels & Graydon LLP has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as legal adviser to Mantra in this Scheme Booklet in the form and the context in which it is so named. Blake, Cassels & Graydon LLP has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.

(c) BDO Corporate Finance (WA) Pty Ltd has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as the Independent Expert and to the inclusion of the Independent Expert's Report in Annexure 1 to this Scheme Booklet and to the references to its conclusions and reports in this Scheme Booklet in the form and the context in which it is so named. BDO Corporate Finance (WA) Pty Ltd has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for any other part of the Scheme Booklet.

(d) RBC Capital Markets has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to be named as financial adviser to Mantra in this Scheme Booklet in the form and the context in which it is so named. RBC Capital Markets has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.

(e) ARMZ has given, and before the signing of this Scheme Booklet has not withdrawn, its consent to contain statements made by the ARMZ Group in relation to the ARMZ Information in this Scheme Booklet in the form and the context in which it is so named. ARMZ has not otherwise authorised or caused the issue of the Scheme Booklet and takes no responsibility for its contents.

(f) Further each person named in this section 7.6:

(i) has not authorised or caused the issue of this Scheme Booklet;

(ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:

(A) ARMZ, in respect of the ARMZ Information; and

(B) BDO, in relation to its Independent Expert's Report;

to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 7.6(f).

7.7 Fees

Each of the persons named in section 7.6 of this Scheme Booklet performing a function in a professional, advisery or other capacity in connection with the preparation or distribution of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

7.8 Competence and responsibility

(a) **Mr Malcolm Titley**

The information in this Scheme Booklet that relates to in situ Mineral Resources is based on information compiled by Mr Malcolm Titley, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Titley is employed by CSA Global Pty Ltd.

Mr Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC Code and a Qualified Person under NI 43 101.

Mr Titley consents to the inclusion in the Scheme Booklet of such matters based on his information in the form and context in which it appears.

(b) **Mr Robert Behets**

The information in this Scheme Booklet that relates to exploration results is based on information compiled by Mr Robert Behets, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Behets is a full-time employee of Mantra.

Mr Behets has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code and a Qualified Person under NI 43 101.

Mr Behets consents to the inclusion in the Scheme Booklet of such matters based on his information in the form and context in which it appears.

(c) **Mr Dave Dodd**

The information in this Scheme Booklet that relates to the PFS is based on information compiled by Mr Dave Dodd, who is a Fellow of the South African Institute of Mining and Metallurgy. Mr Dodd is employed as a technical consultant by MDM.

Mr Dodd has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code and a Qualified Person under NI 43 101.

Mr Dodd consents to the inclusion in the Scheme Booklet of such matters based on his information in the form and context in which it appears.

7.9 No effect on creditors

The Scheme will have no effect on the rights of or payments to any creditors of Mantra.

7.10 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any Shareholder that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

7.11 No other material information

Except as disclosed in this Scheme Booklet (including its annexures) there is no other information material to the making of a decision in relation to the Scheme, or a decision by a Shareholder whether or not to agree to the Scheme, being information that is within the knowledge of any director of Mantra or of a related body corporate that has not previously been disclosed to Shareholders.

7.12 Supplementary disclosure

Mantra will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet is false or misleading in any material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet, if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Mantra may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Mantra Shareholders at their registered address as shown in the Register;
- posting a statement on Mantra's website at www.mantraresources.com.au; or
- as Mantra considers appropriate.

8. Key Terms of the Scheme Implementation Agreement (As Amended)

8.1 Overview

Mantra and ARMZ entered into a Scheme Implementation Agreement on 15 December 2010 in relation to the Scheme. The Scheme Implementation Agreement was subsequently amended by the First Deed of Amendment and the Second Deed of Amendment. Full versions of these documents were annexed to Mantra's ASX release dated 22 March 2011.

A summary of the structure of the Scheme and an outline of the key terms and conditions of the Scheme Implementation Agreement are set out below.

8.2 Structure of the Scheme

Under the Scheme, Scheme Participants will transfer all their Shares in Mantra to ARMZ in exchange for A$6.87 cash per Share (the **Scheme Consideration**). If the Constitutional Amendment is approved and the Scheme becomes Effective, Scheme Participants will also receive the Special Dividend of A$0.15 per Share, which will be unfranked.

8.3 Conditions

The outstanding conditions to the Scheme Implementation Agreement are also conditions to the Scheme (except the condition listed in clause 2.1(c) of the Scheme Implementation Agreement, being the approval of the Court). The outstanding conditions of the Scheme are set out in section 1.7 of the Scheme Booklet.

8.4 Board recommendation

The Board of Mantra has unanimously recommended that Mantra Shareholders vote in favour of the Scheme, subject to the following:

(a) the Independent Expert's report concluding that the Scheme is in the best interests of Shareholders; and

(b) the absence of a Superior Proposal (as defined in the Scheme Implementation Agreement).

Each Director of Mantra has also stated that they intend to vote their Shares in favour of the Scheme in the absence of a Superior Proposal.

8.5 Exclusivity

Until the Second Court Hearing Date, Mantra (and its Related Parties, employees, agents or Advisers) must not:

(a) directly or indirectly solicit, invite, encourage, initiate or otherwise facilitate any Competing Transaction (as defined in the Scheme Implementation Agreement) (**No shop**);

(b) negotiate or enter into or participate in negotiations or discussions with any other person regarding a Competing Transaction or potential Competing Transaction (**No talk**); or

(c) grant any other person any right or access to conduct due diligence investigations in respect of Mantra or provide any non-public information relating to Mantra to another person that could contribute to the formulation of a Competing Transaction (**No due diligence**).

The no talk and no due diligence obligations do not apply to unsolicited Competing Transactions where in the opinion of the Mantra Board formed in good faith after receiving written advice from its legal and financial advisers such action or inaction (as the case may be) is necessary to discharge the fiduciary or statutory duties of the directors of Mantra (or to avoid a contravention of law).

8.6 Competing transaction and ARMZ right to match

If Mantra receives a written or verbal proposal for a Competing Transaction or is approached or requested by any person to engage in any activity that would breach its exclusivity obligations, it must promptly inform ARMZ of the fact and all material terms of any such proposal (including the price or value and the identity of the person) and of any amended proposal.

Mantra must not enter into any agreement in relation to any such Third Party Proposal unless:

(a) it has notified ARMZ as described above;

(b) it has determined that it is a Superior Proposal; and

(c) ARMZ has been given the opportunity to match any such proposal (and any amended proposal) within five Business Days of being notified.

If ARMZ submits to Mantra a written proposal which is on terms no less favourable than the Third Party Proposal, Mantra must in the absence of receipt of a more favourable proposal proceed exclusively with ARMZ's proposal.

8.7 Break fee

The Break Fee is approximately A$9.9 million, being 1% of the fully diluted equity value of Mantra (ie including outstanding options and performance rights) as reflected by the Scheme Consideration.

(a) **Payment of Break Fee by Mantra**

Mantra must pay ARMZ the Break Fee if:

(i) any director of Mantra makes any public statement to the effect that he or she no longer supports the transaction or publicly withdraws or qualifies his or her favourable recommendation of the Scheme (unless the Independent Expert has concluded that the Scheme is not in the best interests of Mantra shareholders);

(ii) any director of Mantra publicly recommends, promotes or otherwise endorses a Competing Transaction;

(iii) Mantra accepts or enters into any agreement, arrangement or understanding regarding a Competing Transaction;

(iv) a Competing Transaction in relation to Mantra is announced or open for acceptance before the Scheme becomes Effective and the person proposing the Competing Transaction acquires a relevant interest in more than 20% of the voting shares in Mantra;

(v) the Scheme does not become Effective because Mantra has failed to perform or satisfy its material obligations necessary for implementation of the Scheme; or

(vi) Mantra breaches its exclusivity obligations.

(b) **Payment of Break Fee by ARMZ**

ARMZ must pay Mantra the Break Fee if:

(i) ARMZ fails to pay the Scheme Consideration; or

(ii) the Scheme does not become Effective because ARMZ has failed to perform or satisfy its material obligations necessary for implementation of the Scheme.

(c) **Limitation of liability**

Both parties agree that the payment of the Break Fee by either of them allows them to terminate the Scheme Implementation Agreement and constitutes full and final satisfaction and discharge of any and all liability to the other party under the Scheme Implementation Agreement or otherwise and allows them to terminate the Scheme Implementation Agreement.

If the Scheme does not proceed, Shareholders will not receive the Scheme Consideration or the Special Dividend.

8.8 Termination

(a) **Termination by either party**

The Scheme Implementation Agreement provides for the following termination rights for either party prior to 8am on the Second Court Hearing Date:

(i) if any of the conditions precedent are not satisfied (or, where permitted, waived);

(ii) if the Shareholders or the Court do not approve the Scheme or if the Effective Date does not occur before the End Date or a Court or regulatory order is issued which restrains or prohibits the Scheme;

(iii) if any member of the Mantra Board withdraws, varies or modifies his recommendation or intention to vote because there is a Superior Proposal or the Independent Expert's report concludes that the Scheme is not in the best interests of Mantra Shareholders;

(iv) if either party becomes obliged to pay the Break Fee; or

(v) if ARMZ publicly announces a takeover bid for Mantra at a price not less than the aggregate Scheme Consideration.

(b) **Termination by Mantra**

The Scheme Implementation Agreement may be terminated by Mantra if there is a breach by ARMZ of the Scheme Implementation Agreement (in relation to payment of the Scheme Consideration, its obligations for implementation of the Scheme or its representations and warranties) which is not remedied within 10 Business Days or before 5.00pm on the last Business Day before the Second Court Hearing Date.

(c) **Termination by ARMZ**

The Scheme Implementation Agreement may be terminated by ARMZ if there is a breach by Mantra of the Scheme Implementation Agreement (including in relation to Mantra's obligations to implement the Scheme, Mantra's representations and warranties, conduct of business and exclusivity obligations) which is not remedied within 10 Business Days or before 5.00pm on the last Business Day before the Second Court Hearing Date.

8.9 Treatment of Options and Performance Rights

The treatment of Options and Performance Rights under the Scheme is set out in section 1.8 of the Scheme Booklet.

8.10 Representations and warranties

Each of ARMZ and Mantra has given representations and warranties to the other which are considered to be normal for an agreement of this kind.

9. Glossary

In this Scheme Booklet (including the Annexures), except where the context otherwise requires, the following terms shall bear the following meanings:

$** or **$A means Australian dollars, except where the context clearly indicates otherwise.

AEST means Australian Eastern Standard Time.

ARMZ means JSC Atomredmetzoloto, a company existing under the laws of Russia, with its registered address at Building 22, B. Drovyanoy pereulok, Moscow, Russia 109004.

ARMZ Group means ARMZ and each of its subsidiaries.

ARMZ Information means the information concerning ARMZ and its intentions for Mantra contained in section 5.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

AWST means Australian Western Standard Time.

BDO means BDO Corporate Finance (WA) Pty Ltd ABN 91 003 946 030.

Board means the board of directors of Mantra.

Break Fee means 1% of the value of all of the Shares and the intrinsic value of the Options and Performance Rights based upon the value attributed to those securities by the Scheme Consideration.

Business Day means a business day in Australia, Russia and Canada.

Cash Payments mean the Scheme Consideration plus the Special Dividend per Share.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement Pty Ltd ABN 49 008 504 532.

Competing Transaction has the meaning given to it in clause 16.1 of the Scheme Implementation Agreement.

Constitution means Mantra's constitution as amended from time to time.

Constitutional Amendment means the proposed amendment to the Constitution to permit Mantra to pay dividends in accordance with section 254T of the Corporations Act.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Court means the Supreme Court of Western Australia.

Deed Poll means a deed to be executed by ARMZ under which ARMZ covenants in favour of the Scheme Participants to perform its obligations under the Scheme (as set out in 0 of this Scheme Booklet).

Director means a director of Mantra.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

EGM means the extraordinary general meeting of Shareholders to consider and, if thought fit, approve the Constitutional Amendment.

FIRB means the Foreign Investment Review Board.

FIRB Approval has the meaning given to it in clause 16.1 of the Scheme Implementation Agreement.

First Deed of Amendment means the deed of amendment in respect of the Scheme Implementation Agreement dated 25 January 2011.

Government Agency means any Australian (including the Australian Takeovers Panel), Russian, Canadian, Tanzanian or other foreign government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal agency or entity, but does not include any Russian body, agency or entity except the Federal Assembly or the Federal Government of the Russian Federation.

Hardy Bowen means Hardy Bowen Lawyers whose offices are located at Level 1, 28 Ord Street, West Perth, Western Australia 6005.

JORC Code means the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Implementation Date means three Business Days after the Record Date or such other date as agreed between Mantra and ARMZ.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd or such other expert appointed by Mantra from time to time.

Independent Expert's Report means the report on the Scheme set out in Annexure 1 and prepared by the Independent Expert.

Indicated Resource has the meaning given in the JORC Code.

Inferred Resource has the meaning given in the JORC Code.

Licensing Authority means the Tanzanian Ministry for Energy and Minerals.

Listing Rules means Official Listing Rules of ASX, as amended from time to time.

Mantra means Mantra Resources Limited ACN 116 478 703 of Level 9, BGC Centre, 28 The Esplanade, Perth, WA, Australia, 6000.

Mantra Contractor Performance Rights Plan Rules means the Mantra Contractor Performance Rights Plan Rules as established by Mantra on 16 June 2010.

Mantra Contractor Performance Rights Terms and Conditions means the Mantra Contractor Performance Rights Terms and Conditions as established by Mantra on 16 June 2010.

Mantra Employee Performance Rights Plan Rules means the Mantra Employee Performance Rights Plan Rules as established by Mantra on 16 June 2010.

Mantra Employee Performance Rights Terms and Conditions means the Mantra Employee Performance Rights Terms and Conditions as established by Mantra on 16 June 2010.

Measured Resource has the meaning given in the JORC Code.

MRE means Mineral Resource Estimate.

Notice of Scheme Meeting means the Notice of Scheme Meeting set out in Annexure 4.

Nyota Prospect means the suite of radiometric anomalies within the north-western portion of the Mkuju River Project.

Option means an unlisted option to acquire a Share issued by Mantra.

Optionholder means each person who is registered in the register of the Optionholders as a holder of an Option.

Performance Rights means the Performance Rights as set out in the Mantra Contractor Performance Rights Plan Rules, the Mantra Contractor Performance Rights Terms and Conditions, the Mantra Employee Performance Rights Plan Rules and the Mantra Employee Performance Rights Terms and Conditions.

Prescribed Event has the meaning given to it in clause 16.1 of the Scheme Implementation Agreement.

Record Date means 7.00pm (AWST) on the day which is five Business Days following the Effective Date or any other date agreed by the Parties with ASX to be the record date to determine entitlements to receive the Scheme Consideration and the Special Dividend.

Register means the register of Shareholders maintained in accordance with the Corporations Act.

Registrar means Computershare Investor Services Pty Ltd of Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth, WA, Australia, 6000 and Computershare Investor Services Inc of 100 University Avenue, Toronto, Ontario, Canada, MSJ 2Y1.

Registry means the register of Shareholders maintained in accordance with the Corporations Act.

Regulations means the *Corporations Regulations 2001*.

Requisite Majorities means, in relation to the Scheme Meeting:

- unless the Court orders otherwise, a majority in number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative); and

- at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative).

Resolution means the resolution to approve the terms of the Scheme.

Scheme means the scheme of arrangement between Mantra and Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, the form in Annexure 3.

Scheme Booklet means this document.

Scheme Consideration means A$6.87 cash for each Share held by Scheme Participants.

Scheme Implementation Agreement means the agreement dated 15 December 2010 between Mantra and ARMZ, as amended by the First Deed of Amendment and the Second Deed of Amendment.

Scheme Meeting means the meeting of Scheme Participants ordered by the Court under section 411(1) of the Corporations Act to be convened for the purposes of the Scheme.

Scheme Participant means a Shareholder as at the Record Date.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Second Deed of Amendment means the deed of amendment in respect of the Scheme Implementation Agreement dated 21 March 2011.

Share means a fully paid ordinary share in Mantra.

Shareholder means a holder of Shares.

Special Dividend means the proposed unfranked dividend of A$0.15 for each Share held by Shareholders on the Record Date, which is to be declared by the Board after the Effective Date and which is subject to and conditional upon the Constitutional Amendment being approved by Shareholders and the Scheme becoming Effective.

Special Resolution means a resolution which has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Superior Proposal has the meaning given to it in clause 16.1 of the Scheme Implementation Agreement.

Third Party Proposal has the meaning given to it in clause 16.1 of the Scheme Implementation Agreement.

TSX means the Toronto Stock Exchange.

Annexure 1 – Independent Expert's Report

MANTRA RESOURCES LIMITED

Independent Expert's Report

13 April 2011

BDO

Financial Services Guide

13 April 2011

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**"BDO"** or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged by Mantra Resources Limited (**"Mantra"**) to provide an Independent Expert's Report on the proposed Scheme of Arrangement between Mantra and ARMZ whereby Mantra shareholders will receive A$6.87 cash and an unfranked dividend of A$0.15 per Mantra share. You will be provided with a copy of our report as a retail client because you are a shareholder of Mantra.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (**"FSG"**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.
You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately A$68,500.
Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments – BDO has provided valuation services to Mantra in relation to unlisted options and performance rights granted by Mantra over the last two years.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.
We have received a fee from Mantra for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“**FOS**”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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Australia

13 April 2011

Mantra Resources Limited
Level 9, The BGC Centre
28 The Esplanade
Perth WA 6000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

Mantra Resources Limited ("**Mantra**") has entered into a Scheme Implementation Arrangement whereby JSC Atomredmetzoloto, ("**ARMZ**") a company existing under the laws of Russia, is to acquire all the shares in Mantra for consideration of A$6.87 cash per share ("**the Scheme**"). Mantra shareholders will also receive an unfranked dividend of A$0.15 per share ("**Special Dividend**") if the Scheme of Arrangement is approved. As such, Mantra shareholders will receive total cash payments amounting to A$7.02 per share. The consideration under the original Scheme of Arrangement was A$8.00 cash per share as announced on 15 December 2010. This was revised downwards following the recent incidents in Fukishima, Japan. ARMZ stated that the incidents were likely to have a material adverse effect on the business, results of operations, assets or liabilities, financial position or prospects of Mantra. The revised consideration was agreed pursuant to the second Deed of Amendment to the Scheme Implementation Agreement.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Mantra have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an Independent Expert's Report ("**our Report**" or "**IER**") to express an opinion as to whether or not the proposed Scheme is in the best interests of Mantra shareholders, that are the subject of the Scheme ("**Shareholders**").

Although there is no legal requirement for an IER pursuant to Section 411 of the Corporations Act (as ARMZ neither has common directors with Mantra nor holds 30% of Mantra's voting shares), the directors of Mantra have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411, and to provide an opinion as to whether the Scheme is in the best interests of Mantra shareholders.

Our Report is to be included in the Scheme Booklet for Mantra to be sent to all Shareholders to assist them in deciding whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of a Mantra share compares to the value of the consideration to be received by Mantra shareholders for each Mantra share;
- The likelihood of a superior alternative offer being available to Mantra;
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

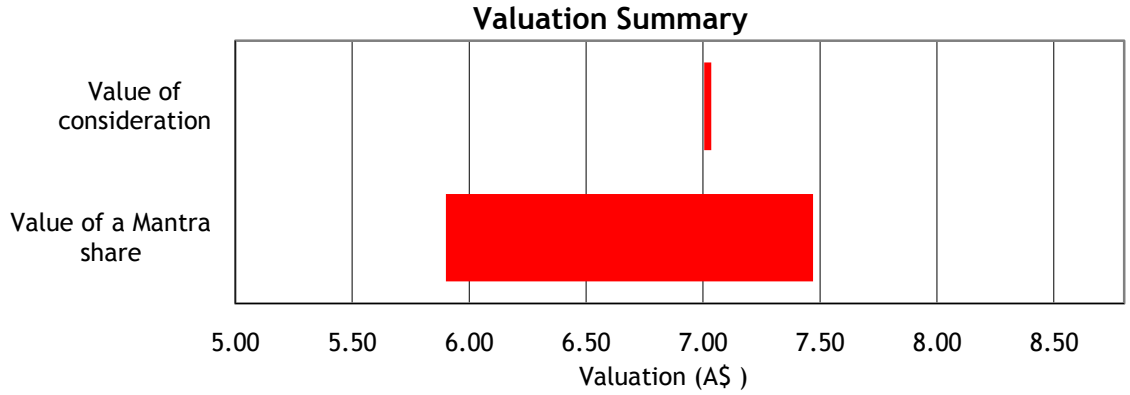
We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the Scheme is fair and reasonable and in the best interests of Shareholders.

2.4 Fairness

In Section 12 we determined that the Scheme consideration compares to the value of a Mantra share, as detailed hereunder.

	Ref	Low A$	High A$
Value of a Mantra share	10.4	5.90	7.47
Value of the Consideration	11	7.02	7.02

The above valuation ranges are graphically presented below:



The above pricing indicates that the Scheme is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- alternatives, including the position of Shareholders if the Scheme does not proceed.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.3	The Scheme is fair.	13.4	Inability to benefit from potential upside of Mantra
	Cash available for other investments		Potential tax implications
	No transaction costs on disposal		

Other key matters we have considered include:

Section	Description
13.1	The lack of alternative Proposals
13.2	The practical level of control

3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to Section 411 of the Corporations Act 2001 Cth ("**the Act**"). Part 3 of Schedule 8 to the Corporations Act Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411 of the Act ("**Section 411**").

Schedule 8 of the Act requires an independent expert's report if:

- The corporation that is the other party to the Scheme has a common director or directors with the company which is the subject of the Scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed Scheme is in the best interest of the members of the company the subject of the Scheme and setting out his or her reasons for that opinion.

ARMZ does not have common directors with Mantra nor does it hold 30% of Mantra's voting shares. Accordingly, there is no requirement for this report pursuant to Section 411.

Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Mantra have requested that BDO prepare this report as if it were an independent expert's report pursuant to Section 411, and to provide an opinion as to whether the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by the ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

RG 111 suggests that where the transaction is a control transaction the transaction should be analysed on a basis consistent with a takeover bid. In our opinion the Scheme is a control transaction as defined by RG 111.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Mantra share including a premium for control and the value of the consideration to be received by a Mantra shareholder (fairness – see Section 12 "Is the Scheme Fair?");
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness – see Section 13 "Is the Scheme Reasonable?"); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Scheme

On 15 December 2010, Mantra and ARMZ entered into a Scheme Implementation Agreement under which ARMZ would acquire all of the issued share capital in Mantra by the way of a Scheme of Arrangement with minimal conditions. Shareholders were to receive A$8.00 cash per share as consideration. Due to the recent incidents at the nuclear power plant in Fukishima, Japan, ARMZ stated that the incidents were likely to have a material adverse effect on the business, results of operations, assets or liabilities, financial position or prospects of Mantra. As a result of this incident, ARMZ and Mantra have revised the transaction in relation to the Scheme. Under the revised Scheme, Mantra shareholders will receive cash consideration of A$6.87 per share ("Scheme Consideration") plus an unfranked dividend of A$0.15 for every Mantra share the shareholder owns as at the Record Date ("Special Dividend"). The payment of the Special Dividend requires the Company's constitution to be amended to permit Mantra to pay dividends in accordance with section 254T of the Corporations Act ("Constitutional Amendment"). Mantra proposes to convene an extraordinary general meeting for Shareholders to consider and, if thought fit, approve the Constitutional Amendment. If the Constitutional Amendment is not approved and the Scheme proceeds, Mantra will not be able to pay the Special Dividend and Shareholders will only receive the Scheme Consideration of A$6.87 cash per share. If the Constitutional Amendment is approved and the Scheme proceeds, the total cash payments that will be received by Shareholders is $A7.02 cash per share. The revised transaction is not subject to any material adverse change conditions.

The revised consideration of $A7.02 ("Total Cash Payment") represents a 12.3% reduction in comparison to the A$8.00 per share offered under the initial Scheme.

The revised offer price of $A7.02 represents a 32.7% premium on Mantra's closing share price on the ASX on Monday, 18 March 2011, the last trading day prior to the announcement of the revised offer.

ARMZ will make an offer by way of private treaty to the holders of all Mantra Options on the terms and conditions agreed between ARMZ and Mantra and subject to the Scheme becoming effective, to acquire all outstanding Mantra Options.

The Mantra Performance Rights will automatically vest upon the Court approval of the Scheme.

5. Profile of Mantra Resources Limited

5.1 History

Mantra Resources Limited is a uranium exploration and development company established in Australia on 30 September 2005. The company listed on the Australian Securities Exchange **("ASX")** on the 9 October 2006 and on the Toronto Stock Exchange **("TSX")** on 18 November 2009.

Mantra currently holds direct and joint venture interests in Tanzania and Mozambique with a strategic objective to become a significant uranium producer in the near-term.

Projects

Tanzania

Mantra has projects in southern and central Tanzania. Southern Tanzania projects include the Mkuju River Project, Mbamba Bay Project and Regional Karoo Targets.

The Mkuju River Project is wholly owned by Mantra and covers an area of approximately 3,250km^2. A Mineral Resource of 101.4 million pounds of U_3O_8 has been estimated at the Nyota Prospect with the potential to increase. A Pre-Feasibility Study completed late February 2010 concluded an average annual production of 3.7 million pounds of U_3O_8 over a minimum twelve year life can be supported. A Definitive Feasibility Study, involving a Pilot Metallurgical Testwork Program, is scheduled to be completed in March 2011.

A suite of over 30 radiometric anomalies, referred to as the MRP Satellite Targets, have also been identified within the Mkuju River Project area, but outside of the Nyota Prospect. Field reconnaissance programs have confirmed the presence of sandstone hosted uranium mineralisation at surface at a number of these targets. An initial drilling program was concluded during the December quarter of 2010, with the assay results pending.

Mantra owns a 90% working interest in the Mbamba Bay Project which covers an area of approximately 72km^2 in the south-western corner of Tanzania. A high resolution radiometric survey undertaken in 2007 indicated eight priority anomaly clusters within a 9km^2 zone. Field reconnaissance programs have confirmed the presence of sandstone hosted uranium mineralisation at the surface. An initial drilling program was concluded during the December quarter of 2010, with the assay results pending.

Regional Karoo Targets include three joint ventures and a number of wholly owned tenements. Mantra owns a controlling interest of 90% in the Southern Tanzania JV #1, 95% in the Southern Tanzania JV #2 and 95% in the Liwale JV. Both the JV's and wholly owned tenements include a collection of licences, renewals and applications. The majority of tenements are within the Selous and Ruhuhu Basins. A high resolution radiometric survey undertaken in 2007 revealed 16 uranium radiometric anomalies. These target areas have been the focus of subsequent field reconnaissance programs. The field work has involved geological mapping, ground radiometrics, trenching and shallow auger drilling.

Central Tanzania projects include the Bahi North Project and the Handa Project.

The wholly owned Bahi North Project covers an area approximately 1,640km^2. The Project area is located within an intra-cratonic basin. Mantra's exploration targets are calcrete-hosted uranium mineralisation in the surficial environment and sandstone-hosted deposits within buried fluvial channel systems. A brief

campaign comprising of geological mapping, ground radiometrics and auger drilling was completed and followed by pitting.

The Handa Project, which covers an area approximately 960km^2 within the Bahi catchment area, comprises joint venture (95% interest) and wholly owned tenements. Initial work has included a detailed review of historical geological and geophysical data covering the tenements. A field campaign involving geological mapping, ground radiometrics and auger drilling was completed during late 2008.

Mozambique

The wholly owned Zambezi Valley Project, which is located in the northwest region of Mozambique, covers an area of approximately 186km^2. Field work has included ground radiometrics, soil sampling and geological mapping. Several drilling programs have been completed with sandstone hosted uranium mineralisation being intersected.

Further information on Mantra's projects may be found in Appendix 3.

5.2 Historical Balance Sheet

Balance Sheet	Reviewed as at 31-Dec-10 A$	Audited as at 30-Jun-10 A$	Audited as at 30-Jun-09 A$
ASSETS			
Current Assets			
Cash and cash equivalents	**58,102,005**	78,693,938	26,116,132
Trade and other receivables	**2,031,608**	1,545,462	498,074
Other assets	**162,881**	510,405	74,424
Other financial assets	**-**	-	202,362
Total Current Assets	**60,296,494**	**80,749,805**	**26,890,992**
Non-current Assets			
Property, plant and equipment	**2,038,221**	1,919,451	1,028,729
Capital-work-in-progress	**5,121,180**	-	-
Other assets	**37,941**	39,095	-
Available-for-sale financial assets	**601,218**	439,677	-
Total Non-current Assets	**7,798,560**	**2,398,223**	**1,028,729**
TOTAL ASSETS	**68,095,054**	**83,148,028**	**27,919,721**
LIABILITIES			
Current Liabilities			
Trade and other payables	**4,779,222**	4,337,114	1,584,838
Provisions	**283,756**	184,259	230,399
Borrowings	**740,380**	740,380	740,380
Total Current Liabilities	**5,803,358**	**5,261,753**	**2,555,617**
TOTAL LIABILITIES	**5,803,358**	**5,261,753**	**2,555,617**
NET ASSETS	**62,291,696**	**77,886,275**	**25,364,104**
EQUITY			
Issued capital	**183,389,476**	173,045,344	91,163,906
Reserves	**10,871,721**	9,775,056	8,938,770
Accumulated losses	**(131,969,501)**	(104,934,125)	(74,738,572)
TOTAL EQUITY	**62,291,696**	**77,886,275**	**25,364,104**

Source: Mantra Resources Limited audited financial statements for the years ended 30 June 2009 and 30 June 2010 and reviewed financial statements for the half year ended 31 December 2010.

5.3 Historical Income Statements

Income Statement	Reviewed half year ended 31-Dec-10 A$	Audited year ended 30-Jun-10 A$	Audited year ended 30-Jun-09 A$
Revenue			
Interest revenue	1,731,215	2,045,885	1,551,777
Total revenue	**1,731,215**	**2,045,885**	**1,551,777**
Other comprehensive income			
Gain on available-for-sale investments taken to equity	161,541	1,585,961	-
Other income	-	5,905	-
Total other income	**161,541**	**1,591,866**	**-**
Expenses			
Corporate and Administration Costs	3,093,992	2,950,419	2,194,993
Exploration and Evaluation Costs	25,175,281	30,099,715	21,633,321
Business Development Costs	-	-	65,900
Foreign Exchange Loss	-	783,169	31,593
Other expense	497,318	-	-
Impairment of Exploration and Evaluation Assets	-	-	7,759,787
Impairment of Goodwill	-	-	-
Total expenses	**28,766,591**	**33,833,303**	**31,685,594**
Loss before tax	**(26,873,835)**	**(30,195,552)**	**(30,133,817)**
Income tax expense	-	-	-
Loss after tax	**(26,873,835)**	**(30,195,552)**	**(30,133,817)**
Exchange differences on translation of foreign operations	(423,925)	(106,751)	189,332
Loss on available-for-sale investments taken to equity	-	(1,028,223)	-
Total comprehensive loss	**(27,297,760)**	**(31,330,526)**	**(29,944,485)**

Source: Mantra Resources Limited audited financial statements for the years ended 30 June 2009 and 30 June 2010 and reviewed financial statements for the half year ended 31 December 2010.

Commentary on historical balance sheet & income statement

The cash balance increased from A$26,116,132 in FY2009 to A$78,693,938 in FY2010 which is largely attributable to the successful capital raising of C$64 million (16,000,000 ordinary shares) in December 2009 and February 2010. The Company's principal source of cash for the three months ended 31 December 2010 were from the proceeds of options being exercised of A$6,082,500 and interest received from cash investments totalling A$736,486.

Capital work-in-progress of A$5,121,180 at 31 December 2010, relates to early site work expenditure as part of the ongoing exploration and development of the Mkuju River Project.

Mantra's most significant assets relate to cash.

Under the Company's accounting policies and in accordance with AASB6, exploration and evaluation assets have been written down to nil.

Mantra holds available-for-sale financial assets made up of 10 million North River Resources plc shares. North River Resources plc ('**NRR**') is listed on London's AIM Market.

Of Other Income in FY2010, A$1,585,961 is a gain on the sale of exploration assets. This is the gain on sale of the Mavuzi and Murrupula Projects that were divested to North River Resources plc. Consideration of 10 million North River Resources plc shares and US$100,000 cash was valued at A$1,585,961. The exploration assets had previously been impaired by Mantra and as such, the gain on sale equated to the consideration received.

As a consequence of the significant increase in exploration activities during 2010, and the offer by ARMZ to acquire all of the issued shares in Mantra, corporate and administration expenditure increased by a commensurate amount in comparison to December 2009.

Of the A$25,175,281 Exploration and evaluation costs for the half year ended 31 December 2010, A$5,649,599 relates to share-based payments.

5.4 Capital Structure

The share structure of Mantra as at 31 March 2011 is outlined below:

	Number
Total Ordinary Shares on Issue	135,326,194
Top 20 Shareholders	127,620,944
Top 20 Shareholders - % of shares on issue	94.31%

Source: Computershare register as at 31 March 2011 as provided by Mantra management and www.mantraresources.com.au

The range of shares held in Mantra as at 30 March 2011 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	% Issued Capital
1-1,000	333	118,902	0.09%
1,001-5,000	271	783,649	0.58%
5,001-10,000	63	506,957	0.38%
10,001-100,000	126	3,862,861	2.87%
100,001 – and over	30	129,192,706	96.08%
TOTAL	**823**	**134,465,075**	**100%**

Source: Computershare register as at 30 March 2011 as provided by Mantra management.

The ordinary shares held by the most significant shareholders as at 31 March 2011 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Highland Park S.A.	16,162,915	11.94%
Deans Knight Capital Management Ltd	11,458,294	8.47%
Haywood Securities Inc.	7,283,648	5.38%
JP Morgan Asset Management UK Ltd	6,706,037	4.96%
Total Top 4	**41,610,894**	**30.75%**
Others	93,715,300	69.25%
Total Ordinary Shares on Issue	**135,326,194**	**100%**

Source: www.mantraresources.com.au

The most significant optionholders of Mantra as at 31 March 2011 are outlined below:

Name	Number of Options	Exercise Price (A$)	Expiry Date
Mr R Bradford	300,000	A$3.50	30 June 2011
Mrs S Breese	500,000	A$4.50	31 December 2012
Mrs S Breese	500,000	A$5.00	30 June 2013
Mrs S Breese	500,000	A$5.50	31 December 2013
Highland Park SA	3,332,661	A$2.20	30 June 2011
Other Option holders (each individual less than 20%)	1,572,582	A$2.20	30 June 2011
JP Morgan Nominees Australia	24,193	A$2.20	30 June 2011
Mafiro Pty Ltd	60,483	A$2.20	30 June 2011
Mr M Moss	50,000	A$3.50	30 June 2011
Total Number of Options	**6,839,919**		
Cash Raised if Options Exercised	**A$19,702,822**		

Source: Mantra register of unlisted options as at 23 March 2011 as provided by Mantra management.

Note: All unlisted options are the subject of an offer from ARMZ by way of a Private Treaty.

6. Profile of ARMZ Uranium Holding Co

6.1 History

JSC Atomredmetzoloto (trading as ARMZ Uranium Holding Co.) is an open joint stock company incorporated in the Russian Federation, registered on 22 February 1995. ARMZ is one of the world's uranium production leaders, among the top five uranium producers by production volume and top two uranium producers in terms of uranium raw material base.

ARMZ is responsible for the mining of uranium and the supply of uranium to companies operating under the Russian Federation's nuclear power division. ARMZ manages all of the Russian Federation's civil uranium mining assets within the Russian Federation and abroad and is ultimately owned by the State Atomic Energy Corporation (Rosatom), which is a Russian state-owned corporation.

ARMZ owns 51.4% of Uranium One Inc (**"Uranium One"**), a Canadian uranium producer. Several representatives of ARMZ have received seats on the board of directors and executive positions in Uranium One.

ARMZ has entered into a put/call agreement with Uranium One, where Uranium One has the right to acquire all the Mantra shares for consideration equal to ARMZ's acquisition costs plus certain additional expenditures. With the execution of the amendment to the Scheme Implementation Agreement, Uranium One and ARMZ have entered into an Amended and Restated Option Agreement which provides Uranium One with the benefit of the A$6.87 revised price and additional flexibility in exercising the option to acquire Mantra. ARMZ has the ability to extend the put/call option to 24 months from 12 months provided that Uranium One partially exercises its call option and acquires approximately 15% of the shares of Mantra for US$150 million before the later of six months from closing acquisition of Mantra by ARMZ on 31 January 2012. If Uranium One's call option is partially exercised, ARMZ's put option is only exercisable at the end of the 24 month term. Uranium One will become the operator of the Mkuju River Project upon completion of ARMZ's acquisition of Mantra.

6.2 Operations

ARMZ has interests in a number of uranium mining and exploration projects within Russia, Armenia, Mongolia and Namibia. ARMZ's producing operations include:

- **JSC Priargunsky Industrial Mining and Chemical Union (Priargunsky):** Priargunsky is located in the Trans-Baikal Territory in Russia. Priargunsky is ARMZ's largest source of uranium production, producing 3004 tonnes of uranium in 2009. As at the date of this report, ARMZ owns 79.63% of Priargunsky.
- **JSC Dalur (Dalur):** Dalur is located in the Kurgan Region in the south of Russia. Dalur produced 462.5 tonnes of uranium in 2009. As at the date of this report, ARMZ owns 98.89% of Dalur.
- **JSC Khiagda (Khiagda):** Khiagda is located in the Bauntovsky District of the Republic of Buryatia in Russia. Khiagda produced 96.5 tonnes of uranium in 2009. As at the date of this report, Khiagda is wholly-owned by ARMZ.

ARMZ is also constructing three new uranium mining operations in the South Yakutia Region and Chita Region of Russia.

ARMZ has a majority 51.4% shareholding in Uranium One. Uranium One is publicly listed, with a primary listing on the TSX and a secondary listing on the Johannesburg Stock Exchange.

6.3 Board of Directors

The current directors of ARMZ are:

- Alexander Markovich Lokshin, Chairman of the Board
- Vadim Lvovich Zhivov
- Vladislav Igorevich Korogodin
- Yury Alexandrovich Olenin
- Vladimir Valentinovich Travin

7. Economic analysis

Japanese Crisis

The global economy has been in a state of disorder after the Tsunami in Japan on 11 March 2011 left markets with elevated levels of uncertainty over a nuclear fallout. The Nikkei 225 Index lost 13% of its value from the date of the disaster to 17 March 2011. Over the same period, the Australia All Ordinaries Index also fell over 150 points. This trend was similar over most sectors, and was particularly evident in uranium stocks as fears of a nuclear meltdown in Japan cast doubt over the use of nuclear energy.

Although this crisis has been estimated at costing the Japanese economy over US$200 billion, the markets have begun to show signs of a correction as investors re-evaluate the fundamental effects of the disaster and recognise an over-reaction in the market. Overall, this event represents a relatively small contraction in an otherwise growing global economic environment.

Global Economy - Reserve Bank of Australia

Prior to the Tsunami in Japan, the global economy was continuing its expansion, led by very strong growth in the Asian region. Commodity prices have risen further over recent months, pushing up measures of consumer price inflation in many countries. A number of countries have been moving to tighten their monetary policy settings. Overall, though, financial conditions for the global economy remain accommodative.

Australia's terms of trade are at their highest level since the early 1950s and national income is growing strongly. Private investment is picking up, mainly in the resources sector, in response to high levels of commodity prices. In the household sector thus far, in contrast, there continues to be caution in spending and borrowing, and a higher rate of saving out of current income. The effects of the natural disasters over the summer have reduced output, but production levels should recover over the months ahead, and there will be a mild boost to demand from the rebuilding efforts as they get under way.

Asset values have generally been little changed over recent months and overall credit growth remains quite subdued, notwithstanding evidence of some greater willingness to lend. Business balance sheets generally are being strengthened, and the run-up in household leverage has abated.

The labour market firmed in 2010, with unusually strong growth in employment and a decline in the rate of unemployment. Most leading indicators suggest further growth in employment, though most likely at a slower pace. Reports of skills shortages remain confined, at this point, to the resources and related sectors. After the significant decline in 2009, growth in wages has returned to rates seen prior to the downturn.

Inflation is consistent with the medium-term objective of monetary policy, having declined significantly from its peak in 2008. These moderate outcomes are being assisted by the high level of the exchange rate, the earlier decline in wages growth and strong competition in some key markets, which have worked to offset large rises in utilities prices. Production losses due to weather are temporarily raising prices for some agricultural produce, but these should fall back later in the year. Overall, looking through these temporary effects, the Bank expects that inflation over the year ahead will continue to be consistent with the 2–3 per cent target.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 March 2011*

8. Industry analysis

8.1. Uranium industry analysis

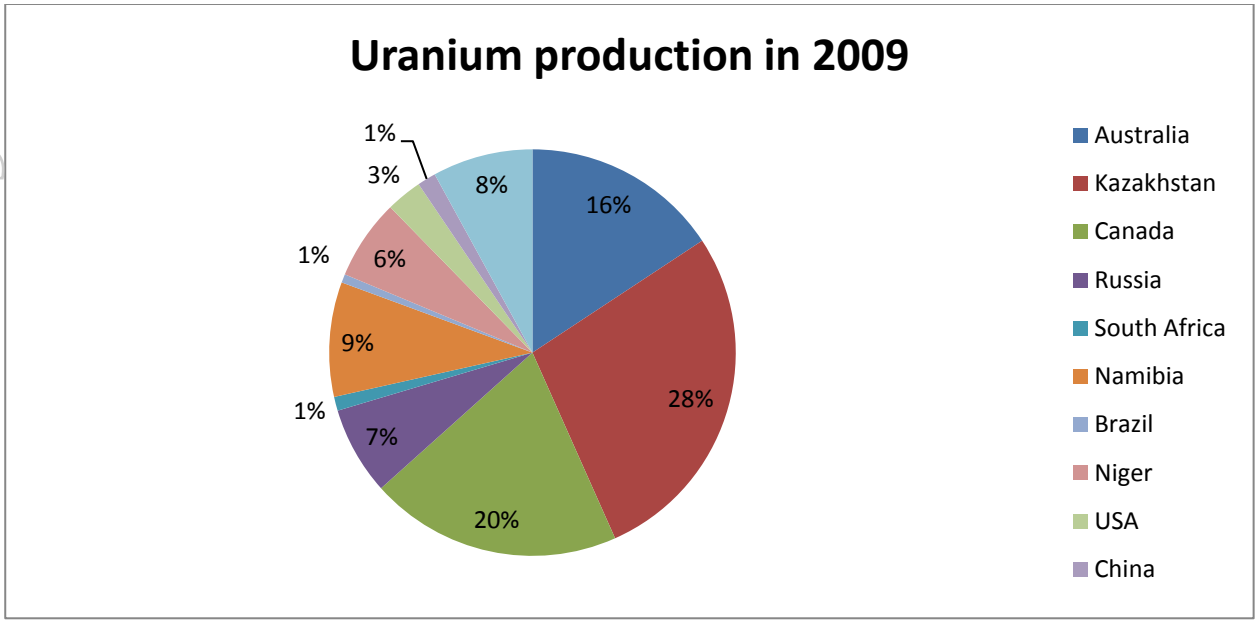
Uranium mining is the extraction of uranium ore from the ground. As uranium deposits are relatively rarely found, mining is concentrated to a few countries worldwide.

A prominent use of uranium from mining is as fuel for nuclear power plants. As of 2008, known economically recoverable uranium ore resources are estimated to be sufficient to produce fuel for about a century, based on current consumption rates.

The state of the world's uranium market is almost wholly dependent on the global fortunes of the nuclear power generation industry. All of Australia's uranium is used for electricity generation.

8.2 Uranium Mining in Africa

Africa has considerable mineral deposits, including uranium. The leading producers of uranium in Africa include Namibia and Niger. Both Namibia and Niger began commercial uranium mining in the 1970s and have strong government support for expanding uranium mining operations. Collectively the mines in these countries account for approximately 20% of global uranium production. The largest producing African uranium mine in 2009 was the Rössing mine in Namibia which was accountable for around 7% of the world's uranium production. The uranium from the Rössing mine is sold to power utilities in Central Europe, North America, and South-East Asia. The chart below shows the world uranium production figures for 2009.



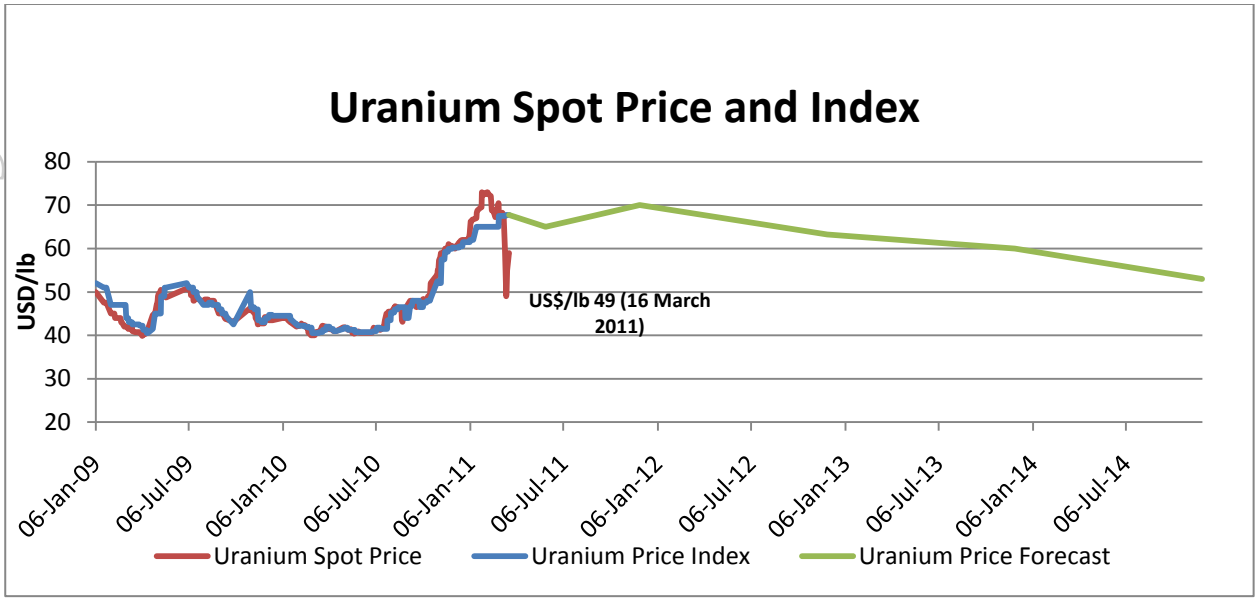
Source: World-nuclear.org

Many African countries are beginning to realise the diverse benefits from using nuclear energy. South Africa has two nuclear reactors generating 5% of its electricity with plans of increasing this figure to 14% by 2030. Nigeria is the most populous country in Africa and has consistent power shortages. To remedy this, the Nigerian Nuclear Regulatory Authority has targeted to have a 1000 Mega Watt (MWe) of nuclear capacity by 2019 and another 4000 MWe by 2030.

Many foreign companies currently operate throughout Africa in an attempt to develop the already proven uranium reserves. These companies include, Areva (Niger), Rio Tinto (Namibia), Paladin Energy (Namibia and Malawi) and Forte Energy (Guinea and Mauritania) to name a few. Although the political and economic risks to these countries are of concern for these businesses, the potential gains from the production of proven uranium reserves is extremely attractive.

8.3 Uranium Pricing

The uranium spot price as at 22 March 2011 was US$59.00/lb U_3O_8. The following table shows historical and forecast U_3O_8 price trends since 2009:



Source: Bloomberg

The devastating Tsunami in Japan has had an equally devastating effect on the uranium industry. The crippled nuclear power plant at Fukushima has cast worldwide doubt on the use of nuclear power and decreased uranium prices by over 30%. Before the Japanese crisis, uranium prices were beginning to gain momentum after a steady decline from project delays caused by the global financial crisis and issues with over supply from production in Kazakhstan. The beginning of January 2011 had shown a significant spike in uranium prices as a result of expansion in Asia. Chinese demand is expected to keep uranium supply in a deficit and thus stabilise prices in the short term. The long term forecast sees the price of uranium falling. This consensus is predominately driven by insecurities in the market over the future of the industry, but is also derived from the sentiment that uranium demand will met with supply from projects currently being established.

9. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business, the assets it owns or the shares in a company. The principal methodologies which can be used are as follows:

- Net Tangible Assets on a going concern basis ("**NTA**")
- Quoted Market Price Basis ("**QMP**")
- Capitalisation of future maintainable earnings ("**FME**")
- Discounted Cash Flow ("**DCF**")
- Multiple of Exploration Expenditure ("**MEE**")
- Comparable Market Value

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Mantra's shares we have chosen to employ the following methodologies:

- Comparable Market Values – primary methodology
- Net Tangible Assets on a going concern basis ("**NTA**") – supporting methodology
- Quoted Market Price Basis ("**QMP**") – supporting methodology

We have chosen these methodologies for the following reasons:

- Comparable market values of other companies and projects provides a guide as to the strategic value of an asset;
- The most significant assets of Mantra are uranium related and as such require a specialist valuation that may not be accurately provided by other methodologies;
- Mantra is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists;Mantra does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate;
- Mantra has no foreseeable future net cash inflows and therefore the application of DCF is not possible.

10. Valuation of Mantra Resources Limited

10.1 Net Tangible Asset Valuation of Mantra

The value of Mantra assets on a going concern basis is reflected in our valuation below:

	Ref	Reviewed as at 31 December 2010 A$	Adjusted Valuation Low 31 December 2010 A$	Adjusted Valuation High 31 December 2010 A$
ASSETS				
Current Assets				
Cash and cash equivalents	1	58,102,005	77,804,827	77,804,827
Trade and other receivables		2,031,608	2,031,608	2,031,608
Other assets		162,881	162,881	162,881
Total Current Assets		**60,296,494**	**79,999,316**	**79,999,316**
Non-current Assets				
Property, plant and equipment		2,038,220	2,038,220	2,038,220
Exploration and evaluation assets	2	-	160,000,000	360,000,000
Capital work- in-progress		5,121,180	5,121,180	5,121,180
Available-for-sale financial assets	3	601,218	457,402	532,875
Other assets		37,941	37,941	37,941
Total Non-current Assets		**7,798,559**	**167,654,743**	**367,730,216**
TOTAL ASSETS		**68,095,053**	**247,654,059**	**447,729,532**
LIABILITIES				
Current Liabilities				
Trade and other payables		4,779,222	4,779,222	4,779,222
Provisions		283,756	283,756	283,756

Borrowings		740,380	740,380	740,380
Total Current Liabilities		**5,803,358**	**5,803,358**	**5,803,358**
TOTAL LIABILITIES		**5,803,358**	**5,803,358**	**5,803,358**
NET ASSETS		**62,291,695**	**241,850,701**	**441,926,174**
SHARES ON ISSUE	4		144,739,267	144,739,267
VALUE OF A MANTRA SHARE			A$1.67	A$3.05

We have been advised that there has not been a significant change in the net assets of Mantra since 31 December 2010. The table above indicates the net asset value of a Mantra share is between A$1.67 and A$3.05.

The following adjustments were made to the net assets of Mantra as at 31 December 2010 in arriving at our valuation.

Note 1

A$19,702,822 cash will be raised if all of Mantra's unlisted options on issue at the date of this report are exercised. This amount has been added to the cash and cash equivalents balance.

Note 2

We instructed CSA Global ("**CSA**") to provide an independent specialist market valuation of the exploration and development assets held by Mantra. CSA Global considered a number of different valuation methods when valuing the exploration and development assets of Mantra. CSA have valued the Nyota Project using both DCF analysis and yardstick values for in situ resources based on one comparable transaction. In their report CSA have discounted the NPV value resulting from the DCF by multiplying the NPV by a factor of 40% due to the stage of the project. The exploration projects were valued using a combination of methodologies being; the Multiple of Exploration Expenditure method, the Joint Venture Terms method and the Comparable Transactions method, which includes the Joint Venture Terms method. Full details are shown in Appendix 3.

The range of values for each of Mantra's exploration and development assets as calculated by CSA Global is set out below:

Mineral Asset	Low Value A$m	High Value A$m	Most Likely Value A$m
DEVELOPMENT PROJECT			
Nyota Project	150	350	300
EXPLORATION PROJECT			
Mjuku River Satellites	5	8	7
Central Tanzania Projects	0.50	0.80	0.60
Mbamba Bay Project	0.05	0.10	0.08
Southern Tanzania Projects	1.40	1.60	1.50
Mozambique Projects	0.40	0.90	0.70
Total Valuations	**160**	**360**	**310**

The totals have been rounded to the nearest A$10 million.

The table above indicates a range of values between A$160 million and A$360 million, with a preferred value of A$310 million.

Note 3

In 2009, Mantra divested its Mavuzi and Murrupula Projects in Mozambique to NRR, a company listed on London's AIM Market. Consideration for the properties was US$100,000 and 10 million fully paid ordinary shares in NRR. The high and low fair value of the available-for-sale investments has been determined by applying the market price and GBP/AUS exchange rate on 15 December 2010 (being the date the proposed Scheme was announced) for the low value and the market price and GBP/AUS exchange rate on 31 December 2010 for the high value.

Note 4

ARMZ will make an offer by way of private treaty to the holders of all Mantra Options on the terms and conditions agreed between ARMZ and Mantra and subject to the Scheme becoming effective, to acquire all outstanding Mantra Options. All Mantra unlisted options on issue are in the money and are fully vested. For this reason, the exercise of 6,839,919 options has been included in number of diluted shares on issue.

All Mantra Performance Rights will automatically vest upon the Court approval of the Scheme. For this reason, all of the 2,573,154 Performance Rights have been included in the number of diluted shares on issue. There will be no change to the net assets of the Company arising from this.

10.2 Quoted Market Prices for Mantra Securities

To provide a comparison to the valuation of Mantra in Section 10.3, we have also assessed the quoted market price for a Mantra share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.25 suggests that when considering the value of a company's shares for a control transaction the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

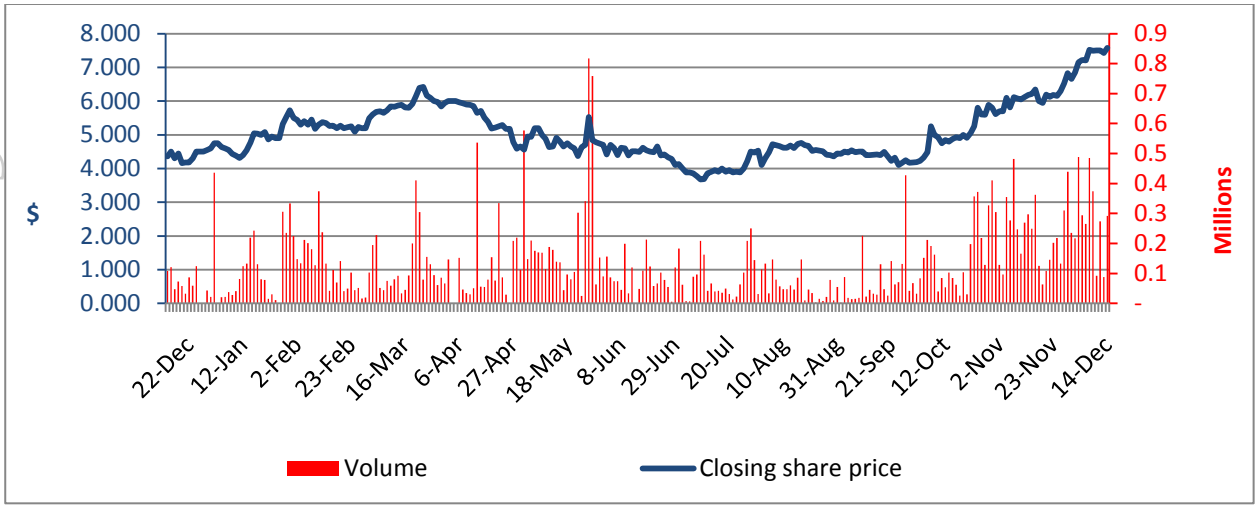
ARMZ will be obtaining 100% of Mantra.

Therefore, our calculation of the quoted market price of a Mantra share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Mantra share is based on the pricing prior to the announcement of the Scheme on 15 December 2010. These prices do not reflect the existence of the Scheme but they also do not reflect the other significant reduction in market pricing which resulted from the March 2011 natural disaster in Japan. We have considered the value of a Mantra share following the announcement when we make an assessment of the value of a Mantra share in Section 10.4 and also consider these factors in the assessment of the reasonableness of the Scheme in Section 13.2.

Information on the Scheme was announced to the market on 15 December 2010. Therefore, the following chart provides a summary of the share price movement over the year to 14 December 2010 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Mantra shares from 14 December 2009 to 14 December 2010 has ranged from a high of A$7.65 on 7 December 2010 to a low of A$3.55 on 9 July 2010.

During this period a number of announcements were made to the market.

Date	Announcement	Closing Share Price Following Announcement A$ (movement)	Closing Share Price Three Days After Announcement A$ (movement)
16/11/2010	NYOTA RESOURCE INCREASES BY 20% TO 101.4 Mlbs U3O8	6.34 (▲ 2.1%)	6.19 (▼ 2.4%)
10/11/2010	RESOURCE DRILLING PROGRAM COMPLETED AT NYOTA	6.05 (▼ 0.5%)	6.21 (▲ 2.6%)
29/10/2010	Quarterly Activities and Cashflow Report	5.80 (▼ 1.5%)	5.7 (▼ 1.7%)
25/10/2010	MANTRA COMMENCES PFS ON HEAP LEACHING FOR PHASE 2 GROWTH	5.80 (▲ 10.5%)	5.89 (▲ 1.6%)
20/10/2010	MANTRA SIMPLIFIES R-I-P FLOWSHEET AND IMPROVES MET. RECOVERY	4.91 (▼ 1.8%)	5.8 (▲ 18.1%)
6/10/2010	Response to ASX Price Query	5.25 (▲ 17.2%)	4.75 (▼ 9.5%)
30/09/2010	Exploration Drilling Commences at Nyota	4.19 (▲ 0.2%)	4.48 (▲ 6.9%)

30/07/2010	Quarterly Activities and Cashflow Report	4.53 (▲ 1.3%)	4.48 (▼ 1.1%)
26/07/2010	Drilling confirms continuity of mineralised zones at Nyota	4.00 (▲ 2.8%)	4.47 (▲ 11.8%)
15/06/2010	Highland Park Distribution of Securities to Non-Key Investor	4.49 (▼ 0.4%)	4.50 (▲ 0.2%)
2/06/2010	INFILL DRILLING CONFIRMS CONTINUITY OF MINERALISATION AT MRP	4.42 (▼ 6.0%)	4.40 (▼ 0.5%)
4/05/2010	EXPLORATION AND RESOURCE INFILL DRILLING RAMPING UP AT NYOTA	4.94 (▼ 0.2%)	5.00 (▲ 1.2%)
30/04/2010	Quarterly Activities and Cashflow Report	4.56 (▼ 1.9%)	5.20 (▲ 14.0%)
30/04/2010	INTEGRATED PILOT PLANT TEST WORK UPDATE	4.56 (▼ 1.9%)	5.20 (▲ 14.0%)
27/04/2010	Mkuju River Project Permitting Update	4.79 (▼ 7.5%)	4.56 (▼ 4.8%)
12/03/2010	NI 43-101 Technical Report on Mkuju River Project Resource	5.87 (▲ 0.7%)	5.80 (▼ 1.2%)
3/03/2010	COMMENCEMENT AND AWARD OF DEFINITIVE FEASIBILITY STUDY	5.60 (▲ 2.0%)	5.65 (▲ 0.9%)
1/03/2010	PFS LIFTS ANNUAL PRODUCTION BY 48% FOR NYOTA PROSPECT	5.20 (0.0%)	5.68 (▲ 9.2%)
27/01/2010	SUBSTANTIAL INCREASE IN NYOTA RESOURCE TO 84.3 Mlbs U3O8	5.32 (▲ 8.6%)	5.50 (▲ 3.4%)
25/01/2010	Quarterly Activities and Cashflow Report	4.90 (▼ 1.0%)	5.73 (▲ 16.9%)
22/01/2010	MKUJU RIVER SATELLITES DELIVER PROMISING RESULTS	4.95 (▲ 1.9%)	5.53 (▲ 11. 7%)
24/12/2009	Mantra Completes C$52 Million Share Offering	4.50 (▲ 4.7%)	4.75 (▲ 5.6%)

Announcements with bold headings represent those announcements deemed price sensitive by Mantra at the time they were released to the ASX.

Many of Mantra's announcements resulted in significant underlying price movements. The review period is characterised by positive drilling results and further feasability studies.

On 6 October 2010, the share price increased 17.5% from the previous day. The ASX queried the price and volume change. Mantra stated that 'the Company is not aware of any information that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company'.

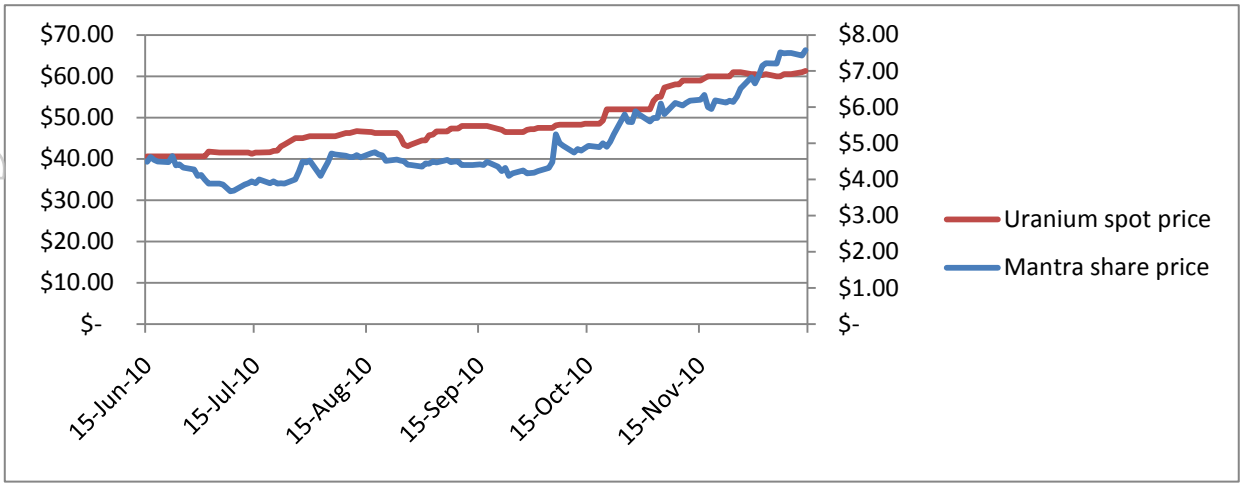
The rapid increase in price from A$5.98 on 18 November 2010 to A$7.49 on 14 December 2010, prior to the announcement, and the increased volume of trading, would suggest that there may have been predictions in the market about a possible takeover before the announcement was made on 15 December 2010. No significant announcements were made in the 27 day period prior to the 15 December 2010 announcement over which the share price increased 25.25%. This means that the closing price on 14 December 2010 may already include an element of a control premium.

We have analysed the price movements in the one month, two month and six month periods prior to the 15 December 2010 announcement of other listed uranium companies and the uranium spot price.

Company	Price increase percentage - one month period prior to announcement	Price increase percentage - two month period prior to announcement	Price increase percentage - six month period prior to announcement
Mantra Resources Limited	**22%**	**54%**	**69%**
Extract Resources Limited	2%	28%	28%
Berkeley Resources Limited	-8%	1%	45%
Uranerz Energy Corporation	28%	99%	203%
Alliance Resources Limited	-12%	5%	35%
Deep Yellow Limited	-3%	47%	87%
Average	**5%**	**39%**	**78%**

	Price increase percentage - one month period prior to announcement	Price increase percentage - two month period prior to announcement	Price increase percentage - six month period prior to announcement
Mantra Resources Limited	**22%**	**54%**	**69%**
Uranium spot price	4%	26%	51%

Source: Bloomberg



Over the one month and two month periods analysed above, Mantra has out performed the average price increase of the uranium companies analysed and the uranium spot price movement. This is particularly evident in the one month prior to the 15 December 2010 announcement where Mantra's share price increased 22% compared to an average of 5% for the other uranium companies analysed. In the one month prior to the announcement, Mantra's increased share price movement was not inline with other ASX listed uranium companies price movement that was analysed, nor was it inline with the increase in the uranium spot price. It outperformed both which indicates that an element of control premium existed in the ASX share price on 14 December 2010.

To provide further analysis of the market prices for a Mantra share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 trading day periods to 14 December 2010.

	14 December 2010	10 days	30 days	60 days	90 days
Closing Price	A$7.580				
Volume Weighted Average		A$7.302	A$6.603	A$6.014	A$5.846

The above volume weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Mantra shares that has occurred since the offer was announced but they also do not reflect the other significant reduction in market pricing which resulted from the March 2011 natural disaster in Japan.

An analysis of the volume of trading in Mantra shares for the twelve months to 14 December 2010 is set out below (all figures are for the respective trading days with the exception of the 1 year figures which are for trades in the period from 15 December 2009 to 14 December 2010):

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	A$7.300	A$7.600	291,775	0.22%
10 days	A$6.840	A$7.650	2,869,585	2.20%
30 days	A$5.570	A$7.650	7,650,239	5.87%
60 days	A$4.000	A$7.650	12,320,193	9.46%
90 days	A$4.000	A$7.650	13,848,176	10.63%
180 days	A$3.550	A$7.650	25,684,487	19.49%
1 year	A$3.550	A$7.650	34,309,799	26.43%

This table indicates that Mantra's shares display a low level of liquidity, with 26.43% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the quoted market price of its shares cannot be considered relevant.

In the case of Mantra, we consider that there is a thin market for its shares supported by a low level of liquidity with only 26.43% of shares being traded over the last 12 month period.

Our assessment is that a range of values for Mantra's shares based on market pricing, after disregarding post announcement pricing, is between A$6.50 and A$7.50.

Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX as well as global mining companies. We have summarised our findings below:

Australian Uranium targets:

Transaction Period	Number of Transactions	Average Deal Value (US$m)	Median Deal Value (US$m)	Average Control Premium (%)	Median Control Premium (%)
2006	1	28.09	28.09	247%	247%
2007	2	136.83	136.83	2%	2%
Total	**3**	**82.46**	**82.46**	**124%**	**124%**

Given the small sample of Australian Uranium company targets over the past five year period, little reliance can be placed on the control premiums of the Australian Uranium deals. Deal specific reasons leading to a particularly small or large control premium paid, will not be diluted over a small sample the same way it would be in a large sample size. For this reason, we have not applied the control premium shown above.

Due to the lack of comparable data available, we have expanded our control premium analysis across ASX listed mining companies that have been acquired between 2000 to 2010 and global mining companies that have been acquired between 2000 to 2010. Below is a summary of our findings over the period analysed:

Mining companies listed on the ASX:

Transaction Period	Number of Transactions	Average Deal Value (US$m)	Median Deal Value (US$m)	Average Control Premium (%)	Median Control Premium (%)
2000	5	606.98	390.97	34.43%	30.5%
2001	6	112.98	69.82	28.98%	31.25%
2002	6	194.2	19.85	31.62%	23.81%
2003	6	624.03	50.21	6.77%	14.37%
2004	3	25.83	25.83	25.67%	15.5%
2005	13	887.38	62.17	42.42%	29.78%
2006	20	81.85	40.88	31.11%	25.16%
2007	24	432.74	148.31	24.62%	17.68%
2008	9	448.5	265.51	32.8%	36.03%
2009	19	109.9	32.67	32.67%	22.95%
2010	16	888.87	72.18	56.55%	52.98%
Total	**127**	**401.21**	**107.13**	**31.60%**	**27.27%**

Source: Bloomberg

Global mining companies:

Transaction Period	Number of Transactions	Average Deal Value (US$m)	Median Deal Value (US$m)	Average Control Premium (%)	Median Control Premium (%)
2000	31	1246.46	79.05	49%	28%
2001	48	1343.02	101.56	49%	27%
2002	43	508.38	38.92	41%	27%
2003	21	294.11	51.31	53%	26%
2004	17	443.26	161.30	27%	21%
2005	24	1523.03	162.00	33%	33%
2006	32	2978.47	153.60	36%	27%
2007	38	2032.46	260.77	27%	24%
2008	46	693.23	240.12	32%	29%
2009	43	422.13	106.45	70%	51%
2010	29	897.45	56.56	58%	35%
Total	**372**	**1125.64**	**106.45**	**43%**	**27%**

Source: Mergerstat

Analysis of the transactions showed that control premia varied widely and there did not appear to be a relationship between the type of consideration (ie script v cash) and the level of premium paid. We note that higher premia appear to be paid in circumstances where production is in place or the path to production is more certain. We also noted that where clear strategic factors (such as neighbouring tenements) exist, control premia tended to be higher. Based on the results above, we have concluded that an appropriate control premium to use in our valuation for Mantra is between 25% and 30%. This is due to Mantra being in exploration phase. We also note that there is certainty in relation to the premium that will be received as the consideration is in the form of cash. From the analysis of Mantra's share price pre announcement, we have concluded that the closing share price on 14 December 2010 already incorporates an element of control premium of 10% – 15%. As such, we believe it is reasonable to apply a control premium of 15% to the quoted market price value of Mantra.

Quoted market price including control premium

Applying a control premium to Mantra's quoted market share price results in the following quoted market price value including a premium for control:

	Low A$	High A$
Quoted market price value	6.50	7.50
Control premium	15%	15%
Quoted market price valuation including a premium for control	**7.47**	**8.63**

Therefore, our valuation of a Mantra share based on the quoted market price method and including a premium for control is between A$7.47 and A$8.63.

10.3 Comparable Market Value

We have analysed the market capitalisation of listed companies with uranium projects as their primary focus.

Analysis of the Market Capitalisation of Companies with Uranium Projects as their Primary Focus

	Extract Resources	Berkeley Resources	Uranerz Energy	Alliance Resources	Deep Yellow	Average	Mantra Resources
Market Capitalisation as at 25 March 2011 (A$ million)	2,115	199	274	116	265	594	
Net Cash as at 31 December 2010 (A$ million)	35	7	36	36	20	27	Total gross consideration of A$1,020 million
Enterprise Value (A$ million)	2,080	192	238	80	245	567	
Interest in Projects	100%	90%	100%	25%	100%		100%
Key projects	Husab Uranium Project	Salamanca Uranium Project	Powder River Basin Project	Four Mile Uranium Project	Reptile Uranium Project		Mkuju River
Resources Size U_3O_8(Mlbs)	367	78	19	71	59	119	101
Resource Size (Mlbs - adjusted for project equity)	367	70	19	18	59	107	101
Enterprise value per lb of resource (A$)	**5.67**	**2.74**	**12.53**	**4.44**	**4.15**	**5.91**	**Consideration per lb of resource - 9.53**
Median (A$)						**4.44**	

Source: Bloomberg and relevant company announcements

From the analysis above, we have derived the average and median value per lb of resource based on the disclosed information on the uranium projects of these companies. The average value is A$5.91 per lb and

the median A$4.44 per lb which compares with the consideration of A$9.53 per lb of resource under the Scheme.

Given the recent fluctuations in the uranium market due to the earthquake in Japan, we have also calculated the enterprise value per lb of resource using the 60 day and 120 day VWAP. The comparable companies share prices, as at the date of this report, are all trading at a discount to their pre earthquake trading prices. Due to this, we have taken into consideration the enterprise values per lb calculated below when applying an average price per lb of resource to Mantra's Mkuju River Project.

	Extract Resources	Berkeley Resources	Uranerz Energy	Alliance Resources	Deep Yellow	Average	Median	Mantra Resources
Enterprise value per lb of resource calculated using a 60 day VWAP (A$)	**5.97**	**3.18**	**15.01**	**5.61**	**7.33**	**7.42**	**5.97**	**Consideration per lb of resource - 9.53**
Enterprise value per lb of resource calculated using a 120 day VWAP (A$)	**5.85**	**3.78**	**13.15**	**6.22**	**4.80**	**6.76**	**5.85**	**Consideration per lb of resource - 9.53**

Source: Bloomberg and relevant company announcements

The table below shows the average enterprise value per lb of resource applied to Mantra's Mkuju River project. For the companies above, we have considered the value to be in the range of A$6.00 per lb to A$7.00 per lb.

	Low Value	High Value
Enterprise value per lb of resource	A$6.00	A$7.00
Resource size of Mantra's Mkuju River project (lbs)	101,000,000	101,000,000
Implied value of Mantra's Mkuju River project	A$606,000,000	A$707,000,000
Net cash of Mantra	A$77,064,447	A$77,064,447
Equity value of Mantra	A$683,064,447	A$784,064,447
Number of Mantra shares (diluted) on issue	144,739,267	144,739,267
Enterprise value of Mantra's Mkuju River project per share based on comparable value per lb of resource	A$4.72	A$5.42
Control Premium	25%	30%
Enterprise value of Mantra's Mkuju River project per share based on comparable value per lb of resource (including control premium)	A$5.90	A$7.04

The table above shows that when the average enterprise value per lb of resource for comparable companies is applied to Mantra's Mkuju River project, the value per lb of resource is in the range from a low of A$4.72 to a high of A$5.42. A control premium has been applied to the enterprise value of Mantra's Mkuju River project per share based on comparable value per lb of resource to make it comparable to the market prices calculated in section 10.2.

Brief details of the comparative entities are as follows:

Extract Resources Limited ("Extract") – Husab Project

Located near Swakopmund on the west coast of Nambia, the Husab Project is the largest in-situ, and highest grade, granite-hosted uranium deposit in Nambia. Following a pre-feasibility study of the Husab Project, Extract plans to develop a large-scale load-and-haul, open-pit mining operation. Extract have begun the transition from explorer to producer.

Berkeley Resources Limited ("Berkeley") - Salamanca Project

The Salamanca Project is located on the west coast of Spain. The Salamanca Project has a number of identified uranium deposits with mineral resources totalling 73.9 Mlbs of U_3O_8. In May 2009, Berkeley commenced a feasibility study process on the Salamanca Project which is expected to take up to 18 months.

Uranerz Energy Corporation ("Uranerz") – Powder River Basin Projects

Uranerz has over 30 wholly-owned and joint-ventured projects in the Powder River Basin of Wyoming. Wyoming is the largest producer of uranium of any U.S. State. Commercial ISR mining in the Powder River Basin has been ongoing since 1987, with production coming from Cameco's Smith Ranch-Highland mines and previously from Uranium One's Irigaray/Christensen Ranch ISR mine which is currently projected to re-start operations in 2011.

Alliance Resources Limited ("Alliance") – Four Mile Uranium Project

The Four Mile Uranium Project is located 550km north of Adelaide in South Australia. The project is a joint venture with Quasar Resources Pty Ltd (75%). The Four Mile uranium deposit, discovered in 2005, is a sandstone-hosted occurrence defined by two mineralised zones within Tertiary age sediments: Four Mile West and Four Mile East. The initial resource at Four Mile West is 3.9 million tonnes at 0.37% uranium oxide containing 15,000 tonnes (32 million lb) of uranium oxide.

Deep Yellow Limited ("Deep Yellow") – Reptile Uranium Project

Deep Yellow Limited is an ASX-listed advanced stage uranium exploration Company with extensive operations in the southern African nation of Namibia and in Australia. The Company's primary focus is in Namibia where its operations are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd ("**RUN**"). RUN's flagship is the Omahola Project currently under Pre-Feasability Study with concurrent resource drill-outs on the high grade Ongolo Alaskite project and on secondary uranium mineralisation in the Tumas-Tubas palaeochannel/fluviatile sheetwash systems. SNC Lavalin (SNCL) has provided positive interim Pre-Feasibility Study (PFS) results for the Omahola uranium project in Namibia. The timeline for the completion of PFS has been extended to the 2nd Quarter 2011.

Our analysis indicates that the Total Cash Payment which equates to $9.53 per lb of resource is greater than the average value of comparable companies measured on the value per lb of resource.

10.4 Assessment of Mantra Value

The results of the valuations performed are summarised in the table below:

	Low A$	High A$
Net tangible assets (Section 10.1)	A$1.67	A$3.05
ASX market prices (Section 10.2)	A$7.47	A$8.63
Comparable market value (Section 10.3)	A$5.90	A$7.04

Based on the results above we consider the value of a Mantra share to be in the range from A$5.90 to A$7.47.

The primary basis of our value range is the comparable market value range, which represents the most comparable company information available. There are still significant differences between the comparable companies and Mantra, both in terms of the projects (size and location), and the size of the comparable entities, however this approach incorporates the broader view of the market for uranium projects. We note that there is a gap between the comparable market value and the NTA value. In CSA's report, they have discounted the NPV value by multiplying the NPV by a factor of 40% due to the stage of the project. In the current market conditions project risk is not discounted to the same extent by the market as by an independent specialist. The quoted market price range is based on a low volume of trading which may not reflect the fair market value of a share. This has led us to adopt only the lower end of the range in our valuation. It has also been based on pre-announcement pricing levels. These do not reflect the existence of the Scheme but they also do not reflect the other significant reduction in market pricing which resulted from the March 2011 natural disaster in Japan.

11. Valuation of Consideration

ARMZ have offered consideration of A$6.87 cash and shareholders will also receive a A$0.15 unfranked dividend per Mantra share. The payment of the Special Dividend requires the Company's constitution to be amended to permit Mantra to pay dividends in accordance with section 254T of the Corporations Act ("Constitutional Amendment"). Mantra proposes to convene an extraordinary general meeting for Shareholders to consider and, if thought fit, approve the Constitutional Amendment. If the Constitutional Amendment is not approved and the Scheme proceeds, Mantra will not be able to pay the Special Dividend and Shareholders will only receive the Scheme Consideration of A$6.87 cash per share. If the Constitutional Amendment is approved and the Scheme proceeds, the total cash payments that will be received by Shareholders is $A7.02 cash per share

12. Is the Scheme fair?

The value of the Total Cash Payment per Mantra share is compared below:

	Ref	Low A$	High A$
Value of Mantra share		5.90	7.47
Value of consideration		7.02	7.02

As the value of the consideration to be received by shareholders per share is within the range of the value of a Mantra share, we consider the Scheme to be fair. We note that the Scheme consideration does not fall within the range of the ASX pricing value range we adopted. However, given the low level of liquidity of Mantra shares and that the ASX pricing we have analysed is prior to the natural disaster in Japan, less emphasis is placed on this valuation methodology. We also note that had we adopted our value range on an NTA basis, the Scheme would still be fair. In the event that the Constitutional Amendment is not approved and the Scheme proceeds, Mantra will not be able to pay the Special Dividend and Shareholders will only receive the Scheme Consideration of A$6.87 cash per share. The Scheme would still be fair if this circumstance arose.

13. Is the proposed scheme reasonable?

13.1 Alternative Proposal

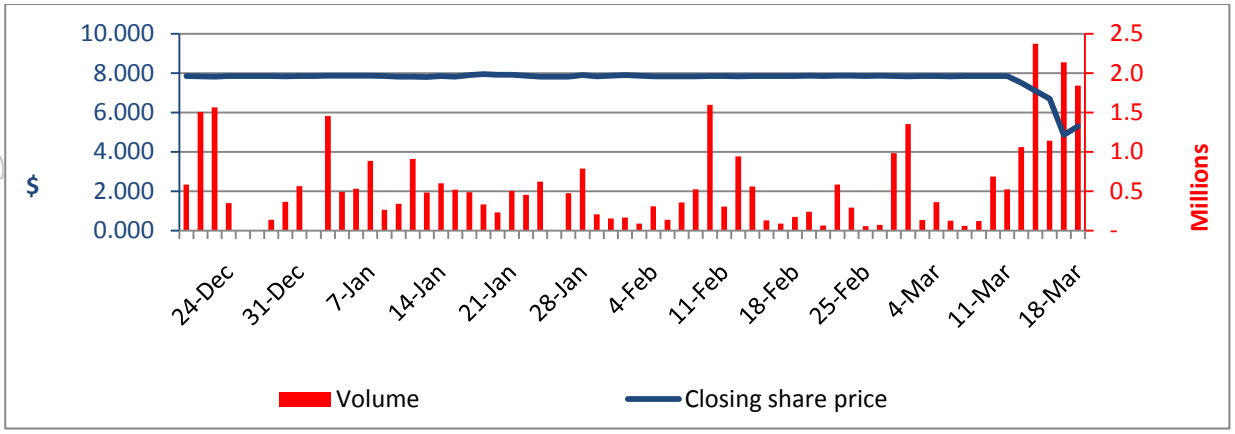
We are unaware of any alternative proposal that might offer the Shareholders of Mantra a premium over the value ascribed to that resulting from the Proposed Scheme.

13.2 Practical Level of Control

If the Scheme is approved then ARMZ will hold an interest of 100% in Mantra.

Potential decline in share price

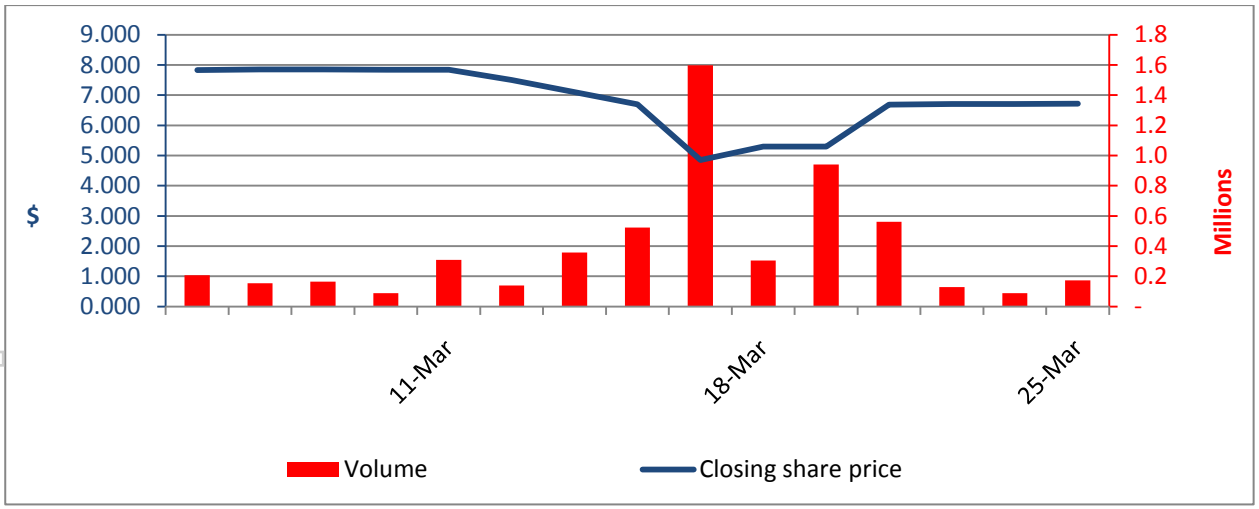
We have analysed movements in Mantra's share price since the Scheme was announced on 15 December 2010. A graph of Mantra's share price since the announcement is set out below.



Source: Bloomberg

On the day of the announcement, 15 December 2010, the share price increased 5.6%, closing at A$7.91. The share price remained around A$7.85 until 11 March 2011. Following the earthquake in Japan on 11 March 2011, the share price declined for four consecutive days plunging to a low of A$4.27 on 17 March 2011. Shares gained 9.07% to close at A$5.29 on 18 March 2011 before being placed in a trading halt pending the announcement of the revised Scheme.

The graph below shows the pricing of Mantra shares for the month of March 2011 up until 25 March 2011. The graph shows the decrease in price and increased trading volume following the earthquake in Japan and the increase in the share price from 16 - 25 March 2011. This increase is in line with the rebound of uranium shares on the ASX post a dramatic decline in the days following the earthquake. Mantra shares increased 22.28% on the day of the revised Scheme announcement to close at A$6.68. Mantra shares closed at A$6.72 on 25 March 2011.



Source: Bloomberg

Given the above analysis and the current uncertainty in the share market surrounding uranium mining, it is possible that if the Scheme is not approved then Mantra's share price may decline.

13.3 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

Advantage	Description
The Scheme is fair	As set out in Section 12 the Scheme is fair. RG 111 states that an offer is reasonable if it is fair.
Cash available for other investments	Shareholders will receive cash and a dividend payment which can be used for alternate investments
No transaction costs	On approval of the Scheme, shares in Mantra would be converted to cash for the shareholder. No transaction costs, such as brokerage, will apply that would ordinarily apply if the shares were disposed of.

13.4 Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Inability to benefit from potential upside in Mantra	Shareholders will no longer own shares in the Company and will therefore not benefit from future profits and capital growth of the Company.
Potential tax implications	Potential tax implications associated with selling Mantra shares may apply to shareholders such as the immediate realisation of income/loss or capital gains/losses. The capital gains discount of 50% for individuals and 33.3% for superannuation funds which is available on shares held for more than 12 months cannot be applied to the dividend component of the consideration.

14. Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the Scheme is fair and reasonable and in the best interests of Shareholders of Mantra.

15. Sources of information

This report has been based on the following information:

- Draft Scheme Booklet on or about the date of this report;
- Audited financial statements of Mantra for the years ended 30 June 2009 and 30 June 2010;
- Reviewed half year financial statements of Mantra for the half-year ended 31 December 2010;
- Scheme Implementation Agreement;
- Independent specialist valuation prepared by CSA Global;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Mantra.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of A$68,500 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Mantra in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Mantra, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Mantra and ARMZ and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Mantra and ARMZ and their respective associates.

A draft of this report was provided to Mantra and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 13 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Mantra for inclusion in the Scheme Booklet which will be sent to all Mantra Shareholders. Mantra engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider if the offer of A$6.87 cash plus an unfranked dividend of A$0.15 per Mantra share is reasonable consideration offered by ARMZ to acquire all of Mantra's issued shares.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Mantra or ARMZ in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to ARMZ. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore,

the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Mantra, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent specialist valuation prepared by CSA Global for mineral assets held by Mantra.

CSA Global possess the appropriate qualifications and experience in the mineral and resources industry to make such assessments. The approaches adopted and assumptions made in arriving at their conclusions are appropriate for this report. We have received consents from CSA Global for the use of the specialist's report in the preparation of this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Associate Director

Authorised Representative

Appendix 1 – Glossary of Terms

Reference	Definition
A$	Australian Dollars
The Act	The Corporations Act (Australia)
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Mantra	Mantra Resources Limited
ARMZ	ARMZ Uranium Holding Co (JSC Atomredmetzoloto)
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
ROC	Return of Capital
NTA	Net Tangible Assets
The Scheme	The proposal by ARMZ to acquire all of Mantra's issued shares
Our Report	This Independent Expert's Report prepared by BDO
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of Mantra not associated with ARMZ
TSX	Toronto Stock Exchange
RG111	Regulatory Guide 111 – Content of Expert Reports (March 2011)
RG112	Regulatory Guide 112 – Independence of Experts (March 2011)

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 ***Net tangible asset value on a going concern basis ("NTA")***

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 ***Quoted Market Price Basis***

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 ***Capitalisation of future maintainable earnings ("FME")***

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortisation ("**EBITDA**"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Multiple of Exploration Expenditure ("MEE")*

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("**PEM**") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

Appendix 3 – Independent Specialist Valuation of Mantra's Exploration Assets

CSA Global
Resource Industry Consultants

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Date: 1 March 2011
Report No: R127.2011

Independent Technical Assessment & Valuation

MANTRA RESOURCES LIMITED

Mkuju River Project and Mineral Exploration Properties

Tanzania & Mozambique

Africa

By
Ray Cary
BSc, FAIG, FAusIMM (CP)

For:

BDO Kendalls Corporate Finance (WA) Pty Ltd
38 Station St
Subiaco
WA 6008

Approved:

Malcolm Titley
Director

Executive Summary

Mantra Resources Limited ("Mantra") is a Perth, Western Australia based Australian public company listed on the Australian and Toronto Stock Exchanges. Mantra has several uranium exploration projects in Tanzania and Mozambique, the most advanced of which is the Mjuku River Project ("MRP") in southern Tanzania, about 470km southwest of the former capital, Dar es Salaam (Figure 0-1). Within the MRP, large Mineral Resources of U_3O_8 have been discovered at the Nyota project ("Nyota") which are being evaluated for possible development to produce 4Mlb pa of U_3O_8 equivalent over a 12 year mine life. Within Nyota's total Mineral Resources of 100Mlb U_3O_8, there are Inferred Mineral Resources containing about 36Mlb U_3O_8, which if elevated to Measured and Indicated Resources and subsequently converted to Ore Reserves, have the potential to extend the project's life to at least 16 years.

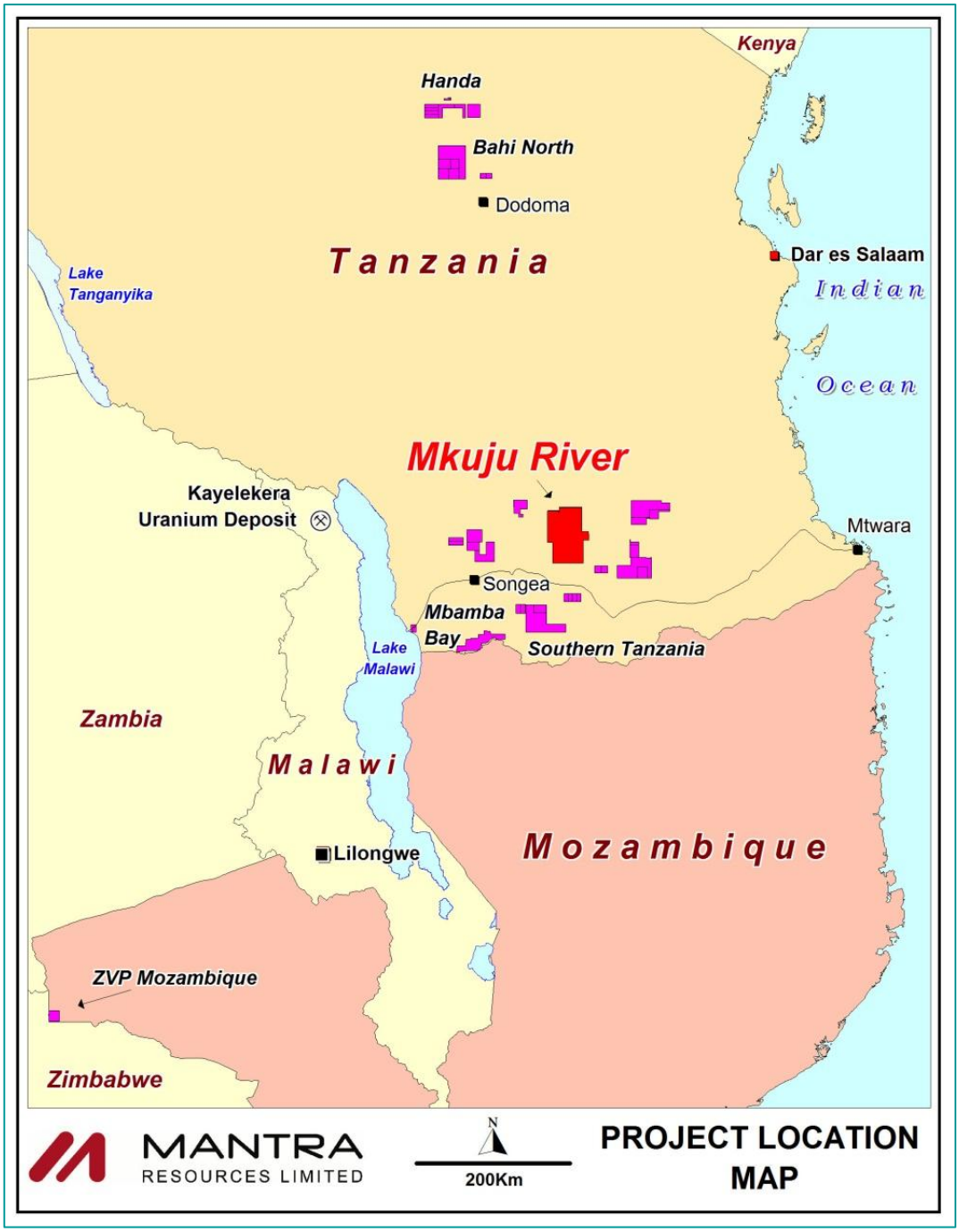

Figure 0-1: Location of Mantra Projects in Tanzania and Mozambique.

Scope

On 15 December 2010, Mantra announced that it intended to enter into a Scheme of Arrangement ("Scheme") whereby JSC Atomredmetzoloto ("ARMZ") is to acquire all of the issued capital in Mantra. ARMZ is wholly-owned by the Russian State Corporation for Nuclear Energy, Rosatom. Mantra subsequently appointed BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare an Independent Expert's Report ("IER") which is to comment upon the fairness and reasonableness of the Scheme to Mantra's shareholders. BDO has in turn commissioned CSA Global Pty Ltd ("CSA") to prepare an Independent Technical Assessment and Valuation of Mantra's African mineral assets ("Report") for inclusion in the IER. The

Report, or a summary of it, is to be appended to the IER, and as such, will become a public document. BDO has instructed CSA to use a long term U_3O_8 price of US$65/lb, and a long term exchange rate for the Australian Dollar of US$0.95. CSA has provided an assurance to BDO of its independence in the preparation of the Report.

Within Tanzania, tenements under which exploration and mining rights are held are known as "Mineral Rights". With regard to the Mineral Rights held by Mantra and the tenements in Mozambique, CSA has been provided with an independent opinion confirming the good standing of the Mineral Right within which Nyota occurs. For the remainder, CSA has been instructed that it is to rely on advice provided by Mantra to the effect that it has legal title to the Mineral Rights and tenements as the case may be, and that these are in good standing. The validity of the valuations of Mantra's exploration interests outside Nyota is therefore contingent upon the status of the Mineral Rights and tenements being as represented by Mantra. This Report has been prepared to include information available up to and including 28 February 2011.

Geology and Mineralisation

The geology of Tanzania is dominated by the Archean Tanzanian Craton. In the southeastern third of the country, there are extensive intracratonic basins filled with Mesozoic sediments of the Karoo Supergroup. In the area of the MRP, these are preserved in the Selous Basin, and comprise thick sequences of flat lying, largely undeformed, terrestrially-derived clastic sediments dominated by sandstones. The sedimentary cycles are typically upward fining, with lateral facies variations indicating successive migrating channels. The Nyota uranium deposits and another 33 uranium prospects within the MRP are hosted by these sediments. About 40km south of Nyota, radiometrically "hot" granites intrude a metasedimentary Proterozoic basement.

Uranium mineralisation at Nyota occurs interstitially between grains in coarse sandstone and conglomeratic channel fill units, or in association with surrounding reducing material. Individual sedimentary cycle sequences are locally characterised by upward fining units and mudstone 'capping' sequences. Elongate lenticular mineralised bodies parallel depositional trends. Exploration and resource evaluation drilling and resource estimation have led to the definition of several discrete areas of mineralisation that have been designated as "Resource Areas", hence Resource Areas A, B, C etc.

Exploration History

Systematic exploration for uranium within Tanzania began in the late 1970s with the country-wide acquisition of airborne radiometric data. Follow-up investigations resulted in the Selous Basin Karoo sediments being selected as the focus for further work, with the main area of interest coinciding with the area now known to host the Nyota mineralisation. In 1980, widespread secondary uranium mineralisation was discovered at surface, however, a collapse of the uranium price brought exploration to a halt, and the area remained dormant until 2006 when Mantra commenced exploration. By February 2009, sufficient drilling had been completed to enable the preparation of a Mineral Resource estimate ("MRE") that became the basis for an initial scoping study for development.

Encouraged by a positive outcome from the scoping study, Mantra embarked on an extensive drilling program, and metallurgical, mining and engineering studies ahead of the preparation of a revised MRE in January 2010, and the completion of a pre-feasibility study ("PFS") in March of the same year. A definitive feasibility study ("DFS") commenced immediately which is due for completion at the end of March 2011. At the time this Report was being prepared, the DFS had not been completed, and is therefore referred to as the DDFS (Draft Definitive Feasibility Study) throughout.

Resource Evaluation

For the most part, Mineral Resources have been defined by a 50m by 25m grid of drill holes, with 50m by 50m drilling in areas of difficult topography and near the margins of the deposits. Project-to-date, drilling totals approximately 255,000m in 4,030 holes comprising aircore ("AC"), open hole ("OH"), reverse circulation ("RC"), and diamond core drilling. In addition, about 7,200m of shallow surface trenching has been completed where drilling access was difficult. The average hole depth ranges between 40m and 60m, with the deepest holes approximately 100m deep.

Approximately 90% of holes were gamma logged to determine gamma equivalent eU_3O_8 concentrations ("eU_3O_8"). In addition, an inductive conductivity probe was used to assist in the definition of silt and mudstone horizons that are typically low resistivity. Approximately 15% of holes were AC that provided samples for chemical assay in addition to the probe data. Five per cent of holes were diamond drill ("DD") holes which provided core material for chemical assay and further verification of OH and AC drilling.

Quality assurance/quality control information for all assay and geophysical data has been reviewed by CSA. CSA concluded that where good quality AC and DD samples are available the assay grades on average support the tenor of the gamma grades. Quality down-hole gamma logging is considered to provide the best estimate of the U_3O_8 grade for the majority of the resource.

Mineral Resource Estimation

The most recent MRE for Nyota prepared in November 2010 is summarised in Table 0-1.

Table 0-1: Summary of November 2010 Nyota Mineral Resource Estimate.

Mkuju River Project - Nyota Project Mineral Resource Estimate as at 15th November 2010			
	Tonnage	Grade	Contained U_3O_8
	(million tonnes)	(U_3O_8 ppm)	(million pounds)
	Nov-10	Nov-10	Nov-10
Measured Resource	40.9	442	39.9
Indicated Resource	26.8	433	25.6
Total Measured & Indicated	*67.7*	*439*	*65.5*
Inferred Resource	41.2	395	35.9
Total	*108.9*	*422*	*101.4*

The Resources are reported at a lower cut-off grade of 200ppm U_3O_8. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

Grade estimation relies principally on eU_3O_8 data which was >90% of the data available. Chemical assay data was used where no geophysical estimates were available, which includes surface trenches, and AC and RC holes that were not gamma probed due to collapse of the hole after drilling. Pit optimisation studies and an analysis of closer spaced infill drilling concluded that a 130ppm U_3O_8 cut-off grade would be suitable to maintain grade continuity. Grade compositing was therefore based on a 130ppm U_3O_8 lower cut-off. For the MRE, a 200ppm lower cut-off was applied as this had been identified by the PFS as a suitable cut-off to provide the desired economic returns from the project.

Mineralisation envelopes were interpreted on cross sections where the limits of mineralisation were effectively defined at the base by the tops of the claystone units, and the upper limits by the top of the 130ppm U_3O_8 composites. The wireframes sometimes included zones of internal and external waste to maintain geological continuity. Where mineralisation was continuous, the wireframes were extrapolated along and across strike. In areas where surface mapping or trench sampling indicated that the mineralisation extended from the drill hole intercepts to the surface, the interpretation was extended to include the surface mineralisation.

Prior to estimating the grade in each Resource Area, statistical analysis, top cut analysis, and geostatistical analysis (variography) of composited U_3O_8 grades were completed in order to review the characteristics of each domain's data population. Volume block models were constructed for each Resource Area, with sub-blocking used to maintain resolution at the margins of the wireframes. A probability modelling technique was used to define mineralised volumes above 130ppm U_3O_8. Grade estimation was generally carried out using Ordinary Kriging ("OK") for the drill hole defined mineralisation and inverse distance weighting to the power 2 ("IDW^2")weighting for trench defined (surficial) mineralisation. Of the total contained metal in the MRE, less than 2% lies within the upper 2m surficial domain.

Three estimation runs were completed for the drill hole data, and two pass interpolations for surficial mineralisation. Other than the surface mineralisation, the first pass interpolation was initially used to define Measured Resources, the second Indicated Resources and the

third Inferred Resources. The block models were validated to ensure that population and grade distributions were comparable with sample composites.

Resources were reassessed for the quality of data used for their estimation and other relevant factors before final classification according to the criteria specified by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition ("JORC Code"). The MRE for Nyota by Resource Area at a 200ppm U_3O_8 lower cut-off grade as at 15 November 2010 is presented in Table 0-2.

Table 0-2: Mineral Resource Estimate as at 15 November 2010.

Mantra Resources Ltd – Mkuju River Project – Nyota Uranium Deposits Mineral Resource Estimate as at 15 November at a 200ppm cut-off grade *The MRE is classified using the guidelines specified in The JORC Code*							
Updated MRE @ 15th November, 2010 New drilling in 2010 including revised bulk density	Area	Class	Mtonnes	U_3O_8 ppm	U_3O_8Mlbs	U_3O_8 Ktonnes	*In Situ* Dry Bulk Density
	A	Measured	17.0	397	14.8	6.7	1.83
		Indicated	6.1	349	4.7	2.1	1.83
		Inferred	5.5	336	4.1	1.8	1.82
		Sub Total	28.5	375	23.6	10.7	1.83
	C & D	Measured	8.4	495	9.1	4.1	1.84
		Indicated	15.0	476	15.7	7.1	1.84
		Inferred	10.6	449	10.5	4.7	1.83
		Sub Total	33.9	472	35.3	16.0	1.83
	E & F	Measured	14.0	454	14.0	6.4	1.84
		Indicated	3.3	385	2.8	1.3	1.83
		Inferred	15.7	404	13.9	6.3	1.84
		Sub Total	33.0	423	30.8	14.0	1.84
	S	Measured	1.6	546	1.9	0.9	1.83
		Indicated	2.4	447	2.3	1.1	1.82
		Inferred	1.6	384	1.3	0.6	1.81
		Sub Total	5.6	458	5.6	2.5	1.82
	Sub Total Measured		40.9	442	39.9	18.1	1.83
	Sub Total Indicated		26.8	433	25.6	11.6	1.83
	Sub TOTAL M & I		67.7	439	65.5	29.7	1.83
	Sub TOTAL Inferred		33.3	406	29.8	13.5	1.83
	Sub TOTAL		101.0	428	95.3	43.2	1.83
MRE @ Jan 2010 Bulk Density Adjusted	Area	Class	Mtonnes	U_3O_8 ppm	U_3O_8 Mlbs	U_3O_8 Ktonnes	*In Situ* Dry Bulk Density
	B	Inferred	0.5	617	0.7	0.3	1.83
	G	Inferred	1.6	329	1.2	0.5	1.83
	I	Inferred	0.5	543	0.6	0.3	1.83
	J	Inferred	0.1	230	0.1	0.0	1.83
	O	Inferred	0.8	282	0.5	0.2	1.83
	X	Inferred	4.2	317	3.0	1.3	1.83
	Sub TOTAL Inferred		7.9	349	6.1	2.7	1.83
Total Measured			40.9	442	39.9	18.1	1.83
Total Indicated			26.8	433	25.6	11.6	1.83
Total Measured & Indicated			67.7	439	65.5	29.7	1.83
Total Inferred			41.2	395	35.9	16.3	1.83
TOTAL RESOURCE			108.9	422	101.4	46.0	1.83

The Resources are reported at a lower cut-off grade of 200ppm U_3O_8. All figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

Draft Definitive Feasibility Study

Work on the DDFS commenced in March 2010. A series of pit optimisation studies were completed, and open pit designs, waste dump designs and life-of-mine ("LOM") mining schedules prepared to determine the mine plan. Trial excavations indicate that all material is likely to be free dig, with no blasting required. Typical mining bench heights will be 6m, with an internal flitch height of 3m. Run of mine ("ROM") ore will be tipped onto stockpiles of varying grade for feed grade control to the plant, with the flexibility of direct tipping into the feed bin. Mining will be owner operated.

Metallurgical test work includes integrated and continuous pilot plant tests, together with some laboratory investigations. The pilot samples comprised both high grade and low grade core material and near surface trench material, with samples selected to simulate feed blends from the first 11 years of operations. The process flowsheet proposes a single step, coarse, whole ore leach at high density, behind a scrubber/ semi-autogenous grinding ("SAG") mill operating with grinding media or autogenously. Post leaching, the pregnant liquor will be recovered from the slurry using counter current belt filters for processing in a resin-in-pulp ("RIP") circuit to recover solubilised uranium. Eluate will be peroxide dosed to produce $UO_4 \cdot 2H_2O$ final product which will be shipped though the port of Walvis Bay in Namibia.

The processing plant is capable of producing more than 4.13Mlb pa of saleable (U_3O_8 equivalent) uranyl peroxide concentrate. The design is based on a steady state head grade of 450ppm U_3O_8, and a nominal treatment rate of 5.0Mtpa. Overall metallurgical recovery is expected to be 82.6%. To compensate for any unforeseen drop in the ROM feed grade or recovery in the plant, the plant has been designed with 8% additional front-end capacity to accommodate increased mine production rates. A head grade as low as 410ppm U_3O_8 can be processed at the nameplate capacity of 5.4Mtpa to meet the 4Mlb annual production targets.

Power will be generated on-site with heavy fuel oil fired generators. A 250tpd sulphuric acid plant is to be constructed with a 1MW power co-generation capacity. There is potential over the medium term to reduce power costs through a possible connection to the national grid. Studies covering all aspects of uranium tailings disposal, including tailings storage facility ("TSF") design criteria, sizing, layout, method of disposal, near surface soil assessment and estimation of capital and operating costs have been completed. Deferred capital for extension of the TSF has been allowed for through the LOM. The final 50km of road access to site is not suitable for heavy vehicles and is currently being upgraded. This will have to be completed prior to the start of construction to meet project timeframes.

The estimated capital cost for the mine, process plant and associated infrastructure, excluding the mining fleet and ancillary equipment, is US$453M. This is inclusive of all infrastructure, Engineering, Procurement and Construction Management ("EPCM") and indirect costs for construction, and includes 2.5% for contingencies. Process plant capital includes first fill consumables and spares. In addition, working capital of US$58M is allowed to start mining and support 9 months of operation after start-up. Replacement capital of US$47M for the mining fleet will be required 4 to 5 years after the start of mining. Residual values for the equipment of US$25M have been taken into consideration.

Operating costs were estimated in conjunction with the project design criteria, process flow sheets, mass balance, mechanical and electrical equipment lists and in-country labour cost data. The most significant opportunity for a reduction in operating costs appears to be a possible connection to grid power. Average LOM unit operating costs are summarised in Table 0-3.

Table 0-3: Summary of Unit Operating Costs by Area.

Area	US$/t processed	US$/lb U_3O_8
Mining	$7.33	$9.26
Processing	$7.89	$9.97
G&A	$2.90	$3.67
Marketing/Realisation	$0.43	$0.55
Total Operating Cost	$18.55	$23.44

An EPCM philosophy has been adopted for project implementation. The project schedule indicates that the process plant can be ready for hot commissioning within 21 months from the commencement of construction. The DDFS has been developed to support capital and operating cost estimates to an accuracy of ±10%. CSA's review indicates that this is a reasonable assessment of the likely range of error for these estimates. There were no fatal flaws identified by CSA in its review of the DDFS, however, a number of opportunities to effect improvements in the mining, processing and engineering/project implementation aspects of the project were identified, but not quantified.

In parallel with the completion of the DDFS, a PFS level assessment of the opportunity to heap leach material grading in the range >80ppm <200ppm U_3O_8 is being prepared. This is currently regarded as mine waste. Resource infill drilling is planned for 2011 to upgrade large proportion of the current Inferred Resources to Indicated and Measured categories which will enable their inclusion in Ore Reserves. Exploration drilling during 2011 aims to increase the resource base which could enhance the economics of the project by an increase in production rates and a longer mine life.

Financial Evaluation

Two discounted cash flow ("DCF") financial models have been prepared by Mantra for its assessment of Nyota. The models are based on DDFS constant dollar assumptions for costs and revenues, and a long term U_3O_8 price of US$65/lb. Cash flows calculated on an after tax basis have been discounted at various rates to estimate their Net Present Value ("NPV"). An Internal Rate of Return ("IRR") has also been calculated. An upside model has been similarly constructed using the DDFS model as a basis for capital and operating costs and other assumptions. The models are unleveraged (i.e. before financing), with all model outputs in US$. CSA has reviewed the structure and workings of the DDFS and upside models and has completed sufficient checks to demonstrate that they produce the anticipated outcomes when flexed for variations in key inputs and the application of sensitivity factors. Mantra has confirmed that the model outcomes produced as a result of CSA's manipulation of key factors are in accord with Mantra's expectations.

The base case model anticipates a 12 year operating phase following a 2 year construction period. The key physical, capital and operating cost and financial outcomes from the DDFS base case model are shown in Table 0-4.

Table 0-4: Key Features of DDFS Base Case Cashflow Model.

Physicals	Units	
Process plant feed	Mt	59.8
Process plant feed grade	ppm U_3O_8	435
U_3O_8 in plant feed	tonnes	25,992
Overall metallurgical recovery		82.6%
Recovered U_3O_8	tonnes	21,459
U_3O_8 in product sold		83%
Yellowcake shipped	tonnes	25,842

Capital and Operating Costs	Units	
Construction capital	US$M	$453
Sustaining capital including closure	US$M	$188
Total capital LOM	US$M	$641
Working capital	US$M	$59
LOM operating costs	US$M	$1,083
LOM product realisation costs	US$M	$25.8
LOM royalty cost	US$M	$152
Peak cash requirement	US$M	$542

Financial Outcomes	Units	
LOM U_3O_8 price	US$/lb	$65.00
LOM gross sales	US$M	$3,075
LOM net sales revenues	US$M	$2,897
LOM operating costs	US$M	($1,083)
LOM operating cashflow	US$M	$1,813
LOM capital costs	US$M	($641)
LOM pre-tax cashflow	US$M	$1,172
LOM tax @ 30%	US$M	($336)
LOM after tax cashflow	US$M	$836
$NPV_{8\%}$	US$M	$283
IRR		17.2%
LOM net sales revenue	US$/lb	$61.23
LOM operating margin	US$/lb	$38.73
LOM margin after capital	US$/lb	$25.17

CSA has prepared a sensitivity analysis for a number of key assumptions for the DDFS to determine their impact on the financial outcomes presented above. The results of the sensitivity analysis are presented in Table 0-5. The bold text cells in the range represent the base case.

Table 0-5: DDFS Base Case Sensitivity Analysis Results.

U_3O_8 Price US$/lb	**$50**	**$55**	**$60**	**$65**	**$70**	**$75**
After tax cashflow US$M	$364	$521	$678	**$836**	$993	$1,150
$NPV_{8\%}$ US$M	$11	$103	$194	**$283**	$373	$461
IRR	8.4%	11.6%	14.5%	**17.2%**	19.8%	22.1%
Discount rate	**6%**	**7%**	**8%**	**10%**	**12.5%**	**15%**
NPV US$M	$383	$331	**$283**	$201	$116	$48
Capital costs		**-20%**	**-10%**		**+10%**	**+20%**
After tax cashflow US$M		$926	$881	**$836**	$791	$745
$NPV_{8\%}$ US$M		$369	$326	**$283**	$241	$198
IRR		21.9%	19.4%	**17.2%**	15.3%	13.6%
Operating costs		**-20%**	**-10%**		**+10%**	**+20%**
After tax cashflow US$M		$987	$911	**$836**	$760	$684
$NPV_{8\%}$ US$M		$374	$329	**$283**	$238	$193
IRR		19.9%	18.6%	**17.2%**	15.8%	14.3%
Resource grade	**-15%**	**-10%**	**-5%**		**+5%**	**+10%**
After tax cashflow US$M	$531	$633	$734	**$836**	$937	$1,038
$NPV_{8\%}$ US$M	$105	$165	$224	**$283**	$343	$401
IRR	11.6%	13.5%	15.4%	**17.2%**	$18.9%	20.6%
Metallurgical recovery	**-5%**	**-3%**	**-2%**		**+2%**	**+3%**
After tax cashflow US$M	$713	$758	$785	**$836**	$884	$908
$NPV_{8\%}$ US$M	$214	$238	$254	**$283**	$312	$325
IRR	15.0%	$15.8%	16.3%	**17.2%**	18.0%	18.4%

The project is cash break-even at a U_3O_8 price of US$39/lb. $NPV_{8\%}$ is zero at a U_3O_8 price of about US$50/lb. As expected, after tax cashflow, $NPV_{8\%}$ and IRR are most sensitive to any revenue determinants, including U_3O_8 price, resource grade and metallurgical recovery. After tax cashflow, $NPV_{8\%}$ and IRR are next most sensitive to operating costs and then to capital costs.

For the upside case, three scenarios are contemplated. Scenario 1 assumes the increase in process plant feed is treated at the DDFS base case rate of 5Mtpa over a mine life extended to 21 years. For the second scenario, mineralisation in the range 120ppm U_3O_8 to 200ppm U_3O_8 is heap leached to add approximately 1.5Mlb pa U_3O_8 to DDFS production, taking annual production to 5.5Mlb. A PFS level report on the heap leach project is expected to be completed by the end of March 2011. In the third scenario, the mining rate is increased by 33% from the beginning of production year 3, with the mine life shortened to 16 years from the 21 years indicated for Scenarios 1 and 2. The additional mine production is all sent to heap leach, with the DDFS process plant remaining unchanged, other than an increase in the capacity of the acid plant. Annual U_3O_8 production increases to 7.8Mlb.

The key financial outcomes from the DDFS and the three upside scenarios are summarised in Table 0-6.

Table 0-6: Summary of DDFS and Conceptual Upside Operating Scenarios.

Key output @ US$65/lb U_3O_8	DDFS	Upside Scenario 1	Upside Scenario 2	Upside Scenario 3
LOM capital costs US$M	$641	$954	$1,060	$1,155
LOM operating costs US$M	$1,083	$1,777	$2,145	$2,062
U_3O_8 produced tonnes	21,459	37,050	49,500	50,500
Cash cost US$/lb U_3O_8	$22.51	$21.75	$19.65	$18.50
After tax cashflow US$M	$836	$1,556	$2,391	$2,436
$NPV_{8\%}$ US$M	$283	$400	$753	$923
Increment to $NPV_{8\%}$ US$M		$117	$353	$169
Cumulative increment to $NPV_{8\%}$ US$M		$117	$470	$639

The concept studies clearly demonstrate the potential for a far more robust project than that indicated by the DDFS. However, it should be noted that further work is required to validate the capital and operating cost assumptions of the concept studies, and therefore the results should be considered preliminary in nature.

Exploration Projects away from Nyota

Elsewhere within the MRP, widespread uranium mineralisation has been identified in 33 Satellite Targets within a 45km radius of Nyota. Work completed by Mantra includes helicopter-supported geological mapping, rock-chip sampling, ground radiometrics, shallow auger drilling and trenching. Anomalous U_3O_8 concentrations were reported from rock chip, auger drilling and trenching samples, with secondary uranium mineralisation associated with claystone layers and wood bearing gritstone horizons. An initial AC drilling program to test a number of the Satellite Targets was concluded during the December quarter in 2010. Drill samples have been submitted for assay, with the results pending at the time of writing.

As well as the MRP, Mantra holds exploration Mineral Rights in several other projects in Tanzania, and two licences in Mozambique (Figure 0-1). The Mbamba Bay project is located in the southwest corner of Tanzania, there are a number of regional project areas in southern Tanzania and the Bahi North and Handa projects are located within close proximity in central Tanzania. The Zambezi Valley Project ("ZVP") and Niassa projects are located in Mozambique.

The Mbamba Bay project is located 120km south-west of Songea. Airborne radiometric surveying has identified a suite of uranium radiometric anomalies associated with Karoo-age sediments in the central and eastern parts of the project area. Follow-up radiometric traverses, trenching and auger drilling confirmed the presence of uranium mineralisation. An initial AC drilling program was completed during the December quarter in 2010, however, assay results are still pending.

The Southern Tanzania Projects ("STP") are located within the Selous or Ruhuhu Basins, which are both dominated by Karoo sediments, and are considered highly prospective for sandstone-hosted roll-front type uranium mineralisation. There are three main project areas; Ruhuhu, Liwale (including Liwale South) and Matemanga. Airborne radiometric surveys and helicopter supported reconnaissance to collect surface grab samples have been

completed. Three of the anomalies showed elevated scintillometer counts at surface, however, the corresponding grab samples reported only low U_3O_8 values (<10ppm U_3O_8). The anomalies require further ground work as the assay results may be indicative of disequilibrium.

In the Ruhuhu basin, a weak to moderately strong surface uranium anomaly has been identified, with mapping and trenching indicating that the mineralisation is located at a gritstone/mudstone interface. In the Liwale area, two surface radiometric anomalies have been attributed to the heavy mineral content of the Karoo sediments. Almost no work has been completed in the Matemanga area. Planned work in the central-southern portion of the Selous basin includes evaluation of assay results, defining mineralising pathfinder elements and geochemical soil sampling.

The Central Tanzania Projects comprise two groups of Mineral Rights (Bahi North and Handa). Both are located within the Bahi Swamp catchment, about 50km north-west of Dodoma. The Bahi catchment is considered prospective for palaeochannel-associated, calcrete-hosted uranium mineralisation. A short field program was completed in February 2010 which included the excavation of three shallow pits on the Kisalalo west anomaly, and a ground gamma-spectrometer survey over the Kisalalo eastern anomalies. All pits exposed calcrete-silcrete horizons underneath black cotton soil, and displayed moderately high gamma spectrometer readings. During the 1980s shallow exploration pits were excavated in the Handa area. Future work is to include the evaluation of assay results and the identification of mineralisation pathfinder elements such as vanadium, which is a constituent of carnotite.

Within the ZVP, a heliborne aeromagnetic and radiometric survey identified the Capeça anomaly. In 2009, radiometric and soil sampling anomalies were tested by RC drilling which reported one or more intersections better than 1m at 100ppm uranium. During 2010, RC drilling on the opposite side of the Duângua River to the Main Capeça Anomaly reported significant U_3O_8 intersections. The Niassa licence is dominated by older Proterozoic rocks that have potential to host both gold and base metal mineralisation. Mantra is currently assessing its options for future work.

Valuation of Mineral Assets

CSA has derived valuations for Nyota using both DCF analysis and yardstick values for *in situ* resources based on comparable transactions. The DCF analysis, adjusted to reflect the stage to which the project has advanced, suggests a Value in the range A$100M to A$225M. The comparable transaction analysis indicates a Value that may lie in the range A$75M to A$330M, however, the basis for this opinion is a single transaction involving vastly inferior resources to those at Nyota. It is CSA's opinion that Nyota has a Value in the range A$150M to A$350M, with a most likely Value of A$300M.

Valuation of the exploration projects depends upon accepted valuation methodologies for such assets, including analysis of comparable sale transactions and joint venture terms, and consideration of past exploration expenditure and the value that it may have added to the project.

The Valuations are summarised in Table 0-7. The totals have been rounded to the nearest $10M.

Table 0-7: Summary of Valuations.

Development Project	Low Value A$M	High Value A$M	Most Likely A$M
Nyota	$150	$350	$300
Exploration Projects	**Low Value A$M**	**High Value A$M**	**Most Likely A$M**
Mjuku River Satellites	$5.0	$8.0	$7.0
Mbamba Bay Project	$0.05	$0.10	$0.08
Southern Tanzania Projects	$1.4	$1.6	$1.5
Central Tanzania Projects	$0.50	$0.80	$0.60
Mozambique Projects	$0.40	$0.9	$0.70
Total Valuations	**$160**	**$360**	**$310**

Throughout this Report, the default currency is Dollars of the United States ("US"), except where specific reference is made to Australian Dollars ("A$") or Canadian Dollars ("C$").

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1 Introduction

1.1 Terms of Reference

Mantra Resources Limited is an Australian public company listed on the Australian Stock Exchange ("ASX") and the Toronto Stock Exchange ('TSX"). On 15 December 2010, Mantra announced that it intended to enter into a Scheme of Arrangement (Scheme) whereby ARMZ is to acquire all of the issued capital in Mantra. ARMZ is wholly owned by the State Atomic Energy Corporation, (Rosatom), the Russian State Corporation for Nuclear Energy which consolidates all nuclear assets of the Russian Federation. It is the world's fifth largest uranium producer with operating mines in Russia and, through its strategic ownership of shares in Uranium One, in Kazakhstan and the United States.

Mantra has appointed BDO to prepare an Independent Expert's Report, which is to comment upon the fairness and reasonableness of the Scheme to Mantra's shareholders. BDO has requested that CSA Global Pty Ltd prepare an Independent Technical Assessment and Valuation of the African mineral assets held by Mantra in Tanzania and Mozambique in Africa, with specific reference to the Mkuju River uranium project in southern Tanzania. This Report, or a summary of it, is to be appended to the IER, and as such, will become a public document. CSA has been instructed that its Report is to be prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 edition ("VALMIN Code").

It is a requirement of the VALMIN Code that the status of tenements (referred to as Mineral Rights in Tanzania) be discussed. The status of Mantra's key Mineral Right, PL 4700/2007 is discussed in an independent report prepared by Rex Attorneys of Dar es Salaam, Tanzania which is discussed in Section 3.2 of this Report. With respect to the exploration Mineral Rights, CSA has been instructed by BDO that it is to rely on information provided to it by Mantra to the effect that Mantra has legal title to the exploration Mineral Rights and that the Mineral Rights are in good standing. Brief particulars of the Mineral Rights, based on this information, are presented in the relevant sections of this Report describing the individual project areas. This is in no way to be construed that CSA has independently established the status of the exploration Mineral Rights. The validity of the valuations of the exploration Mineral Rights are therefore contingent upon the status of the Mineral Rights being as represented by Mantra.

Under the terms of reference for the preparation of the Report, BDO has provided CSA with key macroeconomic inputs, including forecast long-term uranium prices and the exchange rate between the United States Dollar and the Australian Dollar. CSA has been advised to use US$65/lb U_3O_8 and US$0.95 respectively.

1.2 Reporting Standards

Australia has rigorous standards for the preparation of independent assessments and valuations of mineral assets for inclusion in any reports that are prepared under its

corporations laws. These standards have been adopted either directly, or in de facto form, by numerous other jurisdictions internationally.

The Joint Ore Reserves Committee ("JORC") was established in 1971 and published several reports containing recommendations on the classification and public reporting of ore reserves prior to the first release of the JORC Code in 1989. Several revised and updated editions of the JORC Code were subsequently issued, the most recent in 2004 under the title "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2004 – hereafter referred to as the "JORC Code"), which supersedes all previous editions. As with previous editions, this sets out minimum standards, recommendations and guidelines for Public Reports of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code has been adopted by the two pre-eminent professional bodies for the minerals industry within Australia, The Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), and is therefore binding on members of those organisations when preparing such reports. The JORC Code is also included in the listing rules for the ASX and the New Zealand Stock Exchange.

In February 1995 the AusIMM adopted the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports. There have since been a number of revised editions, the latest issued in mid-2005. The VALMIN Code is binding upon members of the AusIMM and the AIG when they are involved in the preparation of Public Independent Expert Reports that are required by legislation such as the Australian Corporations Act 2001, or by the listing rules of the ASX. It is endorsed and/or supported by the ASX, the Australian Securities and Investments Commission ("ASIC"), the Minerals Council of Australia and the Securities Institute of Australia as indicative of industry best practice. The four fundamental principles of the VALMIN Code are Transparency, Independence, Competence and Materiality. As well as adhering to the VALMIN Code as nearly as practically possible, this Report has also been prepared having due regard to ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Basis for Report

This Report has been based information available up to and including 28 February 2011 ("Valuation Date"). The information was provided to CSA by Mantra or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants and previous explorers, and other data relevant to the individual project areas. All reasonable inquiries were made to verify the information and CSA has no reason to doubt the reliability of any of the information or to believe that information has been withheld or is incomplete. However, the information has not been independently audited, nor has any audit been conducted of Mantra, ARMZ and/or any of their subsidiaries or associated entities. All principal sources of information are listed in Section 10 of this Report.

Although recommended by the VALMIN Code, a field inspection of Mantra's mineral assets was not completed specifically in connection with the preparation of this Report, however, regular site visits to the principal subject of this Report, the Nyota development project,

were undertaken Mr Malcolm Titley, CSA Principal Consultant based in London. Mr Titley's visits were for the purposes of reviewing sampling procedures and protocols, recent mapping activities and updates to the geological model developed for Mineral Resource estimation at Nyota. Site visits were not conducted for the remaining exploration project areas as these are at an early stage of exploration and evaluation. It is CSA's opinion that no significant additional benefit would be gained by undertaking site visits.

The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete. A copy of this Report was provided to Mantra in draft form with a written request for comment as to errors of fact or interpretation, material omissions, or substantive disagreement as to the conclusions reached herein. The opinions and conclusions presented in the Report are believed to be appropriate on the basis of the information available at the time. These could however change over time should new information become available, or with changes in capital and operating costs, uranium prices, exchange rates, and other factors that may affect the economics of Nyota or the prospectivity of Mantra's Mineral Rights.

1.4 Author of Report

This Report has been prepared by CSA Global Pty Ltd. CSA is an international minerals industry consultancy with its head office in Perth, Western Australia, branch offices in Darwin and Brisbane, and overseas offices in the United Kingdom and Indonesia. The Company has provided geological consulting services to the exploration and mining industries in Australia, Asia, Europe, Africa, and the Americas. These services include estimation, assessment and evaluation of a wide range of both metallic and non-metallic deposits, and it has advised upon, designed and performed exploration programs, carried out valuations, due diligence studies, and mine development studies and produced independent reports on mining and exploration properties.

The author of this Report is Mr Ray Cary, an Associate Consultant with CSA. Mr Cary is the Director and Principal of Northwind Resources Pty Ltd ("NRPL") of Perth, Western Australia. He graduated from the University of Western Australia in 1970 with a Bachelor of Science, majoring in Geology and Physical Chemistry. He is a Fellow of the AusIMM wherein he is accredited with Chartered Professional status in Management. He is also a Fellow of the AIG. His 41 years of industry experience includes exploration, resource evaluation, feasibility studies, project development, mining operations, corporate and asset acquisitions, project financing and company directorships. He has prepared numerous public and private evaluations of companies, mining operations and exploration projects, and has extensive experience in financial modelling for operations involving a variety of commodities including gold, nickel, base metals and iron ore. The geographic spread of these activities includes Australia, New Zealand, Central and South East Asia, West and Central Africa, Europe and Northern and Central America. Mr Cary has the necessary qualifications and experience to be considered an "Expert" under the VALMIN Code 2005.

Contributions to the geological aspects of this Report have been made by Mr Malcolm Titley (BSc Geology and Chemistry), who is a professional geologist with 30 years' experience in exploration, Mineral Resource estimation, mining and management of mineral properties within Australia and overseas. Mr Titley is a Member of the AIG and AusIMM and has the

appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

The review of the DDFS was undertaken by a team headed by Mr Peter Davies, CSA's Director for Mining & Projects. Mr Davies is a mining engineer and manager with over 35 years' international experience in the mining, mineral processing and chemical industries. Mr Daves is highly experienced in gold, tin and base metals mining operations, project evaluation and project implementation on a global basis. He is a Fellow of the AusIMM. Mr Davies was assisted in his review of the DDFS by CSA Associates Dr Mike Adams and Messrs Maurice Ibbotson and Nicholas Holthouse.

Dr Adams is an experienced metallurgist and applied chemist with almost 30 years' experience in hands-on metallurgy and management of bankable pilot test work, process development projects and metallurgical laboratories. He has been responsible for the planning, direction and controlling of metallurgical, mineralogical and engineering consultants, contractors, test work laboratories and technology vendors worldwide. Dr Adams has particular experience in gold, nickel, platinum group metals, rare earths and base metals. He is a Fellow of the AusIMM and a Chartered Professional (Metallurgy).

Mr Ibbotson is a very experienced mechanical engineer whose expertise has been developed through discipline engineering and management positions. He has over 40 years' of industry experience in the engineering, mining, steel processing, mineral processing and construction sectors. Mr Ibbotson has had specific experience in the development of mining, iron and steel making and minerals processing projects from conceptual studies through to commissioning, with particular experience in bulk materials handling. He has worked in coal, gold, iron ore and nickel as well as diamonds and mineral sands. Mr Ibbotson is a Chartered Professional Engineer.

Mr Holthouse is a senior mining engineer with CSA and has extensive experience in the development of mine feasibility studies and scoping studies for nickel laterite and chromite projects in the Philippines. Mr Holthouse has 18 years' experience in open pit and underground gold mine engineering and surveying throughout Australia and Indonesia.

1.5 Prior Association & Independence

The VALMIN Code states that in order to support a declaration of Independence or to enable interested parties (such as the Professional Associations of which the Expert or Specialists may be members) to assess whether or not they may be deemed to be Independent, Experts and Specialists must disclose any interest that could be seen as capable of compromising their Independence. Should an Expert or a Specialist have been previously engaged by the Commissioning Entity (BDO) or an associated party (Mantra and ARMZ) to undertake a consulting or Valuation assignment, such should not necessarily be considered as an impairment to their Independence, however, such circumstance should be assessed taking into account the facts of the matter. Experts and Specialists should declare any previous Technical Assessments and Valuations relating to the Mineral or Petroleum Assets being assessed or valued.

With respect to the latter, CSA has accepted previous commissions from BDO to prepare Independent Technical Assessments and Valuations for Independent Expert's Reports concerning matters unrelated to the present commission. CSA has provided consulting and other services to Mantra in connection with the MRP, and consulting services to ARMZ on an unrelated matter, viz.:

- In November 2007, CSA prepared an Independent Technical Assessment and Valuation of Mantra's Mineral Assets for inclusion in an IER that was being prepared by BDO in connection with a proposed merger between Mantra and Mavuzi Resources Limited.

- CSA has provided technical and field geological support, exploration management services, data management services and Mineral Resource estimation services to Mantra since March 2008, including the preparation of Mineral Resource Estimates ("MRE")for Nyota for inclusion in National Instrument 43-101 reports submitted to the TSX and for inclusion in a presently incomplete Definitive Feasibility Study, and a prior scoping study and Pre-Feasibility Study ("PFS"). CSA also provided assistance with pit optimisation and mine planning studies for the scoping study and PFS under the direction of non-CSA consultants.

- CSA has provided very limited technical advisory services to ARMZ through third party consultants.

- Mr Cary has no prior association or involvement with either of Mantra or ARMZ, but has previously prepared reports according to the Valmin Code for inclusion in IERs prepared by BDO.

The VALMIN Code also states that the Expert or Specialist must be able to satisfy any legal tests of Independence, and must be perceived to be willing and able to undertake an impartial assessment or valuation that is free of bias. Thus the Expert and/or Specialists and their immediate families may not have a significant pecuniary or beneficial interest in any of the Commissioning Entity, the owners or promoters of the assets that are being assessed or valued, the offerer or target companies in the case of a takeover, the assets being assessed or valued, or the outcome of the Technical Assessment/Valuation.

In this regard, none of CSA or NRPL, or any of their affiliates, associates or subsidiaries, or Mr Cary has any association with Mantra or ARMZ, or any of their directors, affiliates, associates or subsidiaries that could reasonably be construed as affecting their independence in the preparation of this Report. None of CSA, NRPL or any of their affiliates, associates or subsidiaries, or Mr Cary has any interest or entitlement, direct or indirect, in the securities and/or assets and/or undertakings of Mantra or ARMZ, or their subsidiaries, principal shareholders, or any other company believed to be associated with Mantra or ARMZ.

No member, employee or Associate of CSA or NRPL is, or is intended to be a director, officer or other direct employee of Mantra or ARMZ. No member, employee or Associate of CSA or NRPL has, or has had, any shareholding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in Mantra or ARMZ. There is no agreement or

understanding between CSA and/or NRPL and Mantra and/or ARMZ as to CSA and/or NRPL performing further work for Mantra and/or ARMZ.

CSA has provided an assurance of its Independence to BDO, which has been accepted. CSA is to receive a fee for the preparation of this Report based upon normal commercial terms for this type of work. This fee is payable regardless of the findings of the Report.

1.6 Declarations and Limitations

This Report has been prepared by CSA Global Pty Ltd at the request of, and for the sole benefit of BDO Corporate Finance (WA) Pty Ltd. Its purpose is to provide an Independent Technical Assessment and Valuation of the Nyota uranium development project and of exploration Mineral Rights held by Mantra elsewhere in Tanzania and in Mozambique. The Report is to be included in its entirety or in summary form within an Independent Expert's Report to be prepared by BDO in connection with a Scheme of Arrangement under which ARMZ is to acquire all of the issued capital in Mantra. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The terms of CSA's appointment include the provision of an indemnity whereby Mantra will indemnify and compensate CSA in respect of preparing the Report against any and all losses, claims, damages and liabilities to which CSA or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of Mantra or any of its directors or officers knowingly providing CSA with any false or misleading information, or Mantra, or its directors or officers knowingly withholding material information.

The information in this Report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Malcolm Titley of CSA Global Pty Ltd, who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Titley consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

2 Tanzania Background

2.1 Geographic Setting

The United Republic of Tanzania is located in central East Africa, and is bordered by Kenya and Uganda to the north, Rwanda, Burundi and the Democratic Republic of the Congo to the west, and Zambia, Malawi and Mozambique to the south. The country's eastern borders lie on the Indian Ocean. The name Tanzania is derived from Tanganyika and Zanzibar, the two states which united in 1964 to form the United Republic of Tanganyika and Zanzibar, which later the same year was renamed the United Republic of Tanzania. The island of Zanzibar lies just offshore, to the east of mainland Tanzania. Tanzania is now part of the East African Community and a potential member of the proposed East African Federation.

At approximately 945,000km², Tanzania is the world's 31st largest country (after Egypt). As of 2006, the estimated population was 38.3 million, with an estimated growth rate of 2% per annum. Population distribution is extremely uneven, varying from 1 person/km² in arid regions to 51/km² in the well-watered highlands, to 134/km² on Zanzibar. More than 80% of the population is rural. According to the official linguistic policy of the country, Swahili is the language of the social and political sphere as well as primary and adult education, whereas English is the language of secondary education, universities, technology and higher courts. However, Swahili remains the de facto national language, and is used for inter-ethnic communication and for official matters.

Tanzania is mountainous in the northeast, where Mount Kilimanjaro, Africa's highest peak, is situated. To the north and west are Lake Victoria, Africa's largest lake, and Lake Tanganyika, Africa's deepest. Central Tanzania comprises a large plateau, with vast plains and arable land. The climate is largely tropical, with two rainfall regimes. In the southern, southwest, central and western parts of the country there is one rainy season from December to April, whilst in the north and on the northern coast, the highest rainfall occurs during October to December and from March to May. In the highlands, temperatures range between 10˚C and 20˚C during cold and hot seasons respectively, whilst the rest of the country has temperatures rarely falling below 20˚C. The hottest period is between November and February (25˚C-31˚C) while the coldest period occurs between May and August (15˚C-20˚C). Coastal areas are hot and humid.

2.2 Political and Financial Status

From independence to 1996 the major coastal city of Dar es Salaam was the country's political capital. In 1996 the official capital was moved to Dodoma, closer to the geographic centre of the country, where parliament and some government offices are now located. Notwithstanding, Dar es Salaam remains the principal commercial city and the de facto seat of most government institutions. It is the major seaport for the country and its landlocked neighbours.

Years of poorly-implemented "African socialist" policies, including forced relocations to collective farms, left the country as one of the poorest, least developed and most aid-dependent in the world. From independence the government strived to weld the people into a unified nation under the “Ujaama Policy”. This was intended to gather the largely rural work force into centres with improved access to services such as schools, health care and political organisation. This was not successful as community and state ownership discouraged investment, and the traditional life-style was better suited to the demands of farming and herding under local conditions. The system collapsed in the 1980’s. In 1985 the government changed its policy and adopted the Economic Recovery Program with policies that stressed private sector initiatives and the need to attract modern technology and investment. This program has been largely successful and Tanzania is now a peaceful nation with a stable government and growing foreign investment.

Tanzania adopted a multi-party system of government in 1992 and held its first multi-party elections in 1995. Government is exercised through an elected National Assembly with each delegate representing a home constituency. The country is divided into 26 regions for administrative purposes.

The Tanzanian economy depends heavily on agriculture, which accounts for almost half of its Gross Domestic Product, provides 85% of exports and employs 80% of the work force. However, topographic and climatic conditions limit crop cultivation to only 4% of the land area. Industry has traditionally featured the processing of agricultural products and manufacturing of light consumer goods. The World Bank, the International Monetary Fund and bilateral donors have provided funds to rehabilitate Tanzania’s out-dated economic infrastructure and alleviate poverty. Despite this, the supply of electricity remains unreliable, with larger businesses relying on their own generators.

2.3 Mining Industry

Tanzania is well endowed with natural resources including gold, diamonds, coal, iron ore, uranium, nickel, chrome, tin, platinum, coltan (columbite-tantalite), niobium and other minerals. Economic growth from 1991 to 1999 featured a substantial increase in the output of minerals, led by gold, such that the country is now the forth-largest producer of gold in Africa after South Africa, Ghana and Mali. Commercial production of natural gas commenced in 2004. Tanzania has dozens of beautiful national parks like the world famous Serengeti and Ngorongoro Conservation Area that generate income from a large tourism sector that plays a vital role in the economy.

Mining is one area that has benefited enormously from the new economic policies. In 1992 under the old Ujaama Policy, there were only 10 prospecting licences and 9 mining licences. As of 2005, there were over 3,000 prospecting licences and over 190 mining licences.

Gold mining commenced in the Lake Victoria Goldfields (“LVGF”) in 1898 and continued on a small scale into the 1970’s in the Mara, Musoma, Serengeti, Iramba, and Geita areas. The principal gold deposits of the LVGF are mesothermal lode-type deposits located in the greenstone belts.

One of the most significant nickel discoveries to date is Kabanga in northwest Tanzania near the Burundi border, where nickel sulphide deposits were discovered in the 1970s as part of a

regional exploration program carried out by the government and funded by a United Nations Development Programme. Measured and Indicated Mineral Resources quoted by Xstrata Ltd are 31.9 million tonnes (Mt) at a grade of 2.65% Ni above a 1% Ni equivalent cut-off, and Inferred Mineral Resources, 20.6Mt grading 2.7% Ni.

2.4 Mining Law

The Mining Act, 2010, together with its regulations ("Mining Act"), is the governing statute that makes provision with respect to the prospecting for and mining of minerals in Tanzania. The administering authority is the Ministry of Energy and Minerals. All licences issued under the Mining Act are referred to as Mineral Rights, with the Minister having the power to grant, renew, suspend or cancel any licence if the holder fails in a material respect to comply with the Mining Act, or the conditions of grant of the licence. The types of Mineral Rights that can be granted include prospecting licences ("PL"), mining licences, special mining licences, retention licences, gemstone licences, primary prospecting licences and primary mining licences.

Each Mineral Right is granted conditional upon the holder providing employment and training to Tanzanian citizens, and procuring goods and services available in Tanzania wherever possible. Every authorised miner must also pay a royalty on the gross value of minerals produced (as defined in the Mining Act) under his licence at a rate 5% for uranium, gemstones and diamonds; 4% for metallic minerals such as copper, gold, silver and platinum group minerals; and 3% for other minerals.

The holder of a Mineral Right must obtain the prior consent of the lawful occupiers of land (who may not necessarily be the owners of the land as such) before rights under the Mining Act can be exercised. Fair and reasonable compensation is payable to the lawful occupier for any disturbance of their rights or damage to any crops, trees, buildings, stock or works.

2.4.1 Prospecting Licences

A PL may be granted for an initial prospecting period of a maximum of 4 years ("PLR"), and may be renewed for a further maximum 3 year first period of renewal. Thereafter, a 2 year second period of renewal may be granted meaning that the maximum life of a PL is 9 years. An exception to this is when a further period is required to complete a feasibility study at the end of the second renewal period. The third renewal may be granted for the period that is reasonably required to complete the feasibility study but not exceeding 2 years.

The maximum area for a PL during the initial prospecting period is 300km^2. The area must then be reduced by 50% in each of the first and second renewal periods as applicable. Unless the holder of the PL is in default, renewal of the licence by the Minister is obligatory within 6 weeks of the date of application for renewal.

Annual rent is payable on PLs at the rate of US$40/km^2 during the initial prospecting period, US$50/km^2 during the first renewal period and US$60/km^2 during the second renewal period. There are also minimum expenditure requirements on PLs of US$500/km^2/annum during the initial prospecting period, US$2,000/km^2/annum during the first renewal period and US$6,000/km^2/annum during the second renewal period.

Quarterly reports describing activities and expenditure must be lodged with the Ministry.

2.4.2 Mining Licences and Special Mining Licences

A mining licence ("ML") or special mining licence ("SML") may be applied for by PL holders once the presence of commercial quantities of minerals has been established. MLs are granted for a period not exceeding 10 years, and SMLs for a period equivalent to the estimated life of the ore body as indicated in the feasibility study. MLs may be renewed for a further period of up to 10 years and SMLs for a period not exceeding the estimated life of the remaining ore body. This time frame may be reviewed if the applicant is in default, the development of the mining area has not proceeded with reasonable diligence, minerals in workable quantities do not remain to be produced, the proposed mining operations are deemed unsatisfactory or the relevant environmental certificate in respect of the operations to be conducted has not been included in the application.

The maximum area for a ML for metallic and energy minerals is 10km^2. The maximum area for a SML is 70km^2 for surficial deposits and 35km^2 for other deposits. Annual rent is payable on MLs and SMLs at the rate of US$1,000/km^2 and US$2,000/km^2 respectively. Quarterly reports describing activities and expenditure, and an annual financial report showing the profit and loss for the year and the financial affairs of the holder at the end of the financial year must be lodged with the Ministry.

2.5 Geology of Tanzania

The geology of Tanzania is dominated by the central Tanzanian Craton (see Figure 2-1), which has been subjected to later tectonic events around its margins (Brigden 2009). The oldest rocks in the Craton are those of the Dodoman Supergroup (Brigden 2009), which are distributed across the southern portion of the Craton. The Dodoman Supergroup has been subjected to high grade metamorphism converting most sediment to gneisses, schists, amphibolites, migmatites and quartzites. These rocks are thought to predate the greenstone belts and associated granites of the Nyanzian Supergroup. The Dodoman Supergroup is often referred to as the Dodoman Craton.

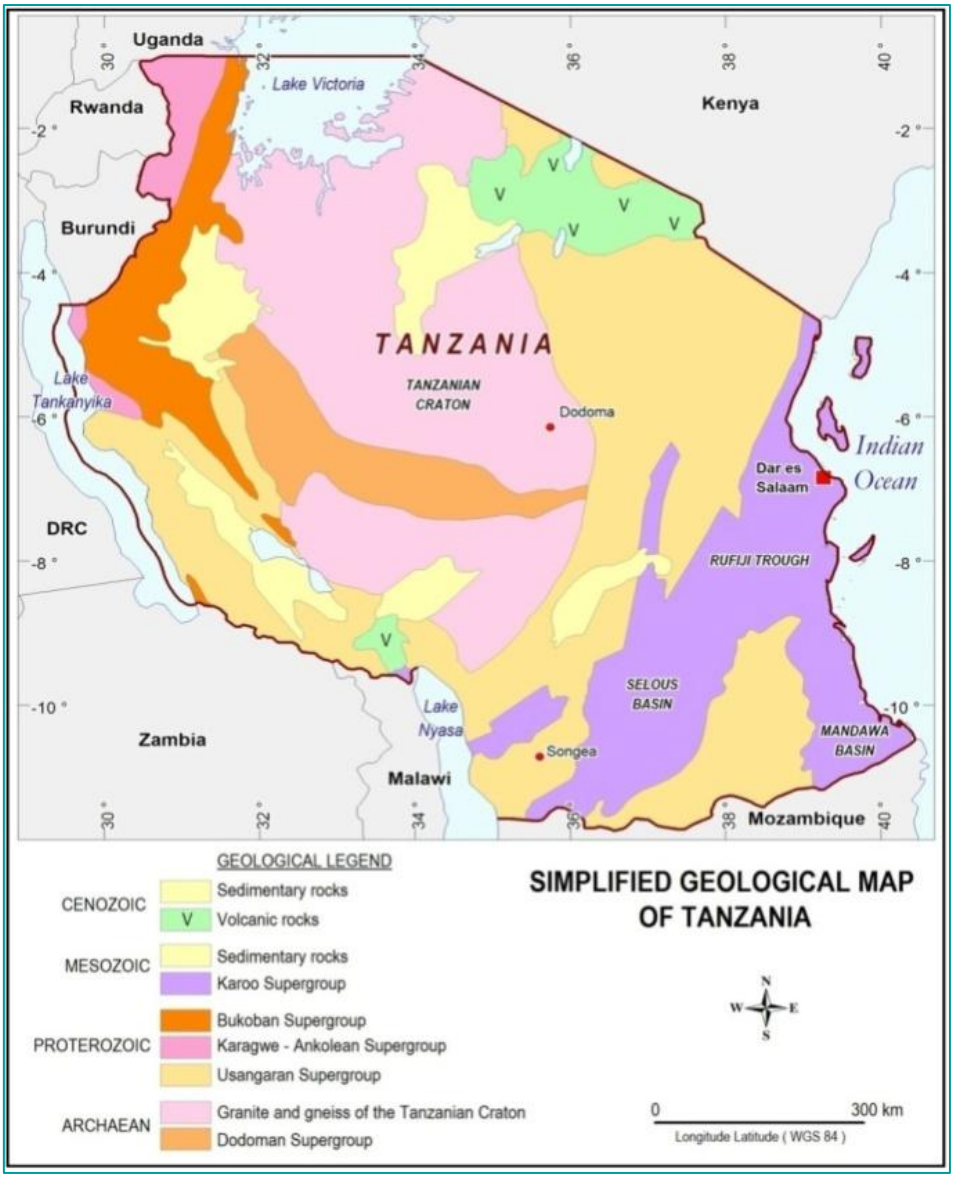

Figure 2-1: Geology of Tanzania (Brigden 2009).

The Nyanzian Supergroup, comprising an Upper and Lower series, is dated at 2.5 billion years in age and is largely confined to exposures in the Lake Victoria area. The Lower Series outcrops in the western part of the Lake Victoria greenstone belts and consists primarily of basalt, andesite and dacite. Sedimentary rocks include banded iron formation ("BIF"), recrystallised cherts and some shales and conglomerate. The Lower Series is estimated to be 5,000m thick in the Geita and Rwamagaza greenstone belts, and grades upwards into the Upper Series, an assemblage of felsic lavas, ferruginous cherts, BIF, and subordinate metapelites. There is a strong association of BIF with felsic volcaniclastics. The BIFs have a maximum thickness between 100m and 400m, whereas the volcaniclastic sequences are estimated to be between 2,000m and 4,000m thick.

In the northeast, the Nyanzian Supergroup is unconformably overlain by Archaean conglomerates, coarse arkosic and felspathic grits and quartzites of the Kavirondian

Supergroup. The greenstone belts and volcano-sedimentary sequences are intruded by granites although age relations are confusing, suggesting emplacement at various times throughout the Archaean and Proterozoic.

The Tanzanian Craton is surrounded by Proterozoic mafic and felsic gneisses of the Usagaran Supergroup to the south and east and the Ubendian Supergroup to the west. These two Supergroups make up a Palaeo-Proterozoic mobile belt which bounds the Achaean craton. The Ubendian Supergroup comprises gneisses of sedimentary and igneous origin, and the Usagaran Supergroup, biotite gneisses of pelitic origin which have been metamorphosed to granulite facies

In the southeastern third of the country, there are extensive intracratonic basins filled with Mesozoic aged clastic sediments of the Karoo Supergroup. These are exposed in five major sedimentary basins; the Selous, Ruhuhu and Mbamba Basins of southern Tanzania, the Maniamba (also referred to as the Selous-Lunho Basin or Metangula Basin) in the far south-western corner of Tanzania which crosses into north-western Mozambique, the Rukuru Basin in Malawi and the Luangwa Basin of Zambia (see Figure 2-2). The Selous Basin is a strike extension of the Maniamba Basin, and has in addition, 4 proximal sub-basins, the Ruvuma, Mvuha, Mikumi and Nyakaytitu Sub-Basins located north of the main Selous Basin. The sequences of the Selous Basin achieve a maximum thickness of 6,000m, of which two thirds of this volume is of Triassic age. Other than a short marine incursion during the Upper Permian, in the northern Mikumi Basin, all the formations are of terrestrial origin (Hankel 1987).

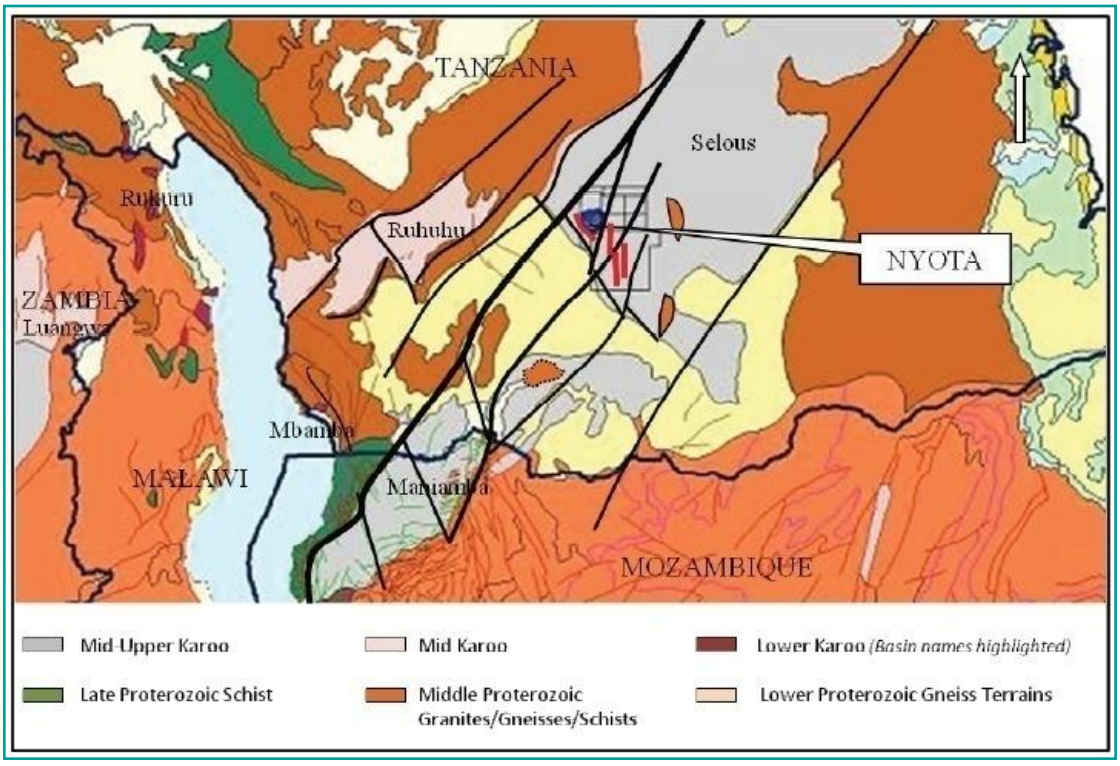

Figure 2-2: Regional Geology – South Western Tanzania. Other Karoo Basins are annotated within the figure. Regional faults are indicated with northeast striking black lines (after Brigden 2009).

The Karoo Sediments in the Nyota area are Permian to Jurassic in age and are preserved within the Selous Basin, which may also be referred to as the Luwegu or Rufiji Basin (Schluter, 1997). Karoo sediments within the Rufiji Basin are described as Rufiji Beds and have been correlated with the Upper Triassic to Lower Jurassic Beaufort-Stormberg Series of southern Africa. The unclassified Mid-Karoo sediments of the Rufiji Basin are thought to be Jurassic in age and are estimated to be between 3,000 and 6,000m in thickness (G Ott, 2006a,b).

Mapping and geophysical surveys indicate a series of north-northeast and northwest oriented, sub-vertical normal faults. A series of additional east-west fault zones have been interpreted as horst structures. The faulting has a strong control on both the distribution of uranium mineralisation and the incised topography within the area, and hence the distribution of the surface exposures of sub-horizontal zones of mineralisation. Geological mapping indicates minor, vertical throws of <10m to 30m.

2.6 Sandstone-Hosted Uranium Mineralisation Model

Sandstone-hosted uranium deposits are often known as roll-front deposits. Roll-front deposits form where groundwater in permeable sandstone or conglomerate encounters the interface between oxidizing and reducing conditions. Uranium in solution is precipitated at the interface, often forming a crescent-shaped deposit. Over the years, the reduction front will migrate in the direction of groundwater flow, thus creating an ore body that may extend for hundreds of metres. The crescent tips frequently string out and create tabular blanket deposits. Oxidized zones are often distinctive features of roll-front uranium deposits, with some deposits found by noting the colours that are present in the sandstone. However, the deposits are usually found with radiation detectors long before other details are noted. Exceptions are where the uranium minerals are so newly-formed that radioactive daughter products have not yet formed, i.e. the uranium mineralisation is in disequilibrium. Discovery of these non-radioactive uranium deposits relies chemical analyses.

There are also many uranium deposits that are tabular, but not roll-fronts. Such deposits often adjoin organic mudstones or shales, or occur where there are organic trash pockets in the sandstones. The rich deposits at Lisbon, Utah, and Grants, New Mexico, are tabular deposits.

3 Mkuju River Project

The MRP is Mantra's primary asset and has been the principal focus of its exploration activities in Africa. Since their discovery in 2007, the large uranium resources at Nyota have been the subject of successive scoping, pre-feasibility and definitive feasibility studies. The latter are in the process of completion. Elsewhere in the MRP, 33 Satellite Targets have been identified within a 45km radius of Nyota.

3.1 Location, Access, Infrastructure and Climate

The MRP is located approximately 470km southwest of Dar es Salaam in southern Tanzania (Figure 3-1). Access from Dar es Salaam is by tarmac road to the regional administrative centre of Songea (980km) and then a further 140km northeast along a regional road passing through Namtumbo and Likuyu. Access to the site from Likuyu is by forest tracks that are currently being upgraded into a gravel access road. Upgrading of the access to site from Likuyu commenced in 2010 and is planned to continue during 2011. Air access is by charter flight from Dar es Salaam to Likuyu (approximately 2 hours flight time).

Figure 3-1: MRP Location Map.

The MRP extends over a dissected sandstone plateau. Elevations vary from about 500m to 1,000m above sea level. The climate is temperate, with average monthly minimum temperatures in Songea varying from 13°C to 20°C and with average maximum temperatures between 22°C and 28°C. The annual rainfall is in the order of 1,100mm. Exploration activities are occasionally interrupted during the wet season, which is typically between December and April. Wet weather should not affect access to the site once the road from Songea has been upgraded.

3.2 Tenure

Mantra, through wholly owned Tanzanian subsidiaries, has a 100% interest in 26 contiguous Mining Rights (granted licences, renewals and applications) comprising the MRP, including Nyota. The Mineral Rights cover an area of approximately 3,270km^2 (Table 3-1 and Figure 3-2) and comprise 18 granted PLs and 7 PL applications. The granted PLs cover an area of approximately 2,660km^2, and the applications another 610km^2. Of the granted PLs, seven are subject to renewal applications, whilst an eighth, PL 4700/2007, is the subject of an application for a SML. The MRP Mineral Rights are summarised in Table 3-1.

Table 3-1: MRP Tenement Schedule.

Mineral Right	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
PL 4700/2007	HQ-P 21436	SML Application	Mantra Tanzania Limited	100%	197.9	
PL 2995/2005	HQ-G 16255	Under Renewal	Mantra Tanzania Limited	100%	20.7	
PL 4701/2007	HQ-G 16646	Under Renewal	Mantra Tanzania Limited	100%	98.8	
PL 4702/2007	HQ-G 16647	Under Renewal	Nyanza Goldfields Limited	100%	97.8	
PL 4703/2007	HQ-G 16648	Under Renewal	Nyanza Goldfields Limited	100%	98.9	
PL 4704/2007	HQ-G 16649	Under Renewal	Nyanza Goldfields Limited	100%	98.8	
PL 4705/2007	HQ-G 16650	Under Renewal	Nyanza Goldfields Limited	100%	97.9	
PL 4706/2007	HQ-G 16651	Under Renewal	Nyanza Goldfields Limited	100%	99.7	
PL 5822/2009		Granted	Nyanza Goldfields Limited	100%	79.7	11 June 2012
PL 5823/2009		Granted	Nyanza Goldfields Limited	100%	190.4	11 June 2012
PL 5935/2009		Granted	Nyanza Goldfields Limited	100%	190.3	20 Aug 2012
PL 5936/2009		Granted	Nyanza Goldfields Limited	100%	189.3	20 Aug 2012
PL 5942/2009		Granted	Nyanza Goldfields Limited	100%	189.8	20 Aug 2012
PL 5943/2009		Granted	Nyanza Goldfields Limited	100%	189.7	20 Aug 2012
PL 5944/2009		Granted	Nyanza Goldfields Limited	100%	190.3	20 Aug 2012
PL 5952/2009		Granted	Nyanza Goldfields Limited	100%	189.4	3 Dec 2012
PL 5969/2009		Granted	Nyanza Goldfields Limited	100%	190.3	3 Dec 2012
PL 6257/2009		Granted	Mantra Tanzania Limited	100%	190.2	30 Dec 2012
PL 6365/2010		Granted	Nyanza Goldfields Limited	100%	57.6	5 April 2013

Mineral Right	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
Total area granted PLs					2657.5	
	HQ-P 21200	Application	Nyanza Goldfields Limited	100%	20.9	
	HQ-P 22419	Application	Ruvuma Resources Limited	100%	97.9	
	HQ-P 22420	Application	Ruvuma Resources Limited	100%	98.9	
	HQ-P 22421	Application	Ruvuma Resources Limited	100%	98.9	
	HQ-P 22422	Application	Ruvuma Resources Limited	100%	97.8	
	HQ-P 22423	Application	Ruvuma Resources Limited	100%	99.1	
	HQ-P 22424	Application	Ruvuma Resources Limited	100%	97.9	
Total Area PL Applications					611.4	
Total Area Project Tenements					3,268.9	

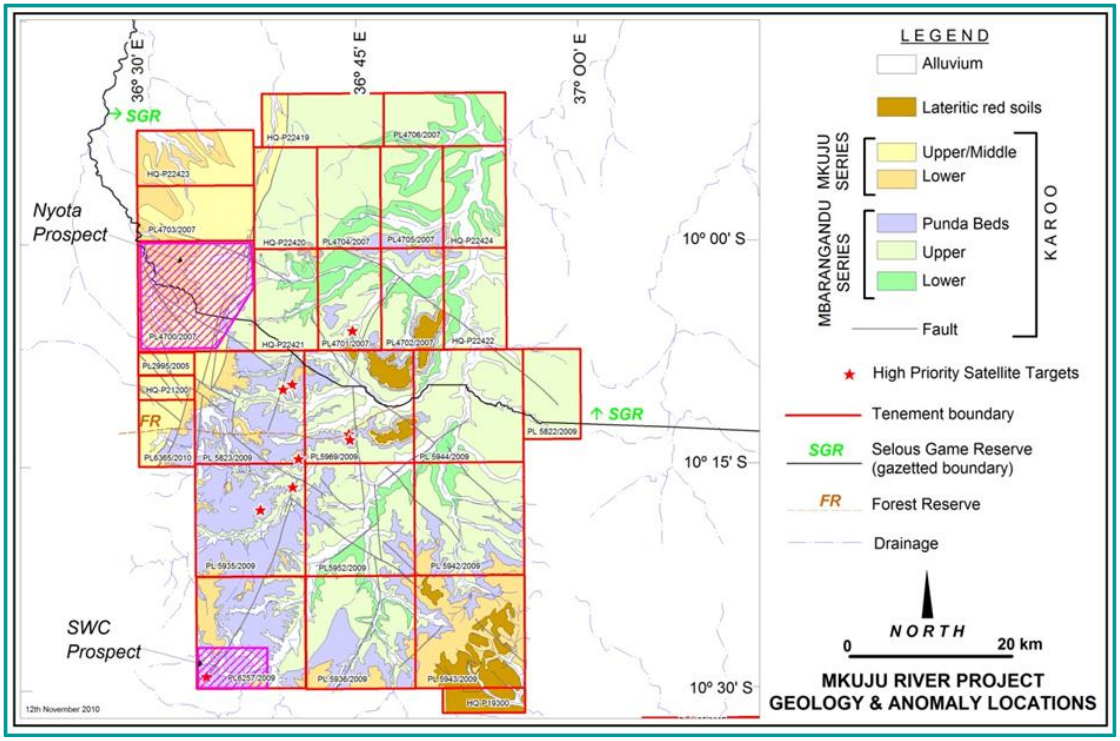

Figure 3-2: MRP Mineral Right Locations.

Nyota is held under PL 4700/2007, which was granted to Mantra Tanzania Limited ("MTL") on 18 September 2007 for a period of 36 months. PL 4700/2007 has an area of 198km^2 and is the subject of the SML application HQ-P21436, covering an identical area to PL 4700/2007,

which was submitted on 26 March 2010. Upon grant, the SML will have a term of 25 years. Under the Mining Act, a PL remains in force until the application for the SML is granted or refused.

Rex Attorneys ("Rex"), a legal firm based in Das es Salaam has provided an independent legal opinion as to the status of MTL and of PL 4700/2007. Rex reported that MTL is duly registered and validly existing in compliance with the laws of Tanzania. MTL is not the subject of any legal proceedings, and has no charges, liens or other encumbrances registered against its property. Rex confirmed that MTL is the registered holder of PL 4700/2007, is fully compliant with the terms and conditions of the licence and other statutory requirements and that there are no litigious encumbrances or other third party claims existing in respect of, or against the licence.

As noted under CSA's terms of reference (Section 1.1), CSA has been instructed by BDO that it is to rely on information provided to it by Mantra regarding the Mineral Rights other than PL 4700/2007 to the effect that Mantra has legal title to the exploration Mineral Rights and that the Mineral Rights are in good standing. No independent investigations as to the status of these Mineral Rights have been undertaken by CSA according to that instruction.

3.3 MRP Geology

The MRP is situated in the southern part of the Selous Basin, a large intracratonic basin filled with clastic sediments of the Karoo Supergroup. Mantra's Mineral Rights are underlain by thick sequences of Karoo sediments dominated by sandstones. These are predominantly terrestrial in origin and display a maximum thickness of 6km. Where exposed they are generally flat lying and largely undeformed with limited displacements along vertical faults (Figure 2-2).

Regional metamorphism is typically low grade (zeolite-pumpellyite facies), and is characterised by white mica, chlorite, nontronite and kaolinite clays. High grade Proterozoic metasediments, including pyroxene granulites, gneisses and leucocratic granites are exposed 40km south of Nyota. Late stage, radiometrically "hot" granites, including the Songea and Matimira Granites, intrude this Proterozoic basement to the south of the MRP.

3.3.1 Karoo Sedimentary Structures

Typically, sedimentary cycles are upward fining, with lateral facies variations indicating successive migrating channel fill grits with lateral fining. This indicates a depositional change from high energy channels to marginal environments dominated by finer, and ultimately overbank, sediments. The primary sedimentary structures are indicative of deposition in fluviatile to possible localised deltaic environments, with probable contributions from fan and crevasse environments. Average paleocurrent directions of 030° are indicated from foreset bedding angles. This direction is also supported by the orientation of fossilised tree logs within the adjacent Mbarangandu Formation sediments. This is significant as it implies that the detrital matter in the Mkuju Series sediments at the Nyota area were sourced from the south southwest.

3.3.2 Metallogeny

Uranium mineralisation is generally contained within permeable sandstone units which are laterally bounded by less permeable shales and siltstones. Uranium minerals observed at Nyota include phosphuranylite, meta–autunite and meta–uranocircite, all of which are secondary uranium minerals. Primary (U^{4+}) mineralisation has not been identified, and there are no anomalous concentrations of any other potentially economic elements.

The major controls on the uranium mineralisation are permeability and porosity within the host rocks, local reducing conditions and fault intersections. Regional uplift is a possible driving mechanism for mineralisation, which would provide the necessary hydraulic head pressure to drive oxidised groundwater movement. Groundwater movement would have then been controlled and focussed by the discontinuous, impervious siltstone/mudstone units, permeable coarse sediments, faulting and possible intersection points of faults.

3.4 MRP Previous Exploration

Systematic exploration for uranium within Tanzania commenced with the flying of a country-wide radiometric survey between 1976 and 1979. The German company Uranerzbergbau GmbH (Uranerz) acquired the data in 1978 and began follow-up investigations which resulted in the selection of the Selous Basin Karoo Supergroup sediments as the focus for further work. The main area of interest coincided with the area now known to host Nyota, along with the Mdaba region to the north.

In 1980 Uranerz identified secondary uranium minerals at surface. Further exploration identified uranium mineralisation over a vertical elevation of 220m within an area approximately 11km square, with grades up to 0.47% U_3O_8 over 1.9m returned from sampling within the current Resource Area 1 at Nyota. Despite these encouraging results, Uranerz withdrew from uranium exploration in Tanzania in 1982. At this time the uranium price had fallen to about a third of its 1976 peak, and the project remained essentially dormant until 2006 when Mantra commenced exploration in the area.

3.5 Mantra Exploration

Mantra's initial activities included compilation of historical exploration data, published topography, geological and geophysical maps and satellite images. Aeromagnetic and radiometric data were processed and interpreted to produce plans at both regional and prospect scale. More intensive exploration commenced in 2007 with a detailed airborne radiometric survey designed to upgrade the earlier data.

At Nyota, geological mapping, trenching and sampling, and ground radiometric surveys were followed by exploratory RC drilling on three anomalies. Encouraging results from the drilling confirmed the presence of widespread sandstone-hosted uranium mineralisation, both at surface and at shallow depths. Activities were progressively stepped-up, and in February 2009 the first MRE for Nyota was prepared.

The exploration and evaluation of the Nyota resource, culminating in the preparation of a Definitive Feasibility Study, are described in the following sections of the Report. At the time

of writing, the DFS was incomplete, and is therefore referred to throughout this Report as the DDFS (see Section 0, Draft Definitive Feasibility Study).

3.5.1 MRP Satellite Targets

Away from Nyota, areas of interest identified from the 2007 airborne radiometric survey were followed-up with helicopter supported field work during a single campaign in May and June 2008. This consisted of field traverses and auger ("AG") drilling, which identified widespread uranium mineralisation in 33 Satellite Targets within a 45km radius of Nyota. These occur in two corridors of radiometric anomalies over a distance of 30km. The more significant results were reported from the SWC Prospect, which is a 4km long trend of prominent airborne radiometric anomalies located approximately 45km to the south of Nyota. These included surface grab samples assaying 16,770ppm U_3O_8 and a best auger drill intersection of 8m @ 1,255ppm U_3O_8.

In work completed to the end of 2009, helicopter-supported geological mapping, rock-chip sampling, ground radiometrics, shallow auger drilling and trenching was carried out on to the east and south-east of Nyota. Anomalous U_3O_8 concentrations in samples from rock chip, auger drilling and trenching gave encouragement to continue exploration.

The mapping identified sub-horizontal beds of medium to coarse-grained sandstones, interbedded multiple layers of claystone and a distinctive stratigraphic marker horizon consisting of petrified wood fragments and tree trunks. It also confirmed that the radiometric anomalism is associated with two linear structural corridors and associated second-order northwest orientated jointing and faulting. Secondary uranium mineralisation is associated with the claystone and wood bearing gritstone horizons, with enrichment along the preferred structural corridors. Shallow, high grade uranium mineralisation is evident marginal to preferred structures however. A number of the anomalies appear to exhibit disequilibrium with some having very high scintillometer count rates, but only low U_3O_8 assay values.

An initial AC drilling program, designed to test a number of the Satellite Targets located within 30km of Nyota was concluded during the December quarter in 2010. The program comprised 84 holes aggregating 3,950m. Drill samples have been submitted for assay, with the results pending at the time of writing this Report.

4 Nyota Project

Nyota is located within the MRP in southern Tanzania (Figure 3-1 and Figure 3-2). The local landform is characterised by deeply incised, steep sided ridges and gently dipping slopes.

4.1 Project Geology and Mineralisation

Uranium mineralisation at Nyota occurs interstitially between grains in the coarse sandstone and conglomeratic channel fill units, or in association with surrounding reducing material. Elongate lenticular mineralised bodies parallel depositional trends. Worldwide, tabular deposits commonly occur in palaeochannels incised into underlying basement rocks where uranium is precipitated in the sandstones under reducing conditions. This is most often caused by the presence of carbonaceous material, sulphides (pyrite), H_2S, hydrocarbons (petroleum), and interbedded basic volcanics with abundant ferro-magnesian minerals (e.g. chlorite).

Quaternary cover consists of thin scree slopes and skeletal soil cover (<0.05-0.2m) within areas of steep topography. Sandy clays and unconsolidated sands 2-5m thick are present within the valley floors. The water table lies above thicker, continuous aquacludes, and fluctuates due to seasonal climatic variations and the highly porous nature of the reservoir sediments.

4.2 Exploration and Evaluation of Nyota Resource

Exploration and resource evaluation drilling and resource estimation at Nyota have led to the definition of several discrete areas of mineralisation that have been designated as “Resource Areas”, hence Resource Areas A, B, C etc. in the discussion which follows.

The first phase of exploration at Nyota confirmed the presence of widespread sandstone-hosted uranium mineralisation both at surface and at shallow depths. Successive work programs to the end of 2008 saw 38,300m of RC and AC drilling, and 1,900m of DD completed, mapping at 1:10,000 scale, preliminary 1:5,000 scale geological maps produced for Resource Areas A, C and S, trenching, acquisition of satellite imagery and aerial photography, and completion of a helicopter supported reconnaissance program. The first MRE was prepared in February 2009.

In June 2009 a Scoping Study was completed that demonstrated the potential economic viability of the project. This was followed by a PFS in March 2010 incorporating an update of the MRE in January 2010 that followed an extensive program of 1:2,500 scale mapping and infill, extension and exploration drilling during 2009. The 2009 work was focused on Resource Areas A, C, D, F, G, J and S in order to increase the resource confidence categories in the MRE. Exploration target Areas E and O were also drilled and included in the MRE.

Potential was identified to substantially increase the resource base with continued drilling. In areas outside that included by the MRE, AC drilling was utilised to enable a future

comparison with gamma logging results to ascertain equilibrium/disequilibrium states. By the end of February 2010, a total of 1,725 holes for 101,442m had been drilled and 279 trenches for 8,211m excavated. Triple tube DD holes (PQ size) were completed in the Resource Areas to provide samples for metallurgical test work and initial density measurements.

Exploration during 2010 consisted of infill, extension and exploration open hole ("OH"), AC and DD drilling and surface trenching. Work was undertaken over Resource Areas A, C & D, E & F and S to increase confidence levels for these resources. An updated MRE was prepared in November 2010 which forms the basis for the DDFS discussed below in Section 5. Detailed geological mapping at a 1:2,500 scale was also continued.

A plan view of the Nyota MRE areas is shown in Figure 4-1. Red points represent pre-2010 drilling and trenches, and black points are 2010 infill and extension drilling locations used in the November 2010 MRE. The drill hole and trench sampling used for the November 2010 MRE are summarised in Table 4-1.

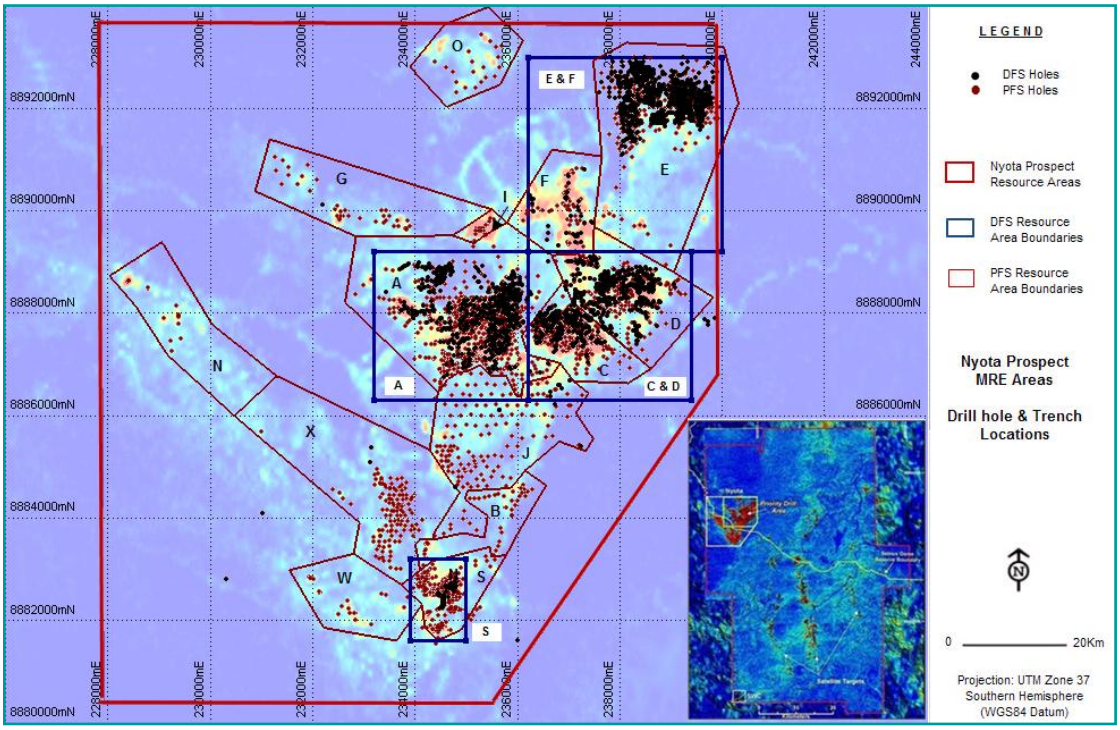

Figure 4-1: Overview of drill hole collars showing Nyota MRE areas.

Table 4-1: Summary of drilling and trenching included in the Nyota MRE.

Area	Drill Type	Jan 2010 MRE		DDFS Infill Drilling		Total	
		Count	Metres	Count	Metres	Count	Metres
A	AC	345	21,601	49	3,362	394	24,963
	AG	3	25	-	-	3	25
	DD	35	2,058	20	1,202	55	3,260
	OH	114	6,499	417	27,939	531	34,438
	RC	62	4,478	-	-	62	4,478
	Trench	74	2,254	24	1,149	98	3,403
C	AC	117	6,713	35	2,215	152	8,928
	AG	6	47	1	8	7	55
	DD	24	1,155	7	477	31	1,632
	OH	49	2,454	146	9,722	195	12,176
	RC	1	60	-	-	1	60
	Trench	62	1,968	16	1,117	78	3,085
D	AC	150	10,031	48	2,726	198	12,757
	AG	20	165	-	-	20	165
	DD	10	548	6	498	16	1,046
	OH	25	1,452	266	18,802	291	20,254
	Trench	58	2,078	52	1,996	110	4,074
E	AC	207	12,255	75	3,351	282	15,606
	DD	-	-	28	1,869	28	1,869
	OH	-	-	627	34,739	627	34,739
	Trench	24	768	20	1,045	44	1,813
F	AC	47	3,030	-	-	47	3,030
	OH	-	-	4	393	4	393
	Trench	13	316	26	1,753	39	2,069
S	AC	26	1,171	36	2,410	62	3,581
	DD	19	954	5	309	24	1,263
	OH	23	1,040	53	2,808	76	3,848
	RH	71	4,055	-	-	71	4,055
	Trench	34	545	-	-	34	545
J	AC	37	2,567	-	-	37	2,567
	OH	109	6,694	6	316	115	7,010
	RC	-	-	12	846	12	846
All areas	Geotechnical	14	714	-	-	14	714
	Metallurgical	2	66	5	204	7	270
	Sterilisation	103	6,331	-	-	103	6,331

Additional exploration drilling was completed between the November 2010 MRE and the end of the calendar year. Project-to-date drilling at Nyota totals approximately 4,030 holes including RC, AC, OH and DD aggregating 255,500m.

4.2.1 Trenching

Trenching was used to assess surface mineralisation in areas where steep topography prevented the use of conventional drill rigs. Trench sites were traversed with a scintillometer, and total count uranium readings recorded to ensure the trench was optimally sited to intersect the target horizon. Mapping and continuous 1m interval channel sampling was undertaken over the full thickness of the vertical faces to provide geological and grade information. Sample intervals were based on mapped geological boundaries, with

both vertical and horizontal faces mapped. A specialised tool was fabricated to ensure unbiased sampling. In 2010, 139 trenches were completed for 7,190m.

4.2.2 Drilling

Resource drilling during 2010 was designed to infill the drill spacing in Areas A, C, D, F and S to approximately 50m x 25m centres so as to better establish geological and grade continuity, and upgrade resource confidence categories. A 50m x 50m infill pattern was adopted in areas where topography inhibited closer spaced drilling, or at the edges of deposits. Drilling was predominantly OH (80%), with holes subsequently gamma probed to determine eU_3O_8 concentrations. Approximately 15% of drilled holes were AC holes that provided samples for chemical assay in addition to probe data. Five per cent of planned holes were PQ and HQ DD holes which provided core material for chemical assay and further verification of OH and AC drilling.

The results of the drilling are a spatially representative, statistically valid U_3O_8 dataset that has been used for comparative study of eU_3O_8 and U_3O_8 assay data as part of an ongoing quality assurance/quality control ("QA/QC") analysis. The average hole depth ranges between 40m and 60m, with the deepest holes approximately 100m deep. Summary details of drill holes are provided in Table 4-1.

4.2.3 Survey Control

All drill hole collars were surveyed in by GPS prior to drilling. On completion, a Differential Global Positioning System ("DGPS") reading was taken at the collar. The start and end points of each trench were differentially surveyed with the offset of each vertical face measured by tape measure.

Pre-2010, down-hole directional surveys were undertaken following completion of drill holes. The survey instrument (Auslog A698) provides a dip and azimuth derived from dip meters and a fluxgate-based magnetic sensor. A Universal Transverse Mercator ("UTM") derived grid azimuth was calculated with both magnetic and grid azimuth recorded in the database. No deviation surveying was undertaken during 2010 due to a large number of readings being taken within drill rods or the holes being cased with PVC of a smaller diameter than the probe. For these holes, a vertical collar orientation was extrapolated down-hole. A review of surveyed holes indicated that no holes deviated by $>3^{o}$ and accordingly, the extrapolation of the collar orientation is considered acceptable. As all holes have been drilled vertically with an average depth of around 60m, and as the mineralisation controls are sub-horizontal, CSA believe this approach is acceptable and will not result in any significant issues related to the location of mineralisation.

4.2.4 Drill Hole Sampling Methods

OH holes were drilled to obtain down-hole gamma data for determination of eU_3O_8 values used for the MRE. No samples were collected from these holes, as the sample return was not considered representative of in-situ material.

DD core was logged, cleaned and photographed, after which it was split using a guillotine to produce half core samples. These were dispatched to ALS Chemex Laboratories in Mwanza, Tanzania ("ALSC") for sample preparation, then onwards to Ultratrace Analytical Laboratories, Perth ("Ultratrace") for chemical analysis. Small (<15g) samples were collected for on-site Innov-X XRF analysis. These were taken by scouring a groove longitudinally (perpendicular to bedding) along the full length of sample. Prior to 2010 no DD core was submitted for analytical analysis as all core was used for metallurgical test work.

AC samples were collected over every metre drilled. These were collected in plastic bags directly from the cyclone mounted on the AC rig, then split down to approximately 1-2kg. This material was then dispatched to ALSC for sample preparation, and onwards to Ultratrace as for the DD samples. Small (<15g) samples were collected for on-site Innov-X XRF analysis.

4.2.5 Drill Hole Sample Recovery

During 2009 and 2010, reviews of AC sample recovery were completed. Mean recoveries were approximately 50% with significant variability in sample weights. In May 2010, the AC drilling contractor was changed in an endeavour to improve overall sample recovery. A review of sample recoveries was completed in November 2010 on approximately 16,000 AC samples collected in 2010, with the new contractor achieving an average recovery of 84%.

Analysis of the 4,565m of DD core showed an average 86% sample recovery. The core loss is attributed to the weathered and oxidised nature of the Karoo sediments which host the mineralisation. These sediments are often friable and unconsolidated, particularly within the top 10m of each hole.

The MRE is dominantly (>95%) based on eU_3O_8 results. Only good quality assay samples with high recovery were used to validate the eU_3O_8 results. Poor samples (wet) and/or with low recovery (<85%) were rejected from the assay – gamma equivalent comparison data.

4.2.6 Down-hole Induction Logging

An inductive (electromagnetic) conductivity probe was used to supplement geological logging information, in particular to identify silt and mudstone marker horizons. The conductivity data were plotted alongside geological and gamma logs which enabled a better interpretation of the geology in AC, DD, and in particular, OH drilling where the latter often had poor to no sample return. Individual sedimentary cycle sequences are locally characterised by upward fining units and mudstone 'capping' sequences that typically have a low resistivity.

An example is shown in Figure 4-2 which presents a comparison of geological log, clay+silt to sand ratio (blue/orange bars), inductive conductivity (green profile), and eU_3O_8 (red profile) with assay results (red bars) from drill hole MNAA0159. The pattern of the down-hole conductivity logs shows:

- Single, symmetric, high amplitude conductivity curves – narrow, mudstone units.
- Single, asymmetric, moderate amplitude conductivity curves – graded bedding from mudstone to siltstone to silty fine to medium-grained sandstones.

Down-hole conductivity was found to be a very useful tool in identifying mudstone/claystone layers. As a result, it proved important in the interpretation of base cycles in the geological model used in resource estimation.

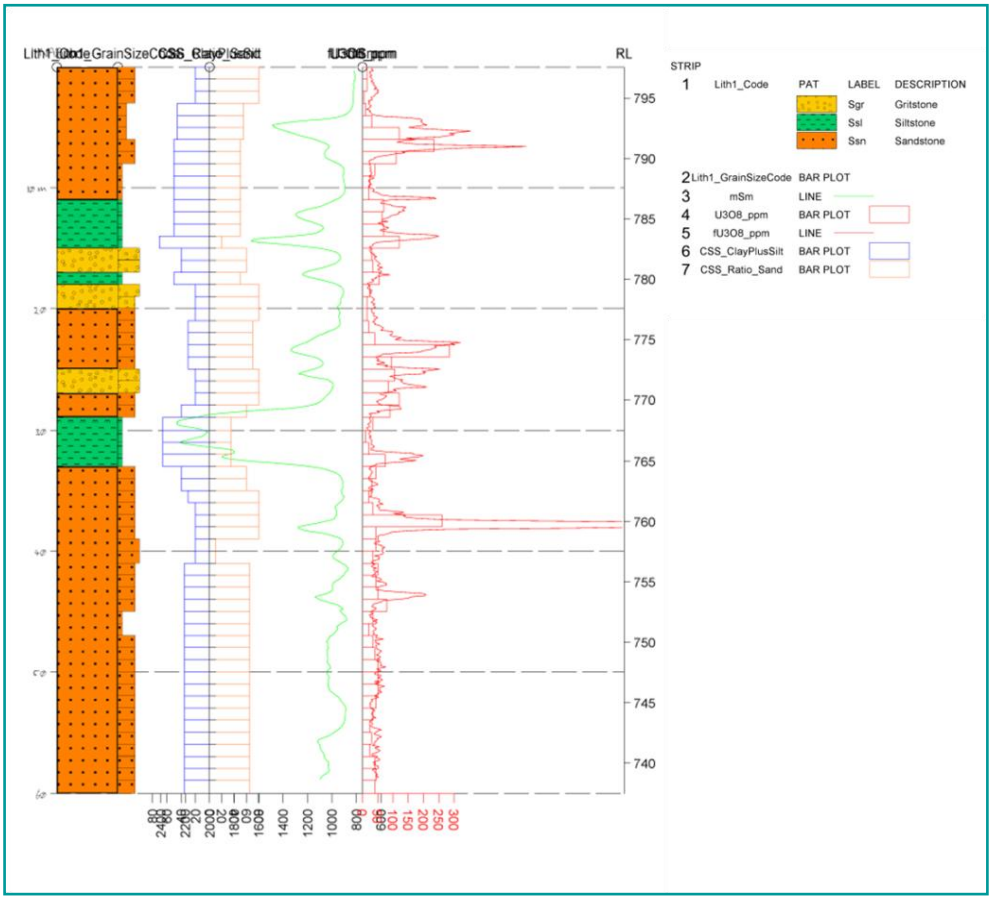

Figure 4-2: Nyota Area A – Induction Probe Correlation.

4.2.7 Estimation of True Widths

Geological boundaries were mapped as flat lying to shallow dipping. All drill holes and channel samples were oriented vertically. Drill hole surveys indicate very little deviation resulting in drill holes intersecting virtually perpendicular to stratigraphy, and drill intervals therefore approximating true stratigraphic thicknesses.

4.2.8 Sample Preparation, Analysis and Security

Samples were split to 1–2kg weights, with QA/QC field duplicates retained on site. Other QA/QC samples were inserted into the sample stream at the sample yard and/or at the sample preparation facility at ALSC, with 1 in 20 samples a certified reference material, 1 in 40 a blank sample and 1 in 40 a field duplicate. A further high grade duplicate was selected from every hole by taking the sample from the hole with the highest gamma reading and creating a duplicate.

CSA is not aware of any conflict of interest, or vested interests, between the employers and contractors conducting the sampling, assaying and geophysical programs for the MRP. CSA considers the procedures for sample preparation and storage to be adequate and secure considering the drilling conditions, site conditions and proportion of wet samples. Cross validation of assay results with geophysical data has demonstrated that the drilling and sampling procedures are suitable for determining the location and grade of uranium mineralisation.

4.2.9 Geophysical Analysis

Geophysical logging for the estimation of eU_3O_8 was completed for the majority of holes drilled at Nyota. This is the primary source of uranium data used in the MRE. During 2010, chemical assaying was undertaken using AC and DD samples to validate geophysical gamma data.

Down-hole gamma logs were recorded for all OH, AC and DD holes using an Auslog A088, 27mm diameter natural gamma probe, with readings collected in the up-hole direction. Following acquisition of the gamma count-per-second ("cps") readings, the data was transformed to eU_3O_8 using appropriate correction factors and local equilibrium/disequilibrium calibration factors.

Three A088 tools are on-site to ensure holes are logged as soon as possible after drilling and for back-up purposes. All tools are calibrated using a test pit on site. Mantra has developed detailed procedural and protocol documentation for gamma logging based on industry standards for data acquisition, processing and QA/QC.

4.2.10 Chemical Analysis

All samples were sent to ALSC for sample preparation. Approximately 1kg of sample was pulverised to 85% passing 75µm, then split into 100-200g sub-samples. A barren granite sample was crushed and pulverized between every field sample. Dry sieve analysis was completed on 5% of pulverised samples (85% passing – 2mm) and wet sieve analysis on 10% of samples (85% passing 75µm). The coarse reject is stored at ALSC.

Between 2007 and 2008 all prepared pulps were sent to ALSC in Perth, Western Australia for inductively coupled plasma–atomic emission spectroscopy (ICP–AES) analysis. Sample decomposition was by HNO_3-$HClO_4$-HF-HCl digestion, with a final HCl Leach (GEO-4ACID). Pulps reporting >500ppm U_3O_8 from the four acid digest and ICP-AES analysis were subjected to further analysis using the fused pellet XRF method (ME_XRF-10). The ALSC quality system

complies with the requirements of international standards (ISO 9001:2000 and ISO 17025:2005) at all its laboratory sites.

Following an assay QA/QC review in 2009, the primary laboratory used to analyse samples from the Resource Areas was changed to Ultratrace. Here samples were analysed for U_3O_8 using XRF spectrometry with a 5ppm detection limit, based on a sample size of 2g. Diamond drill samples also underwent multi-element ICP-AES and inductively coupled plasma mass spectrometry (ICP-MS) analysis with a mixed acid digestion of $HClO_4$-HF- HNO_3 followed by a final leach in HCl.

Umpire samples were taken at the rate of 1 in 10. During 2007 and 2008, the umpire laboratory was Ultratrace, during 2009 ALSC Perth, and in 2010 Stewart Group Laboratories in Ireland. Ultratrace and Stewart Group Laboratories abide by stringent internal QA/QC procedures as well as taking part in inter-laboratory and round robin testing. Both currently hold ISO 17025 accreditation.

4.2.11 Bulk Density Analysis

A representative suite of samples was collected for bulk density analysis. Only bulk density measurements completed on core that had been oven-dried for 6 hours are considered reliable and were the only such data used for bulk density analysis. *In situ* bulk density was estimated using the calliper method to determine sample volume. This was chosen for its ease of use and because of the friable nature of the major host lithologies.

Bulk density is not sensitive to mineralisation, lithology, cycle or area, but is sensitive to depth. An *in situ* bulk density of 1.77t/m^3 has been applied to the top 10m of the MRE, a value of 1.81 t/m^3 to material from 10m to 20m below the surface, and a value of 1.85t/m^3 to all blocks below 20m (Table 4-2).

CSA considers the method of bulk density determination to be appropriate and that taking into account the geological continuity of the mineralisation, there is sufficient data for the reliable estimation of resource tonnages.

Table 4-2: Bulk Density Results.

***In Situ* Dry Bulk Density**	
DEPTH	ORE & WASTE
0-10m	1.77
10-20m	1.81
>20m	1.85

4.2.12 Topography

A digital elevation model ("DEM") was generated from high resolution LiDAR data using a 5m x 5m grid. Surveyed traverses and drill hole collars were used to verify the DEM, with no surveyed elevation differing from the DEM by more than 1m, and the majority of data points plotting within 0.5m. The differences between the DEM used in previous resource estimates

and the LiDAR DEM were used to determine their impact on the MRE and pit volumes. The results of this analysis showed a maximum error of ±2% in total pit volumes.

The MRE for Resource Areas G, J, O, B, I, and X was completed before the LiDAR data was acquired. For these models, a digital terrain model ("DTM") was provided by Mantra. The DTM covered an area 14km by 14km, and was compiled using colour aerial photography acquired in November 2008 and digital ortho-photos.

4.3 Data Quality Control And Verification

4.3.1 Geophysical and Chemical Assay QA/QC

QA/QC information for all assay and geophysical data, including daily test source readings, test pit calibrations and gamma re-logging was reviewed by CSA, and showed acceptable levels of precision and accuracy. Geochemical QA/QC comprised submission of duplicate, certified reference materials and blanks for analysis to monitor the precision and accuracy of results.

4.3.2 Comparison of gamma derived eU_3O_8 and assay derived U_3O_8

A comparison between AC and DD U_3O_8 assays with the corresponding down-hole e U_3O_8 has been completed. The selection of data was on the following basis:

1. AC and DD data with corresponding 1m sample U_3O_8 estimates obtained from down hole gamma logging and conventional sampling and assaying was selected (Figure 4-3 and Figure 4-4).

2. Independent 130ppm mineralised down hole intercepts were generated using the process described in Section 4.4.3 for the eU_3O_8 (coded ORE1) and assayed U_3O_8 (coded ORE2)

3. The samples were coded with hole type, sample condition, recovery and depth below the surface.

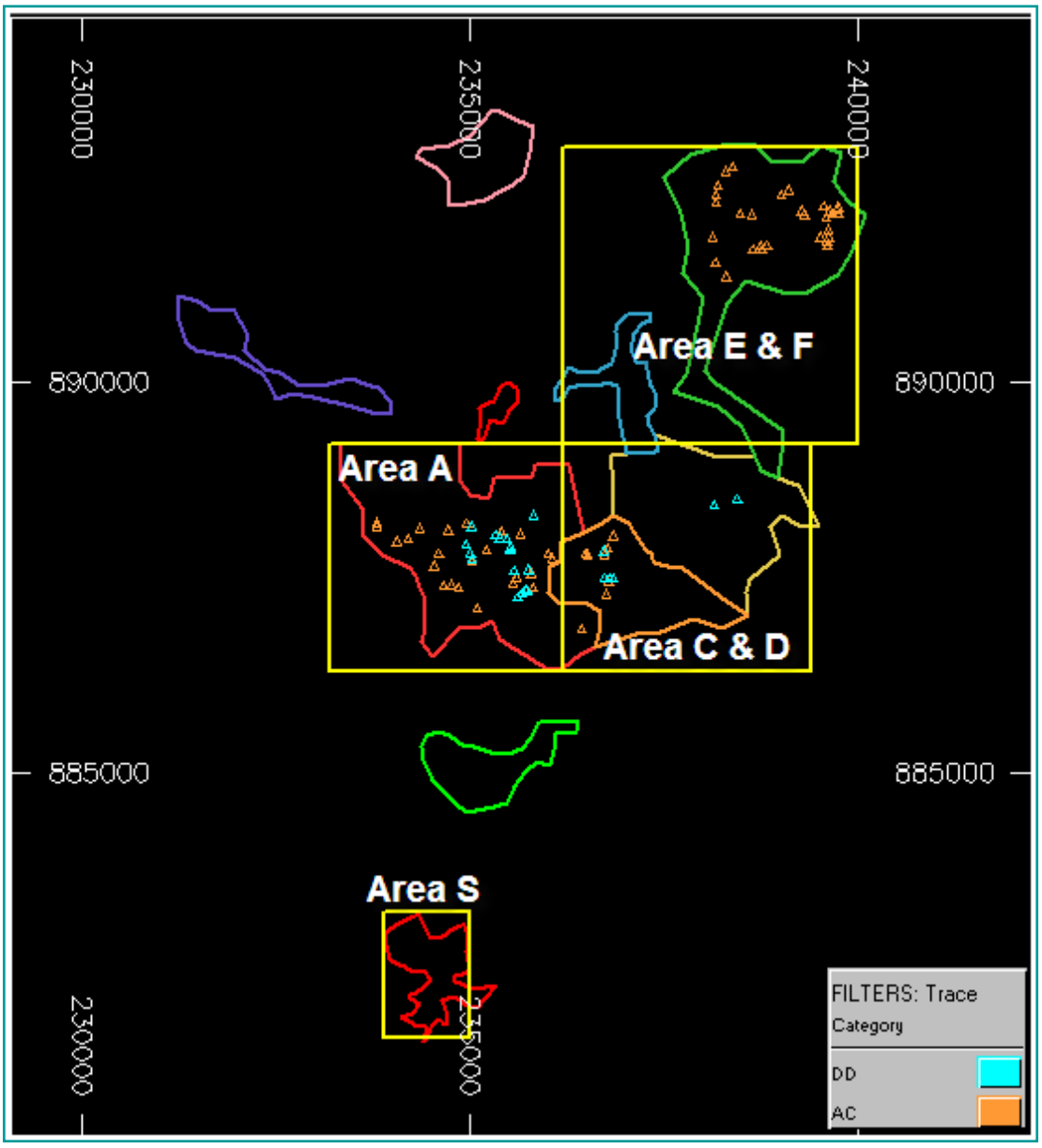

Figure 4-3: DDFS Wallis AC holes and DD holes available for assay gamma comparison.

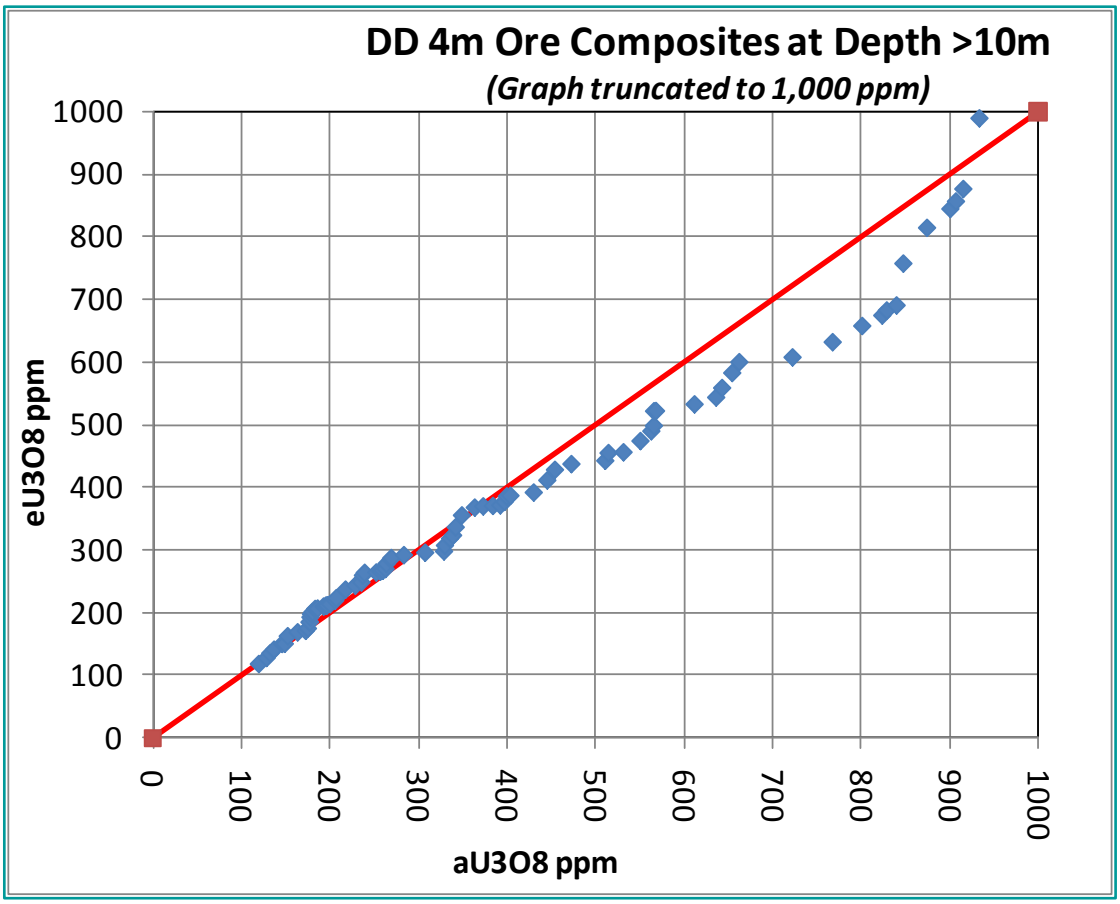

Figure 4-4: QQ Plot of DD 4m mineralised composites comparing assay and gamma data.

Whilst there was good agreement for data below 10m, within the upper 10m there are indications of negative disequilibrium with an average 30ppm U_3O_8 difference. To compensate for the disequilibrium, 30ppm was subtracted from all grade estimates for the top 10m of the deposit.

CSA concludes that where good quality AC and DD samples are available the assay grades on average support the tenor of the gamma grades. Quality down hole gamma logging provides the best estimate of the U_3O_8 grade for the majority of the resource. There are however indications of negative disequilibrium in the top 10m of the deposit which will require further investigation. As the top 10m of the resource represents approximately 11% of the MRE and will be first mined, appropriate grade control will be required during mining to identify and mitigate grade predictability issues.

4.3.3 Database Development and Validation

All on site data entry was by a dedicated data entry clerk using templates with pre-defined lookup fields. All data was then forwarded to CSA Perth for checking and validation. Once corrections were approved, the data wass submitted to the database administrator for incorporation in to a DataShed database.

Mantra has developed rigid and well-planned protocols for all work undertaken on site. These are well documented and staff are trained and supervised at each stage of the work. Implementation of these protocols, with associated documentation including a defined chain of custody, has resulted in the collection of pertinent, detailed, reliable geological and sampling information which has been used to develop the geological model for the MRP and to ensure data of good quality and reliability is used in MRE updates.

4.4 Mineral Resources

MREs for individual Resource Areas have been progressively updated as new information became available. In the discussion which follows, most detail is given for Resource Areas A, C, D, E, F and S which comprise most of the Mineral Resources at Nyota. The MREs for these Resource Areas were updated in November 2010. The MREs for Areas B, I and X are based on work completed up to January 2009, whilst the MREs for Areas G, J and O are based on work completed up to January 2010. Where there are differences in estimation parameters or estimation methodology between Resource Areas, these have been highlighted.

4.4.1 Mineral Resource Summary

The most recent MRE for Nyota is summarised in Table 4-3. The derivation of the MREs is discussed in detail in the discussion that follows.

Table 4-3: Summary of November 2010 Nyota Mineral Resource Estimate.

Mkuju River Project Summary of Nyota Mineral Resource Estimate as at 15 November 2010 Reported at a lower cut-off grade of 200 ppm U_3O_8			
	Tonnage (million tonnes)	**Grade (U_3O_8 ppm)**	**Contained U_3O_8 (million pounds)**
Measured Resource	40.9	442	39.9
Indicated Resource	26.8	433	25.6
Total Measured & Indicated	**67.7**	**439**	**65.5**
Inferred Resource	41.2	395	35.9
Total Resource	**108.9**	**422**	**101.4**

Mineral Resources reported at a lower cut-off grade of 200ppm U_3O_8. All figures rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

4.4.2 Mineral Resource Estimate Drill Hole Data Set

The drilling data used for the November 2010 MRE is tabulated in Table 4-4.

Table 4-4: Summary of Data used in Resource Estimation.

Area	Drill Type	Totals		
		Count	Metres	Samples
A	AC	372	23,420	20,630
	AG	3	25	25
	DD	55	3,260	3,524
	OH	527	34,169	29,506
	RC	62	4,478	4,519
	Trench	99	3,367	1,555
C & D	AC	371	23,145	21,881
	AG	27	220	220
	DD	47	2,678	2,591
	OH	494	32,831	28,873
	RC	1	60	57
	Trench	189	7,207	4,321
E & F	AC	324	18,304	17,704
	DD	28	1,869	1,885
	OH	632	35,255	33,853
	Trench	82	3,877	2,516
S	AC	51	3,058	3,029
	DD	23	1,212	1,092
	OH	71	3,612	3,230
	RH	71	4,055	4,108
	Trench	31	505	423
G	AC	34	1,422	1,217
	Trench	4	88	17
J	AC	37	2,567	2,435
	DD	2	93	91
	OH	109	6,694	5,012
O	AC	20	993	950
B	AC	36	2,466	2,418
	Trench	1	5	7
I	AC	14	608	683
	Trench	1	9	27
X	AC	109	6,000	5,642
	DD	9	732	680
TOTAL	AC	1,368	81,893	75,639
	AG	30	245	245
	DD	164	9,844	9,863
	OH	1,833	112,561	100,474
	RC	134	8,593	8,684
	Trench	407	15,058	8,866

4.4.3 Grade Estimation Data Set

Where practical, all drilling was reviewed by CSA to ensure the drilling and data capture were to an acceptable level. The review concentrated on key elements such as the quality of input data, geological interpretation, estimation technique and associated documentation.

Drill information which CSA considered were lacking in any of these areas and would impact on resource estimation were excluded from the Resource estimation

Grade estimation for the MRE relies principally on eU_3O_8 data from down-hole gamma logging, which was >90% of the data available. Chemical assay data was used where no geophysical estimates were available, which includes surface trenches, and AC and RC holes that were not gamma probed due to collapse of the hole after drilling. In a number of isolated cases where there was no down-hole gamma or assay data available, bench-top XRF data was used. Note that bench-top XRF was not available pre-2010. In the MRE for Resource Areas B, I, and X, assay data was given priority over geophysical data. Where no assay data was available geophysical data was used. Table 4-5 is a summary of the relative proportions of the U_3O_8 grade estimation data obtained geophysical methods, chemical assay and bench-top XRF used in the November 2010 MRE.

Table 4-5: Details of samples used in the MRE.

Area	Hole Type	Metres	Gamma	Assay	XRF
A	Air Core	12,520	80%	19%	0%
	Auger	51	0%	100%	0%
	Diamond	2,179	99%	1%	0%
	Open Hole	35,812	100%	0%	0%
	RC	1,619	0%	100%	0%
	Trench	769	0%	99%	1%
C & D	Air Core	9,606	89%	9%	2%
	Auger	220	0%	100%	0%
	Diamond	1,904	99%	0%	1%
	Open Hole	36,779	100%	0%	0%
	RC	6	100%	0%	0%
	Trench	1,567	0%	96%	4%
E & F	Air Core	8,854	89%	10%	1%
	Diamond	1,324	96%	0%	4%
	Open Hole	42,751	100%	0%	0%
	Trench	940	0%	41%	59%
S	Air Core	2,486	100%	0%	0%
	Diamond	928	100%	0%	0%
	Open Hole	2,788	100%	0%	0%
	RC	2,611	100%	0%	0%
	Trench	132	0%	100%	0%
G	Air Core	1,452	100%	0%	0%
	Trench	75	0%	100%	0%
J	Air Core	1,731	66%	34%	0%
	Diamond	335	100%	0%	0%
	Open Hole	3,928	100%	0%	0%
O	Air Core	995	100%	0%	0%
B	Air Core	2,466	88%	12%	0%
	Trench	5	100%	0%	0%
I	Air Core	685	77%	23%	0%
	Trench	9	0%	100%	0%
X	Air Core	6,204	87%	13%	0%
	Diamond	732	100%	0%	0%
TOTAL		**184,463**	**91%**	**8%**	**1%**

4.4.4 Geological Interpretation and Resource Model Cut-off Grade

Geological modelling for Areas A, C, D, E, F, S, G, J, and O was completed in Micromine, based on surface mapping and an interpretation of faults and sedimentary units completed by Mantra. Strings were digitised by snapping to the top of claystone layers, interpreted to be the base of cycles associated with mineralisation (Figure 4-5 and Figure 4-6). In cases where the mineralisation is contained within the claystone horizon, the boundary was adjusted to the base of mineralisation. Three dimensional ("3D") surfaces were created for each cycle (Table 4-6).

A Whittle pit optimisation analysis completed during the January 2010 MRE indicated that the process plant cut-off for Nyota, assuming Resin-in-Pulp technology to recover uranium, is below 150ppm U_3O_8. Analysis of the closer spaced infill drilling concluded that a 130ppm cut-off grade would be more suitable to maintain grade continuity. Grade compositing and modelling of resource volumes was therefore based on a 130ppm U_3O_8 lower cut-off.

For the purposes of interpreting mineralisation envelopes on cross sections, the limits of mineralisation were effectively defined at the base by the tops of the claystone units, whilst the upper limits were defined by the top of the 130ppm U_3O_8 composites (described below).

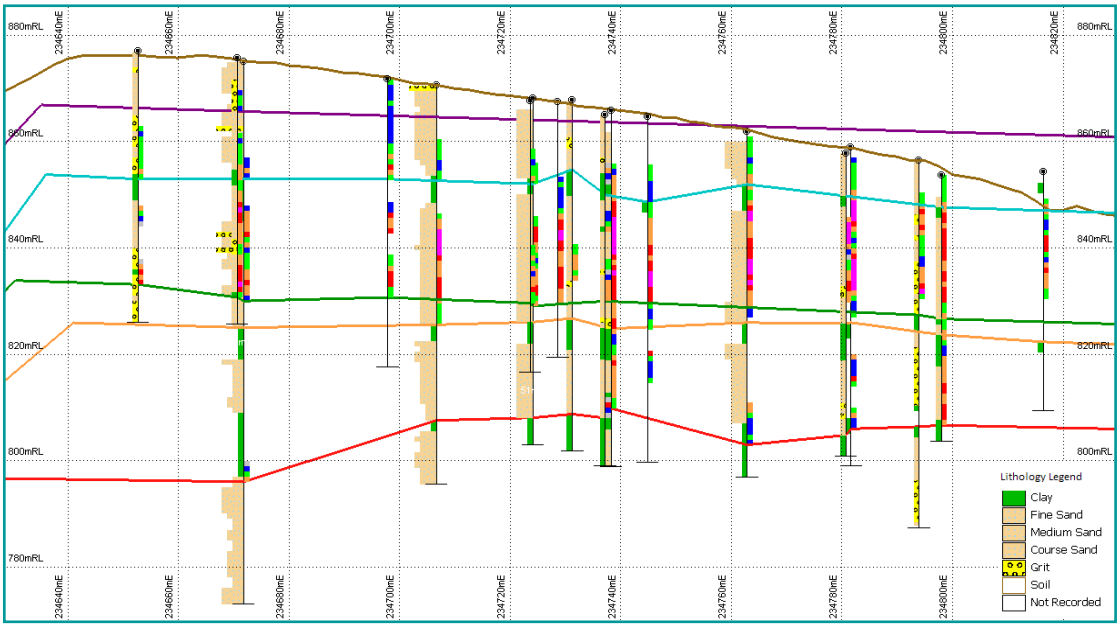

Figure 4-5: Cross section at 8882400 (northing), in Area S. (Vertical exaggeration x3).

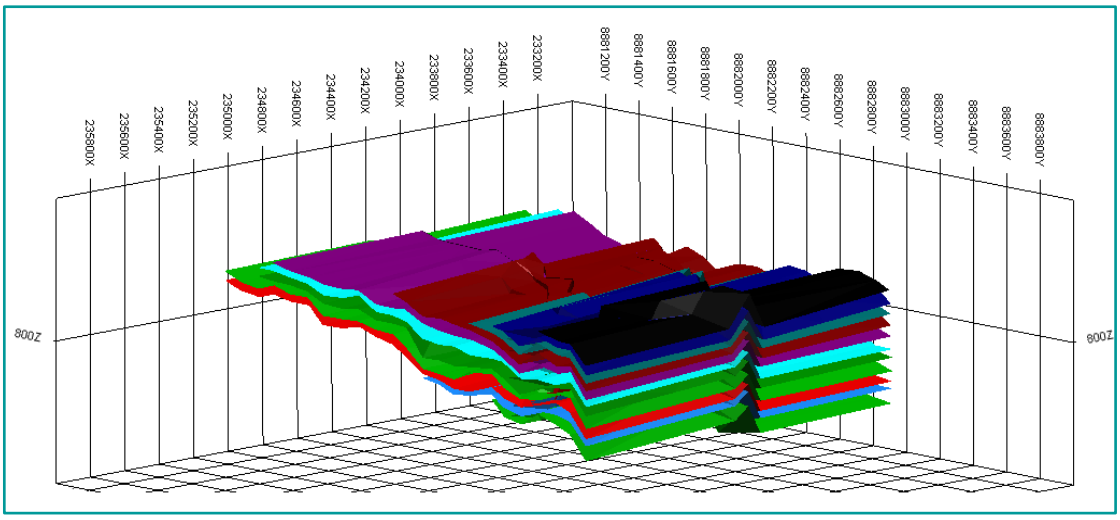

Figure 4-6: Wireframes for Cycles 210 to 280 at Area S (Vertical exaggeration x 3).

Table 4-6: Summarized sedimentary cycles interpreted for each Resource Area.

Area	Sedimentary Cycles
A	200, 210, 220, 230, 240, 250
C & D	200, 210, 220, 230, 240, 250, 260, 270, 280
E & F	200, 210, 220, 230, 240, 250, 260, 270, 280
S	210, 220, 230, 240, 250, 260, 270, 280
G	170, 180, 190, 200, 210
J	220, 230, 240, 250
O	240, 250, 260
B	Cycles in these areas were not modelled or used in estimation.
I	
X	

4.4.5 Grade Compositing

For Resource Areas A, C, D, E, F, and S, grade compositing was carried out in Datamine over down hole lengths of 4m, with an average grade of at least 130ppm U_3O_8. A maximum of 3m internal waste was included within the composites. The MREs for Areas G, J and O were based on 3m composites in anticipation of mining a 2.5m high bench. Results from the PFS concluded that a 3m mining bench height was more appropriate for productivity efficiencies; hence composites for the more recent estimates were increased to 4m to ensure adequate mineable thicknesses. For Areas B, I, and X grade data was composited over 1m down-hole intervals.

Due to the discontinuous nature of the trench sampling, compositing was not always possible. Vertical mineralised intercepts of at least 4m of were manually identified and coded prior to probability and grade estimation. The nominal minimum average grade was 130ppm U_3O_8 but in isolated cases, composite grade intercepts down to 100ppm were coded as “mineralised” if they achieved the minimum width criteria. Trench samples less than 0.2m and greater than 5m in length were not assigned a mineralised value, and were excluded from further use in the MRE.

Composites were flagged with numeric codes defining mineralised (coded as 1) or waste (coded as 0) material. Any drill-hole composites <2.5m and >5m were not assigned a code.

4.4.6 Mineralisation Wireframes

Resource Areas A, C, D, E, F, and S

Broad mineralisation envelopes were constructed on 50m spaced west-east sections using the geological interpretation and a 130ppm cut-off for composites. The wireframes included zones of internal, and sometimes external waste to maintain continuity. Where mineralisation was continuous, the wireframes were extrapolated a maximum of 50m east-west and 100m north-south between sections. Where mineralisation was less continuous, particularly towards the edges of deposit boundaries, wireframes were extrapolated 25m east-west and 50m north-south. In areas where surface mapping or trench sampling indicated that the mineralisation extended from the drill hole intercepts to the surface, the interpretation was extended to include the surface mineralisation.

Resource Areas G, J, and O

Wireframes were created from the sedimentary basal, and 130ppm U_3O_8 mineralisation strings defining the top of mineralisation. The wireframes were extended 25m along and across strike past the outer edge of the zones of mineralisation. In some instances, where internal continuity of mineralisation was interpreted on the basis of geology, the wireframes were extrapolated up to 200m along strike and 100m across strike.

Resource Areas B, I, and X

Drill hole intercepts above a nominal cut-off grade of 150ppm U_3O_8 over a minimum thickness of 2m were included in the resource estimates. Mineralised intercepts were wireframed, with wireframes extended 50m along strike and 25m across strike from a single interval. In areas where mineralisation was interpreted to be continuous between drill holes and cross sections, the wireframes were combined into a single zone of mineralisation.

4.4.7 Interpretation and Domaining

In Resource Areas A, C, D, E, F, and S the wireframes were used to define the orientations the different mineralisation domains (Figure 4-7). The orientation domains define the average strike direction and dip of the mineralisation. These domains generally follow the channel facies orientations which are often expressed as topographic highs. Each Resource Area contains between 1 and 4 separate domains. A single orientation defined Areas G, J, and O, while another defined Areas B, I, and X. Figure 4-7 presents the MRE Areas within a partially transparent topography DTM with mineralisation blocks colour coded and annotated with the estimation domains.

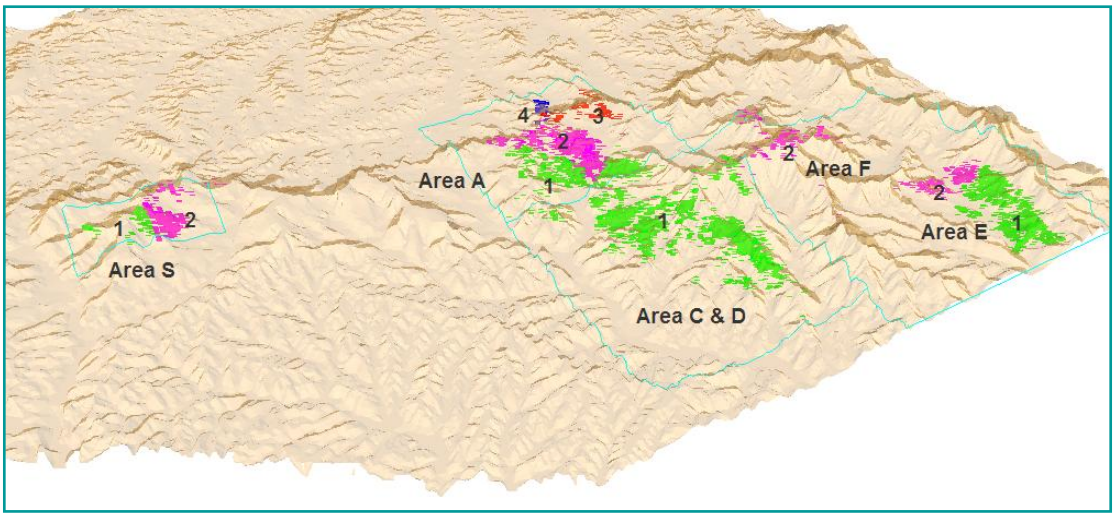

Figure 4-7: Oblique view of Resource Domains showing mineralised intercepts.

4.4.8 Statistical Analysis

Prior to estimating the grade in each Resource Area, statistical analysis, top cut analysis, and geostatistical analysis (variography) were undertaken.

Descriptive Statistics

Statistical analysis of composited U_3O_8 grades was completed for each domain in order to review the characteristics of each domain's data population. Descriptive statistics, histograms and probability plots of grade populations within each domain were generated and analysed. The results of the analyses impact on how the data is treated during the estimation process.

Application of Top Cuts to High Grades

An analysis of the composite values for U_3O_8 was completed to assess the influence that high grade outliers have on the sample population. While grade outliers are real, they are not representative of the local sample population. Therefore, top cuts were applied so that bias from extreme grades was not introduced during grade interpolation.

The data was analysed by domain where there were sufficient data points to produce meaningful results. Appropriate top cuts were chosen by considering the histogram disintegration point, whilst ensuring that the percentage of data cut, and resulting loss of uranium metal, was not too severe. Top cuts were applied separately to drill hole and trench data. The top-cuts by Area are presented in Table 4-7 and Table 4-8.

Table 4-7: Top Cut Data Areas A, C, E, S, G, J and O.

Deposit	Orientation	Type	Samples	Avg U_3O_8 (ppm)	Top cut (ppm)	Cut U_3O_8	Number Cut	% Data Cut	% Loss of U_3O_8
A	1000	Drill Hole	982	309	1,200	302	18	2%	-2%
	2000	Drill Hole	1,395	408	2,000	383	12	1%	-6%
	3000	Drill Hole	148	327	1,400	316	3	2%	-3%
	4000	Drill Hole	93	342	1,400	335	2	2%	-2%
	1000-4000	Trench	355	480	2,800	387	10	3%	-19%
C & D	1000	Drill Hole	2,553	416	2,000	406	37	1%	-2%
	1000	Trench	989	620	4,000	490	26	3%	-21%
E & F	1000-2000	Drill Hole	2,133	388	2,000	385	13	1%	-1%
	1000-2000	Trench	340	197	2,000	197	0	0%	0%
S	1000-2000	Drill Hole	603	446	2,000	429	12	2%	-4%
	1000-2000	Trench	94	753	2,000	471	8	9%	-37%
G	No orientations defined in January 2010 MRE.	Drill Hole	51	282	3,000	282	0	0%	0%
		Trench	11	2,993	300	290	9	82%	-90%
J		Drill Hole	150	352	3,000	352	0	0%	0%
O		Drill Hole	46	291	3,000	291	0	0%	0%

Table 4-8: Top Cut Data Areas B, I and X.

Area	Type	Top cut	Av Cut U_3O_8 (used as default grade for Trenches)
B	Drill Hole	2000	529
	Trench	3000	660
I	Drill Hole	1200	302
	Trench	5500	1180
X	Drill Hole	1500	274
	Trench	3000	660

Variography Study

Down-hole variography was conducted on subsets of U_3O_8 4m composites and 1m samples from Area A, which had the closest spaced data, in order to model a population nugget. Variography was conducted using all 4m composites flagged as mineralised, then all 1m mineralised composites. Difficulty was experienced with modelling a nugget from the 4m composites as the vertical variogram range is not much greater than the composite length. The nugget was therefore modelled using log-transformed 1m data, and the log-normal nugget value converted to normal values. The variance from modelling the 1m data was compared against that from the 4m data, and the percentage reduction in variance between

the two applied to the 1m nugget, since the 4m composite data was that used in the resource modelling.

Directional variography was completed for each Resource Area. In Resource Area A, directional variograms were modelled for two of the orientation domains (Section 4.4.7), 1000 and 2000. The ranges from Orientation 1000 were applied to Orientations 3000 and 4000 as these had insufficient data, and were considered more similar in distribution to Orientation 1000 than 2000.

In Resource Areas C and D, variograms were modelled in three directions for data in cycles 200 to 230. In Areas E & F, variograms were only modelled in Orientation 1000 due to the small amount of data in the other domain. Data included composites from cycles 210 to 230. In Area S, variography was completed on cycles 230 and 240 in Orientation 2000 and results were applied to Orientation 1000.

In the January 2010 MRE, where estimates were completed for G, J, and O, geostatistical analysis was completed for Area A where variograms were successfully modelled. A population nugget of 7% was modelled with an along strike north-south range of 137m, a cross strike east-west range of 55m and a vertical range of 6m. The Area A variogram parameters were applied to Areas G, J, and O.

No variograms were derived for the surficial domains, however ranges of approximately 65% of the drill hole horizontal range and 150% of the drill hole vertical range were applied. The trenches were cut in areas of steep topography, often at oblique angles to drilling so a longer search range in the vertical direction was employed to ensure data capture. Also, there is believed to be more vertical smearing of grade at the surface, hence the greater vertical range of continuity.

In the January 2009 MRE, which included estimates for Areas B, I, and X, no variography was completed.

Table 4-9 summarises the results of the variography analysis.

Table 4-9: Variography Analysis – Direction and Ranges of Grade Continuity – All Areas.

Area	Orientation	Axis	Nugget (γ)	Sill (γ)	Azimuth	Dip	Range (m)
A	1000	1	20%	80%	45	2.5	130
		2			135	0	65
		3			315	87.5	5
	2000	1	20%	80%	0	0	150
		2			90	0	80
		3			180	90	5
C & D	1000	1	20%	80%	10	0	100
		2			100	0	40
		3			190	90	5
E & F	1000	1	20%	80%	0	0	135
		2			90	0	75

Area	Orientation	Axis	Nugget (γ)	Sill (γ)	Azimuth	Dip	Range (m)
		3			180	90	5
S	1000	1	20%	80%	20	0	100
		2			100	0	40
		3			190	90	5
G, J, O	No orientations defined.	1	7%	93%	000	0	137
		2			090	0	55
		3			180	90	6

4.4.9 Block Modelling

Block Model Extents and Block Size

Volume block models were constructed for Resource Areas A, C, D, E and F using the cycle, mineralisation, surficial and topographic wireframes and a parent block size of 10m x 10m x 3m (X, Y, Z). Sub-blocking was applied down to a smallest cell size of 5m x 5m x 1.5m in order to represent topography, boundaries and mineralised volumes with appropriate accuracy.

For Resource Areas G, J, and O, the models were constructed using the basal and mineralised wireframe surfaces, and the trench and topographic surfaces. A parent block size of 10m x 10m x 2m was used, sub-celled to 5m x 5m x 1m when constraining blocks to sedimentary cycle surfaces, and 5m x 5m x 0.5m when constraining blocks to the topographic surface so as to maintain surface resolution for both the sedimentary cycle surfaces and the topographic surface. Uranium grades were interpolated into composite blocks of 20m x 20m x 2m, honouring the data spacing.

Each block model in Areas B, I, and X had a parent block size of 25m x 25m x 2m which was chosen to take into consideration the drilling data grid and probable mining methods.

4.4.10 Mineralisation and Waste Probability Modelling – Areas A, C, D, E, F, and S

A probability modelling technique was used to define mineralised volumes above 130ppm U_3O_8. This was achieved by assigning mineralisation (>130pmm U_3O_8 - code 1) and waste (code 0) codes to the 4m composites then interpolating the probability of a block being above or below the 130ppm U_3O_8 cut-off. IDW^2 was used to interpolate values between 0 and 1 into blocks. As the interpolated value approaches 1, the probability is greater that the block will be above cut-off.

The theoretical drill hole weighted volume of mineralised material for each cycle within each estimation domain was compared against actual block volumes for a range of probability cut-offs. The probability factor chosen to represent the mineralised volume of each estimation domain was the one which gave the closest match between the block volume and theoretical drill hole volume after allowing for a 10% to 15% volume-variance reduction.

Volume models were created for each estimation domain by applying the appropriate probability factor to code all blocks above the factor as potential mineralisation. The probability factors were validated by comparing the volume and metal estimated by using

polygonal (nearest neighbour) and IDW^2 models created within the entire mineralisation volume using all mineralisation and waste composites.

Soft boundaries between the drill hole and trench datasets were used throughout the probability estimation process, in contrast to the approach taken in grade interpolation detailed in Section 4.4.11. This was considered appropriate since mineralisation present in trenches indicates that deeper level mineralisation defined by drill holes extends to the surface.

4.4.11 Grade Estimation Parameters

For Resource Areas A, C, D, E, F, S, G, J, and O, grade estimation was carried out using OK for the drill hole defined mineralisation and IDW^2 weighting for trench defined (surficial) mineralisation. Grade was estimated using a grid of 10m x 20m x 3m.

Separate interpolation of drill defined and trench defined mineralisation was necessary because the surficial mineralisation has a higher grade variance than the drill defined mineralisation. For surficial mineralised areas with limited or no trench assay data, the nearest drill hole samples were used. This is likely to be conservative, as the surficial mineralisation has often been upgraded by biomass and weathering effects.

U_3O_8 grades for the drill defined and surficial domains were estimated independently within each of the cycles. The cycle boundaries were treated as hard boundaries as the mineralisation is generally constrained by the relatively impermeable claystone horizons. CSA recognises that there are some areas of faulting and brecciation where mineralisation is continuous between horizons and soft boundaries may be more applicable.

Three estimation runs were completed for the drill hole data, the second pass using double the nominal search dimensions, with the third pass using the same search dimensions as the second, but requiring less samples to estimate the block grade. Only two pass interpolations were completed for surficial mineralisation. All blocks not assigned a grade within the search radii were ignored and assumed to be waste.

For Resource Areas B, I, and X, IDW^2 was used to interpolate grades into parent block volumes. U_3O_8 grades were independently estimated for the surface and drill hole domains using search ellipses with dimensions of 200m x 100m x 10m for the drill hole data, and 50m x 50m x 20m for the trench data.

Of the total contained metal in the MRE, less than 2% lies within the upper 2m surficial domain, with the remainder within the lower drill hole domain.

4.4.12 Block Model Validation

Validation of the block model consisted of:

- Visual comparison of grade composites against block model grades. Particular attention was paid to ensuring that high grades were constrained both in terms of volume and grade.

- Generation of swath plots by easting, northing and elevation, where grades and tonnages were compared to mean composite grades and drill hole metres.

- Global comparison of mean input grades and block model grades. The areas of the block model classified as Measured and Indicated (Section 4.4.13) were analysed by orientation domain and cycle to ensure that input and output grades were comparable on a local scale.

- Generated of histograms and probability plots to ensure population and grade distributions were comparable.

Validation of the block models forResource Areas A, C, D, E, F, and S focused on the Measured and Indicated Resources within the MRE as these are highest confidence and will be carried forward into Ore Reserves after completion of the DFS . The block models validated well on a global and local scale, with the tenor of input composite grades well reflected in the surrounding block grades (Figure 4-8).

Block models for Areas G, J, O, B, I, and X also validated well on a global scale. They show a certain amount of smoothing, as indicated by a lower population variance in the block models than the composites. The smaller resources have suffered more from this due to wider spaced drilling and fewer samples to estimate block grades, resulting in a greater volume variance effect.

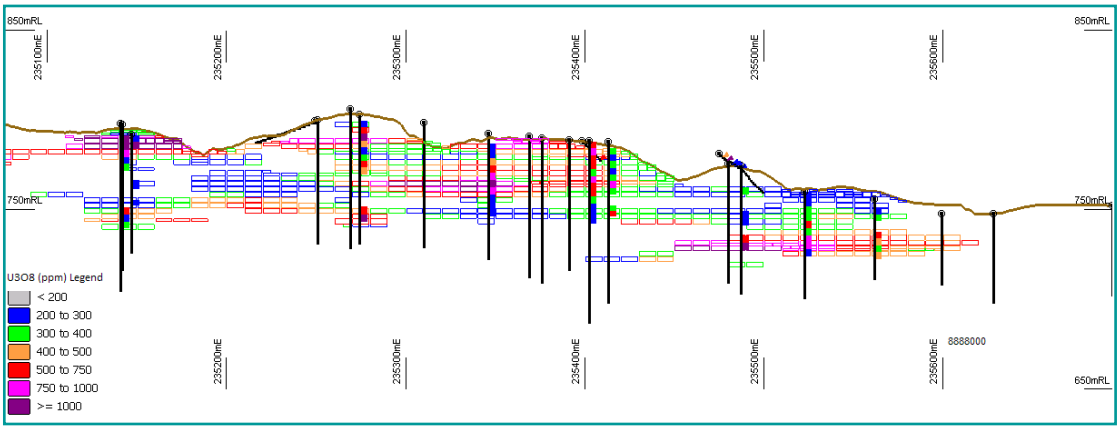

Figure 4-8: Area A section 8,888,000mN, displaying block model and drill hole composites.

A 3D view of the block models for Areas A, C, and D, coloured by uranium grade, is presented in Figure 4-9.

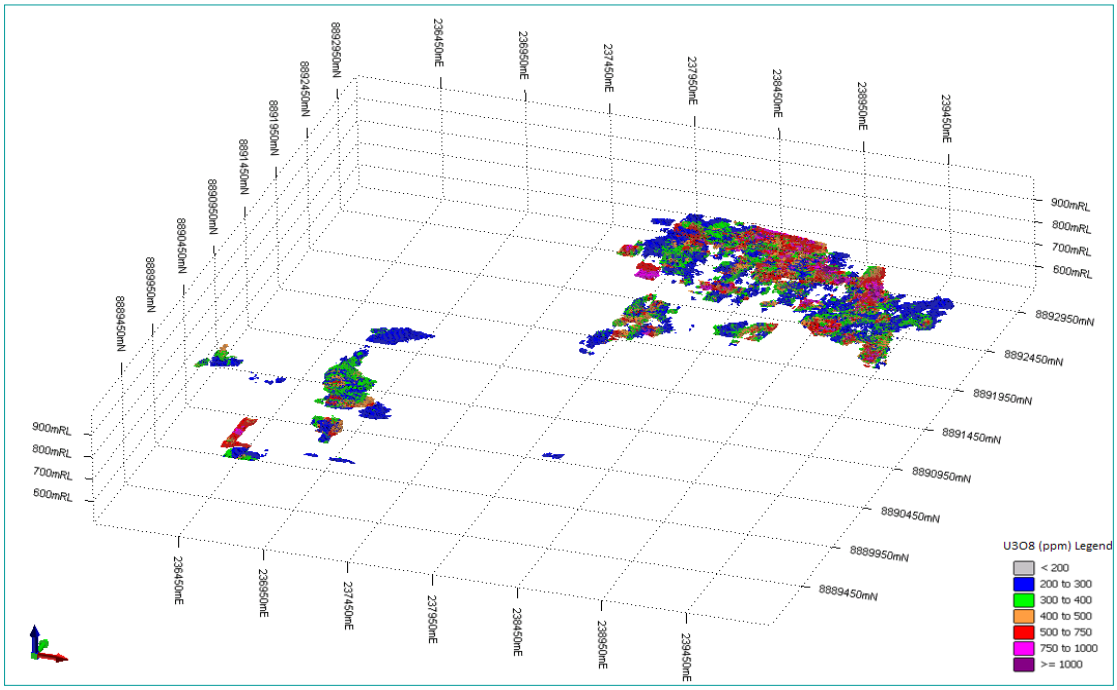

Figure 4-9: Oblique view block model at Area A, C & D, looking northwest.

The comparison between block grades and trench samples shows that on average the trench sample grades are higher than the corresponding drill hole grades as the average block grade is 13% lower than trench grades due to the influence of nearby drill hole samples. On a Resource Area-by-Resource Area and cycle-by-cycle scale there is considerable variability as would be expected in weathered surface material. The general trend is for the higher grade areas to have a higher surface trench grade than the surrounding drill samples, and in the lower grade areas the reverse occurs.

4.4.13 Resource Classification

The Mineral Resources within Areas A, C, D, E, F, and S have been classified as Measured, Indicated and Inferred based on guidelines specified in the JORC Code. CSA considered the following in determining the classifications for the MRE:

- Adequate validation of drilling, sampling and geological process confirmed during a number of site visits by Mr Malcolm Titley from April 2008 to August 2010.
- Adequate geological evidence for continuity of mineralisation at the cut-off grade used in the estimation of the Mineral Resource.
- Adequate evidence of the grade U_3O_8 mineralisation through the use of multiple methods of U_3O_8 measurement.
- Adequate DD core sampling to validate eU_3O_8 results and provide metallurgical samples to confirm the viability of the proposed ore processing and recovery methods.
- Adequate QA/QC controls in place to validate the U_3O_8 grades.

- Adequate drill spacing nominally at 25m east-west and 50m north-south to define Measured Mineral Resources, 50m east-west and 100m north-south to define Indicated Mineral Resources and 100m east-west and 200m north-south to define Inferred Mineral Resources.
- Adequate diamond core sampling to determine the dry *in situ* bulk density in order to estimate the tonnage of mineralisation.
- Near surface mineralisation, suitable U_3O_8 grade and known economic extraction methods ensure that the Mineral Resource has reasonable prospects for economic extraction.

The confidence classifications in the previous MRE were Indicated and Inferred Mineral Resources. The additional criteria used to classify this MRE as Measured and Indicated Mineral Resources were:

- For Measured:
  - Block grade estimated in the first estimation pass.
  - Block grade estimated using at least 7 composites from at least 3 holes.
  - The OK regression slope value ≥0.7, which takes into account block variance and confidence of the grade estimate.
- For Indicated:
  - Block grade estimated using at least 4 composites from at least 2 holes.
- In addition to which, manual digitising of boundaries to define the total volume of Measured and Indicated Mineral Resources within each cycle.

All surficial material (the top 2m) is classified as Inferred. As discussed previously, there is considerable variability in the grade of this material, the boundaries are very difficult to map due to topography constraints and the trench samples are relatively wide spaced. The surficial material is less than 2% of the total Mineral Resource, and in CSA's opinion it is difficult to justify the cost and additional effort required to improve the definition and classification of this material.

The Resources at Areas G, J, O, B, I, and X have been classified as Inferred.

4.4.14 Resource Statement

The MRE for Nyota by Resource Area at a 200ppm U_3O_8 lower cut-off grade as at 31 January 2010 is presented in Table 4-10. The table presents the 15 November 2010 MRE for Resource Areas A, C & D, E & F and S and the January 2010 MRE for Resource Areas B, G, I, J, O and X after applying the updated *in situ* bulk density derived from 2010 data.

The application of a 130ppm cut-off is consistent with the boundary between the geological controls on mineralisation and the mineralisation itself. A 200ppm lower cut-off was applied to the MRE for estimation purposes as this had been identified by the PFS as a suitable cut-off to provide the desired economic returns from the project.

Table 4-10: Mineral Resource Estimate as at 15 November 2010.

Mantra Resources Ltd – Mkuju River Project – Nyota Uranium Deposits Mineral Resource Estimate as at 15 November at a 200ppm cut-off grade *The MRE is classified using the guidelines specified in The JORC Code*							
	Area	**Class**	**Mtonnes**	**U_3O_8 ppm**	**U_3O_8Mlbs**	**U_3O_8 Ktonnes**	***In Situ* Dry Bulk Density**
Updated MRE @ 15th November, 2010 New drilling in 2010 including revised bulk density	**A**	Measured	17.0	397	14.8	6.7	1.83
		Indicated	6.1	349	4.7	2.1	1.83
		Inferred	5.5	336	4.1	1.8	1.82
		Sub Total	**28.5**	**375**	**23.6**	**10.7**	**1.83**
	C & D	Measured	8.4	495	9.1	4.1	1.84
		Indicated	15.0	476	15.7	7.1	1.84
		Inferred	10.6	449	10.5	4.7	1.83
		Sub Total	**33.9**	**472**	**35.3**	**16.0**	**1.83**
	E & F	Measured	14.0	454	14.0	6.4	1.84
		Indicated	3.3	385	2.8	1.3	1.83
		Inferred	15.7	404	13.9	6.3	1.84
		Sub Total	**33.0**	**423**	**30.8**	**14.0**	**1.84**
	S	Measured	1.6	546	1.9	0.9	1.83
		Indicated	2.4	447	2.3	1.1	1.82
		Inferred	1.6	384	1.3	0.6	1.81
		Sub Total	**5.6**	**458**	**5.6**	**2.5**	**1.82**
	Sub Total Measured		40.9	442	39.9	18.1	1.83
	Sub Total Indicated		26.8	433	25.6	11.6	1.83
	Sub TOTAL M & I		**67.7**	**439**	**65.5**	**29.7**	**1.83**
	Sub TOTAL Inferred		33.3	406	29.8	13.5	1.83
	Sub TOTAL		**101.0**	**428**	**95.3**	**43.2**	**1.83**
	Area	**Class**	**Mtonnes**	**U_3O_8 ppm**	**U_3O_8 Mlbs**	**U_3O_8 Ktonnes**	***In Situ* Dry Bulk Density**
MRE @ Jan 2010 Bulk Density Adjusted	**B**	Inferred	0.5	617	0.7	0.3	1.83
	G	Inferred	1.6	329	1.2	0.5	1.83
	I	Inferred	0.5	543	0.6	0.3	1.83
	J	Inferred	0.1	230	0.1	0.0	1.83
	O	Inferred	0.8	282	0.5	0.2	1.83
	X	Inferred	4.2	317	3.0	1.3	1.83
	Sub TOTAL Inferred		**7.9**	**349**	**6.1**	**2.7**	**1.83**
Total Measured			**40.9**	**442**	**39.9**	**18.1**	**1.83**
Total Indicated			**26.8**	**433**	**25.6**	**11.6**	**1.83**
Total Measured & Indicated			**67.7**	**439**	**65.5**	**29.7**	**1.83**
Total Inferred			**41.2**	**395**	**35.9**	**16.3**	**1.83**
TOTAL RESOURCE			**108.9**	**422**	**101.4**	**46.0**	**1.83**

Mineral Resources reported at a lower cut-off grade of 200ppm U_3O_8. All figures rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.

5 Draft Definitive Feasibility Study

Following the early exploration success, Mantra commissioned a scoping study for Nyota in 2008. The first MRE was completed in February 2009 and the scoping study In June 2009. This demonstrated potential economic viability for the project, and was followed by extensive infill, extensional and exploration drilling, leading to the preparation of a revised MRE in January 2010. A pre-feasibility study was completed in March 2010 based on the revised MRE, and extensive laboratory-scale metallurgical test work. A definitive feasibility study commenced immediately after completion of the PFS. As noted previously,at the time of writing this Report the DFS was incomplete and is therefore referred to throughout this Report as the DDFS (Draft Definitive Feasibility Study).

5.1 Mining

5.1.1 General

As part of the DDFS, a series of Whittle pit optimisations were completed on Resource Areas A, C, D, E and S. Only material classified as Measured and Indicated was used for the optimisations. Pit designs, waste dump designs and life-of-mine mining schedules were then prepared to determine the optimal long term mine plan. The LOM strip ratio (ore:waste) is expected to be 1:3.6.

The DDFS is based on an owner operated model and the basic mining fleet is expected to comprise seven 6.5m³ excavators and thirty five 40 tonne articulated dump trucks. Run of mine ore will be tipped onto four stockpiles of varying grade for improved feed grade control to the plant, with the flexibility of direct tipping into the feed bin. The fleet will be supported by service trucks, tractors, workshop infrastructure and tyre handlers.

A series of trial excavations on site indicate that all material is likely to be “free dig”, with no blasting required. Where more competent material is encountered, dozers fitted with single shank rippers will be used. Where possible, waste material will be dozer pushed to the extent practically achievable for the design of each pit in order to maximise in-pit waste dumping. Any additional waste will be trucked to adjacent waste dumps. Typical mining bench heights will be 6m, with an internal flitch height of 3m. Grade control will be critical. The proposed mining methods have been designed and benchmarked against similar uranium operations.

5.1.2 Evaluation of Upside Potential

A second pit optimisation has been completed to assess upside potential dependent on the conversion of Inferred Resources (Table 5-1) to Measured and Indicated Resources. The results of this second optimisation are compared with the DDFS optimisation in Table 5-1.

Table 5-1: Potential for Additions to Mineable U_3O_8 from Inferred Resources.

Pit Area	Mineralisation Tonnes			Grade			Mlb U_3O_8		
	Inferred Excluded	Inferred Included	Increase	Inferred Excluded	Inferred Included	Variance	Inferred Excluded	Inferred Included	Increase
A	20.4	22.0	8%	378	376	-0.40%	17.0	19.7	16%
C,D	21.6	29.5	37%	472	471	-0.30%	22.5	31.1	38%
E	14.1	22.0	57%	449	450	0.30%	13.9	22.2	59%
S	3.7	4.9	33%	478	450	-5.90%	3.9	5.1	31%
TOTAL	**59.8**	**78.5**	**31%**	**435**	**452**	**3.90%**	**57.3**	**78.1**	**36%**

Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. Caution should be exercised if this category is considered in technical and economic studies.

5.1.3 Basis of Cost Estimates

The pre-production capital requirement for the fleet and ancillary equipment is estimated at US$51M. Mining fleet replacement capital of US$47M will be required in 4 to 5 years. The residual value of the equipment (US$25M) has been taken into consideration in the replacement capital estimate. The pre-production capital requirement includes the mining fleet, groundwater pumping, surface clearing, truck dispatch system, grade control equipment and a training centre. Pre-production mining is to be capitalised.

Mine operating costs comprise fixed and variable cost components, with all variable costs volume driven from the mining schedule.

Table 5-2 shows the detail for both capital requirements and LOM scheduled operating costs for the proposed mining operations.

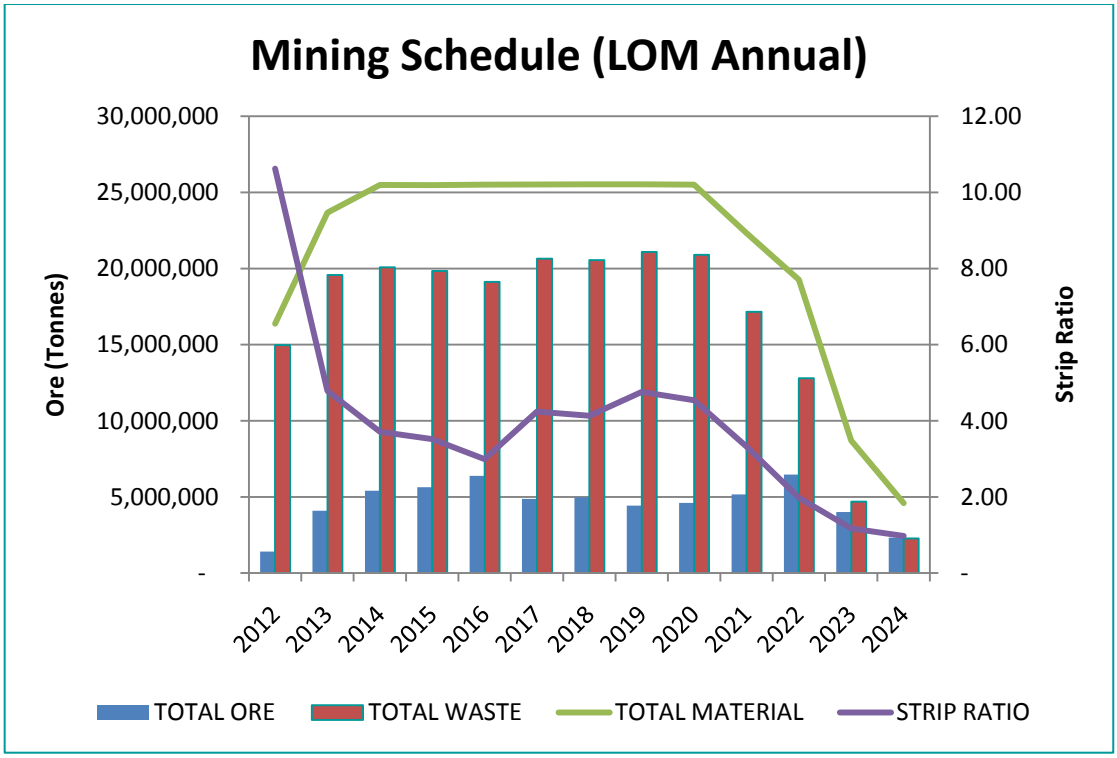

Figure 5-1: Life of Mine Schedule.

Table 5-2: LOM Scheduled Capital and Operating Costs for Mining Operations.

Item	Notes	Total	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CAPEX															
Initial CAPEX (Equipment)	US$M	**$45.4**	$33.2	$10.3	$2.0	-	-	-	-	-	-	-	-	-	-
Initial CAPEX (Other)	US$M	**$5.4**	$5.4	-	-	-	-	-	-	-	-	-	-	-	-
Replacement CAPEX (Equipment)	US$M	**$47.0**	-	-	-	-	$3.7	$8.3	$17.5	$10.1	$0.4	$0.3	$5.6	$0.2	$0.8
LESS: Equipment Residual Values	US$M	**-$24.8**	-	-	-	-	-$0.039	-$4.4	-$1.8	-$1.3	-$0.2	-$0.6	-$5.3	-$3.5	-$7.6
Subtotal CAPEX	US$M	**$73.0**	$38.5	$10.3	$2.0	-	$3.7	$3.9	$15.6	$8.8	$0.3	-$0.3	$0.3	-$3.3	-$6.8
OPEX (Fixed)															
Production & Maintenance		**-**													
Salaries and wages		**-**													
Production lab cost	US$M	**$5.9**	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Operator cost	US$M	**$22.3**	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7	$1.7
Maintenance Lab	US$M	**$14.6**	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1	$1.1
Fixed Monthly P&G	US$M	**$31.3**	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4	$2.4
Grade Control Costs	US$M	**$12.7**	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0	$1.0
OPEX (Variable)															
Repairs and Maintenance	US$M	**$178.1**	$3.0	$8.4	$17.7	$18.7	$19.0	$16.6	$12.4	$16.9	$19.1	$16.6	$17.5	$7.2	$5.1
Ground-Engaging Tools (GET)	US$M	**$14.6**	$0.8	$1.3	$1.4	$1.4	$1.4	$1.4	$1.4	$1.3	$1.3	$1.2	$1.1	$0.5	$0.3
Tyres	US$M	**$26.9**	$1.3	$2.2	$2.4	$2.4	$2.5	$2.5	$2.6	$2.7	$2.5	$2.2	$2.2	$0.9	$0.6
Fuel	US$M	**$122.6**	$6.6	$10.2	$10.8	$10.8	$11.1	$11.0	$11.5	$11. 5	$11.0	$10.0	$9.5	$5.0	$3.6
Contractor Load + Haul from Pit S	US$M	**$9.3**	-	$0.6	$3.1	$3.4	$1.1	-	-	-	$0.6	$0.6	-	-	-
Subtotal OPEX	US$M	**$438.2**	$18.4	$29.3	$42.0	$43.2	$41.8	$38.1	$34.6	$39.0	$41.2	$37.3	$36.9	$20.3	$16.2
Total Cost	**US$M**	**$511.2**	**$57.0**	**$39.5**	**$44.0**	**$43.2**	**$45.4**	**$42.0**	**$50.2**	**$47.8**	**$41.5**	**$37.0**	**$37.2**	**$17.0**	**$9.4**
Cost OPEX	**US$/t**	**$1.5**	$1.3	$1.2	$1.6	$1.6	$1. 6	$1.4	$1.3	$1.5	$1.5	$1.6	$1.8	$2.2	$3.4

The information in Table 5-2 is presented graphically below (Figure 5-2).

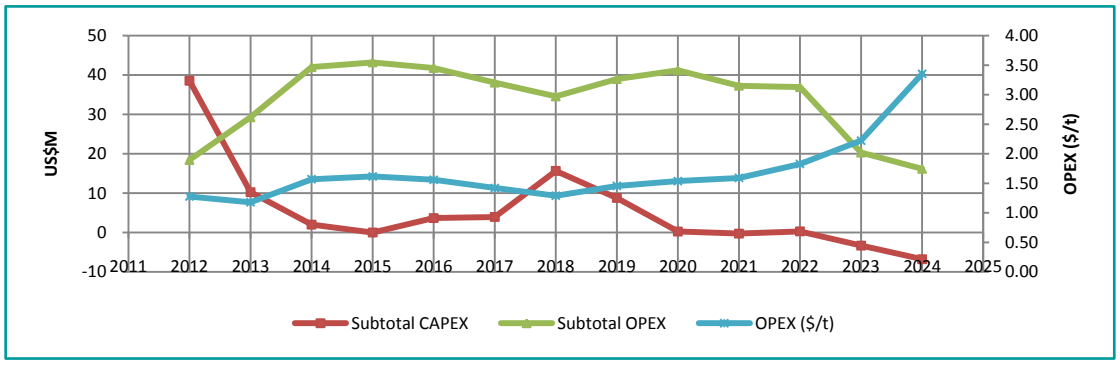

Figure 5-2: Capital requirements and LOM scheduled operating costs for the mining operations.

5.1.4 Mining Methodology

The nature of the geology requires that the mining fleet have a flexible capability. The geographical separation of the pits, with most othe pits consisting of a series of smaller sub-pits with limited access options, is expected to result in poor in-pit underfoot conditions during heavy rainfall. Active grade control measures will be employed to assist in truck destination control. Consistent feed to the plant will be managed from a ROM pad in close proximity to the plant location.

5.1.5 Life of Mine Schedule

XPAC software was used for the life of mine scheduling (Figure 5-1). The mining schedule has been developed to maintain 4Mlb U_3O_8 production per year during steady state operations (Figure 5-3).

The annual contained metal delivered by the mining operations to the ROM pad is shown in Figure 5-4. The variation in contained metal on the ROM pad is shown in Figure 5-3, which shows a large increase in metal to 2018. This is to maintain a constant feed grade to the process plant (Figure 5-5). Whilst this approach will assist in maintaining stable plant operations and hence consistently higher recoveries and throughputs, it results in a requirement for a very large ROM pad with a large inventory of product waiting to be recovered. In CSA's opinion, there may be an opportunity to significantly improve the financial performance of the operation by optimising the mining and process plant tonnage and grade schedules.

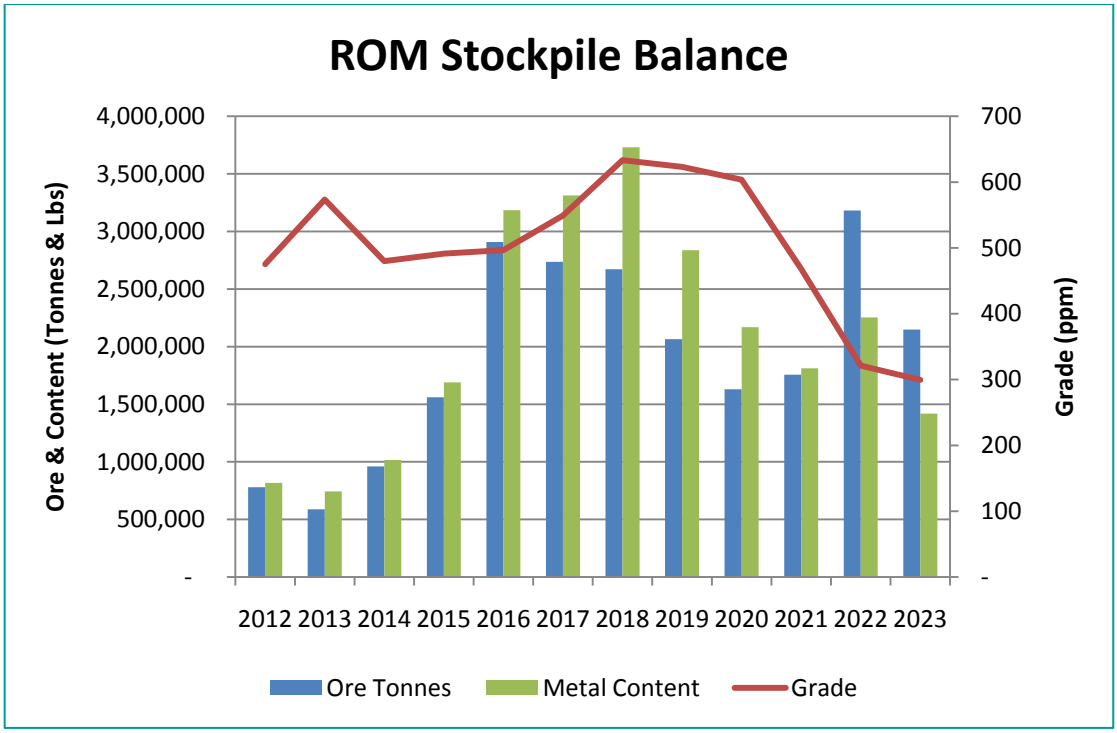

Figure 5-3: ROM stockpile balance.

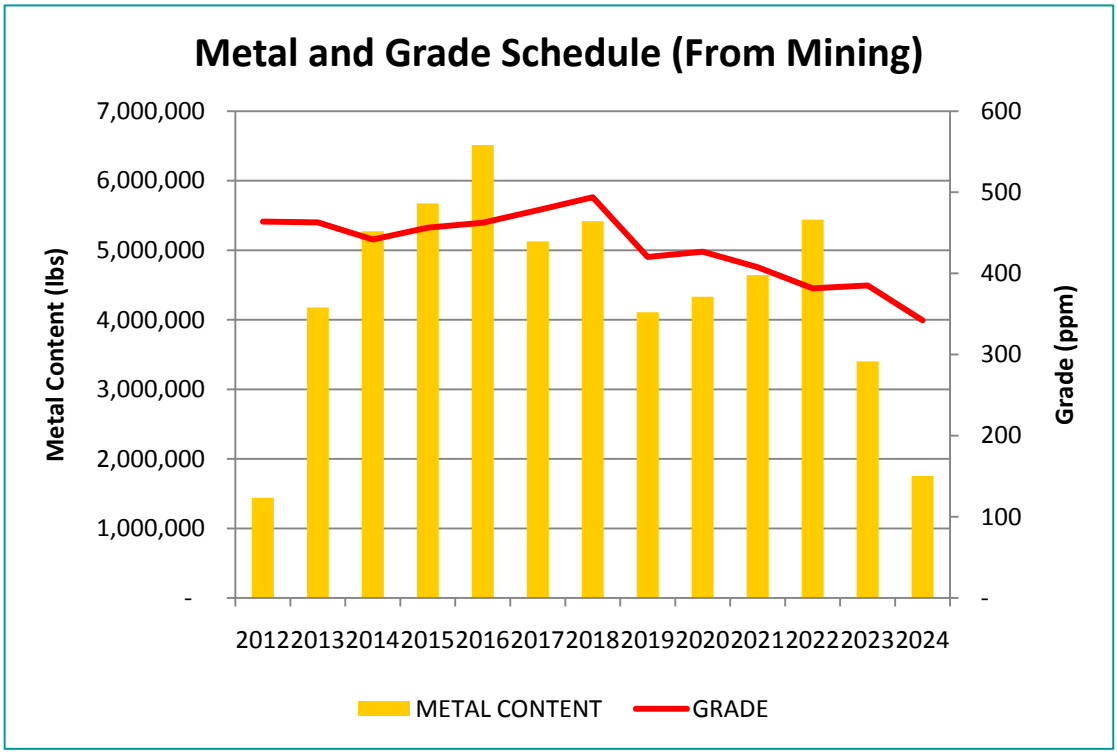

Figure 5-4: Variability of grade from the mining operation.

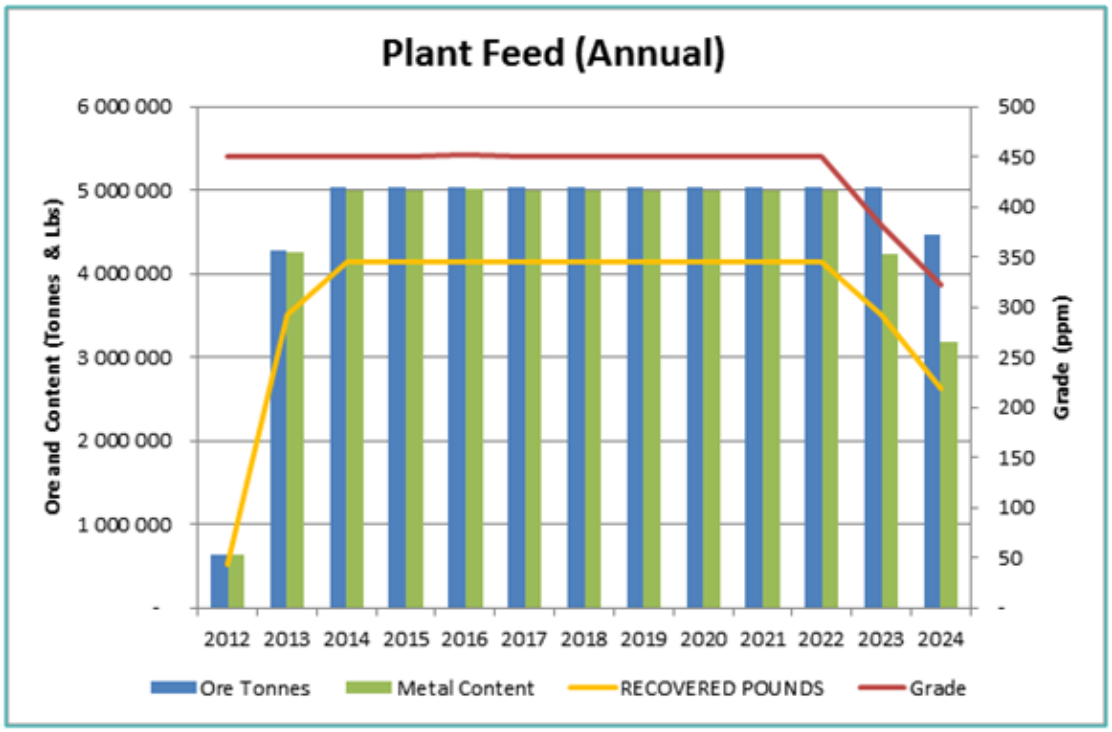

Figure 5-5: Annual plant feed.

5.1.6 Haul Roads, Pumping and Infrastructure

DFS level designs have been carried out to establish suitable haul road routes. Haul distances and profiles have been used to calculate productivities for the mining fleet and to meet the mining schedule requirements. Pit dewatering has been provided for each pit and is integrated with the overall storm water management philosophy. All mining equipment, lighting plants and pumps are diesel driven.

5.1.7 Fatal Flaws

There were no fatal flaws identified by CSA in its review of the mining aspects of the DDFS.

5.1.8 Impacts on Projected Operational Performance or Costs

The following were identified which could reduce operational performance below DDFS expectations, or increase costs:

- The amount of dilution experienced during mining.
- The ability of the resource model to accurately predict mining recovery and ROM grades.

5.2 Minerals Processing

Ore mineralogy has played a key part in understanding metallurgical behaviour and process route selection. The mineralisation is hosted by an arkose which is predominately feldspar (microcline and albite) and quartz. Minor minerals include chlorite, clay minerals of the smectite group (kaolinite and montmorillonite), ilmenite, zircon, iron oxides and monazite. The principal uranium minerals present are phosphuranylite ($Ca(UO_2)_4.(PO_4)_2.(OH)_4.7H_2O$) and meta-uranocircite ($Ba(UO_2)_2(PO_4)_2.10H_2O$), wherein uranium is present in the oxidized state. Most of the phosphuranylite is present as large (>30µm) clusters of acicular needles which tend to be liberated from the other rock-forming minerals. Less abundant smaller (<30µm) individual laths of phosphuranylite occur within clusters of fine grained particles and clays. A key metallurgical consideration is the apparent "preg-robbing" effect, whereby the uranyl (UO_2) is intercalated into the layered silicate smectite clays. This results in some of the uranium being retained in the tailings solids and reporting as insoluble losses.

Test work for the DDFS included extensive integrated and continuous pilot plant tests, together with some laboratory investigations. Additional work focused on physical materials handling assessments. The pilot samples comprised both high grade and low grade core material and near surface trench material. Samples were selected to simulate feed blends from the first 11 years of operations. Two pilot campaigns were completed, the first in March 2010 and the second in May 2010. In the March campaign, part of the Year 1 to 2 composite and the Year 3 to 7 composites were used. In the May campaign, the remainder of the Year 1 to 2 composite and a Year 3 to 11 composite were used.

The DDFS flowsheet proposes a single step, coarse, whole ore leach at high density, behind a scrubber/SAG mill operating with grinding media or autogenously. Particles larger than 1.2mm will be scalped off ahead of leaching. Post leaching, coarse material is removed from the slurry in a conventional cyclone classification circuit, and the pregnant liquor recovered from the slurry using three counter current belt filters operating in parallel. The fine material (-100µm), including the clays, is processed in a resin-in-pulp circuit. Tails are thickened with overflow recycled to recover acid and water. Eluate is purified by gypsum precipitation and filtration prior to peroxide dosing to produce $UO_4 \cdot 2H_2O$ final product.

The test work indicated that there is no need for iron oxide (Fe_2O_3) and manganese dioxide (MnO_2) in the leach, thus significantly reducing process operating costs. The pilot- lant flowsheet did not include the 1.2mm scalping step, instead, opting for a post-leaching classification step using conventional cyclone classification, with the overflow (-250µm) reporting to a RIP circuit.

A summary of the test work campaigns is shown in Table 5-3.

Table 5-3: Summary of processing test work.

Description	Units	Run 1	Run 2	Run 3	Run 4	Run 5	Run 6	Run 7
Sample Properties								
Ore (Sample)	Year	1-2	1-2	3-7	3-7	1-2	1-2	3-11
Feed rate into plant	kg/day (dry)	100	100	100	100	100	100	100
Leach Conditions								
Leach pH	-	1.5	1.8	1.5	1.5	1.2	1.5	1.5
Residence Time	Hours	12	12	12	12	8	8	8
RIP Conditions								
Feed slurry (g/min)	g/min	200	200	200	200	200	200	200
Stages / Volume (mL wsr)	# /mL (w sr)	8 / 600	8 / 600	8 / 600	8 / 600	8 / 600	8 / 600	8 / 600
Elution Conditions								
Eulate flow	BV /h / g/min	0.8 / 4	0.8 / 4	0.8 / 4	0.8 / 4	1.2 / 5	1.2 / 5	1.3 / 5.7
Stages / Volume Resin (mL wsr)	mL (w sr)	5 / 300	5 / 300	5 / 300	5 / 300	6 / 300	6 / 300	7 / 300
Temperature	°C	50	50	50	50	25	25	25
Neutralisation Conditions								
pH in Tank 2	-	4.0	4.0	4.0	4.0	4.0	4.0	4.0
pH in Tank 4	-	7.0	7.0	7.0	7.0	7.0	7.0	7.0

** wsr – wet settled resin*

Test work showed leach extraction before RIP ranging from 70% to 90%, with post RIP recoveries of between 80% and 92%. Recovery has been shown to be dependent on the leach feed grade. Preg-robbing is associated with the clay content in the feed and the recirculating loads, and its ability to retain a portion of the uranium. This effect is countered with the introduction of resin which extracts the uranium before preg-robbing can take place to a great extent and improves the overall recovery.

Acid consumption in the leach is relatively low at roughly 7.4kg/t, which takes into account acid returned via internal recycles. Approximately 4.3kg/t of acid is used to elute the uranium from the resin, giving an overall acid consumption of 11.7kg/t of ROM material. Due to the high concentration of uranium in the eluate, as well as it being devoid of most impurities, the final product can be precipitated directly, removing the need for a solvent extraction ("SX") circuit. This presents an obvious capital saving and reduces operational risk.

An overall U_3O_8 recovery of 82.6% has been assumed in the DDFS for steady state operating, based on a delivered head grade to the plant of 450ppm U_3O_8. This has been calculated by applying a 98% recovery from the scrubbing process and a minimum 84.2% recovery from the remainder of the metallurgical process. The anticipated recoveries from the various stages of the process flowsheet are summarised in Table 5-4.

Table 5-4: Expected Metallurgical Recoveries.

Circuit stage	
Leach Recovery	85.5%
RIP Recovery	99.0%
Refinery Recovery	99.5%
Total Recovery	**82.6%**

5.2.1 Circuit Configuration

The processing plant is capable of producing more than 4.13Mlb pa of saleable (U_3O_8 equivalent) uranyl peroxide concentrate during steady state operation. The design is based on a steady state head grade delivered to the plant of 450ppm U_3O_8, and a nominal treatment rate of 5.0Mtpa. To compensate for any unforeseen drop in the ROM feed grade or recovery in the plant, the plant has been designed with 8% additional front-end capacity to accommodate increased mine production rates. A head grade as low as 410ppm U_3O_8 can be processed at the nameplate capacity of 5.4Mtpa to meet the 4Mlb annual production targets. The DDFS flowsheet is shown in the block flow diagram below (Figure 5-6).

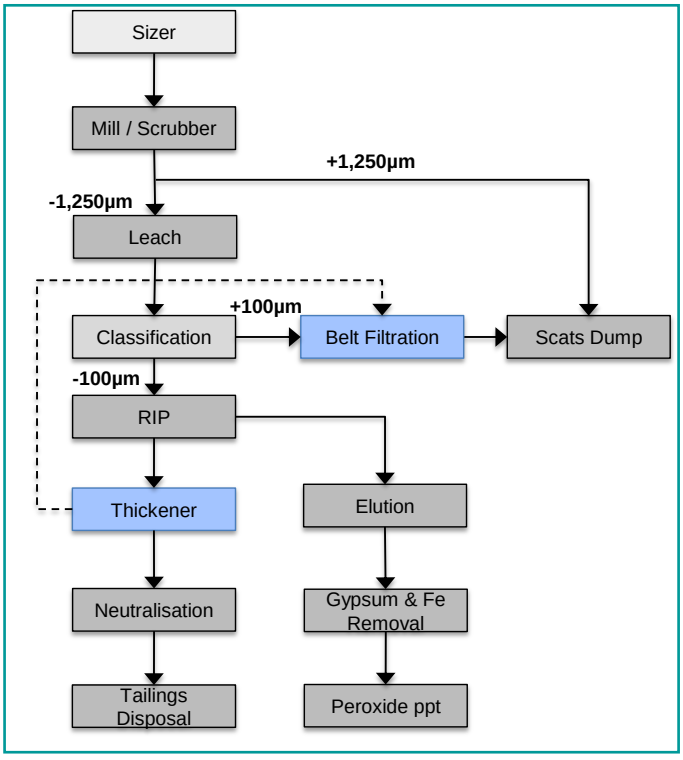

Figure 5-6: DDFS block flow diagram.

Ore mineralogy and test work have shown that adequate scrubbing should be employed ahead of the plant. As such, a low intensity SAG mill/scrubber unit has been included in the flow sheet, and provision made for the addition of steel balls to the mill. Grinding media may be needed for a number of reasons; the principal being to:

- Ensure control over the mass split at the target classification cut-point,
- Mitigate risks associated with operating at lower slurry densities (RIP and TSF operation). A finer grind will increase the pulp density to RIP and the TSF,
- Reduce screening losses to scats oversize by reducing mill product top size,
- Assist with scrubbing and efficient liberation of clay and uranium mineral species, and to ensure that these report to the fines fraction to be treated in the RIP section, thus reducing the likelihood of preg-robbing, and
- Accommodate a variable ROM feed size distribution.

Scrubber discharge will pass onto a horizontal vibrating screen. Screen oversize (+1.2mm) will be conveyed onto a scats dump using a series of conveyors. Screen undersize will gravitate to the scrubber discharge sump, where it will be diluted further using filtrate wash water before being pumped to the leach train. Atmospheric leaching, using sulphuric acid as the lixiviant, is performed in a train of five mechanically agitated, flat-bottom overflow leach tanks arranged in series.

Classification after leach is required to control the feed size distribution to RIP (to -100 µm), whilst ensuring that all clay minerals also report to RIP. This is essential to reduce the likelihood of preg-robbing taking place in the scats stream and to ensure that no near-size material build-up occurs in the RIP carousel circuit. A conventional cyclone classification cluster circuit has been proposed, using large diameter cyclones. Slurry from the leach circuit passes to an agitated surge tank where belt filter mother solution is used to dilute the leach slurry. Cyclone overflow is pumped to the RIP section, via two guard linear screens, while the underflow gravitates to the belt scats filters for leach liquor recovery.

The underflow from the classification circuit is filtered and the coarse material is washed in a counter-current arrangement. Three belt filters, operating in parallel, are employed to process the high tonnage of coarse material. Each filter comprises three filtration zones. The first zone recovers mother filtrate, whilst the remaining two are used for washing the filter cake. The collected mother filtrate, containing the highest concentration of uranium, is pumped to RIP for extraction. Barren RIP solution from the pre-neutralisation thickener overflow is used to wash the entrained uranium counter-currently from the filter cake in two wash steps. The final wash filtrate is pumped to the scrubber discharge sump which reports back to leach thereby recovering both dissolved uranium and a portion of the residual acid from leach/RIP tails, as well as recycling water.

The underflow from the two linear safety screens is transferred to the first RIP contactor. RIP is employed to recover uranium present in the pregnant leach solution (“PLS”) as uranyl sulphate complex ions, as well as to counter the preg-robbing clay adsorption process. The carousel RIP circuit comprises eight tanks, fitted with pump-cells to transfer the slurry through the carousel with counter-current flow of resin. Final tails pass over a resin guard screen to recover any misplaced resin.. The final RIP tails slurry is thickened prior to underflow being pumped to the 4-stage tails neutralization circuit to ensure that undesired species are precipitated from solution into a stable hydroxide. Neutralised tailings are pumped directly to the tailings storage facility. Thickener overflow is recycled for use as wash water in the belt filter operation

The washed filter cake containing around 80% solids is discharged from the belt filters directly onto the scats transfer conveyor. The residual moisture contains acid which is neutralized by spraying milk of lime onto the discharged solids.

Loaded resin from the RIP circuit is transferred to the elution section where uranium is stripped from the resin using 1 molar H_2SO_4 contacted counter-currently with the loaded resin in eight stages in a carousel design.

The eluate solution contains excessive amounts of acid and a small amount of ferric anionic complexes that have to be removed from the solution in a 9-stage precipitation circuit prior to the final product precipitation steps. The first six tanks are for gypsum precipitation using

lime and the last three tanks are for iron precipitation using caustic solution. Gypsum slurry is filtered and the filtrate is sent to the iron precipitation step. Iron precipitation slurry is filtered and the filtrate is diluted with raw water prior to being sent to the final product precipitation step. Both filter cakes are washed, and can either be returned to the leach circuit, or directed to final tailings.

The diluted filtrate from the iron precipitate filter is precipitated in a series of agitated tank reactors under atmospheric conditions. The resultant hydrated uranium peroxide product is decanted and washed with raw water in two thickeners, namely the product and wash thickener. The underflow from the wash thickener is then centrifuged with the centrate reporting back to wash thickener. The overflow from the product thickener is filtered and used for re-pulping of the gypsum and iron filter cake. Solids discharged from the centrifuge are dried, after which the final product is drummed, weighed and dispatched.

5.2.2 Fatal Flaws

There were no fatal flaws identified by CSA in the course of the review of the processing aspects of the DDFS, however, there was insufficient detail on the basis of design, layout and costing for the acid plant for CSA to provide comment on the validity of the assumptions used in the DDFS.

5.2.3 Impacts on Projected Operational Performance and Costs

The following were identified which might reduce the operational performance below DDFS expectations or increase costs:

- Resin attrition rates,
- Rheology issues,
- Materials handling issues - filtration and settling,
- Minus 100µm RIP feed results in increased preg-rob & rheology issues,
- RIP technology risk compared to solvent extraction/Continuous Ion Exchange (“CIX”).
- Size risk - Pumpcells are 75% larger than current largest reference site,
- Water deficit and excess risks,
- Preg-robbing potential in recirculating loads,
- Feed grade variation vs plant capacity, and
- Burnt lime quality and control.

5.3 Groundwater/Hydrogeology

Groundwater in the area is associated with the Karoo sandstones, and occurs within an inter-granular fractured aquifer. Groundwater flows predominantly in the weathered zone and in the coarser grit and sandstone units, with local variations due to the occurrence of fractures or faults. Regionally, the aquifer is considered as unconfined, but silt and clay layers may confine the groundwater locally with perched aquifers above. Groundwater levels mimic surface topography, with an average depth of around 36m below surface, with shallower groundwater depths in the valleys.

Numerical ground water flow models have been developed to assess potential impacts of the mine development on the regional ground water quantity and quality. Potential impacts on groundwater quality due to possible leakage from the TSF were evaluated and resulted in the incorporation of an high density polyethylene ("HDPE") lining in the TSF design. Waste dumps and mining areas have been engineered to meet US EPA discharge licence requirements.

5.4 Tailings Storage Facility

Studies covering all aspects of uranium tailings disposal, including TSF design criteria, sizing, layout, method of disposal, near surface soil assessment and estimation of capital and operating costs have been completed. The sum of US$31M has been budgeted for construction of the TSF including HDPE liner, scat dump and water supply dams as part of the infrastructure capital costs. Deferred capital for extension of the tailings dam has been allowed for through the LOM. Unfortunately, CSA did not have the opportunity to review the documentation regarding the detailed design and costing for the TSF. This left a significant gap in CSA's ability to properly assess project risk and opportunity.

During the review process, Mantra made several references to the potential for the liner to be eliminated on the walls of the TSF. Whilst this potential cost saving may be realised, CSA has retained the liner costs in the DDFS capital costs estimates. Recent experience on other projects indicates that there is potential for the capital costs of such liner systems and the difficulty of installation on steep terrain to be underestimated.

5.5 Infrastructure

The layout of the process plant and mine facilities have been planned to take advantage of the natural topography and minimise the impact on the environment.

The estimated power requirements for the project are relatively low at 11.9MW of steady draw, from 16MW of installed generator capacity. Power will be generated on-site with heavy fuel oil ("HFO") fired generators at a cost of US$0.19/kWh. The acid plant capital costs include provision for a power generation capability of approximately 1MW.

There is potential over the medium term to reduce power costs through a possible connection to the national grid, the nearest point of connection to which is at Makambako, 380km to the northwest. Discussions between the Tanzanian Government and Mantra on the proposed national grid extension from Makambako to Songea are continuing with the

aim of securing grid power to the project in the medium term. Mantra understands the Government's plan to extend the national grid to Songea has been approved, with a targeted completion date of 2014.

The initial 30km of the final 80km of access to the site is via public road suitable for average heavy vehicles. Minor maintenance is required to re-instate the wearing course and improve drainage in certain sections. The remaining 50km from the local village of Likuyu to site is not suitable for heavy vehicles and is currently being upgraded by Mantra. The work will have to be completed prior to the start of construction to meet project timeframes. The estimated cost is in the order of US$20M.

Process water make-up will be supplemented from storm water impoundments ("SWIs") during the dry season. These will also be used for environmental discharge control during the rainy season. Site selection for the SWIs was based on optimising quantity requirements and providing downstream pollution control for the numerous mining areas and waste dumps.

As part of the infrastructure program, a 250tpd sulphuric acid plant will be constructed on site with a 1MW power generation capacity. Acid will be produced from the burning of elemental sulphur, which will be imported into Tanzania through the Dar Es Salaam port facility. The acid plant will be a double absorption type plant and will be supplied as a turn-key package.

5.6 Human Resources

Mantra aims as far as possible to employ Tanzanian citizens to work at Mkuju River. A total of 611 employees will be required for steady state operations, of which 540 will be local residents. Where suitable local expertise is not readily available, Mantra will bring in expatriate employees.

History shows that there is a strong correlation between the level of experience and calibre of the key members of both the owner's project execution team and the operations management team over the first three years of the operating phase and the financial performance of the operation. This factor can have as much impact on the viability of the project as many of the key technical parameters.

5.7 Transport

The imminent upgrade of the road between Songea and Namtumbo and the proposed upgrade of the road between Namtumbo and the project site will create an all-weather road from site to Makambako, which is located on a major regional corridor that is readily accessible from Dar es Salaam and Southern Africa. The port at Walvis Bay, Namibia, will be used for shipping the uranium product. Walvis Bay is accredited for the shipment of uranium concentrate and will be used to export the drummed uranium concentrate.

The primary method for transporting materials and equipment to the project site will be by road from South Africa or the Dar es Salaam port. This long supply chain and the number of border crossings and corresponding delays have been identified as a critical success factor

for the project. It appears that adequate contingency has been allowed, but the issue will require close management during the construction period.

5.8 Capital Costs

The estimated capital cost for the mine, process plant and associated infrastructure, excluding the mining fleet and ancillary equipment, is US$453M. This sum is inclusive of all infrastructure, EPCM and indirect costs for construction, and includes 2.5% for contingencies. Process plant capital includes first fill consumables and spares. Working capital of US$58M is allowed to start mining and support 9 months of operation after start-up.

Replacement capital of US$47M for the mining fleet will be required 4 to 5 years after the start of mining. Residual values for the equipment of US$25M have been taken into consideration. The engineering has been developed to support capital and operating cost estimates to an accuracy of ±10%. A summary of the capital costs is shown in Table 5-5. This does not include US50.8M for General and Administration, and owners costs including insurances of US$8.5M.

Table 5-5: Capital costs summary.

Description	Total Cost (US$000s)
Bulk Earthworks	$23,408
Service roads (Not in PFS)	$6,524
Civils	$13,302
Piling (Not in PFS)	$9,033
Aggregate (Not in PFS)	$813
Structural Steel and Platework	$30,053
Mechanical Equipment	$46,546
Piping and Valves	$5,636
Electrical	$19,710
Instrumentation	-
Transportation	$18,865
Construction (SMPP)	$28,813
Construction Camp	$11,413
Contractor Margin	$2,560
	-
Plant Infrastructure	$22,915
Camp Infrastructure	$10,734
Mine Infrastructure	$2,274
Contractors Margin	-
	-
EPCM P&Gs	$661
EPCM Detailed Engineering Design	$9,369
Project and Construction Management	$7,696
Project Services	$360
	-
Security, Access & Communications	
Vehicles	$4,061
Infrastructure Furnishings	$572
Computers & Office Hardware	
Charter Flights	$1,382
	-

Description	Total Cost (US$000s)
First Fills	$4,153
Commissioning Spares	$4,489
Power Generation Plant	$13,195
Fuel Storage	$1,027
Acid Plant	$25,613
TSF	$19,712
Tailings Lines etc.	$7,842
Scats Dump	$2,720
Domestic Water Dam	-
Process Make-Up Water Dam	
SWIs (Not in PFS)	$8,213
Site Access Road	$22,232
Airstrip Upgrade	-
Mining (Pre Production Costs: pre-strip)	$7,802
Working Capital	-
Contractors Margin	-
Insurance Costs	-
Closure Cost Estimate	-
	-
TOTAL	**$393,698**

5.8.1 Potential Risks

The following were identified which might increase capital costs over those estimated by the DDFS:

- Insufficient EPCM and contingency allowance.
- Possible under-estimation of capital and installation costs for the HDPE liner for the TSF.

5.9 Operating Costs

Operating costs were estimated in conjunction with the project design criteria, process flow sheets, mass balance, mechanical and electrical equipment lists and in-country labour cost data. Operating costs are defined as the direct operating costs including owner mining, processing, tailings storage, water treatment and general and administration. Average LOM unit operating costs are summarised in Table 5-6.

Table 5-6: Summary of Unit Operating Costs by Area.

Area	US$/t processed	US$/lb U_3O_8
Mining	$7.33	$9.26
Processing	$7.89	$9.97
G&A	$2.90	$3.67
Marketing/Realisation	$0.43	$0.55
Total Operating Cost	**$18.55**	**$23.44**

The most significant opportunity for a reduction in operating costs appears to be a possible connection to grid power.

5.10 Project Implementation Plan

An EPCM philosophy has been adopted for the Project Implementation Plan ("PIP"). The EPCM Engineer will undertake the project management, engineering design, procurement and construction management for the project in conjunction with Mantra's project owner's team. Mantra's team has been appointed and comprises personnel that possess extensive African project management and operational experience.

The PIP is driven by the project site location, anticipated weather conditions, the regulations governing construction in Tanzania and the anticipated efficiency levels of the construction teams. Critical drivers for the PIP are all the front-end activities required for confirmation of design information, as well as early works activities to enable construction to commence in the required timeframes. These activities will have to be completed before any physical work can proceed and include:

- Granting of all necessary permits.
- Appointment of EPCM Engineer and contractors.
- Obtaining finance.
- Placement of orders according to the PIP to ensure that delivery dates for long lead items do not affect the overall project construction schedule.

A critical path analysis for the PIP identified the following activities to be on the critical path for project implementation:

- Appointment of the EPCM Engineer to commence design.
- Procurement of long lead items, particularly the scrubber, acid plant and HFO facility.
- Site establishment of road, bulk earthworks & civil contractors.

A Key Date Schedule was initially developed based on a January 2011 start date. The schedule milestones will be modified once a start date for detailed engineering is confirmed. From Figure 5-7 it can be seen that the project can be ready for hot commissioning within 21 months from the commencement of construction.

Activity ID	Activity Description	Orig Dur	%
	Mkuju Construction Schedule C8034		
	Project Milestones		
M001	Start Detail Engineering	0	0
M021	Start Bulk Earthworks	0	0
M026	Road Complete for Civil Access	0	0
M011	P&ID's 100% Complete	0	0
M031	Start Civil Construction	0	0
M061	Start Mechanical Installation	0	0
M041	Start Structural Steel Erection	0	0
M051	Start Piping Installation	0	0
M071	Start Site Fabricated Tanks	0	0
M081	Start E & I Installation	0	0
M141	Civil Construction Complete	0	0
M151	Steel Erection Complete	0	0
M161	Complete Piping Installation	0	0
M091	Commissioning C1 (Mechanical Completion)	0	0
M181	Complete EC & I Installation	0	0
M101	Start Commissioning C2 (Direction Testing)	0	0
M111	Start Commissioning C3 (Cold Commissioning Water)	0	0
M121	Start Hot Commissioning C4 (Introduce Ore)	0	0
M131	Commissioning C5 (Final Handover)	0	0

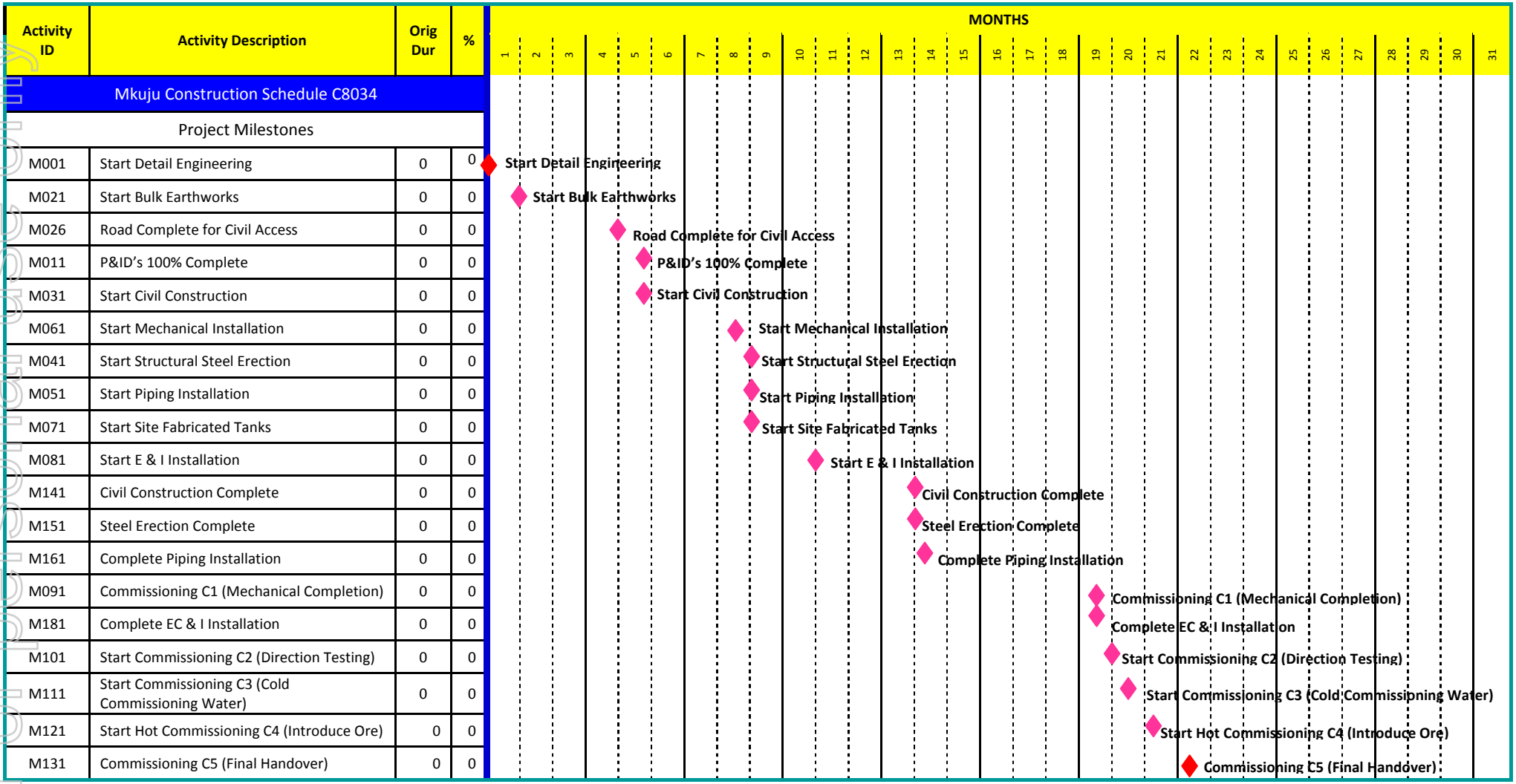

Figure 5-7: Key date schedule.

CSA considers that this timetable is achievable, but recommends that commissioning within the plant be planned progressively, area by area, as the respective sections become available, rather than discipline by discipline as currently planned. CSA also recommends that the end of commissioning be clearly defined as the point of final handover to operations to avoid ambiguity.

CSA notes that a delay of 6 months to the start of construction due to permitting, weather or other delays would have a linear effect on the construction time, costs and initial production schedules. This risk cannot be quantified at this stage.

5.10.1 Fatal Flaws

There were no fatal flaws identified by CSA in the project execution aspects of the DDFS.

5.11 Commentary on Potential Upside for Project

The level of review completed by CSA has been sufficient to identify, but not to fully quantify the potential for several improvements in the mining, processing and engineering/project implementation aspects of the project. There are five major factors that are likely to have the most impact on the overall project value:

- The potential to heap leach low grade material.
- The potential to bring another 30% U_3O_8 into reserves from Inferred Resources and the impact that this might have on mine life, throughput or head grade optimisation.
- Optimisation of mine schedule and head grade (see below).
- Corresponding increases in plant throughput and U_3O_8 production in the early years through scheduling higher grade plant feed from the mine.
- Reductions in capital costs through value engineering, process flowsheet optimisation and procurement from China.

Specific details of the potential for upside by area are listed below.

- Mining
    - Enhancements to NPV through more flexible head grade requirements and production schedule optimisation.
    - Potential for waste dump optimisation to reduce haulage costs.
    - Reduced mining fleet size and hence reductions in both capital and operating costs.
    - Additional mine life through the inclusion of Inferred Resources amounting to 31% additional tonnes and 36% additional U_3O_8.

- Optimise mining and processing schedule to reduce ROM stockpile volumes and reduce early annual cash costs.

- Minerals Processing
  - Decrease size and hence risk of Pumpcells.
  - Adoption of National Institute for Metallurgy Ion Exchange ("NIMCIX") or Counter Current Ion Exchange ("CCIX") in return liquor route to leach.
  - Balance between CIX and RIP could reduce capital costs.
  - Further optimization of scatting and classification cut size.
  - Heap leaching of low grade (80-200ppm U_3O_8) material.
  - Address 15% unspecified losses to tails.
  - Use of 8% spare front end capacity to take advantage of excess ROM stockpiles.
  - Increase pulp densities and hence throughput.
- Project Execution
  - Procurement from China rather than South Africa.
  - Value engineering could generate savings of $20M-$40M
  - Connection to grid power.

A number of these recommendations for enhancement of the project economics are already planned for address by Mantra as discussed below.

5.12 Future Works

In parallel with the completion of the DDFS, a program of value engineering is in progress to identify potential reductions in capital and operating costs, and to optimise project performance. Included in this work is a PFS level assessment of the opportunity to heap leach material grading in the range >80ppm <200ppm U_3O_8 which is currently regarded as mine waste. The preliminary findings of this work are discussed in Section 6.2.

Resource infill drilling is planned for 2011 with the objective of upgrading a large proportion of the current Inferred Resources to Indicated and Measured categories which may enable their upgrading to Ore Reserves. Exploration drilling during 2011 aims to increase the resource base which could enhance the economics of the project by an increase in production rates and a longer mine life.

6 Financial Evaluation of Nyota Project

Two financial models have been prepared by Mantra for its assessment of Nyota, viz.:

- A base case model predicated on the physical and financial parameters proposed by the DDFS. In particular, a mine production schedule that relies solely on Measured and Indicated Resources captured by the pit optimisation studies according to the DDFS cost and revenue assumptions.

- An "upside" or "what if" model that evaluates three possible scenarios wherein Inferred Resources are included in a second pit optimisation study:

    - **Scenario 1:** The DDFS base case (5.0Mtpa processed) extended to include the Inferred Resources that were identified as potentially economic and available for processing if proved up by further drilling for inclusion in the second pit optimisation.

    - **Scenario 2:** An "add-on" to treat low grade mineralisation by heap leaching in parallel with the Scenario 1 expanded DDFS production schedule.

    - **Scenario 3:** An expansion whereby mining rates are increased by 33% with a simultaneous increase in heap leach capacity to accommodate the extra tonnage of "ore" mined. The DDFS plant capacity remains unchanged.

The models have been built in Microsoft Excel and are based on constant dollar assumptions for costs and revenues. DDFS cash flows are calculated on the basis of projected U_3O_8 production and product sales revenues, mining and processing schedules, metallurgical performance expectations, fixed and variable operating costs, capital expenditures, working capital requirements and taxation obligations (excluding withholding taxation on repatriation of profits) governed and calculated on the basis of the key parameters derived by the DDFS, with specific cost profiling based on the mining and production schedules. The "what if" model has been similarly constructed, but in a much simplified form using the DDFS model as a basis for capital and operating costs and other assumptions. The models are unleveraged (i.e. before financing), with all model outputs in US$.

CSA has reviewed the structure and workings of the DDFS and upside models and has completed sufficient checks to demonstrate that they produce the anticipated outcomes when flexed for variations in key inputs and the application of sensitivity factors. CSA has not however completed a comprehensive audit of the models, although it has effected various modifications to enable them to produce certain outcomes required by CSA to determine cashflows and NPVs for the purposes of its financial assessment of the project. The workings of both models have been discussed with Mantra which has confirmed that the model outcomes produced as a result of CSA's manipulation of key inputs and sensitivity factors are in accord with Mantra's expectations.

Mantra's financial evaluation of the DDFS project uses a long term U_3O_8 price of US$65/lb and a discount rate of 8%. The base case and the three permutations of the upside case, are discussed below.

6.1 DDFS Base Case Model

The DDFS base case model tabulates project cash flows in monthly rests over the first 6 years, with annualised cash flows estimated for the remainder of the 12 year operating phase. A 2 year construction period culminates with a 3 month commissioning phase before full production commences in Year 3. Process plant throughput is assumed to ramp-up to full production of 410,000tpm over a 9 month period in Year 3. The model nominally assumes a start to construction in January 2011, which of course will not be the case. It is the time periods that are of importance in the modelling, not the absolute dates, except as discussed in Section 5.10 which notes that the timing for the commencement and completion of construction, and hence for the commencement of product sales, will be determined by seasonal (that is, wet weather) considerations.

The key physical, capital and operating cost and financial outcomes from the DDFS base case model are shown in Table 6-1 below.

Table 6-1: Key Features of DDFS Base Case Cashflow Model.

Physicals	Units	
Process plant feed	Mt	59.8
Waste mined	Mt	213.7
Strip ratio		3.6:1
Process plant feed grade	ppm U_3O_8	435
U_3O_8 in plant feed	tonnes	25,992
Overall metallurgical recovery		82.6%
Recovered U_3O_8	tonnes	21,459
U_3O_8 in product sold		83%
Yellowcake shipped	tonnes	25,842

Capital and Operating Costs	Units	
Construction capital	US$M	$453
Sustaining capital including closure	US$M	$188
Total capital LOM	US$M	$641
LOM capital cost	US$/lb	$13.56
Working capital	US$M	$59
LOM operating costs	US$M	$1,083
LOM product realisation costs	US$M	$25.8
LOM royalty cost	US$M	$152
Peak cash requirement	US$M	$542
LOM operating cost	US$/lb	$22.51
LOM product realisation costs	US$/lb	$0.55
LOM royalty cost	US$/lb	$3.22

Financial Outcomes	Units	
LOM U_3O_8 price	US$/lb	$65.00
LOM gross sales	US$M	$3,075
LOM product realisation costs	US$M	($25.8)
LOM royalty costs	US$M	($152)
LOM net sales revenues	US$M	$2,897
LOM operating costs	US$M	($1,083)
LOM operating cashflow	US$M	$1,813
LOM capital costs	US$M	($641)
LOM pre-tax cashflow	US$M	$1,172
LOM tax @ 30%	US$M	($336)
LOM after tax cashflow	US$M	$836
$NPV_{8\%}$	US$M	$283
IRR		17.2%
LOM net sales revenue	US$/lb	$61.23
LOM operating margin	US$/lb	$38.73
LOM margin after capital	US$/lb	$25.17

CSA has prepared a sensitivity analysis for a number of key assumptions for the DDFS to determine their impact on the financial outcomes presented above. The bold text cells in the range represent the base case (Table 6-2).

Table 6-2: DDFS Base Case Sensitivity Analysis Results.

U_3O_8 Price US$/lb	**$50**	**$55**	**$60**	**$65**	**$70**	**$75**
After tax cashflow US$M	$364	$521	$678	**$836**	$993	$1,150
$NPV_{8\%}$ US$M	$11	$103	$194	**$283**	$373	$461
IRR	8.4%	11.6%	14.5%	**17.2%**	19.8%	22.1%
Discount rate	**6%**	**7%**	**8%**	**10%**	**12.5%**	**15%**
NPV US$M	$383	$331	**$283**	$201	$116	$48
Capital costs		**-20%**	**-10%**		**+10%**	**+20%**
After tax cashflow US$M		$926	$881	**$836**	$791	$745
$NPV_{8\%}$ US$M		$369	$326	**$283**	$241	$198
IRR		21.9%	19.4%	**17.2%**	15.3%	13.6%
Operating costs		**-20%**	**-10%**		**+10%**	**+20%**
After tax cashflow US$M		$987	$911	**$836**	$760	$684
$NPV_{8\%}$ US$M		$374	$329	**$283**	$238	$193
IRR		19.9%	18.6%	**17.2%**	15.8%	14.3%
Resource grade	**-15%**	**-10%**	**-5%**		**+5%**	**+10%**
After tax cashflow US$M	$531	$633	$734	**$836**	$937	$1,038
$NPV_{8\%}$ US$M	$105	$165	$224	**$283**	$343	$401
IRR	11.6%	13.5%	15.4%	**17.2%**	$18.9%	20.6%
Metallurgical recovery	**-5%**	**-3%**	**-2%**		**+2%**	**+3%**
After tax cashflow US$M	$713	$758	$785	**$836**	$884	$908
$NPV_{8\%}$ US$M	$214	$238	$254	**$283**	$312	$325
IRR	15.0%	$15.8%	16.3%	**17.2%**	18.0%	18.4%

The project is cash break-even at a U_3O_8 price of US$39/lb. The $NPV_{8\%}$ is zero at a U_3O_8 price of about US$50/lb. As expected, after tax cashflow, $NPV_{8\%}$ and IRR are most sensitive to any revenue determinants, including U_3O_8 price, resource grade and metallurgical recovery. After tax cashflow, $NPV_{8\%}$ and IRR are next most sensitive to operating costs and then to capital costs.

The DDFS has been prepared with a stated accuracy of ±10% for both capital and operating costs. CSA's review of the DDFS indicates that this is a reasonable assessment of the likely range of error for these estimates.

6.2 Upside Scenarios to Include Inferred Resources

Mantra has completed pit optimisation studies to include Inferred Resources from which it has developed a cashflow model that enables an incremental assessment of each of the three scenarios referred to above. Scenario 1 assumes the increase in process plant feed is treated at the DDFS base case rate of 5Mtpa over a mine life extended to 21 years. Pre-production capital and unit operating costs are as per the DDFS, with additions to sustaining capital to reflect the extended mine life.

For the second scenario, mineralisation in the range 120ppm U_3O_8 to 200ppm U_3O_8 (the DDFS process plant cut-off grade) is heap leached. Column leach test work has been completed which demonstrated recoveries between 77% and 94% over leach times varying from 5 to 15 days. The test work was supervised by recognised industry experts in heap leaching. Additional capital is allowed for heap leach pads and irrigation equipment, PLS collection and storage ponds, plant modifications necessary to accommodate the heap leach PLS and additional rehabilitation at closure. Mantra has advised that the acid plant to be installed for the DDFS project has excess capacity capable of supplying the additional acid required for heap leaching. Additional operating costs comprise additional ore mining costs and heap leach costs.

Construction of the heap leach project is conceptualised to commence one year after commencement of construction for the main project, with the additional production capacity anticipated to be on line 12 months later to coincide with the ramp-up to full production from the main plant. The heap leach addition is expected to add approximately 1.5Mlb pa U_3O_8 to DDFS production, taking annual production to 5.5Mlb. The concept study assumes that 25% of waste will be available for heap leaching at a grade of 165ppm. A pre-feasibility level report on the heap leach project is expected to be completed by the end of March 2011.

In the third scenario, the mining rate is increased by 33% from the beginning of production year 3, with the mine life shortened to 16 years from the 21 years indicated for Scenarios 1 and 2. The additional mine production is all sent to heap leach, with the DDFS process plant remaining unchanged, other than an increase in the capacity of the acid plant. Annual U_3O_8 production increases to 7.8Mlb.

The key financial outcomes from the DDFS and the three upside scenarios are summarised in Table 6-3.

Table 6-3: Summary of DDFS and Conceptual Upside Operating Scenarios.

Key output @ US$65/lb U_3O_8	DDFS	Upside Scenario 1	Upside Scenario 2	Upside Scenario 3
LOM capital costs US$M	$641	$954	$1,060	$1,155
LOM operating costs US$M	$1,083	$1,777	$2,145	$2,062
U_3O_8 produced tonnes	21,459	37,050	49,500	50,500
Cash cost US$/lb U_3O_8	$22.51	$21.75	$19.65	$18.50
After tax cashflow US$M	$836	$1,556	$2,391	$2,436
$NPV_{8\%}$ US$M	$283	$400	$753	$923
Increment to $NPV_{8\%}$ US$M		$117	$353	$169
Cumulative increment to $NPV_{8\%}$ US$M		$117	$470	$639

The concept studies clearly demonstrate the potential for a far more robust project than that indicated by the DDFS. However, it should be noted that further work is required to validate the capital and operating cost assumptions of the concept studies, and therefore the results should be considered preliminary in nature.

Resource infill and exploration drilling are planned for 2011 with the objectives of elevating the Inferred Resources to Measured and Indicated, which may allow their conversion to Ore Reserves. This work may also increase overall Mineral Resources thereby possibly extending the project life.

7 Exploration Projects Outside MRP

As well as the MRP, Mantra holds exploration Mineral Rights in several other projects in Tanzania, and two licences in Mozambique (Figure 0-1). The Mbamba Bay project is located in the southwest corner of Tanzania, there are a number of regional project areas in southern Tanzania and the Bahi North and Handa projects are located within close proximity in central Tanzania. The Zambezi Valley Project and Niassa projects are located in Mozambique.

7.1 Mbamba Bay Project

The Mbamba Bay project is located in the south-western corner of Tanzania, 120km south-west of the regional centre of Songea. It comprises one granted PL and one PL application (Figure 7-1) covering a total area of 72km^2 (Table 7-1). PL 4168/2007 is the subject of a joint venture ("JV") agreement in which Mantra has earned a 90% interest after making an initial payment of US$10,000, and further payments of US$41,700 to the JV Partner. The JV Partner retains a 10% free carried interest through to a decision to mine. Mantra is to issue tranches of new shares to the JV Partner as various project milestones are achieved, however, Mantra may withdraw from the joint venture at any time during the pre-development phase. Should a decision to mine be made, the JV Partner may elect to contribute to development costs pro rata to its interest, or to convert its participating interest to a 2% net smelter royalty. PL application HQ-P 21185, although applied for by Mantra subsidiary Nyanza Goldfields Limited, will fall under the joint venture once granted.

Table 7-1: Mbamba Bay Joint Venture Tenement Schedule.

Mineral Right	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
PL 4168/2007		Granted	Promanage Resources Limited	90%	35.7	14 Jan 2012
	HQ-P 21185	Application	Nyanza Goldfields Limited	90%	36.2	
Total area					**71.9**	

7.1.1 Project Geology

The geology of the Mbamba Bay project area is dominated by Karoo sediments which are underlain by the Mbamba Bay Granite and other Lower Proterozoic metamorphic and igneous rocks (Figure 7-1). The boundaries of the basin are controlled by block faults which are related to the East African Rift Valley system. The Karoo sediments consist of sandstones, siltstones, mudstones and shales which dip between 4° and 15° southwest.

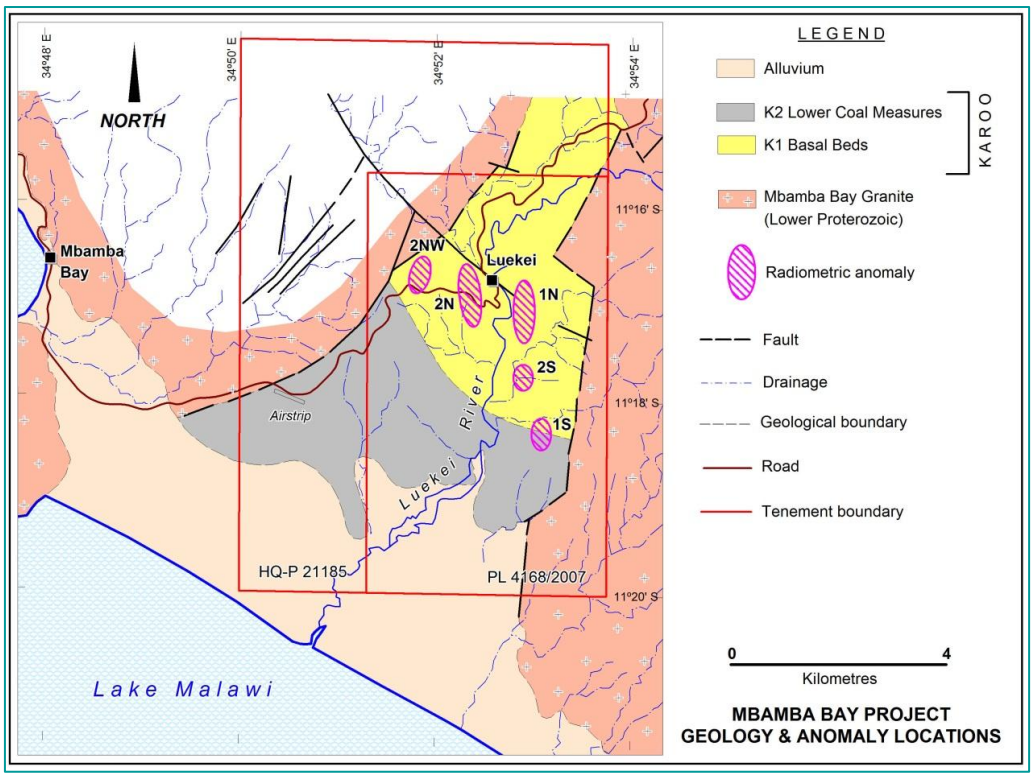

Figure 7-1: Mbamba Bay Project -Geology and Anomaly Locations.

7.1.2 Historical and Current Exploration

The area was identified as prospective for uranium during reconnaissance exploration undertaken between 1979 and 1980 by Uranerz. Two anomalies, identified from a country-wide airborne radiometric survey completed on 1km spaced flight lines during the mid-1970's, were ground checked by Uranerz in 1979. Visible secondary uranium mineralisation was observed at Anomaly 309/1B, and a ground follow-up program comprising geological mapping, radiometric surveying and trenching was undertaken during a brief field campaign in 1980. The area of Anomaly 309/1B was covered by a ground radiometric survey, resulting in a further 13 anomalies being detected with surface radiometric responses ranging from 4 times background to a maximum of 60 times background. Secondary uranium mineralisation was subsequently identified by trench and rock chip sampling.

Mantra completed a high resolution helicopter-borne radiometric survey over the area in July 2007, which was followed up by fieldwork in 2008. The survey comprised 640 line km of data collection on 125m spaced flight lines, flown at a nominal height of between 20 and 30m. The detailed survey revealed a suite of uranium radiometric anomalies associated with Karoo-age sediments in the central and eastern parts of the project area. Eight priority anomaly clusters were identified within a 9km^2 zone of anomalous uranium channel radiometric response.

Within the area of Uranerz's work, the data has provided enhanced definition of the anomalous responses. An additional 6 new uranium radiometric anomaly clusters, including the largest amplitude airborne responses in the detailed survey data, were identified outside the area of Uranerz's work. A number of discrete anomalies are located immediately to the

west of Uranerz's ground radiometric grid, on the opposite side of the Luekei River. A geological section mapped in this general area identified a geological environment considered favourable for sandstone-hosted roll-front type uranium deposits but was not followed up during Uranerz's brief 1980 field campaign.

The high resolution helicopter-borne radiometric survey results were followed up with field work during two single campaigns in 2007 and 2008 consisting of radiometric traverses, trenching and augering which confirmed the presence of mineralisation associated with the radiometric anomalies.

An initial aircore drilling program comprising 33 holes for 1,485m was completed during the December quarter in 2010. The drilling was targeted to test the continuity of surface mineralisation observed in trenching. The drill samples have been submitted for assay with the results pending. During the program 8 drill holes intersected up to three coal bearing horizons, with individual horizons up to 3m in thickness. Material from these horizons has been dispatched for analysis.

7.2 Southern Tanzania Projects

The Southern Tanzania Projects comprise three JVs, and a fourth group of Mineral Rights held 100% by Tanzanian subsidiaries of Mantra (Table 7-2 and Figure 7-2). The three JVs are the Southern Tanzania JV #1, the Southern Tanzania JV #2 and the Liwale JV in which Mantra has earned interests of 90%, 95% and 95% respectively (Table 7-2). The three wholly owned Mineral Rights include two granted PLs and a single PL application.

In the Southern Tanzania JV #1, Mantra acquired a 90% interest in Mineral Rights that currently comprise four granted PLs and six PL applications after making two payments totalling US$65,000 to the JV partners. Additional payments of US$50,000, US$75,000 and US$100,000 are due upon completion of successive phases of evaluation leading to a decision to mine. The JV partners retain a 10% free carried interest through to a decision to mine, at which point they may contribute according to their 10% interest, or convert that interest to a 2% net smelter royalty. The original Mineral Rights have subsequently undergone renewals etc. leading to the current number and status of Mineral Rights.

In the Southern Tanzania JV #2, Mantra acquired a 95% interest in Mineral Rights that currently comprise three granted PLs and four PL applications after making payments totalling US$150,000 to the JV Partners. Additional payments totalling US$15,000pa must be made to the counterparties for each of the retained Mineral Rights during the exploration phase of the joint venture. Additional payments of US$50,000, US$75,000 and US$100,000 are due upon the completion of successive phases of evaluation leading to a decision to mine. The JV Partners retain a 5% free carried interest to that point, after which they may contribute according to their 5% interest, or convert that interest to a 1% net smelter royalty.

The Liwale JV Mineral Rights consist of two granted PLs and a single PL application (Table 7-2). Mantra now holds a 95% interest in the Mineral Rights, which are all registered to Mantra subsidiaries, after making two payments totalling US$30,000 to a single counterparty to the agreement. Additional payments totalling US$15,000pa must be made to the JV Partner for each of the retained Mineral Rights during the exploration phase of

the JV. Additional payments of US$50,000, US$75,000 and US$100,000 are due upon the completion of successive phases of evaluation leading to a decision to mine. Mantra's JV partner will have a 5% free carried interest through to a decision to mine, at which point it may contribute according to its 5% interest, or convert that interest to a 1% net smelter royalty.

Table 7-2: Southern Tanzania Projects Tenement Schedule.

Tenement No	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
Southern Tanzania Mineral Rights						
PLR 5415/2009		Granted	Mantra Tanzania Limited	100%	700.9	3 Dec 2011
PLR 5417/2008	HQ-G 16710	Under Renewal	Mantra Tanzania Limited	100%	195.1	
PLR 5733/2009		Granted	Mantra Tanzania Limited	100%	274.1	11 Jun 2011
	HQ-P 22681	Application	Ruvuma Resources Limited	100%	44.8	
Southern Tanzania JV #1 Mineral Rights						
PL 5905/2009		Granted	Mambery Mining Investment Company Limited	90%	182.0	17 Jun 2012
PL 3969/2006		Granted	Mambery Mining Investment Company Limited	90%	62.9	4 May 2011
PL 5667/2009		Granted	Mambery Mining Investment Company Limited	90%	179.0	18 Mar 2012
PL 4410/2007		Granted	Mambery Mining Investment Company Limited	90%	60.8	14 Jan 2012
	HQ-P 18342	Application	Nyanza Goldfields Limited	90%	1,117.3	
	HQ-P 18417	Application	Nyanza Goldfields Limited	90%	333.7	
	HQ-P 18418	Application	Nyanza Goldfields Limited	90%	449.0	
	HQ-P 20258	Application	Mantra Tanzania Limited	90%	69.3	
	HQ-P 21184	Application	Mantra Tanzania Limited	90%	61.2	
	HQ-P 21623	Application	Mantra Tanzania Limited	90%	99.7	
Southern Tanzania JV #2 Mineral Rights						
PL 4200/2007		Granted	Mambery Mining Investment Company Limited	95%	74.9	14 Feb 2012
Pl 4425/2007	HQ-G 16377	Granted	Mambery Mining Investment Company Limited	95%	86.8	23 Apr 2012

Tenement No	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
PL 6456/2010		Granted	Mambery Mining Investment Company Limited	95%	192.2	7 Jun 2013
	HQ-P 19300	Application	Mantra Tanzania Limited	95%	30.9	
	HQ-P 20294	Application	Mantra Tanzania Limited	95%	857.1	
	HQ-P 21304	Application	Mantra Tanzania Limited	95%	74.8	
	HQ-P 21855	Application	Mantra Tanzania Limited	95%	87.8	
Liwale JV Mineral Rights						
PL 6373/2010		Granted	Mantra Tanzania Limited	95%	190.2	4 May 2013
PL 6457/2010		Granted	Mantra Tanzania Limited	95%	193.1	7 Jun 2013
	HQ-P 20650	Application	Nyanza Goldfields Limited	95%	843.4	
Total area granted PLs					**2,392.0**	
Total area PL app'ns					**3,793.6**	
Total area project Mineral Rights					**6,185.6**	

The STP Mineral Rights have a total area of approximately 6,200km^2. The granted PLs have a combined area of approximately 2,400km^2, and the applications approximately 3,800km^2. Mantra's interest in the granted Mineral Rights is effectively 96%.

There are three main project areas within the STP Mineral Rights; Ruhuhu, Liwale (including Liwale South) and Matemanga.

7.2.1 Project Geology

The STP Mineral Rights are located within, or on the margins of, the Proterozoic Karoo basins of southern Tanzania (Figure 7-2). The majority of the Mineral Rights are located within the Selous or Ruhuhu Basins, which are both dominated by Karoo sediments, and are considered highly prospective for sandstone-hosted roll-front type uranium mineralisation.

The Ruhuhu basin forms a relatively sharp and straight tectonic graben structure, which is bounded by Proterozoic crystalline basement rocks to the northwest and southeast. To the north, the graben-basin widens to about 30-40km as a result of northwest-southeast trending transform faults. Arenaceous fluvial sediments of the Karoo Supergroup occupy the 170km long basin. The target area covers coarse to gritty sandstones arranged in northeast trending elongated ridges traversed by incised northwest-trending drainages. The northeast-trending tectonic elements prevail over the area and may indicate a structural control on the radiometric anomalies. The sediments filling the narrow southwest portion of the Ruhuhu basin show homogenous uranium distribution throughout the entire width of the graben, whereas the northeast extension is characterized by the presence of narrow, axial-parallel, elongated, 10-30km long anomalies which appear to parallel major structures. The uranium content of the sediments appears to be associated with large scale axial and orthogonal structures.

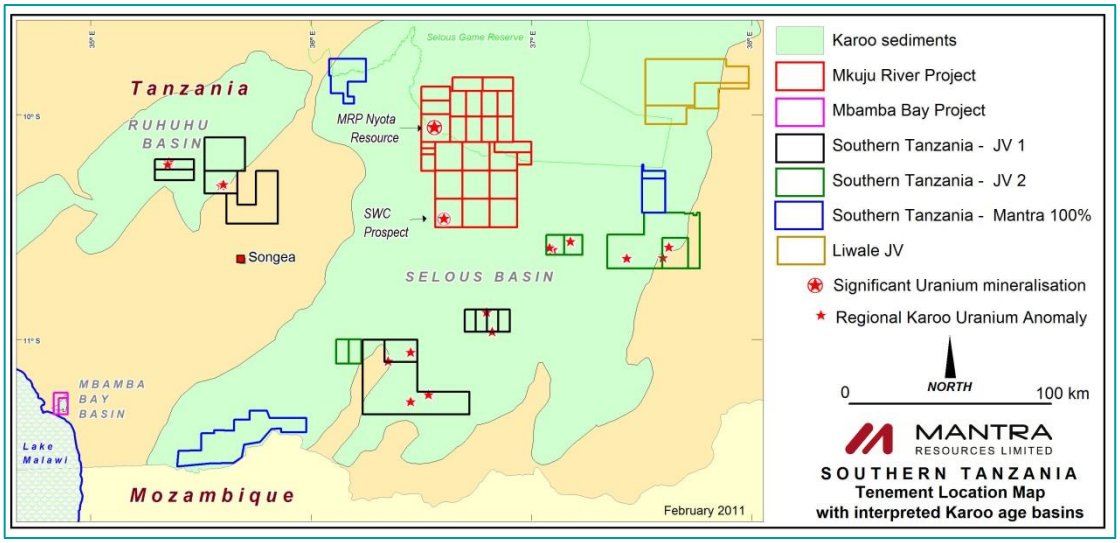

Figure 7-2: Southern Tanzania JV Tenements -with interpreted Karoo age basins.

7.2.2 Historical and Current Exploration

During 2007 airborne radiometric surveys were completed over seven areas held by Mantra that covered Karoo sandstone in Southern Tanzania. The surveys were followed up during 2008 with a brief helicopter supported reconnaissance program to visit selected locations, during which, surface grab samples were collected. Three of the anomalies showed elevated scintillometer counts at surface, however, the corresponding grab samples reported only low U_3O_8 values (<10ppm U_3O_8). Given the limited work completed, the anomalies require further ground work as the assay results may be indicative of disequilibrium.

A regional exploration program was completed in September/October 2009, on six of the STP Mineral Rights in the following three areas;

- Ruhuhu Basin,
- Liwale area in the Selous Basin, and
- Matemanga area in the Selous Basin.

Primary exploration targets were sandstone-hosted and calcrete-hosted uranium mineralisation.

In the Ruhuhu basin, a weak to moderately strong surface uranium anomaly 350m in strike was identified at regional anomaly RP, which had been identified from detailed geophysical surveys completed in 2007. Mapping and trenching indicated that the mineralisation is stratigraphically located at a gritstone/mudstone interface. Ground radiometric surveys outlined a weaker but more extensive (3km) anomaly with scattered high readings.

In the Liwale area, extensive sheets of younger sand and gravel cover overlie Karoo sandstone and crystalline basement rocks. Karoo sandstone exposures are confined to the south-western corner of the project area. Two surface radiometric anomalies that extend over several kilometres of strike, and attain widths of 300-500m have been sampled and

trenched. The anomalism is attributed to the heavy mineral content of the Karoo sediments and is assumed to represent paleo-placer mineralisation.

Within the southern Mineral Right, it has been confirmed that prospective Karoo sediments underlie most of its area, however outcrops are scarce. The area is remote and any exploration will require significant logistical support. On the adjacent Mineral Right, which is not included within any of the STPs, intensive artisanal mining is recovering alluvial gold from the unconsolidated sand and gravel overlying the clayey Karoo sandstones.

In the Matemanga area, access routes have been surveyed and information gathered for future exploration work. Planned work in the central-southern portion of the Selous basin includes evaluation of assay results, defining mineralising pathfinder elements and geochemical soil sampling. Detailed radiometric surveys using more precise equipment will be required to pinpoint locations for pitting and trenching. At the RP anomaly the mineralised horizons are to be tested by auger drilling to 3-6m. Access to the area is moderately difficult and good logistical support will be required for future work.

7.3 Central Tanzania Projects

There are two groups of Mineral Rights (Bahi North and Handa) that are collectively referred to as the Central Tanzania Projects. Both are located within the Bahi Swamp catchment, about 50km north-west of Dodoma. The Bahi catchment is considered prospective for palaeochannel-associated, calcrete-hosted uranium mineralisation.

The Bahi North Mineral Rights and four of the Handa Mineral Rights are held 100% by Mantra subsidiaries, whilst seven of the Handa Mineral Rights, although held/applied for under different company names, are subject to a JV agreement. Mantra earned a 95% interest in the joint venture Mineral Rights after paying an initial US$30,000, followed by a second payment of US$30,000 to the JV Partner. Additional payments of US$15,000pa for each of the retained Mineral Rights are due to the JV Partner during the exploration phase of the joint venture, with additional payments of US$50,000, US$75,000 and US$100,000 due upon the completion of successive phases of evaluation leading to a decision to mine. The JV Partner retains a 5% free carried interest through to a decision to mine, at which point it may contribute according to its 5% interest, or may convert that interest to a 1% net smelter royalty. The Central Tanzania Mineral Rights are shown in Table 7-3 and Figure 7-3.

Table 7-3: Central Tanzania Projects Tenement Schedule.

Tenement No	Application No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
Bahi North Mineral Rights						
PL 5416/2008		Granted	Mantra Tanzania Limited	100%	198.0	23 Oct 2011
PL 5412/2008		Granted	Nyanza Goldfields Limited	100%	198.0	2 Nov 2011
PL 5413/2008		Granted	Nyanza Goldfields Limited	100%	197.9	2 Nov 2011
PLR 5414/2008	HQ-G 16709	Under Renewal	Nyanza Goldfields Limited	100%	142.0	
	HQ-P 22680	Application	Ruvuma Resources Limited	100%	900.9	
Handa Mineral Rights						
PLR 4067/2006	HQ-G 15401	Offered	Mambery Mining Investment Company Limited	95%	192.6	
PLR 5826/2009		Granted	Vision Geosources Company Limited	95%	304.5	11 June 2011
PL 3589/2005	HQ-G 16656	Under Renewal	Mambery Mining Investment Company Limited	95%	2.7	
PL 4298/2006		Granted	Mambery Mining Investment Company Limited	95%	52.9	19 Nov 2011
PL 4520/2007		Granted	Mantra Tanzania Limited	100%	85.2	10 Jul 2012
PL 4521/2007		Offered	Mantra Tanzania Limited	100%	85.2	
	HQ-P 19198	Application	Mantra Tanzania Limited	95%	5.3	
	HQ-P 21008	Application	Mantra Tanzania Limited	95%	52.9	
	HQ-P 21893	Application	Ruvuma Resources Limited	100%	85.2	
	HQ-P 21950	Application	Ruvuma Resources Limited	100%	85.2	
	HQ-P 22485	Application	Ruvuma Resources Limited	95%	5.5	
Total area granted PLs					1,459.0	
Total area PL app'ns					1,135.0	
Total area project Mineral Rights					2,594.0	

Mantra's effective average interest in all of the granted Central Tanzania Projects Mineral Rights is just under 100%.

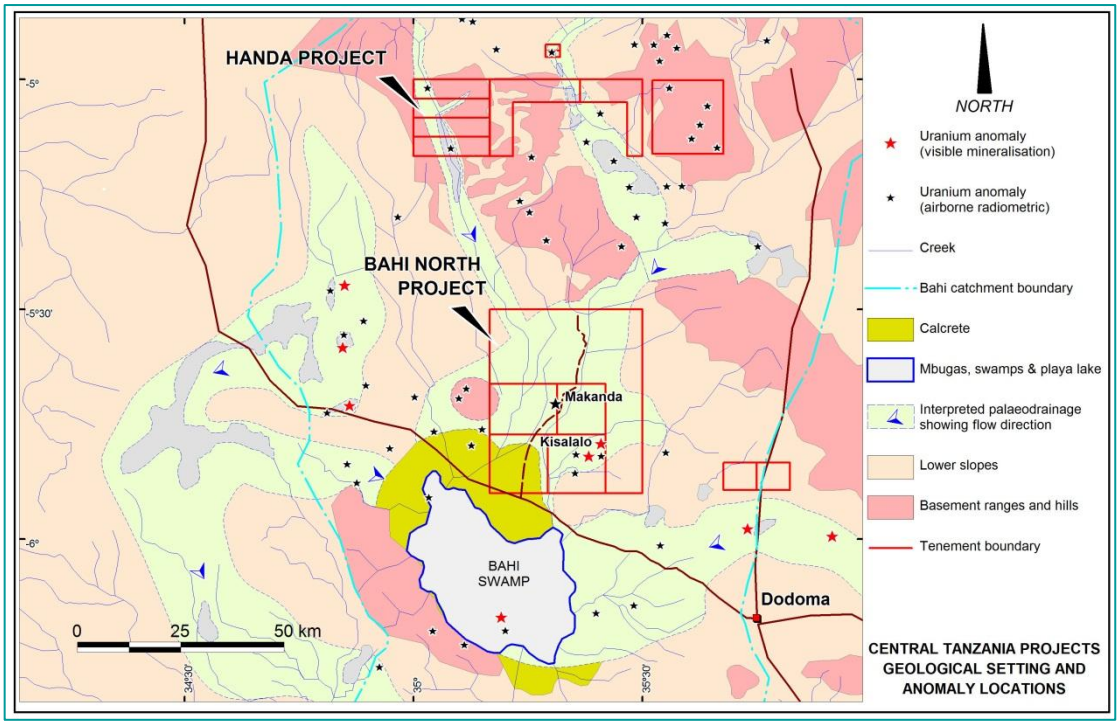

Figure 7-3: Location of Bahi and Handa Mineral Rights plotted on the surface geology (from Szentpéteri, 2010).

7.3.1 Project Geology

The Bahi area is underlain by metasediments, biotite granites and pegmatites which form the Archean basement of the Tanganyika Shield. An interior sedimentary basin, the Bahi depression, is a result of rift faulting and is filled by younger fluviatile and lacustrine sediments believed to be of Miocene to Pliocene age. Within these sediments, bicarbonate-rich groundwater has formed calcrete deposits. Pleistocene to Pliocene rift faulting dissected the area into tilted blocks with differing topographic levels. The present area of the Bahi Swamp (Figure 7-3) became the lowest point, with the surrounding area relatively uplifted.

The Handa area is dominated by basement granites, covered by local areas of Mbuga (black soils).

7.3.2 Historical and Current Exploration

Uranium accumulations within the Bahi catchment system have been recognised since 1953 when an intersection of 0.15m @ 2,400ppm U_3O_8 was recorded in a salt exploration program drill hole near the centre of the Bahi Swamp. Uranerz identified a number of radiometric anomalies in the catchment from an interpretation of airborne geophysical data and followed-up select anomalies with ground surveys and trenching during the late 1970's. Within the Bahi North Project area, the Kisalalo anomalies were followed-up with ground surveys and limited trenching. In one location, the secondary uranium mineral carnotite was identified in strongly silicified calcrete. Carnotite characteristically occurs in calcrete uranium deposits. Secondary uranium mineralisation was also observed in one of two trenches excavated to investigate an anomaly further to the northeast.

A short field program was completed on the Bahi North Mineral Rights by Mantra in February 2010 as a follow-up to an initial reconnaissance field visit in 2006. Work included the excavation of small pits on the Kisalalo west anomaly, and a ground gamma-spectrometer survey along lines over the Kisalalo eastern anomalies. The survey helped to delineate the extent of the eastern surface anomalies. Three, 1.8 to 3.2m deep pits were dug on the western Kisalalo anomaly and all encountered calcrete-silcrete horizons underneath black cotton soil. The calcrete-silcrete exposures in all pits have moderately high (1,900 - 2,200cps) gamma spectrometer readings. Altogether, 29 samples have been collected from three pits, one auger hole, and outcrops/subcrops in creek beds in the Kisalalo west anomaly.

The Handa Mineral Rights are underlain by a major northwest trending tectonic graben filled with fluvial sediments that have potential for the development of pedogenic and groundwater calcrete uranium mineralisation. Previous explorers identified numerous radiometric anomalies within the area from interpretation of airborne geophysical data. During the 1980s Uranerz identified two surface anomalies in swampy Mbuga soil. Shallow exploration pits were excavated down to 0.8m depth, however their depth was limited by elevated ground water levels. It is possible that deeper groundwater calcrete might be present, since potential host sediments are tectonically confined within the graben structure.

Future work will include the evaluation of assay results and the identification of mineralisation pathfinder elements such as vanadium, which is a constituent of carnotite. Systematic pitting will be continued along and across strike of defined anomalies.

7.4 Mozambique

7.4.1 ZVP Project

The ZVP comprises one prospecting licence, 1062L covering an area of 186km^2 in the Mágoè District in the northwest of the Tete province in Mozambique (Figure 7-4). The area lies to the south of the Zambezi River and adjoins Mozambique's border with Zimbabwe. The northern boundary of the project area is located about 13km south of the small town of Zumbo and 330km west of the provincial capital of Tete. The licence is held 100% by Mantra subsidiary Omegacorp Minarais Limitada. A second licence, 1838L covering 214km^2 is known as the Niassa Project. This is briefly discussed below. The two Mozambique tenements are summarised in Table 7-4.

Table 7-4: Mozambique Tenement Schedule.

Project Name	Tenement No	Status	Registered Holder/Applicant	Mantra Interest	Area km^2	Expiry Date
ZVP	1062L	Granted	Omegacorp Minerais Limitada	100%	186.0	13 Oct 2013
Niassa	1838L	Granted	Omegacorp Minerais Limitada	100%	214.4	13 Aug 2012
Total Area					**400.4**	

Prospecting licence 1062L has been acquired to search for sandstone-hosted uranium mineralisation within the upper part of the Karoo Supergroup, which lies beneath a cover of younger sediments. Similar mineralisation occurs in the Kanyemba deposit just across the border in Zimbabwe.

Project Geology

The region is dominated by outcropping Cretaceous sands and gravels that form a flat, featureless countryside (Figure 7-4). All Cretaceous sediments in the ZVP have been assigned to the Mágoè Formation. This is divided into three members, viz., an upper sandstone and limestone unit, a central sandstone member and a basal conglomerate sequence. A Cretaceous age has also been assigned to a series of carbonatites and associated minor alkaline igneous rocks that occur throughout the area. Quaternary cover includes alluvial drainage fill, scree slopes, thin terrace sediments, localized, more deeply incised cobble and conglomerate paleo-drainage fill and thin soil profiles.

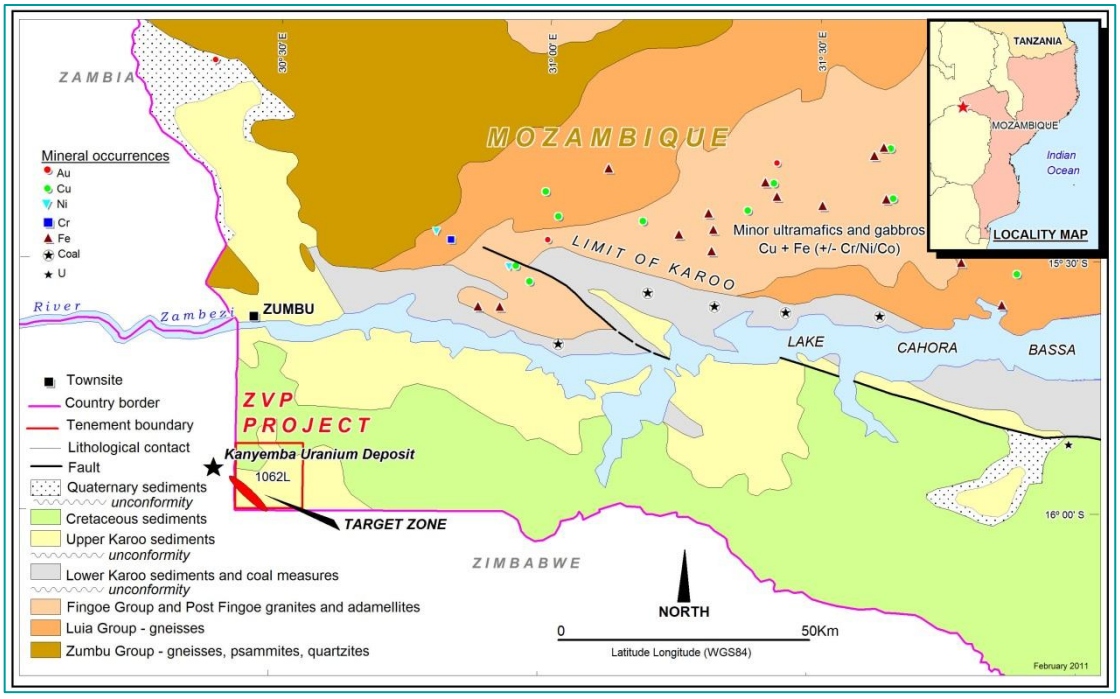

Figure 7-4: General Geology of the ZVP area.

The Karoo Supergroup sediments are divided into Lower and Upper Karoo Groups, however, Karoo units do not outcrop within the ZVP tenements. Within the project area the Upper Karoo Group consists of terrestrial sediments, whilst the Lower Karoo Group consists of coal measures overlying glacial deposits. Within the Upper Karoo rocks, the exploration target is sandstone-hosted uranium mineralisation. A number of deposits of this type are known from neighbouring countries.

Historical and Current Exploration

Although there has been no systematic exploration for uranium within the ZVP area itself, immediately adjacent areas across the border in Zimbabwe were the subject of intense exploration activity from 1981 to 1993. The Kanyemba 1 deposit ("K1D") in Zimbabwe was identified by Interuran in 1981 as a result of an extensive regional airborne geophysical

survey. Power Reactor and Nuclear Fuel Development Corporation of Japan ("PNC") joint ventured into the project in 1986.

Exploration in the broader area commenced in 1981, with a regional aeromagnetic/radiometric survey. By 1983, further work had identified 16 areas of interest, however attention quickly focused on the K1D area. Over several drilling campaigns commencing in 1984, a 1,000m long zone of northeast-southwest trending mineralisation extending 200m down dip was identified. Indications were that mineralisation was present up to 20km north-northeast of K1D and up to 10km to the south-southeast. Over 17,000m of drilling has been completed along strike, away from the main zone, which has defined discontinuous mineralisation over a strike length of over 30km.

Within the area of the ZVP, OmegaCorp undertook a land mine survey, beaconed the corners of the licence and completed an Environmental Management Plan in 2005 and 2006. A heliborne aeromagnetic and radiometric survey was completed in November 2006, with a total of 1,035 line kilometres flown at line spacings of 100m x 1,000m, and at sensor heights between 20m and 30m above ground. Interpretation of the data identified the Capeça radiometric anomaly in the southwest corner of Licence 1062L. Soil samples taken at the end of 2007 over the anomaly returned low, but anomalous uranium and vanadium values, with maximum values of 43ppm for uranium and 69ppm for vanadium.

In 2009 the Capeça anomaly was covered with a 200m by 40m grid, with local infill to 100m by 40m. Ground radiometrics and soil sampling were carried out over the grid, with the resulting anomalies subsequently tested by 14 RC drill holes totalling 1,137m. The projected northwest extension of the Capeça anomaly across the Duângua River was also gridded at 400m by 40m, with local infill to 200m by 40m. All lines were ground radiometrically surveyed, with soil sampling in selected areas.

Eleven of fourteen RC holes reported one or more intersections better than 1m at 100ppm uranium. The thickest intersection was 7m at 470ppm U_3O_8 from 49m in ZVP 05, and the highest value 1m at 1,804ppm U_3O_8 from 79m in ZVP 06. The partial association of elevated uranium values with the base of pervasive weathering suggests that the mineralisation may be of a different style to that occurring at depth in the Kanyemba deposits. Nevertheless, the relatively shallow depth of the mineralisation suggested that another round of RC drilling was warranted.

During 2010, 13 RC holes were drilled for a total advance of 1,102m to follow up the positive results from the 2009 drilling program. Twelve holes were drilled in the Northwest Extension Area on the opposite side of the Duângua River to the Main Capeça Anomaly. These were located on five lines approximately 400m apart. All holes on the two central lines reported significant U_3O_8 intersections (a minimum of 100ppm U_3O_8 over at least 1m), however, no significant result was reported from the outlying lines.

7.4.2 Niassa

The Niassa licence is dominated by older Proterozoic rocks that have potential to host both gold and base metal mineralisation. Mantra is currently assessing its options for future work.

8 Valuation of Mineral Assets

Business valuers in Australia typically define market value as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criterion for a market valuation is that it is an assessment of "fair value", which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." The VALMIN Code defines the Value of a Mineral Asset as its Fair Market Value, which is the "estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of an Expert, reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands at the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion." The VALMIN Code recommends that a preferred or most likely Value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements. Mineral assets are classified into categories which represent a spectrum from areas in which mineralisation may or may not have been found through to operating mines which have a well-defined ore reserve, viz.:

- **Exploration Areas** - properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

- **Advanced Exploration Areas** - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.

- **Pre-Development Projects** - properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made.

- **Development Projects** - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned, or are not yet operating at design levels.

- **Operating Mines** - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Assets in each of these categories require different valuation methodologies. Nyota is classified as a Pre-Development Project, and the other tenements largely as Exploration Areas.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm's length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to "comparable transactions". Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on. Fair Market Value therefore generally consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations.

CSA's Valuations of Mantra's interests in the Mineral Assets are based on information that has been provided to CSA by Mantra or sourced from the public domain. It includes both published and unpublished technical reports prepared by consultants and previous explorers, and other data relevant to the individual project areas. All reasonable enquiries have been made to verify the information, and whilst CSA has no reason to doubt the reliability of any of the information or to believe that information has been withheld or is incomplete, the information has not been independently audited, nor has any audit been conducted of Mantra, ARMZ and/or any of their subsidiaries or associated entities. No audit of any financial data has been conducted.

The Valuations have been prepared at a Valuation Date of 28 February 2011. It is stressed that the Valuations are opinions as to likely values, not absolute values, which can only be tested by going to the market.

8.1 DCF Valuation of Nyota

8.1.1 Methodology

It is generally accepted mineral asset valuation practice that once a project has advanced to the stage of having Mineral Resource estimates, as defined by the JORC Code and guidelines, and studies for the development of the Mineral Resource have commenced, albeit perhaps only at scoping study level, discounted cashflow methods are the preferred means of developing a basis for determining Value. This introduces the problem of assessing the risk that the financial outcomes will be achieved, and recognising and dealing with that risk in determining Value. The following discussion is drawn from Lawrence (2001) and McDonald (1993).

Lawrence (2001) quotes an international survey of mineral asset valuation practitioners which indicated commonly used discount rates of about 11.5% for gold projects at a pre-feasibility stage, 10% for projects at the feasibility study stage and around 8% for operating

mines. In other words, a higher discount rate is applied to account for higher risk when there is a higher level of uncertainty for the information on which the cashflow modelling is based. The values referred to by Lawrence are more likely to be Technical Values as defined by the VALMIN Code than Fair Market Values.

Lawrence also noted that many valuation practitioners adopt an approach of using varying proportions of ore reserves or resources for input to the production schedule to reflect the varying risk attaching to estimates of Proved and Probable Ore Reserves, and Measured, Indicated and Inferred Resources, rather than increasing discount rate to account for resource risk. Whilst there is some merit in this approach, it is only one aspect of risk, and its practical implementation is fraught with danger in that removing a part of an ore reserve or resource from a mining schedule may destroy the practicality of mining the entire resource. Adjusting costs on a pro rata basis is equally as risky, as say, removing part of the mining inventory from the schedule may result in a much higher stripping ratio pit, or more underground development per ore tonne. An alternative approach used to account for "at risk" cashflow is to individually factor those parts of the cashflow derived from various confidence categories for ore reserves and/or resources. This seems unnecessarily complex and realistically, is probably impractical to implement in any meaningful way.

Lawrence's paper references McDonald (1993), who stated that even though the reliability of cashflow projections may differ, the status of development has no impact on the required rate of return. The status of development however, has an observable impact on value, indicating that shareholders separately deal with uncertainties relating to various planning parameters. This truism is very evident in transaction values for mineral projects at various stages of assessment, transactions involving the companies which own them and in the market capitalisation of such companies. This appears to imply that for a single project company, shareholder's views of the value of the project at its various stages of evaluation are reflected in the company's market capitalisation.

In practical valuation terms, the approach used to account for project risks is to factor the NPV derived using a discount rate selected to reflect the expected financial return from the project, rather than try to factor individual components of the ore reserve, resource or cashflows, or by discounting cashflows per se at higher rates. "Generally accepted" factors are about 10% of NPV for a project with a completed pre-feasibility study, 50% for projects at the completed bankable feasibility stage, 80% for projects undergoing commissioning, 90% during ramp-up and 100% once steady state production has been achieved and project risk is at its minimum. Although this methodology entails significant assumptions and a large degree of personal judgement on the part of the valuer, it is believed to be the most reasonable and practical approach, particularly in this instance of valuing Nyota.

8.1.2 Valuation

BDO has instructed CSA to use a long term U_3O_8 price of US$65/lb and a long term US$:A$ exchange rate of US$0.95, however, there are no conversions of US$ to A$ in Mantra's DCF models, and all NPVs are derived in constant US$. Any sale of Nyota would almost certainly be transacted in US$, with the sale proceeds converted to A$ at the time of sale. Hence US$ NPV outputs been converted to A$ at parity, which was the exchange rate that prevailed during January-February 2011.

Mantra's financial evaluation of the project uses a discount rate of 8%. Whilst this may differ from other investor's expectations, it is considered reasonable to assume that this reflects Mantra's minimum expectation for financial returns from the project. Hence a discount rate of 8% for the estimation of NPV is considered an appropriate start point for the discussion which follows.

The financial evaluation of Nyota is discussed in Section 8.1. At a long term U_3O_8 price of US$65/lb, $NPV_{8\%}$ based on the results of the DDFS is US$283M. The current U_3O_8 spot price is US$73/lb, which generates an $NPV_{8\%}$ of US$430M. A 10% increase over US$73/lb generates an $NPV_{8\%}$ of US$560M. The project has zero $NPV_{8\%}$ at a long term U_3O_8 price of US$50/lb. All ±10% sensitivity analyses at US$65/lb fall within the range US$165 to US$400M $NPV_{8\%}$. It is apparent that the principal value driver for the project is the U_3O_8 price assumption, which is as expected.

CSA has identified a number of potential value-adds through reductions in capital and operating costs, process flow sheet optimisation and changes in operating practices, in particular, mine production scheduling and stockpile management to optimise process plant feed grades. These might collectively add 20% to the valuation base case $NPV_{8\%}$ of US$283M, or the equivalent of a 10% reduction in operating costs over the life of the project, increasing $NPV_{8\%}$ to US$330M. Given the much higher U_3O_8 spot price presently prevailing, and assuming that it will not decline precipitously from this point, CSA is of the view that $NPV_{8\%}$ will lie in the range US$165M to US$400M, with a most likely outcome skewed toward the upper end of the range at US$330M. This is the equivalent of the case that results from operational and cost improvements, recognising that initially higher U_3O_8 prices and up-front capital reductions will more favourably impact on NPV. As the DDFS is at an incomplete stage, and that there are construction and commissioning time risks due to transport issues and potential adverse climatic conditions and there may be some environmental risks due to the proximity of the Selous Game Park, CSA considers it appropriate to factor these opinions as to NPV based Values at something less than the 50% suggested above for projects at the bankable feasibility stage, i.e. by 40%. This suggests a Value in the range US$65M to US$160M, with a most likely Value of US$130M.

The upside scenarios discussed above all rely predominantly on the conversion of 41.2Mt in Inferred Resources to higher confidence resources by infill drilling. The grade of the Inferred Resources above a cut-off grade of 200ppm U_3O_8 is 395ppm U_3O_8. Virtually all of this material was captured by the pit optimisation that was run to include Inferred Resources. The likely economic viability of the Inferred mineralisation has therefore, to a large degree, been demonstrated. The capital and operating cost estimates are based on estimates derived by the DDFS, and hence should be regarded with some degree of confidence. The most "aggressive" upside case involves no significant upgrade to the DDFS process plant, but simply a Stage 1 implementation of heap leaching of low grade, closely followed by a significant upgrading of heap leach capacity to process the higher tonnages resulting from an increased mining rate. The indicated increment to $NPV_{8\%}$ at a long term U_3O_8 price of US$65/lb for this upgrade scenario is US$640M. Although not yet at scoping study level, it is considered appropriate to include 10% of the potential value increase, or US$64M in the Value for Nyota.

CSA's view is that the Value of Nyota based on DCF analysis lies in the range US$100M to US$225M, with a most likely Value of US$200M. As discussed above, a parity exchange rate has been assumed for conversion of these Values into A$.

8.2 Valuation of Exploration Areas

For Exploration Areas, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration".

8.2.1 Methodology

The most widely used methods for valuation of exploration tenements include:

- The Geoscience Factor or Kilburn method,
- The Multiple of Exploration Expenditure ("MEE") method,
- The Joint Venture Terms method, and
- The Comparable Transactions (Market Value) method, which includes the Joint Venture Terms method.

Kilburn Method

The Kilburn method systematically assesses and grades four key attributes to arrive at a series of multiplier factors which are then successively applied to the Base Acquisition Cost ("BAC") for the tenement/s concerned to establish the Technical Value of each mineral property. The Technical Value is then multiplied by a fifth factor, the Market Factor, to arrive at the Fair Market Value. The BAC is the average cost to acquire a unit of area of the particular tenement type and to meet all statutory expenditure commitments for a period of 12 months. This implicitly assumes that when a tenement is applied for by an explorer, it has an intrinsic Value equal to at least the acquisition and holding costs for the first year. In fact, the holding costs for the first year (expenditure obligations and statutory holding costs) are a liability until the money has been spent and an assessment can be made of its effectiveness, i.e. the MEE method can be applied.

The successful application of the Kilburn method depends on the selection of appropriate multipliers that reflect the tenement's prospectivity. There is furthermore, the expectation that the outcome will reflect the market's perception of value, hence the application of the Market Factor. In CSA's opinion, the application of the Market Factor removes the "impartiality" of the method, in that it must become a Comparable Transaction analysis in order to derive a Market Factor.

Multiple of Exploration Expenditure Method

The MEE method considers historical exploration expenditure and whether or not the work completed has added to or diminished the Value of the tenements, i.e. the change in Value will be dependent upon the degree of success (or otherwise) of the exploration. The change

in Value is generally expressed by means of applying a Prospectivity Enhancement Multiplier ("PEM") to the expenditure. PEMs are most often applied in the range 0.5 to 3.0, although the selection of an appropriate PEM is a highly subjective judgement on the part of the valuer. Generally accepted guidelines for the selection of an appropriate PEM include:

- A PEM of less than 1.0 is applied when the exploration has not been particularly successful, but some value has been added in as much as the next phase of exploration is justified.
- For a PEM of 1.0, value has been added on a dollar-for-dollar basis.
- A PEM in the range 1.0 to 2.0 is applied where strong indications of potential for economic mineralisation have been identified.
- A PEM of 2.0 to 3.0 is appropriate where ore grade intersections or exposures indicative of economic resources are present.
- Higher PEMs may be applied where spectacular success has been enjoyed, or there is a high probability that a viable mineralised deposit will be defined.

Joint Venture Terms Method

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration rather than a simple cash payment to the tenement holder, although this may also be a component of the earn-in terms. The commitment to exploration expenditure is an indication of what the farminee sees as the Value of the tenements, i.e. what he is prepared to pay to earn an interest. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that future commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50/50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value resulting from subsequent exploration. Where the tenements comprise applications

over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

Comparable Transaction Method

The Comparable Transaction Method identifies and analyses a number of transactions involving assets with similar characteristics to those being valued to derive values per unit of area or per unit of resource/ore reserve ("yardstick values"). The yardstick values are then applied to the area of tenements, tonnes of resource/reserves or units of metal in resources/reserves being valued, factored for grade, quality or other measures of Value. This is in essence the same approach as used when valuing real estate. The Comparable Transaction method provides the best guide to Value where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction for either cash or shares.

Valuation of sub-economic or pre-development resources generally depends upon an analysis of comparable transactions, although a hypothetical development scenario using industry averages for capital and operating costs may sometimes be used to value pre-development resources. Such Values must however be considered very low confidence and should be used with caution.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

In all cases, it is preferable to use any particular method in conjunction with other methods where possible to derive a defensible range and preferred Value. The Kilburn method will not be considered further in the discussion which follows.

8.2.2 Historical Expenditure

Mantra has provided a summary of its exploration expenditure to 31 December 2010 on the individual projects as follows (Table 8-1). This information has not been subject to any form of audit by CSA.

Table 8-1: Summary of Historical Exploration Expenditure Including Acquisition Costs by Project.

Project Area	Exploration Expenditure US$M
MRP Satellites	$1.15
Central Tanzania	
Bahi North	$0.11
Handa	$0.14
Mbamba Bay	$0.24
Southern Tanzania Projects	
Southern Tanzania - Mantra	$0.02
Southern Tanzania JV #1	$0.51
Southern Tanzania JV #2	$0.95
Liwale JV	$0.12
Mozambique Projects	
Zambezi Valley Project	$0.77
Niassa	$0.13
Total expenditure	**$4.13**

8.2.3 Comparable Transactions

Whilst acknowledging the inherent limitations of the method, CSA has identified a number of what it considers to be comparable transactions which have been used to estimate yardstick values to assist in assessing Values to be attributed to the exploration tenements. The transactions are denominated in all of A$, Canadian Dollars ("C$") and US$. Exchange rates will have varied over time, but for the sake of simplicity, long term parity will be assumed for the A$:C$ exchange rate, and BDO's long term US$:A$ exchange rate of US$0.95. This will most likely result in somewhat conservative yardstick values for the less recent US$ denominated transactions. The transactions are summarised below:

- In July 2007, Globe Uranium Limited (ASX: GBE) entered into a joint venture with Central Energy Limited to acquire up to 90% of the uranium rights over the 880km^2 Mhukuru project in Tanzania. The Mineral Rights are underlain by Karoo sediments of the Ruvuma Basin. The joint venture terms provided for the staged expenditure of A$750,000 over three years, including a minimum of A$100,000 in Year 1, and expenditure of A$300,000 in Year 2 to earn a 40% interest. According to the methodology described above, the implied Value of the Mineral Rights is A$710/km^2.

- In April 2006, Western Metals Limited (ASX: WMT) entered into a farm-in agreement with Uranium Resources plc (AIM: URA) over URA's 100% owned Tanzanian PLs. Subsequently, Western Metals earned a 40% interest in the PLs after spending A$2M on the licences, at which point, it could increase its interest to 60% through the expenditure of a further A$2M. Western Metals was required to spend a minimum of A$500,000 within 12 months of the completion of the transaction. The Mineral Rights cover 3,774km^2 of uranium prospective ground at the Mtonya Project

(adjacent to the MRP) and the Makutapora Project (proximal to Bahi North and Handa). In October 2007, WMT announced that trenching and drilling at Mtonya was continuing to identify widespread sub-surface uranium mineralisation at four prospects over a 7km trend. Although a little convoluted, the terms of the staged earn-in indicate a notional Value of A$1,435/km^2.

- In May 2007, Atomic Resources Limited (ASX: ATO) entered into an agreement to acquire 85% of the issued shares in Pacific Corporation East Africa ("PCEA") for a total consideration of A$800,000 in cash and shares in ATO. PCEA owned the 172km^2 Handa project and the 489km^2 Tunduru project in southern Tanzania. The share acquisition valued PCEA's 661km^2 of Mineral Rights at A$1,210/km^2.

- In October 2010, Aura Energy Ltd acquired from GCM Resources Plc the 42% interest it didn't already own in the 2,900km^2 Fai project in central Mauritania for US$1.90M cash. Based on airborne geophysical and geochemical pits, the project was known to contain calcrete-hosted uranium mineralisation. The transaction values the tenements at US$1,560/km^2 (A$1,640/km^2).

- In September 2010, North River Resources Plc acquired a 50% interest in the 1,416km^2 UIS project from Extract Resources Ltd for US$0.80 M cash. The project is located about 150km northeast of Swakopmund in Namibia. A number of airborne geophysical anomalies were considered prospective for calcrete hosted uranium mineralisation. The indicated Value for the tenements is US$1,130/km^2 (A$1,190/km^2).

- In May 2010, Aura Energy Ltd acquired an option to earn a staged 70% interest in Ghazal Minerals Ltd's 544km^2 Bir Moghrein and Agouyme projects in Mauritania by spending US$4M on exploration. Previous airborne radiometric geophysical surveys had identified anomalies which were considered prospective for calcrete hosted uranium mineralisation. The transaction suggests a Value of US$5,250/km^2 (A$5,525/km^2) for the tenements.

- In March 2010, Resource Star Ltd entered into an option agreement with Global Metals and Mining Ltd to earn a staged 51% interest in the Livingstonia project by completing 1,000m of drilling, a resource estimate (deemed to cost US$0.25M) and spending an additional US$3.25M on exploration. The 330km^2 project is located approximately 90km southeast of Paladin Resources Ltd's Kayelekera uranium mine in northern Malawi. More than 11,000m of drilling had been completed, in which 75% of the holes intersected sandstone hosted uranium mineralisation, including 15m grading 402ppm U_3O_8 from 87m in hole CBRC021. The implied Value of the tenements is up to US$10,400/km^2 (A$10,950/km^2) depending upon the nature of the staged expenditure.

- In November 2009, Austral Africa Resources Ltd acquired privately owned Tanganyika Uranium Corp for 1,360M shares with a stated value of C$0.0025/share. Tanganyika's principal assets were the 950km^2 Madaba-Mkuju and 2,420km^2 Eastern Rift projects located in southern and northern Tanzania. In 1981, a 28 hole drilling program at Madaba-Mkuju intersected anomalous roll-front hosted uranium mineralisation. At the Eastern Rift project, a number of airborne geophysical

anomalies had been identified which were considered prospective for calcrete-hosted uranium mineralisation. The transaction implies a Value of C$1,010/km^2 for the combined Mineral Rights.

- In September 2009, Salmon River Resources Ltd acquired rights to earn a staged 70% interest in International Gold Mining Ltd's 2,365km^2 Mkiwa project in central Tanzania by spending C$2M on exploration over 3 years. The project is contiguous with Uranex NL's Bahi Swamp uranium deposit. A ground radiometric survey and surface sampling had detected several uranium anomalies. The implied Value for the Mineral Rights is up to C$600/km^2, depending upon the nature of the staged earn-in.

- In May 2009, Deep Yellow Ltd entered into an agreement to earn a 65% interest in Toro Energy Ltd's Gawib West, Tumas North and Chungochoab projects in west-central Namibia by spending A$3.5M on exploration over 2.5 years. The total area of tenements was 1,326km^2. The Gawib West project lies about 12km west and downstream of Paladin Energy Ltd's Langer Heinrich uranium deposit. Tumas North is located about 24km southwest of Swakopmund and covers part of the northern arm of the Tumas drainage system. The Tumas North project contains bedrock alaskites and superficial calcretes which were thought prospective for uranium mineralisation. The Chungochoab project contained airborne geophysical anomalies which were interpreted to be prospective for calcrete hosted uranium mineralisation. The agreement suggests an average Value for the tenements of A$2,030/km^2.

- In April 2009, African Energy Resources Ltd entered into an agreement with Aldershot Resources Ltd to earn a 51% interest in the 754km^2 Lake Kariba project by spending A$0.5M on exploration over 3 years. The project was adjacent to African Energy's existing tenements in the Kariba Valley of southern Zambia. In 2007, Aldershot completed a series of low resolution ground radiometric geophysical surveys, which it followed-up with geochemical rockchip sampling programs. This work identified anomalous uranium mineralisation ranging between 5.5ppm and 1,780ppm U_3O_8. The agreement implies a Value of A$650/km^2.

8.2.4 Analysis of Comparable Transactions

CSA considers that the transactions above provide a reasonably representative sample upon which to base yardstick values. The indicated Values range from about A$600/km^2 to A$1,000/km^2 for grass roots tenements with indications of mineralisation from either or both of geophysical surveys and/or surface sampling, to A$1,000 to A$2,000/km^2 for highly prospective tenements with drill identified mineralisation and/or geophysical anomalies. At the upper end of the range, there may be evidence for widespread mineralisation from extensive drilling. As would be expected, there are outliers in the data set. At the Livingstonia project, a yardstick value of A$11,000/km^2 is indicated. This project appears highly prospective with moderately thick intersections with potentially economic grades reported from drillholes, with over 75% of holes in an extensive drilling program reporting mineralisation.

8.2.5 Valuations of Exploration Project Areas

As noted in Section 1 CSA has been instructed by BDO that it is to rely on information provided to it by Mantra to the effect that Mantra has legal title to the Tanzanian exploration Mineral Rights and the Mozambique licences and that they are in good standing. Brief particulars of the Mineral Rights/licences, based on this information, have been presented in the preceding sections of this Report describing the individual project areas. The validity of the valuations of the exploration projects are therefore contingent upon the status of the Mineral Rights/licences being as represented by Mantra.

Although BDO has advised a long term exchange rate for the A$ against the US$ of US$0.95, CSA has adopted parity between the two currencies, and with the Canadian Dollar for both, which was the case during January-February 2011, for its valuations of Mantra's exploration properties. As explained above, this is considered appropriate in view of the Valuations being prepared assuming a transaction date at the end of February 2011.

MRP Satellites

Within the MRP there are approximately 2,660km^2 in granted Mineral Rights, and a further 610km^2 in applications. Historical expenditure by Mantra, including acquisition costs but excluding expenditure at Nyota, is US$1.15M. The geology is highly prospective in that the Mineral Rights are underlain by thick sequences of Karoo sediments, and the 100Mlb Nyota deposit occurs within them. Thirty three targets have been identified within a 45km radius of Nyota, based on historical airborne radiometric surveying, and more detailed surveys completed by Mantra. Auger and trench sampling has demonstrated the presence of widespread uranium mineralisation.

The project is properly classified as an Exploration Area under the definitions above. Using the MEE method, CSA considers that PEMs in the range 2.5 to 3.0 are appropriate, indicating a Value by this means in the range A$2.9M to A$3.5M. Similarly, yardstick values in the range A$2,000 to A$3,000/km^2 are considered appropriate given the proximity to Nyota and the extent of identified occurrences of uranium mineralisation, indicating a Value range for the granted Mineral Rights using this approach of A$5.3M to A$8.0M.

CSA is of the opinion that the MRP exploration Mineral Rights have a Value in the range A$5M to A$8M, with a most likely Value near the upper end of the range of A$7M.

Mbamba Bay

Mantra has a 90% interest in a 36km^2 granted PL and a 36km^2 PL application at Mbamba Bay. Mantra's expenditure on the project has been US$0.24M, including acquisition costs. The Mineral Rights overlie Karoo sediments within a fault-bounded basin wherein strong radiometric anomalies were identified and subjected to preliminary assessment in the late 1970s. Secondary uranium mineralisation was identified in surface trenches. Mantra's work includes detailed airborne radiometric surveying which detected additional anomalies outside the area covered by earlier ground surveys. Follow-up work includes trenching and auger drilling of the anomalies, which has confirmed the potential of the area to host uranium mineralisation.

Although limited in extent, Mantra's work has confirmed the prospectivity of the Mineral Rights and identified new anomalies, justifying PEMs of 1.0 to 1.5. Yardstick Values in the range A$800/km^2 to A$1,000/km^2 are considered appropriate for this approach to valuation. The range of Values suggested by these two approaches is A$0.22M to A$0.33M for MEE, and A$0.03M based on comparable transactions. It should be noted that Mantra paid US$51,700 to acquire its 90% interest in the granted PL. On this basis, it is considered appropriate to weight the valuation toward the comparable transaction approach.

It is CSA's opinion that the Value of Mantra's interest in the granted PL at Mbamba Bay is in the range A$0.05M to A$0.1M, with a most likely Value of A$0.08M.

Southern Tanzania Projects

Mantra's interest in granted Mineral Rights within the STPs averages a little under 100%. Historical exploration expenditure across the STPs is US$1.6M, including US$635,000 in acquisition costs. The latter include costs for acquisition of Mineral Rights that have subsequently been relinquished. Work completed includes an airborne radiometric survey and follow-up helicopter reconnaissance in 2007 in which uranium mineralised surface samples were collected. A regional exploration program in 2009 identified extensive, albeit weak radiometric anomalies in the Ruhuhu basin; other areas have difficult access and only very limited work has been completed.

The STPs are only at a very early stage in their evaluation, and on a comparable transaction basis yardstick values are thought likely to lie at or near the lower end of the range discussed above, say A$600/km^2 to A$800/km^2, indicating a Value for Mantra's interest in the granted STP Mineral Rights in the range A$1.4M to A$1.85M. The limited work completed to date has not, on balance, changed the initially perceived prospectivity of the project areas to any significant extent. PEMs in the range 0.8 to 1.0 are thought appropriate, particularly considering the high proportion of acquisition costs, suggesting a value in the range A$1.3M to A$1.6M.

CSA's view is that the Value of Mantra's interests in the STPs lies in the range A$1.4M to A$1.6M, with a most likely Value of A$1.5M.

Central Tanzania Projects

The Central Tanzania projects comprise two project areas, Bahi North and Handa. The combined Mineral Rights cover an area of approximately 2,600km^2, of which 1,460km^2 are held as granted Mineral Rights. Mantra's holds a 95% interest in the granted JV Mineral Rights and holds 100% interests in the remainder. Its expenditure on the projects, including acquisition costs, is US$0.25M.

The Bahi North Mineral Rights are largely underlain by Archaean rocks, which are mantled by erosional products within which calcrete has been precipitated from groundwater. The Kisalalo radiometric anomalies have been investigated by shallow pits wherein moderately high radiometric counts have been recorded. The Handa Mineral Rights are underlain by a tectonic graben filled with fluvial sediments with potential for the development of calcrete-hosted uranium mineralisation. Although radiometric anomalies have been detected, testing of these has been minimal. Most of what is known about the prospectivity of the Mineral Rights was established by previous explorers.

Both projects are at an early stage of exploration. Mantra's work has not affected the prospectivity of the Mineral Rights either way, and it is thought appropriate to apply a PEM of 1.0 to its expenditure. The comparable transaction value is thought likely to be at the low end of the range at A$600/km^2. The Value range indicated by these two approaches is A$0.25M to A$0.85M. Given the early stage of exploration and the limited expenditure to date, the most likely Value should be weighted in favour of the comparable transaction approach.

In CSA's opinion, Mantra's interests in the Central Tanzania projects have a Value in the range A$0.5M to A$0.8M, with the most likely Value A$0.6M.

Mozambique Projects

Mantra's interests in Mozambique comprise two 100% held granted prospecting licences (Zambezi Valley and Niassa) with an aggregate area of 400km^2, within which Mantra has spent a total of US$0.9M.

The ZVP licence lies close to the Mozambique-Zimbabwe border. Within the licence, upper Karoo sediments lie beneath a cover of younger sediments. A number of sandstone-hosted uranium deposits have been discovered within Upper Karoo sediments in neighbouring countries, including the Kanyemba deposit just across the border in Zimbabwe. Exploration within the licence includes heliborne aeromagnetic and radiometric surveying which identified the Capeça anomaly at the end of 2006. Soil sampling at the end of 2007 returned low, but anomalous uranium and vanadium values. Follow-up drilling programs were completed in 2009 and 2010 reported sporadic, generally low grade uranium mineralisation over narrow intercepts. Initial interpretations suggest that the mineralisation occurs at the base of weathering and may be of a different style to that at Kanyemba.

The Niassa licence area is dominated by older Proterozoic rocks which have the potential to host both gold and base metal mineralisation.

Using yardstick values of A$600/km^2 to $1,000/km^2 suggest a Value in the range A$0.24M to A$0.4M for the licences. Mantra's exploration has met with some success and CSA considers a PEM of 1.0 is appropriate to apply to the exploration expenditure. The Value of the Mozambique projects appears likely to lie in the range A$0.4M to A$0.9M, with a most likely Value of A$0.7M.

8.3 Yardstick Valuation of Nyota Resource

Nyota has identified Mineral Resources containing 46,000t or 100Mlb U_3O_8 (Table 4-10), comprising 18,100t in Measured Resources, 11,600t Indicated Resources and 16,300t Inferred Resources. NRPL has reviewed numerous mineral asset transactions where there are undeveloped, usually uneconomic, low grade resources. The yardstick value indicated for such resources across a range of commodities is about 1% of the then current spot price, which increases with the grade of the resource, and with resource confidence. The spot price for U_3O_8 during February 2011 was about US$73/lb, indicating, using this approach, a Value of about US$73M for the Nyota resource, assuming 1% of spot price, to US$150M if 2% of spot price is assumed. As noted above, for the purposes of estimating current Market Values, the current parity between the A$ and the US$ has been assumed.

CSA has been able to identify only one transaction in Africa that clearly involved primarily resources. In July 2010 Paladin Resources Ltd offered to acquire the 77.5% interest it didn't already own in NGM Resources Ltd in a transaction which valued NGM at A$27M. NGM's principal asset was its 100% interest in 1,500km2 of concessions in the Tim Mersoi basin in Niger, which is considered one of the world's most prospective uranium provinces, providing about 12% of Europe's uranium requirements. Within the concessions, the Takardeit prospect contained a near-surface Inferred Mineral Resource of 23Mt grading 210 ppm U_3O_8, or 4,830t (10.6Mlb) contained U_3O_8. NGM also had early-stage exploration projects in Madagascar and Western Australia. As at 30 June 2010, NGM had about US$1.3M in cash within current assets of US$1.4M which was offset by liabilities of US$0.30M. The net cash was unlikely to have been a material consideration in the transaction which suggests that Paladin paid about A$7,200/t (A$3.25/lb) U_3O_8 in resources. The value of the tenements, although highly prospective, is not likely to comprise a significant part of the value of the transaction.

The average grade of the Nyota resources is 422ppm U_3O_8, or twice the grade of NGM's Takardeit resource, which is also a low confidence Inferred Resource. On the basis of this single transaction, the Value of the Nyota resources might be in the order of A$325M. It should be noted that the Nyota resources are an order of magnitude larger than the Tarkardeit resources, twice their grade and have only 35% of the total U_3O_8 included within Inferred Resources. The DCF analysis indicates that the viability of the Nyota resources is highly leveraged to the long term U_3O_8 price.

These two yardstick analyses suggest a Market Value in the range A$75M to A$330M. Given the superior qualities of the Nyota resources, their value is considered to lie at, or above the indicated value for the Tarkardiet resources.

9 Valuation Conclusions

CSA has derived valuations for Nyota using both DCF analysis and yardstick values for *in situ* resources based on comparable transactions. The DCF analysis, adjusted to reflect the stage to which the project has advanced, suggests a Value in the range A$100M to A$225M. The comparable transaction analysis indicates a Value that may lie in the range A$75M to A$330M, however, the basis for this opinion is a single transaction involving vastly inferior resources to those at Nyota. It is CSA's opinion that Nyota has a Value in the range A$150M to A$350M, with a most likely Value of A$300M.

The Valuations derived above are summarised in Table 9-1. The totals have been rounded to the nearest $10M.

Table 9-1: Summary of Valuations.

Development Project	Low Value A$M	High Value A$M	Most Likely A$M
Nyota	$150	$350	$300
Exploration Projects	**Low Value A$M**	**High Value A$M**	**Most Likely A$M**
Mjuku River Satellites	$5.0	$8.0	$7.0
Mbamba Bay Project	$0.05	$0.10	$0.08
Southern Tanzania Projects	$1.4	$1.6	$1.5
Central Tanzania Projects	$0.50	$0.80	$0.60
Mozambique Projects	$0.40	$0.9	$0.70
Total Valuations	**$160**	**$360**	**$310**

9.1 Previous Valuations of Exploration Tenements

In November 2007, CSA prepared an Independent Technical Assessment and Valuation for the MRP, and for the Mbamba Bay, Central Tanzania (Bahi North and Handa) and Southern Tanzania JVs projects for inclusion in an IER that was being prepared by BDO in connection with a proposed merger between Mantra and Mavuzi Resources Limited. The Mozambique projects were not then held by Mantra. At the time, the projects had a combined area of about 12,450km2. No distinction was drawn between granted Mineral Rights and applications. The resource at Nyota had not been defined, although multiple, thick zones of high grade mineralisation had been intersected by drilling. The other projects had seen little exploration, apart from, in some cases, some historical airborne geophysical surveying and limited sampling/drilling. All however had indications of highly prospective geology. The valuations were based on the MEE and Comparable Transactions methods. The 2007 valuations are summarised in Table 9-2.

Table 9-2: Summary of November 2007 Valuations.

Project Area	Low Value A$M	High Value A$M	Preferred A$M
Mjuku River Project	$12.37	$24.74	$20.62
Mbamba Bay Project	$1.14	$2.29	$1.9
Southern Tanzania Projects	$4.75	$10.09	$7.4
Central Tanzania Projects	$2.24	$4.76	$3.5
Total Valuations	**$20.50**	**$42.69**	**$33.42**

There is no comparison to be drawn between the MRP as it was then, and the MRP Satellite Projects exploration area outside Nyota now. For the other valuations, all previous valuations are considerably higher than those derived by this assessment.

At Mbamba Bay, the application of yardstick values in the 2007 report produced similar values to those derived in the current assessment. However, the 2007 valuation chose to adopt the MEE method, and applied PEMs of 1.5 to 3.0 to both past and planned expenditure totalling A$0.8M. The author of this Report does not concur with the approach of including planned expenditure in the cost base for the MEE method, and is of the opinion that lower PEMs are appropriate. Furthermore, the current valuation places more emphasis on comparable transactions, and the small area of granted Mineral Rights held.

In comparing the Southern Tanzania Projects, the 2007 Valuation relied principally on the comparable transaction method using the range of yardstick Values above, and an area of 6,350km2 for the Mineral Rights. This Valuation is based on 2,390km2 in granted Mineral Rights only, and yardstick Values in the range A$600 to A$800/km2. Hence the Values for the STPs derived herein are about one third of the lower end 2007 valuation.

For the Central Tanzania Projects, Bahi North and Handa, the combined area of Mineral Rights valued in 2007 was 2,750km2, compared with 1,431km2 in granted Mineral Rights used for the current Valuation. The 2007 Valuation depended on the Comparable Transaction method, which used a database of three transactions with indicated yardstick Values in the range $832 to $1,766/km2. The comparable transaction database available for this Valuation is considerably more extensive, enabling some refinement in the estimation of yardstick Values. The combination of a reduced area being valued, lower yardstick Values and some weighting being given to the Value indicated by the MEE method has resulted in a lower Valuation for this assessment.

10References

10.1 References

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Ott G. 2006b Tanzania Mkuju River Project. Consultant Report 2 for Mantra Resources Ltd.

10.3 Principal Sources of Valuation Information

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Lawrence, RD; 2001. Income Approaches to Valuation, in *Proceedings Valmin 2001* pp147-158 (The Australasian Institute of Mining and Metallurgy: Melbourne)

McDonald, RJ; 1993. Rates of return and the cost of equity capital in the mining industry: An Australian perspective, in Proceedings of the Centenary Conference of the AusIMM, Adelaide, South Australia, April 1993. (The Australasian Institute of Mining and Metallurgy: Melbourne)

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10.4 Chronological Dates of Mantra Reports and Releases to ASX and TSX

ASX & TSX Announcements	
2007	
	070202 - JV and placement_final
	070308 - Mbamba Bay JV_final
	070502 - Sth Tz JV#2_final
	070626 - Mkuju River Project_final
	070725 - Central Tz JV final
	070807 - MRP Announcement #2_final
	070814 - MRP Airborne Gphx_final
	070904 - Mbamba Bay Airborne Gphx_finalv2
	070914 - MRP Drilling_final
	070917 - MRP Trenches_final
2008	
	080129 - NWT Drilling_final
	080423 - NWT Drilling No.2_final
	080605 - MRP scoping study
	080617 - MNA Drilling_final

	080722 - MNA Drilling No.2_final
	080919 - Nyota Drilling
	081020 - Leach Recoveries Exceed 90% at Mkuju
	081028 - SWC_Regional_release_final
	081204 - MNX Drilling_final
2009	
	090120 - Nyota_NWT Drilling_final
	090128 - Nyota_NWT Drilling_final
	090202 - Mkuju River Project_MRE_final
	090505 - Infill Drill Program Commences on MRP_final
	090611 - MRP Expln Drilling Program_final
	090617 - Scoping Study_final
	090811 - Nyota Infill Drilling_final
	090819 - MRP Sth 100%_final
	090828 - ZVP Drilling Commences
	090911 - Nyota Infill Drilling_2_final
	090929 - Nyota Exploration Drilling_final
	091008 - Nyota Exploration Drilling_2_final
	091029 - Nyota Infill Drilling_3_final
	091123 - Nyota Exploration Drilling_3_final
	091201 - MRP RIP_final
	091203 - MRP_MRE_TSX_final
2010	
	100120 - MRP_Satellite Final
	100127 - MRP_MRE_TSX_final
	100301 - PFS_Final
	100303 - EPCM Appointment_Final
	100310 - Mantra NI 43-101 MRP Technical Report_Final
	100430 - ANSTO Update_Final_ASX
	100504 - Drilling_final
	100726 - Nyota Infill Drilling - Final
	101110 - Nyota Infill Drilling_3_final
	100930 - Nyota Expln Drilling_Final
	101020 - Mantra Announces Simplified Process Flowsheet_FINAL
	101025 - Heap Leach PFS_FINAL
	101110 - Nyota Infill Drilling_3_final
	101116 - MRP_MRE_ASX_final
	101229 - Mantra NI 43-101 MRP Technical Report_Final
2011	
	110131 - December 2010 Quarterly Activities and Cashflow Report

Appendix 1 – Definitions & Glossary of Technical Terms

"3D" means three dimensional.

"AC" means air core drilling. A mechanical method of drilling by which a sample, often of unconsolidated material, is cut by an annular bit and blown up the inner tube of a drill stem with compressed air.

"AG" means auger drilling.

"**AIG**" means Australian Institute of Geoscientists.

"ALSC" means ALS Chemex assay laboratory.

"Anomaly" means an area highlighted by a geochemical or geophysical survey as possessing greater than background metal values or physical characteristics.

"**ANSTO**" means Australian Nuclear Science and Technology Organisation.

"**ASIC**" means the Australian Securities and Investment Commission.

"ASX" means Australian Securities Exchange.

"Archean" means the eon of geological time for rocks older than about 2.5 billion years.

"**ARMZ**" means JSC Atomredmetzoloto.

"**AusIMM**" means Australian Institute of Mining and Metallurgy.

"Autunite" means a pale green coloured, secondary uranium mineral - Hydrated Calcium Uranyl Phosphate, $(Ca(UO_2)_2(PO_4)_2.10\text{-}12H_2O)$.

"**BAC**" means Base Acquisition Cost.

"Basin" means a depressed sediment filled area.

"**BDO**" means BDO Corporate Finance (WA) Pty Ltd.

"Bedrock" means solid rock underlying surficial deposits.

"Biotite" means a dark platy mineral of the mica group.

"Braided" means branching and re-joining; like a plait.

"**CCIX**" means Counter Current Ion Exchange.

"**CIX**" means Continuous Ion Exchange.

"Conglomerate" means a very coarse grained sedimentary rock containing rounded to sub-angular pebbles, cobbles, and / or boulders set in a finer grained matrix.

"cps" means counts per second.

"Craton" means a part of the earth's crust that has been stable and undeformed, except perhaps by faulting, for a long period of time.

"CSA" means CSA Global Pty Ltd. Also used for CSA Global (UK) Ltd, which is a wholly owned subsidiary of CSA.

"DCF" means discounted cash flow.

"DD" means diamond core drilling or diamond drilling. A method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit.

"**DGPS**" means a surveying method utilising differential measurements of the Global Positioning System satellites and/or GLONASS satellite constellation to provide surveyed coordinates to better than decimetre accuracy.

"Dip" means the angle that a bed or structure makes with the horizontal.

"DFS" means a definitive feasibility study. This is a comprehensive forward analysis of a project's economics at +/-15% precision to be used by the owners of the company to assess value of the project for financing.

"**DDFS**" represents the preliminary results of work completed to date as part of Mantra's definite feasibility study which commenced in March 2010 and is scheduled for completion in March 2011.

"**DEM**" means Digital Elevation Model.

"DTM" means Digital Terrain Modelling.

"**EPA**" means Environmental Protection Agency.

"**EPCM**" means Engineering, Procurement and Construction Management.

"Equilibrium/disequilibrium" means whether the daughter products of uranium are at or above/below their expected concentrations from a steady state concentration of uranium. Measurement of uranium mineralisation using radiometric methods relies on gamma rays from daughter elements. Equilibrium-disequilibrium determinations for a particular body of mineralisation quantify the relationship between the grades determined by chemical analysis and those determined by gamma logging equipment.

"eU_3O_8" means equivalent U_3O_8 which is an estimate of U_3O_8 percentage normally derived from measurement of the decay of daughter radiation products of U.

"Fault" means a fracture in rock along which there has been relative displacement of the two sides.

"Feldspars" means a group of rock-forming tectosilicate minerals, ($KAlSi_3O_8$ - $NaAlSi_3O_8$ - $CaAl_2Si_2O_8$).

"Fluvial" means produced by the action of a river.

"Grade" means an expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni).

"Granite" means a common and widely occurring type of intrusive, felsic, igneous rock.

"Group" means a major rock stratigraphic unit comprised of two or more associated formations.

"**HCl**" means Hydrochloric Acid.

"**HDPE**" means High Density Polyethylene.

"**HFO**" means Heavy Fuel Oil.

"**HQ**" means Diamond Drill Core diameter 63.5mm in the context of diamond drilling.

"**ICP-MS**" means inductively coupled plasma mass spectrometry.

"IDW^{2}" means Inverse Distance Weighting raised to the second power; a method to interpolate or estimate a value between two or more known points.

"**IER**" means Independent Experts Report.

"**IRR**" means Internal Rate of Return

"Igneous" means primary rock classification, where a rock is formed by solidification of hot mobile material termed magma.

"The JORC Code" means the JORC Code. The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves administered by the Joint Ore Reserve Committee. This committee sets the regulatory enforceable standards for the Code of Practice for Public Reports to the Australian Securities Exchange. The Code is endorsed by the Minerals Council of Australia, The Australasian Institute of Mining and Metallurgy, and the Australian Institute of Geoscientists. The most recent edition is the 2004 JORC Code.

"**JV**" means Joint Venture.

"**K1D**" means Kanyemba 1 deposit in Zimbabwe.

"Kaolinite" means a clay mineral with the chemical composition $Al_2Si_2O_5(OH)_4$. It is a layered silicate mineral, with one tetrahedral sheet linked through oxygen atoms to one octahedral sheet of alumina octahedra.

"Kriging" means a geostatistical method used to interpolate or estimate a value between two or more known points.

"**LiDAR**" means Light Detection And Ranging. System of laser scanning of topography used to create a DTM and subsequently a DEM.

"Limestone" means a sedimentary rock composed chiefly of the mineral calcium carbonate.

"Lithology" means the composition and texture of rock.

"**LOM"** means Life of Mine.

"**Mantra"** means Mantra Resources Limited, and Australian public company listed on the Australian Securities Exchange (ASX) and the Toronto Stock Exchange (TSX).

"**MEE**" means Multiple of Exploration Expenditure method.

"Mineralisation" means the concentration of metals and their chemical compounds within a body of rock.

"Mineral Right" means a mining or exploration tenement or licence issued under the Tanzanian Mining Act 2010.

"Mintek" means a South African state owned mineral processing technology corporation.

"**ML**" means mining licence.

"**Mlb**" means million pounds.

"Montmorillonite" means a clay mineral with the chemical composition $(Na,Ca)_{0.33}(Al,Mg)_2(Si_4O_{10})(OH)_2 \cdot nH_2O$. It is a layered silicate mineral, with one tetrahedral sheet linked through oxygen atoms to one octahedral sheet of hydrated alumina octahedra.

"MRE" means a Mineral Resource Estimate.

"MRP" means the Mkuju River Project.

"**Mtpa**" means million tonnes per annum.

"Mudstone" means a sedimentary rock composed predominantly of clay and silt.

"**NPV**" means Net Present Value wherein future cashflows are discounted using an expected rate of return to estimate the value of expected earnings in today's dollars (or whatever the currency may be).

"**NRPL**" means Northwind Resources Pty Ltd of Perth, Western Australia.

"**NIMCIX**" means National Institute for Metallurgy Ion Exchange.

"Nyota" means the Nyota Prospect, located within the Mkuju River Project.

"**O**" means the chemical symbol for oxygen.

"OH" means Open Hole drill hole – Mechanical method of drilling with a solid faced bit, where the broken rock is blown up the hole outside the drill rods using compressed air.

"Ordinary Kriging or OK" means a statistical method used to interpolate or estimate a value between two or more known points.

"Outcrop" means an exposure of bedrock at the surface.

"**PCEA**" means Pacific Corporation East Africa.

"**PEM**" means Prospectivity Enhancement Multiplier.

"PFS" means a Pre-Feasibility Study; The PFS is guided by a set of assumptions, a strategy, development conditions and a planned outcome. The outcome is uncertain and targets and objectives may not be achievable.

"Phosphuranylite" means a yellow coloured, secondary uranium mineral - Hydrated Calcium Uranyl Phosphate, $(Ca(UO_2)_3(PO_4)_2(OH)_2.6H_2O)$.

"**PLR**" means prospecting licence.

"**PLS**" means pregnant liquor solution.

"**PNC**" means Power Reactor and Nuclear Fuel Development Corporation of Japan.

"ppm" means parts per million (same as grams per tonne).

"PQ" means Diamond Drill Core diameter 85mm.

"Proterozoic" means the eon of geological time between 570 and 2,500 million years ago.

"Pyrite" means a mineral composed of iron and sulphur.

"QA/QC" means Quality Assurance/Quality Control.

"Quartz" means a mineral composed of silicon dioxide.

"Radiometric" means a geophysical survey method that measures the radioactive properties of rock units.

"Report" means this Independent Technical Assessment and Valuation Report

"Reverse Circulation (RC)" means a mechanical drilling technique utilising compressed air to fire a percussion hammer, and to blow the cuttings up through the inside of the drill rods, thus minimising sample losses and contamination.

"Rift" means a break in the Earth's crust caused by parallel faults, the portion between which is displaced downwards.

"**RIP**" means Resin-in-Pulp.

"Roll-front" means a model for uranium enrichment where uranium is concentrated at the interface between oxidised and reduced rocks and fluids.

"**ROM**" means Run of Mine.

"**Rosatom**" means the Russian State Corporation for Nuclear Energy which consolidates all nuclear assets of the Russian Federation. For additional information, please visit ARMZ's website: armz.ru/eng.

"**SAG**" means semi-autogenous grinding, a type of mill to grind rock.

"Sandstone" means a sedimentary rock composed primarily of sand sized grains.

"Sediment" means a particulate matter that has been transported by fluid flow, potentially creating a sedimentary rock unit.

"Siltstone" means a fine-grained detrital sedimentary rock formed predominantly of silt.

"**SML**" means a Special Mining Licence.

"**STP**" means Southern Tanzania Projects.

"Stratigraphy" means sequence and correlation of stratified rock in the earth's crust.

"Supergroup" means a formally named assemblage of related sedimentary groups.

"**SWC**" means SWC Prospect, located within the Mkuju River Project.

"**SWI**" means storm water impoundments.

"SX" means the solvent extraction process.

"**TSF**" means tailings storage facility.

"**TSX**" means Toronto Stock Exchange.

"Uranerz" means Uranerzbergbau GmbH, a German Uranium Exploration Company operational in the MRP region in late 1970's to the early 1980's.

"U" means uranium, the radioactive metallic element (its chemical symbol).

"U_3O_8" means uranium oxide.

"**Ultratrace**" means Ultratrace Analytical Laboratories in Perth, Western Australia.

"**US**" means United States of America.

"USD" means United States of America dollar.

"UTM" means the Universal Transverse Mercator (UTM) projection.

"**VALMIN Code 2005**" means the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports.

"XRF" means X-Ray Fluorescence assay method.

"**ZVP**" means Zambezi Valley Project.

Annexure 2 – Deed Poll

PARTIES

JSC Atomredmetzoloto, a company existing under the laws of Russia, with its registered address at Building 22, B. Drovyanoy pereulok, Moscow, Russia 109004 (**ARMZ**)

in favour of each Scheme Participant

RECITALS

A. On 15 December 2010, ARMZ and Mantra Resources Limited ACN 116 478 703 (**Mantra**) entered into a scheme implementation agreement, which was subsequently amended by the First Deed of Amendment dated 25 January 2011 and the Second Deed of Amendment to the Scheme Implementation Agreement dated 21 March 2011 (**Scheme Implementation Agreement**).

B. The directors of Mantra have resolved that Mantra should propose the Scheme to its members in accordance with Part 5.1 of the Corporations Act.

C. If the Scheme becomes Effective, then unless the Scheme Implementation Agreement is terminated prior to implementation of the Scheme pursuant to clauses 3 and 4 of the Scheme, all issued shares in Mantra will be transferred to ARMZ (or its nominee) in return for the Scheme Consideration.

D. Under the Scheme Implementation Agreement, subject to the satisfaction of the conditions set out in clause 2.1 of the Scheme Implementation Agreement, ARMZ agreed to take all necessary steps to assist Mantra to implement the Scheme, including paying the Scheme Consideration, unless the Scheme Implementation Agreement is terminated prior to implementation of the Scheme pursuant to clauses 3 and 4 of the Scheme.

E. ARMZ is entering into this deed poll to covenant in favour of the Mantra Shareholders to perform its obligations under the Scheme.

OPERATIVE PROVISIONS

1. SCHEME PARTICIPANTS MAY RELY ON THIS DEED POLL

ARMZ acknowledges that:

(a) this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it; and

(b) under the Scheme, each Scheme Participant appoints Mantra as its agent and attorney to enforce this deed poll against ARMZ.

2. CONDITIONS PRECEDENT AND TERMINATION

(a) ARMZ's obligations under clause 3 are subject to the Scheme becoming Effective and subject to the Scheme Implementation Agreement not being terminated prior to implementation of the Scheme pursuant to clauses 3 and 4 of the Scheme.

(b) ARMZ's obligations under this deed poll will (without further act, notice or document of ARMZ, Mantra or the Scheme Participants) terminate on the earlier of the date the Scheme Implementation Agreement terminates, the date the Scheme becomes Effective or the End Date (if the Scheme has not become Effective by the End Date) unless ARMZ and Mantra otherwise agree in writing.

(c) If this deed poll terminates under this clause 2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

(i) ARMZ is released from their obligations to further perform this deed poll except those obligations contained in clause 8.3; and

(ii) each Scheme Participant retains any rights it has against ARMZ in respect of any breach which occurred before this deed poll terminates.

3. PAYMENT OF SCHEME CONSIDERATION

(a) Subject to clause 2, in consideration of the transfer of each Scheme Share to ARMZ (or its nominee), ARMZ must:

(i) no later than one Business Day before the Implementation Date, deposit in immediately available funds an amount equal to the Aggregate Scheme Consideration, into a bank account nominated by Mantra (**Trust Account**) for that purpose (to be held on trust by Mantra for the Scheme Participants for the purpose of paying the Scheme Consideration to the Scheme Participants and not for any other purpose); and

(ii) as soon as practicable, but in any event, within 5 Business Days of the Implementation Date, pay or (in accordance with the Scheme), procure the payment by Mantra to each Scheme Participant of the amount equal to the number of Scheme Shares held by the Scheme Participant multiplied by the Scheme Consideration in accordance with clause 3(b).

(b) ARMZ's obligation to pay the Scheme Consideration will be satisfied by Mantra paying the amount referred to in clause 3(a) from the Trust Account to each Scheme Participant in either of the following ways:

(i) despatching or procuring the despatch to each Scheme Participant by prepaid post to his or her address as shown in the Register, a pre–printed cheque in the name of the Scheme Participant; or

(ii) depositing or procuring the Registry to deposit into a bank account with any Australian ADI (as defined in the Corporations Act) notified to Mantra by the Scheme Participant prior to the Implementation Date.

(c) In the case of joint holders of Mantra Shares, the cheque must be payable to and be forwarded to the holder whose name appears first in the Register on the Record Date or by depositing the Scheme Consideration into the account notified to Mantra as described in clause 3(b)(ii).

4. REPRESENTATIONS AND WARRANTIES

ARMZ represents and warrants that:

(a) (**status**) it is a company validly existing under the laws of Russia;

(b) (**power**) it has full legal capacity and power to:

(i) own its property and to carry on its business; and

(ii) enter into this deed poll and to carry out the transactions that this deed poll contemplates;

(c) (**corporate authority**) it has taken all corporate action that is necessary or desirable to authorise its entry into this deed poll and its carrying out the transactions this deed poll contemplates; and

(d) (**deed poll effective**) this deed poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally) subject to any necessary stamping.

5. CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until ARMZ has completely performed its obligations under this deed poll or the earlier termination of this deed poll under clause 2.

6. NOTICES

6.1 How to give a notice

A notice, consent or other communication under this deed poll is only effective if it is:

(a) in writing, signed by or on behalf of the person giving it;

(b) addressed to the person to whom it is to be given; and

(c) either:

(i) delivered or sent by pre–paid mail (by airmail, if the addressee is overseas) to that person's address; or

(ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full.

Email or similar electronic means of communication must not be used to give notices in respect of this deed poll.

6.2 When a notice is given

(a) A notice sent by post is regarded as given and received on the second Business Day following the date of postage.

(b) A fax is regarded as given and received on production of a transmission report by the machine from which the fax was sent which indicates that the fax was sent in its entirety to the recipient's fax number, unless the recipient informs the sender that the notice is illegible or incomplete within 4 hours of it being transmitted.

(c) A notice delivered or received other than on a Business Day or after 5.00pm (recipient's time) is regarded as received at 9.00am on the following Business Day and a notice delivered or received before 9.00am (recipient's time) is regarded as received at 9.00am.

6.3 Address for notices

A person's mail and email address and fax number are those set out below, or as the person notifies the sender:

ARMZ

Address:	Building 22, B. Drovyanoy pereulok, Moscow, Russia 109004
Fax number:	+7 495 508 8810
Attention:	Dr. Konstantin Kryazhevskih

Copy all notices to:

Address:	225 George Street Sydney NSW 2000 Australia
Fax number:	+61 2 9258 6999
Attention:	Mark Stanbridge and Stuart Dullard

7. AMENDMENT AND ASSIGNMENT

7.1 Amendment

A provision of this deed poll may not be varied unless:

(a) before the Second Court Date, the variation is agreed to in writing by Mantra; or

(b) on or after the Second Court Date, the variation is agreed to in writing by Mantra and is approved by the Court; and

(c) ARMZ enters into a further deed poll in favour of Scheme Participants giving effect to that amendment.

7.2 Assignment

The rights and obligations of a person under this deed poll are personal. They cannot be assigned, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

8. GENERAL

8.1 Governing law

(a) This deed poll is governed by the law in force in the State of Western Australia.

(b) ARMZ submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this deed poll, and waives any right it might have to claim that those courts are an inconvenient forum.

8.2 Service of process

ARMZ irrevocably appoints Blake Dawson of Level 36, 225 George Street, Sydney, Australia (Attention: Mark Stanbridge and Stuart Dullard) as its agent to receive service of any legal proceedings relating to any dispute arising or in any way in relation to this deed poll.

8.3 Liability for expenses

ARMZ must pay its own expenses incurred in negotiating, executing, stamping and registering this deed poll.

8.4 Waiver of rights

A right may only be waived in writing, signed by the party giving the waiver, and:

(a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;

(b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and

(c) the exercise of a right does not prevent any further exercise of that right or of any other right.

8.5 Operation of this deed poll

(a) Any right that a person may have under this deed poll is in addition to, and does not replace or limit, any other right that the person may have.

(b) Any provision of this deed poll which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this deed poll enforceable, unless this would materially change the intended effect of this deed poll.

9. INTERPRETATION

9.1 Definitions

Aggregate Scheme Consideration means the amount of funds equal to the Scheme Consideration multiplied by the number of Scheme Shares.

Trust Account has the meaning in clause 3(a)(i).

Terms that are not defined in this deed poll and that are defined in the Scheme Implementation Agreement have the same meaning in this deed poll as given to the term in the Scheme Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

9.2 Rules for interpreting this deed poll

The rules specified in clause 16.2 of the Scheme Implementation Agreement apply in interpreting this deed poll, unless the context makes it clear that a rule is not intended to apply.

9.3 Multiple Parties

If a party to this document is made up of more than one person, or a term is used in this document to refer to more than one party:

(a) an obligation of those persons is joint and several;

(b) a right of those persons is held by each of them severally; and

any other reference to that party or term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking relates to each of them separately.

EXECUTED as a Deed Poll.

Annexure 3 – Scheme of Arrangement

Under section 411 of the Corporations Act

PARTIES

Mantra Resources Limited ACN 116 478 703 of Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000 (**Mantra**)

Scheme Participants

OPERATIVE PROVISIONS

1. BACKGROUND TO SCHEME

1.1 Mantra

(a) Mantra is a public company incorporated in Australia. It is a company limited by shares. It has its registered office at BGC Centre, Level 9, 28 The Esplanade Perth Western Australia 6000.

(b) Mantra is admitted to the official list of ASX and TSX and Mantra Shares are quoted on the ASX and TSX.

(c) As at the date of this Scheme, Mantra had the following securities on issue:

(i) ***[*135,326,194*]*** Mantra Shares;

(ii) ***[6,839,919]*** options over Mantra Shares; and

(iii) ***[2,573,154]*** performance share rights.

1.2 ARMZ

JSC Atomredmetzoloto, a company existing under the laws of Russia, with its registered address at Building 22, B. Drovyanoy pereulok, Moscow, Russia 109004 (**ARMZ**).

1.3 Scheme Implementation Agreement

ARMZ and Mantra have entered into the Scheme Implementation Agreement to facilitate the implementation of the Scheme.

1.4 What happens if the Scheme becomes Effective

If the Scheme becomes Effective then, unless the Scheme Implementation Agreement is terminated prior to implementation of the Scheme pursuant to clauses 3 and 4:

(a) in consideration of the transfer of all Mantra Shares held by Scheme Participants, ARMZ will pay the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme;

(b) all the Scheme Shares will be transferred to ARMZ (or its nominee) and Mantra will become a wholly owned subsidiary of ARMZ; and

(c) Mantra will enter ARMZ's name (or the name of ARMZ's chosen nominee) in the Register as the holder of all Scheme Shares.

1.5 Deed Poll

ARMZ has executed a Deed Poll under which it covenants to pay the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme.

2. CONDITIONS PRECEDENT

2.1 Conditions precedent to the Scheme

The Scheme is conditional on all the conditions set out in clause 2.1 of the Scheme Implementation Agreement (except the condition listed in clause 2.1(c) being the approval of the Court) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement, before 8am on the Second Court Hearing Date.

2.2 Satisfaction of conditions

The satisfaction or waiver of each of the conditions in clause 2.1 is a condition precedent to the provisions of clause 3 and 4.

2.3 Mantra to provide certificate to Court

At the Second Court Hearing, Mantra must provide the Court with a certificate that all the conditions precedent in clause 2.1 (with the exception of the condition in clause 2.1(c)) are satisfied or if not satisfied, are waived, unless ARMZ objects in writing to Mantra giving that notice before 9.00am on the Second seconf court hearing date Date stating that one or more condition precedent has not been satisfied or waived, in which case Mantra must not provide the Court with this certificate.

2.4 Conclusive evidence

The giving of a certificate by Mantra under clause 2.3 will be, in the absence of ARMZ's objection or manifest error, conclusive evidence of the satisfaction or waiver of the conditions precedent referred to in the certificate.

2.5 Scheme lapses

The Scheme will lapse and be of no further effect if the Effective Date has not occurred on or before the End Date or the Scheme Implementation Agreement is terminated prior to implementation of the Scheme pursuant to clauses 3 and 4.

3. THE SCHEME

3.1 Mantra to lodge orders with ASIC

Mantra will lodge with ASIC an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act as soon as practicable after approval of the Scheme by the Court and by no later than 10.00am on the first Business Day after the date on which the Court makes that order.

3.2 Scheme takes effect

The Scheme takes effect upon lodgement of the Court order referred to in clause 3.1 in accordance with section 411(10) of the Corporations Act.

3.3 Payment of Aggregate Scheme Consideration to Trust Account

Subject to clause 2, no later than one Business Day before the Implementation Date, ARMZ must deposit in immediately available funds an amount equal to the Aggregate Scheme Consideration, into a bank account nominated by Mantra for that purpose (Trust Account) and those funds must be held on trust by Mantra for the Scheme Participants for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 4 and Mantra must not pay or apply those funds for any other purpose.

3.4 Implementation steps

Subject to clause 2, on the Implementation Date:

(a) subject to ARMZ depositing an amount equal to the Aggregate Scheme Consideration in the Trust Account in accordance with clause 3.3, all the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to ARMZ (or its nominee) without the need for any further act by any Scheme Participant (other than acts performed by Mantra or its directors and officers as attorney and agent for the Scheme Participants under this Scheme);

(b) subject to ARMZ depositing an amount equal to the Aggregate Scheme Consideration in the Trust Account in accordance with clause 3.3, Mantra will either effect a valid transfer or transfers of the Scheme Shares under section 1074D of the Corporations Act or deliver to ARMZ duly completed and executed share transfer forms (or a master transfer form) in accordance with section 1071B of the Corporations Act; and

(c) in consideration of the transfer of all the Scheme Shares to ARMZ (or its nominee), ARMZ must pay or procure the payment of the Scheme Consideration in accordance with clause 4.

3.5 ARMZ to execute transfer forms

ARMZ will immediately execute any share transfer forms provided under clause 3.4(b) and deliver those share transfer forms to Mantra for registration.

3.6 Mantra to enter ARMZ's details in Register

Subject to receipt of any transfer forms to be executed by ARMZ under clause 3.5, Mantra will enter the name and address of ARMZ (or its nominee) in the Register in respect of all of the Scheme Shares.

4. SCHEME CONSIDERATION

4.1 Payment of Scheme Consideration to Scheme Participants

Subject to clause 2 and to the receipt of the Aggregate Scheme Consideration in accordance with clause 3.3, Mantra must pay to the Scheme Participants as soon as practicable, but in any event, within 5 Business Days of the Implementation Date the amount equal to the number of Scheme Shares held by the Scheme Participant multiplied by the Scheme Consideration.

4.2 Method of payment

The amount referred to in clause 4.1 may be paid by Mantra from the Trust Account as follows:

(a) despatching or procuring the despatch to each Scheme Participant by prepaid post to his or her address as shown in the Register, a pre-printed cheque in the name of the Scheme Participant drawn out of the Trust Account; or

(b) depositing or procuring the Registry to deposit into a bank account with any Australian ADI (as defined in the Corporations Act) notified to Mantra by the Scheme Participant prior to the Implementation Date.

4.3 Joint holders

In the case of joint holders of Mantra Shares, the cheque must be payable to and forwarded to the holder whose name appears first in the Register at the Record Date or by depositing the Scheme Consideration into the account notified to Mantra as described in clause 4.2(b).

4.4 Interest

Any interest accruing on the Trust Account (less applicable taxes and bank fees) and any surplus amount remaining in the Trust Account following payment of the Aggregate Scheme Consideration belongs to ARMZ and Mantra must pay any such interest and surplus to ARMZ within 10 Business Days of the Implementation Date.

5. DEALINGS IN MANTRA SHARES

5.1 What Mantra Share dealings are recognised?

To establish the persons who are Scheme Participants, dealings in Mantra Shares will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the Mantra Shares at or before the Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry at or before the Record Date.

5.2 Mantra to register transfer and transmission applications

Mantra will register registrable transfers or transmission applications of the kind referred to in clause 5.1(b) by, or as soon as practicable after, the Record Date.

5.3 Transfers received after Record Date not recognised

Mantra will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date.

5.4 Mantra to maintain Register to determine entitlements

In order to determine entitlements to the Scheme Consideration, Mantra will maintain, or procure the maintenance of, the Register in accordance with this clause 5 until the Scheme Consideration has been paid to Scheme Participants and the Register in this form will solely determine entitlements to the Scheme Consideration.

5.5 Holding statements no effect from Record Date

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title, and each entry on the Register at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Participants to the Scheme Consideration.

5.6 Mantra to provide contact information for Scheme Participants

As soon as practicable after the Record Date and in any event at least 2 Business Days before the Implementation Date, Mantra will, if requested to do so, give to ARMZ or procure that ARMZ be given details of the name, address and the number of Mantra Shares held by each Scheme Participant, as shown in the Register at the Record Date, in whatever form ARMZ reasonably requires.

5.7 Suspension of trading

It is expected that the suspension of trading in Mantra Shares on the ASX and TSX will occur from the close of trading on the day on which Mantra notifies ASX that the Court has approved the Scheme under section 411(4)(b) of the Corporations Act.

5.8 Mantra to apply for termination of quotation of Mantra Shares

On a date after the Implementation Date to be determined by ARMZ (and no earlier than the date on which all the Scheme Shares have been validly transferred to ARMZ (or its nominee) and ARMZ's name (or the name of its nominee) has been entered in the Register as the holder of all the Scheme Shares), Mantra will apply for termination of the official quotation on ASX and TSX of Mantra Shares and must apply to have itself removed from the official lists of ASX and TSX.

5.9 Mantra Shares transferred free from encumbrance

To the extent permitted by law, the Mantra Shares transferred to ARMZ (or its nominee) under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

5.10 Each Scheme Participant warrants Mantra Shares free from encumbrance

Each Scheme Participant is deemed to have warranted to ARMZ and appointed and authorised Mantra as their agent to warrant to ARMZ that all their Scheme Shares (including any rights and entitlements attaching to those Shares) will, as at the time of the transfer of them to ARMZ (or its nominee), be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and from any restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to ARMZ under the Scheme. Mantra undertakes in favour of each Scheme Participant that it will provide such warranty to ARMZ on behalf of the Scheme Participant.

5.10 ARMZ beneficially entitled to Scheme Shares

From the Implementation Date, ARMZ will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Mantra of the name and address of ARMZ (or its nominee) in the Register as the holder of the Scheme Shares.

6. GENERAL PROVISIONS

6.1 Mantra giving effect to the Scheme

Mantra must do anything (including execute any document) that is necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, including the payment to the Scheme Participants of any funds held on trust by Mantra pursuant to clause 4.

6.2 Scheme Participants

Each Scheme Participant:

(a) agrees to the transfer of their Mantra Shares, together with all rights and entitlements attaching to those Shares, to ARMZ (or its nominee), in accordance with the Scheme;

(b) acknowledges that the Scheme binds Mantra and all Mantra Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or voted against the Scheme;

(c) consents to Mantra doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Scheme and Mantra, as agent of each Scheme Participant, may sub–delegate its functions under this clause 6.2(c) to any of its directors and officers, jointly and severally;

(d) without the need for any further act, irrevocably appoints Mantra and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Participant's attorney and agent, to execute any document or do any other act necessary, expedient or incidental to give full effect to the Scheme, including the provision of a proper instrument of transfer of that Scheme Participant's Mantra Shares for the purposes of section 1071B of the Corporations Act (which may be a master transfer of all or part of the Scheme Shares);

(e) from the Effective Date until ARMZ (or its nominee) is registered as the holder of all Scheme Shares:

(i) irrevocably appoints Mantra and each of its directors and officers, jointly and severally, as its attorney and agent (and directs Mantra in such capacity) to:

(A) appoint the chief executive officer of ARMZ or failing him the General Counsel of ARMZ as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Mantra;

(B) exercise the votes attaching to the Mantra Shares registered in the name of the Scheme Participant;

(C) sign any Mantra Shareholders' resolution; and

(ii) must take all other action in the capacity of a registered holder of Scheme Shares as ARMZ reasonably directs.

No Scheme Participant may attend or vote at any of those meetings or sign any Mantra Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause 6.2. Mantra undertakes in favour of each Scheme Participant that it will appoint the chief executive officer of ARMZ as the Scheme Participant's proxy or, where applicable, corporate representative in accordance with this clause 6.2.

6.3 Scheme is binding

The Scheme binds Mantra and all Mantra Shareholders and, to the extent of any inconsistency, overrides the constitution of Mantra.

6.4 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Mantra, it will be deemed to be received on the date (if any) on which it is actually received at Mantra and on no other date.

6.5 Costs and stamp duty

(a) Subject to clause 6.5(b), Mantra will pay all the costs of the Scheme.

(b) ARMZ will pay all stamp duty in respect of the transfer of the Scheme Shares under the Scheme.

6.6 Governing law

This document is governed by the law in force in Western Australia.

Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waives any right it might have to claim that those courts are an inconvenient forum.

6.7 Service of process

ARMZ irrevocably appoints Blake Dawson of Level 36, 225 George Street, Sydney, Australia (Attention: Mark Stanbridge and Stuart Dullard) as its agent to receive service of any legal proceedings relating to any dispute arising or in any way in relation to this Scheme.

7. INTERPRETATION

7.1 Definitions

The following definitions apply in this document:

Aggregate Scheme Consideration means the amount of funds equal to the Scheme Consideration multiplied by the number of Scheme Shares.

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement and Transfer Corporation Limited ABN 49 008 504 532.

Deed Poll means the deed poll executed by ARMZ in favour of Mantra Shareholders.

Scheme means this scheme of arrangement under Part 5.1 between Mantra and the Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

Scheme Implementation Agreement means the agreement between ARMZ and Mantra relating to the implementation of the Scheme, as amended from time to time

Trust Account has the meaning in clause 3.3.

Terms that are not defined in this document and that are defined in the Scheme Implementation Agreement have the same meaning in this deed poll as given to the term in the Scheme Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

7.2 Rules for interpreting this document

The rules specified in clause 16.2 of the Scheme Implementation Agreement apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

7.3 Multiple Parties

If a party to this document is made up of more than one person, or a term is used in this document to refer to more than one party:

(a) an obligation of those persons is joint and several;

(b) a right of those persons is held by each of them severally; and

(c) any other reference to that party or term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking relates to each of them separately.

Annexure 4 – Notice of Scheme Meeting and Management Information Circular

MANTRA RESOURCES LIMITED

ABN 26 116 478 703

NOTICE OF SCHEME MEETING

AND

EXPLANATORY MEMORANDUM

AND

MANAGEMENT INFORMATION CIRCULAR

The Scheme Meeting of Mantra will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia at 2.00pm (AWST) on 20 May 2011.

This Notice of Scheme Meeting, Explanatory Memorandum and Management Information Circular, as well as the Scheme Booklet to which they are attached, should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please contact the Shareholder Information Line on 1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday.

MANTRA RESOURCES LIMITED
A B N 2 6 1 1 6 4 7 8 7 0 3

NOTICE OF SCHEME MEETING

Notice is hereby given that by an Order of the Supreme Court of Western Australia (**Court**) made on 21 March 2011 under section 411(1) of the Corporations Act 2001 (Cth) the Court has directed that a meeting of Shareholders of Mantra Resources Limited (**Mantra**) will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia at 2.00pm (AWST) on 20 May 2011 (**Scheme Meeting**).

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of Mantra at 5.00pm (AWST) on 18 May 2011.

PURPOSE OF MEETING

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Mantra and the Shareholders (**Scheme**).

To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice of Scheme Meeting (**Scheme Booklet**). The Scheme Booklet, Explanatory Memorandum and Management Information Circular to this Notice and proxy form each form part of this Notice of Scheme Meeting, and terms and abbreviations used in this Notice that are not otherwise defined shall have the meanings given to them in the Scheme Booklet.

AGENDA

1. Resolution 1 – Approval of the Scheme

To consider, and if thought fit, to pass with or without amendment the following:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Mantra and the Shareholders in the form tabled at the Scheme Meeting and initialled by the Chair for the purposes of identification, is agreed to, and the Board of Directors of Mantra are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Scheme with any such modifications or conditions."

Dated 13 April 2011

BY ORDER OF THE BOARD

LUKE WATSON
Company Secretary

MANTRA RESOURCES LIMITED

MANTRA RESOURCES LIMITED

A B N 2 6 1 1 6 4 7 8 7 0 3

EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Memorandum and Management Information Circular have been prepared for the information of Shareholders of Mantra in connection with the business to be conducted at the Scheme Meeting to be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia at 2.00pm (AWST) on 20 May 2011.

This Explanatory Memorandum and Management Information Circular should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum and Management Information Circular is to provide information to Shareholders in deciding whether or not to pass the Resolution set out in the Notice.

A proxy form is located at the end of the Explanatory Memorandum and Management Information Circular.

EXPLANATORY MEMORANDUM

1. Requisite Majorities

In order for the Scheme to become Effective, this Resolution must be passed by:

(a) unless the Court orders otherwise, a majority of the number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative); and

(b) at least 75% of the total number of votes cast on this Resolution by Shareholders entitled to vote on this Resolution (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative),

(together, the **Requisite Majorities**).

2. Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) is subject to approval of the Court. If the Resolution proposed at the Scheme Meeting the subject of this Notice is approved by the Requisite Majorities, and the relevant conditions of the Scheme are satisfied or waived by the time required under the Scheme, Mantra intends to apply to the Court for the necessary orders to give effect to the Scheme.

3. Entitlement to Vote

The Mantra Board has determined, and the Court has ordered, that a person's entitlement to vote at the Meeting to consider the Scheme will be the entitlement of that person as set out in Mantra's share register as at 5.00pm (AWST) on 18 May 2011.

4. How to Vote

Voting options

Persons who are registered as Shareholders are entitled to vote at the Meeting. Shareholders can vote:

(a) by attending the Scheme Meeting and voting in person; or

(b) by appointing a proxy to attend the meeting and vote on their behalf, using the proxy form accompanying this Notice of Scheme Meeting; or

(c) by appointing an attorney to attend the Scheme Meeting and vote on their behalf; or

(d) in the case of a corporation, by appointing a corporate representative to attend the Scheme Meeting and vote on its behalf.

Voting in person

A Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting upon disclosure at the point of entry to the Scheme Meeting of their name and address.

Voting by proxy

A personalised proxy form accompanies this Notice. A Shareholder who has the right to attend and cast two or more votes has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholders' behalf at the Scheme Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provided in the form of proxy and may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified, each proxy may exercise half of the Shareholder's votes.

To be valid, proxy forms or voting instruction forms must be delivered by 2.00pm (AWST) on 18 May 2011 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting):

(a) in respect of Shareholders registered on Mantra's Australian share register, by mail to PO Box Z5083, Perth, 6831, Western Australia or by facsimile at +61 (8) 9322 6558 or by delivery to Mantra's registered office at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia, 6000; and

(b) in respect of Shareholders registered on Mantra's Canadian share register, by mail to Computershare Investor Services Inc., attention Proxy Department, at 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile at +1 416 981 9800.

A proxy will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their name and address.

If you wish to cast a proxy vote but do not nominate a specific person to act as your proxy at the Scheme Meeting, the chairman of the Scheme Meeting will act as your proxy and vote your Shares in accordance with your direction. If you do not specify your voting instruction on the Resolution and the Chairman acts as your proxy, your Shares will be voted as recommended by the Mantra Board.

The sending of a proxy form will not preclude a Shareholder from attending in person and voting at the Scheme Meeting at which the Shareholder is entitled to attend and vote.

Voting by attorney

Powers of attorney and authorities should be sent to the Registrar as indicated in the proxy form.

Powers of attorney must be received no later than 2.00pm (AWST) on 18 May 2011 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, their name and address and the identity of the appointer.

The sending of a power of attorney will not preclude a Shareholder from attending in person and voting at the Scheme Meeting at which the Shareholder is entitled to attend and vote instead of the appointed attorney.

Voting by corporate representative

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is a Shareholder must appoint a person to act as its representative.

The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting upon providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Beneficial (non-registered) holders

A beneficial owner of Shares who is not the registered Shareholder cannot be recognised at the Scheme Meeting for the purpose of voting those Shares unless the beneficial owner is appointed by the registered Shareholder as a proxy.

Alternatively, a non-registered beneficial owner of Shares may complete a Voting Instruction Form (VIF) directing the registered Shareholder how to vote the Shares.

See the Management Information Circular below for further detail.

MANAGEMENT INFORMATION CIRCULAR

Mantra Resources Limited (**Mantra**) is a reporting issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators, the following disclosure is required to be included with the Explanatory Memorandum.

Purpose of Solicitation

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Mantra for use at the Scheme Meeting. The Scheme Meeting will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia, at 2.00pm (AWST) on 20 May 2011 for the purposes set forth in the Notice accompanying this Management Information Circular.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of Mantra who will not be additionally compensated therefore. Brokers, nominees or other persons holding Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by Mantra.

Appointment of Proxies by Registered Shareholders

Enclosed is a form of proxy for use at the Scheme Meeting. A Shareholder who has the right to attend and cast two or more votes has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholders' behalf at the Scheme Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provided in the form of proxy and may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified, each proxy may exercise half of the Shareholder's votes.

A proxy will not be valid unless it is signed by the Shareholder or by the Shareholder's attorney duly authorised in writing or, if the Shareholder is a corporation, executed by a duly authorised officer or officers in accordance with the instructions attached on the enclosed form of proxy. If the proxy is signed by the Shareholder's attorney, the proxy must be accompanied by evidence of the power of attorney.

To be valid, proxy forms or voting instruction forms must be delivered by 2.00pm (AWST) on 18 May 2011:

(a) in respect of Shareholders registered on Mantra's Australian share register, by mail to PO Box Z5083, Perth, 6831, Western Australia or by facsimile at +61 (8) 9322 6558 or by delivery to Mantra's registered office at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia, 6000; and

(b) in respect of Shareholders registered on Mantra's Canadian share register, by mail to Computershare Investor Services Inc., attention Proxy Department, at 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile at +1 416 981 9800.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that any proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of Mantra at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of

the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

The form of proxy accompanying this Explanatory Memorandum and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Scheme Meeting and any other matters that may properly come before the Scheme Meeting. At the time of printing this Management Information Circular, management knows of no such amendment, variation or other matter.

Shareholders may mark one of the boxes directing its proxy how to vote ("for", "against" or "abstain"). If you do not specify your voting instruction on the Resolution, the proxy may vote at his or her discretion. If you do not specify your voting instruction on the Resolution and the Chairman acts as your proxy, your Shares will be voted as recommended by the Mantra Board. If the Shareholder marks the abstain box, it is directing its proxy not to vote on that item on a show of hands or on a poll and that its Shares are not to be counted in computing the Requisite Majorities on a poll.

Advice for Beneficial Holders

In certain cases, Shares held beneficially by a person may not be registered in that person's name (but rather in the name of an intermediary such as a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A person with a beneficial entitlement to Shares but who is not the registered Shareholder cannot be recognised at the Scheme Meeting for the purpose of voting those Shares unless the beneficial owner is appointed by the registered Shareholder as a proxy.**

Mantra has distributed copies of the Scheme Meeting materials to intermediaries for distribution to non-registered beneficial owners of Shares. Intermediaries are required to deliver these materials to all such beneficial owners of Shares (unless such persons have waived their rights to receive these materials), and to seek instructions as to how to vote the shares. Often, intermediaries will use a service company to forward these meeting materials to beneficial owners of Shares.

Non-registered beneficial owners of Shares who receive meeting materials will be given a voting instruction form (**VIF**) which may be completed and signed by the beneficial owner in accordance with the instructions noted on it. In this case, the mechanisms described above for registered Shareholders cannot be used and the instructions on the VIF **must** be followed (which in some cases may allow completion of the VIF by telephone or the Internet). The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered beneficial owner is able to instruct the registered Shareholder how to vote on behalf of the non-registered beneficial owner.

The purpose of these procedures is to allow non-registered beneficial owners of Shares to direct the registered Shareholder how to vote the shares. Should a non-registered beneficial owner wish to attend and vote at the Scheme Meeting in person (or have another person attend and vote on his behalf), the non-registered beneficial owner should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Scheme Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such broker "non-votes" will, however, be counted in determining whether there is a quorum.

The Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

Voting Shares and Record Date

The directors of Mantra have fixed 5.00pm (Toronto time) on 13 April 2011 as the record date for determining the Shareholders of Mantra entitled to receive the Notice of Scheme Meeting and 5.00pm (AWST) on 18 May 2011 as the record date for determining the Shareholders of Mantra entitled to vote at the Scheme Meeting.

As of 11 April 2011, Mantra has 135,326,194 Shares outstanding which are entitled to be voted at the Scheme Meeting. The number of Shares outstanding may increase before the date and time for determining eligibility to attend and vote at the Scheme Meeting if any Options or Performance Rights are exercised before that date. The Shares are the only shares in Mantra entitled to be voted at the Scheme Meeting and each Share is entitled to one vote at the Scheme Meeting.

In order for the Resolution approving the Scheme to be effective, such Resolution must be passed by:

(a) unless the Court orders otherwise, a majority in number (more than 50%) of Shareholders present and voting at the Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative); and

(b) at least 75% of the total number of votes cast on the Resolution at the Scheme Meeting by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of corporate Shareholders, by a corporate representative).

Principal Holders of Shares

As of the date of this Management Information Circular, to the knowledge of the directors and senior officers of Mantra, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attaching to all issued and outstanding shares of Mantra, except as follows:

Name	Total Number of Shares Owned, Controlled or Directed	Percentage of Voting Shares %
Highland Park S.A. (1)	16,162,915	11.94

Note:
(1) 16,080,649 of the Shares are held as of record by Highland Park S.A. and 82,266 of the Shares are held as of record by JP Morgan Nominees.

Indebtedness of Directors and Executive Officers

As of the date of this Management Information Circular, no executive officer, director, employee or former executive officer, director, employee of Mantra or any subsidiary is indebted to Mantra or its subsidiary in connection with a purchase of securities or otherwise. In addition, as of the date of this Management Information Circular, there is no indebtedness owing to Mantra from any of its executive officers or directors or former directors or executive officers or any associate of such person, including in respect of indebtedness to others where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by Mantra or a subsidiary of Mantra.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No person who has been a director or executive officer of Mantra at any time since the beginning of Mantra's last financial year, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, in the matters to be acted upon at the Meeting.

Interest of Informed Persons in Material Transactions

Since the commencement of Mantra's most recently completed financial year there were no transactions and there are no proposed transactions that have materially affected or would materially affect Mantra or any of its subsidiaries in which any informed person of Mantra, or any proposed director of Mantra or any associate or affiliate of any informed person, or any proposed director of Mantra has any material interest (direct or indirect).

Shares

Mantra's Shares are listed and posted for trading on ASX under the symbol "MRU" and are listed and posted for trading on TSX under the symbol "MRL".

The following sets out the monthly high and low closing prices and trading volume of Mantra's Shares for the last twelve months, as reported by TSX.

Month	High (C$)	Low (C$)	Volume Traded
April 2010	5.73	4.20	2,276,139
May 2010	4.94	3.90	1,281,646
June 2010	4.25	3.68	681,853
July 2010	4.39	3.35	621,264
August 2010	4.50	4.00	276,509
September 2010	4.39	4.01	384,585
October 2010	5.98	4.04	1,234,385
November 2010	6.85	5.70	1,281,690
December 2010	7.95	6.89	4,778,192
January 2011	7.93	7.65	5,827,156
February 2011	7.89	7.71	2,402,457
March 2011	7.83	4.27	12,649,810

Auditors

Mantra's auditor is Deloitte Touche Tohmatsu. Deloitte was first appointed as auditor of Mantra on 21 July 2008.

Additional Information

Financial information regarding Mantra is provided in Mantra's comparative financial statements and MD&A for its most recently completed financial year. Mantra will provide to any person, upon request to the Company Secretary, one copy of Mantra's 2010 Annual Report which includes the financial statements of Mantra for the most recently completed financial year and the audit opinion issued thereon and/or one copy of Mantra's MD&A in respect of such financial statements.

Copies of the above documents will be provided free of charge to Shareholders. Mantra may require the payment of a reasonable charge by any person or company who is not a Shareholder of Mantra, and who requests a copy of such document. Additional information relating to Mantra can be found at **www.asx.com.au** or at **www.sedar.com**.

Enquiries

Shareholders can contact the Shareholder Information Line on 1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday if they have any queries in respect of the matters set out in these documents.

Approval of this Management Information Circular

The contents and the sending of this Management Information Circular have been approved by the directors of Mantra.

BY ORDER OF THE BOARD

Luke Watson
Company Secretary
Dated 13 April 2011

Corporate Directory

Mantra Resources Limited	ACN 116 478 703
Directors	Mr Ian Middlemas Mr Peter Breese Mr Robert Behets Mr Colin Steyn Mr Ted Mayers Mr William Smart (Alternate Director for Colin Steyn)
Company Secretary	Mr Luke Watson
Registered Office	Level 9, BGC Centre, 28 The Esplanade Perth, WA, 6000
Share Registry	***Australia:*** Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace, WA, 6000 Telephone: 1300 557 010 International: +61 8 9323 2000 Facsimile: +61 8 9323 2033 ***Canada:*** Computershare Investor Services Inc. 100 University Avenue Toronto, Ontario, M5 J2Y1 Telephone: +1 416 263 9449 Facsimile: +1 416 981 9800
Financial Advisers	RBC Capital Markets
Legal Advisers	***Australia:*** Hardy Bowen Lawyers Level 1 28 Ord Street West Perth, Western Australia 6005 ***Canada:*** Blake, Cassels & Graydon LLP 595 Burrard Street, P.O. Box 49314 Suite 2600, Three Bentall Centre Vancouver BC V7X 1L3 Canada Tel: 604-631-3300 Fax: 604-631-3309
Stock Exchange	***Australia:*** Australian Securities Exchange ('ASX') Exchange Plaza 2 The Esplanade Perth Western Australia 6000 ASX Code: MRU ***Canada:*** Toronto Stock Exchange ('TSX') TSX Code: MRL – Ordinary Shares
Website	http://www.mantraresources.com.au
Shareholder Information Line	1300 135 438 (within Australia) or +61 3 9415 4350 (International) between 8.30am and 5.00pm (AEST) Monday to Friday

MANTRA
RESOURCES LIMITED

Mantra Resources Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

T: +61 8 9322 6322
F: +61 8 9322 6558
E: info@mantraresources.com.au

MANTRA RESOURCES LIMITED

ABN 26 116 478 703

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 135 438
(outside Australia) +61 3 9415 4350

000001 000 MRU
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 2.00pm (AWST) Wednesday 18 May 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**
☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mantra Resources Limited hereby appoint

☐ **the Chairman of the meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or if no individual or body corporate is named, the Chairman of the Scheme Meeting as my/our proxy to vote for me/us on my/our behalf at the Scheme Meeting to be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Friday, 20 May 2011 at 2.00pm (AWST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as the proxy thinks fit. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is * [ ]% of the Shareholder's votes*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by Mantra, on request).

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of the Scheme	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	**Director**	**Director/Company Secretary**

Contact Name _____ **Contact Daytime Telephone** _____ **Date** / /