



ANNUAL INFORMATION FORM

**For the Year Ended June 30, 2010
Dated as of September 14, 2010**

ABN 26 116 478 703

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PRELIMINARY NOTES

Date of Information

The date of the information in this Annual Information Form (“AIF”) is as of June 30, 2010 unless otherwise stated.

Cautionary Statement on Forward-Looking Information

This AIF contains forward-looking statements concerning Mantra Resources Limited’s (“**Mantra**” or the “**Company**”) plans for its mineral projects, its exploration activities, and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning Mineral Resource Estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “is expected”, “anticipates”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, including, without limitation:

- inherent uncertainties and risks associated with mineral exploration;
- uncertainties related to the availability of future financing necessary to undertake activities on Mantra’s properties;
- uncertainties related to certain of Mantra’s properties being within game and forest reserves;
- political and country risk;
- uncertainties associated with the legal systems in Tanzania and Mozambique;
- risks associated with Mantra having no history of earnings or production revenue;
- uncertainties related to the possible recalculation of, or reduction in, the Company’s mineral reserves and resources;
- uncertainties related to the outcome of studies to be undertaken by Mantra;
- uncertainties relating to fluctuations in uranium price;
- the risk that Mantra’s title to its properties could be challenged;
- risks related to Mantra’s ability to attract and retain qualified personnel;
- uncertainties related to general economic conditions;
- uncertainties related to the current global financial conditions;
- risks related to forward contracts Mantra may enter into for the delivery of uranium;
- uncertainties related to the requirement for ministerial approval for a change of control of Mantra;
- risks related to the integration of businesses and assets acquired by Mantra;
- uncertainties related to the competitiveness of the mineral resource industry;
- risks associated with Mantra being subject to government regulation, including changes in regulation;

- risks associated with Mantra being subject to environmental laws and regulations, including a change in regulation;
- risks associated with Mantra's need for governmental licenses, permits and approvals;
- uninsured risks and hazards;
- risks associated with fluctuations in foreign exchange rates;
- risks related to default by joint venture parties, contractors and agents;
- inherent risks associated with litigation;
- risks associated with potential conflicts of interest;
- risks related to effecting service of process on directors resident in foreign countries;
- uncertainties related to Mantra's limited operating history;
- risks related to Mantra's lack of a dividend history;
- risks relating to short term investments; and
- uncertainties related to fluctuations in Mantra's share price.

This list is not exhaustive of the factors that may affect any of Mantra's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Mantra or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this AIF under the heading "Description of the Business - Risk Factors" and elsewhere.

Mantra's forward-looking statements are based on the beliefs, expectations and opinions of management as of the date hereof and which Mantra believes are reasonable in the circumstances, but no assurance can be given that these expectations will prove to be correct. Mantra disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

Currency and Exchange Rates

Dollar amounts set forth in this AIF, except as otherwise indicated, are stated in Australian dollars. Australian dollars are indicated as "A\$", Canadian dollars are indicated as "C\$" and United States dollars are indicated as "US\$". The following table sets forth for each period indicated the period-end exchange rates and the average exchange rates for Canadian and United States dollars. These rates are the closing Interbank rates for the purchase of one Australian dollar with Canadian or United States dollars for the period indicated.

	June 30, 2010	June 30, 2009	June 30, 2008
A\$/C\$ exchange rate:			
Year end.....	0.8993	0.9303	0.9722
Average.....	0.9013	0.8633	0.9054
A\$/US\$ exchange rate:			
Year end.....	0.8479	0.8048	0.9615
Average.....	0.8860	0.7480	0.8965

CORPORATE STRUCTURE

Name and Incorporation

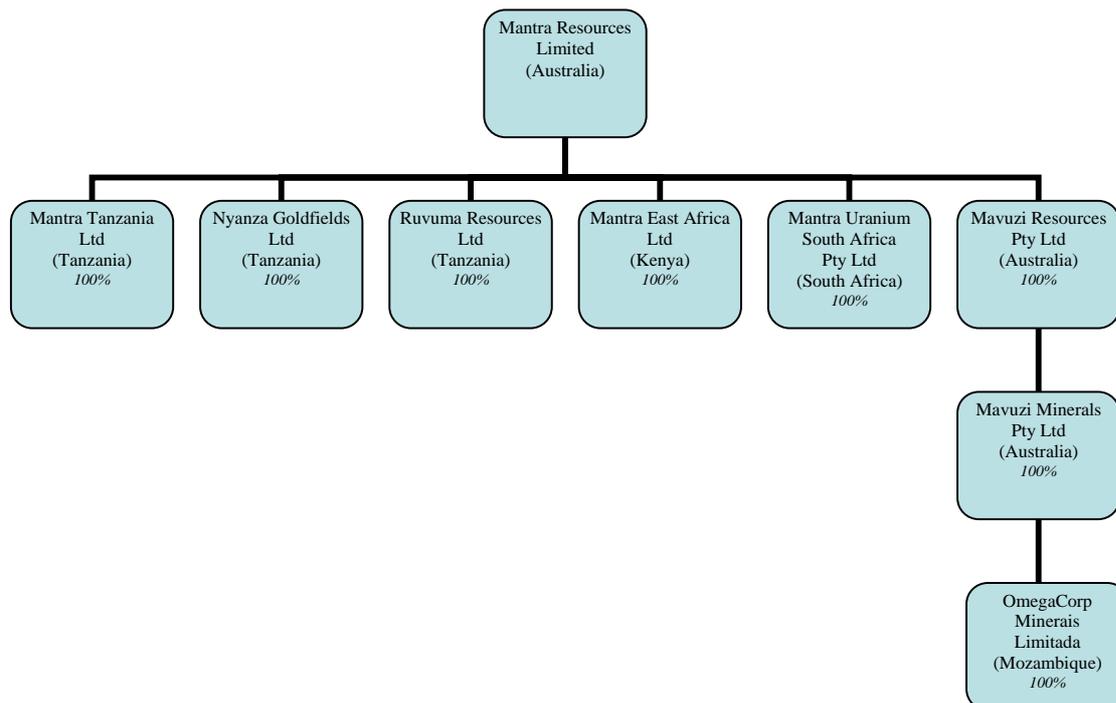
Mantra Resources Limited was incorporated on September 30, 2005 under the Australian Corporations Act 2001. The Company completed an initial public offering on September 27, 2006 and its ordinary shares (“**Shares**”) commenced trading on the Australian Securities Exchange (the “**ASX**”) under the symbol “**MRU**” on October 9, 2006. The Company’s Shares were listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**MRL**” on November 19, 2009.

Mantra’s registered and head office is located at Level 9, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000, telephone: +61 8 9322 6322; facsimile: +61 8 9322 6558; email: info@mantraresources.com.au; website: www.mantraresources.com.au.

In this AIF, the terms “Company” or “Mantra” refer to Mantra Resources Limited and all its subsidiaries together unless the context otherwise clearly requires.

Intercorporate Relationships

The following chart describes the inter-corporate relationships amongst Mantra and Mantra’s subsidiaries as at June 30, 2010. The percentage of ownership is listed for each entity.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a summary of key developments in Mantra’s business over the past three years:

June 30, 2007 – June 30, 2008

- In July 2007, the Company announced that it had entered into an agreement to acquire interests (ranging from 95% to 100%) in a package of six uranium exploration tenements located within the Bahi catchment area in central Tanzania.
- In August 2007, the Company announced that it had entered into an agreement to acquire a 90% interest in uranium exploration tenements located in northern-central Malawi and an option to earn up to a 90% interest in the uranium rights on a uranium exploration tenement in central Malawi.
- In September 2007, the Company announced that it had reached an agreement to merge with Mavuzi Resources Limited (“**Mavuzi**”) (ASX: MAV) and create a new mineral exploration company with substantial interests in Africa. On February 1, 2008, both companies received shareholder approval for the merger and the merger was subsequently completed on March 11, 2008. Mantra issued 18,267,169 Shares, 6,273,141 listed Share purchase options exercisable at A\$0.20 per Share on or before June 30, 2009, 500,000 unlisted Share purchase options exercisable at A\$0.20 per Share on or before June 29, 2009, and 250,000 unlisted Share purchase options exercisable at A\$0.30 per Share on or before June 30, 2010 to the previous holders of Mavuzi securities as consideration for 100% of the issued securities in Mavuzi.
- In March 2008, the Company announced that it had entered into an alliance with Highland Park S.A. (“**Highland Park**”) to become a strategic investor in the Company. The key investors in Highland Park include original founders and former executives of LionOre Mining International Limited (“**LionOre**”) (TSX: LIM, ASX: LIM, LSE: LOR) and were instrumental in the founding, growth and development of LionOre into a major international mining house. The alliance and associated placement provides Mantra with access to the substantial management skills, resources and mining development expertise of the Highland Park investors as well as significantly strengthening the Company’s financial position, enabling it to fast-track the ongoing exploration and appraisal of its existing portfolio of uranium projects.
- In April 2008, the Company completed a private placement to Highland Park of 12 million Shares at A\$2.00 per Share to raise aggregate gross proceeds of A\$24.0 million. One listed Share purchase option was issued along with every three Shares for no additional consideration. Each option entitled the holder to acquire one Share at an exercise price of A\$0.20 per Share until June 30, 2009. An additional 6 million unlisted Share purchase options exercisable at A\$2.20 per Share on or before June 30, 2011 were also granted to Highland Park for no additional consideration. Shareholder approval for the private placement was obtained at a general meeting held on April 17, 2008.

June 30, 2008 – June 30, 2009

- In February 2009, the Company announced an initial Inferred Mineral Resource Estimate for the Mkuju River Project (the “**Project**”) of 39.9 million tonnes averaging 409 ppm U_3O_8 for a contained 35.9 million pounds of U_3O_8 (or approximately 16,300 tonnes contained U_3O_8) at a lower cut-off grade of 200 ppm U_3O_8 .
- In June 2009, the Company announced that results from a Scoping Study on the Project in Tanzania had confirmed the technical and economic viability of the Project and its capacity to operate with strong cash margins. Using the initial MRE of 35.9 million pounds U_3O_8 as a base case scenario, the Project can support a minimum annual production of 2.5 million pounds U_3O_8 for a minimum ten year mine life. The operating cost in the first full year of production is US\$23.20 per pound, averaging US\$26.50 over the initial ten years of production. At the uranium price of US\$60 per pound used in the Scoping Study, the Project has the capacity to generate pre-tax cash margins of approximately US\$80 million per annum. This indicates that the capital costs for the process plant and associated project infrastructure could be paid back within a three year period from the commencement of production.

June 30, 2009 – June 30, 2010

- In August 2009, the Company moved to 100% ownership of the Project by acquiring the remaining 15% interest in the Project for consideration of 200,000 fully paid Shares of the Company.
- On November 19, 2009, the Company's Shares commenced trading on the TSX.
- On December 23, 2009, the Company completed a public offering of 13,000,000 Shares to raise gross proceeds of C\$52.0 million.
- On January 25, 2010, Mr. Peter Breese was appointed as Chief Executive Officer of the Company.
- On January 27, 2010, the Company announced an increase in the Mineral Resource Estimate (the "MRE") for the Project to 25.1 million tonnes averaging 515 ppm for 28.5 million pounds of U₃O₈ classified into the Indicated Mineral Resource category and Inferred Mineral Resources of 57.3 million tonnes averaging 442 ppm for 55.8 million pounds of U₃O₈ at a cut-off grade of 200 ppm U₃O₈.
- On February 9, 2010, the Company completed a private placement of 3.8 million Shares for gross proceeds of C\$15.2 million.
- In March 2010, the Company announced the completion of a Pre-Feasibility Study for the Project and the commencement of a Definitive Feasibility Study. The Company has appointed DRA Mineral Projects as the engineering, procurement, construction and management contractor for the Definitive Feasibility Study.
- On March 12, 2010, the Company filed a new technical report on the Project.

Significant Acquisitions

No significant acquisitions were completed by Mantra during the year ended June 30, 2010.

DESCRIPTION OF THE BUSINESS

Company Overview

Mantra is a mineral exploration and development company incorporated under the laws of Australia and listed on the Australian Securities Exchange (the 'ASX') under the symbol 'MRU' and the Toronto Stock Exchange (the 'TSX') under the symbol 'MRL'. The Company's principal objective is to become a significant uranium producer in the short to medium term.

The Company's principal asset is the Mkuju River Project located in southern Tanzania, which contains an Inferred Mineral Resource of 55.8 million pounds of U₃O₈ and an Indicated Mineral Resource of 28.5 million pounds of U₃O₈. The results of a Pre-Feasibility Study on the Project support that, based on the current MRE, the Project can support an average annual production of 3.7 million pounds U₃O₈ over a minimum twelve year mine life. Mantra is focused on aggressively pursuing the ongoing exploration, appraisal and potential development of the Project, in order to fulfil its strategic objective of becoming a significant uranium producer in the near-term.

Mantra also controls additional tenements in Tanzania and Mozambique which are considered prospective for uranium. A large portion of this ground holding lies within highly uranium prospective Karoo-age sediments.

The Company has established a strong in-country technical and operational capability in Tanzania and is implementing an aggressive development program at the MRP. It is also undertaking a number of exploration programs with a strong emphasis on the application of modern exploration technologies and targeted drilling, to evaluate the potential of its additional exploration projects in Tanzania and Mozambique.

As at June 30, 2010, Mantra had 93 full time employees.

Project Overview

On March 12, 2010, the Company filed a technical report on the Project titled “NI 43-101 Technical Report on the January, 2010 Resource Update Mkuju River Project located in Tanzania, Africa prepared for Mantra Resources Limited” (the “**Technical Report**”) that is compliant with National Instrument 43-101 – “Standards of Disclosure for Mineral Projects” (“**NI 43-101**”). The Technical Report is dated March 10, 2010 and was prepared by Mr. Malcolm Titley of CSA Global Pty. Ltd. (“**CSA**”), an independent “qualified person” as defined in NI 43-101. The information regarding the Project in this section of the AIF has been extracted from the Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report, which is available for review on SEDAR at www.sedar.com.

The Project is located in southern Tanzania, some 470km southwest of Dar es Salaam. It comprises twenty contiguous tenements (granted licences, renewals and applications) covering an area of over 3,250km². All licences are wholly owned by the Company.

The Technical Report reports the MRE for the Project as follows:

	Tonnage (million tonnes)	Grade (U₃O₈ ppm)	Contained U₃O₈ (million pounds)
Indicated Resource	25.1	515	28.5
Inferred Resource	57.3	442	55.8

In June 2009, the Company announced the results of a Scoping Study for the Nyota Prospect (the “**Scoping Study**”), which supports the technical and economic viability of the Project and its capacity to operate with strong cash margins.

In March 2010, the Company announced the results of a Pre-Feasibility Study (the “**PFS**”). The PFS is preliminary in nature, includes inferred mineral resources from the MRE that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The PFS demonstrated that, based on the current MRE, the Project could support annual production of 3.7 million pounds of U₃O₈ over a minimum mine life of twelve years. This represents a 48% increase in annual production over the results of the Scoping Study. The PFS estimated capital costs (determined to a nominal accuracy of +/- 20%) at US\$140 million for the process plant and US\$158 million for capital infrastructure. The operating cost averages US\$25.05 per pound over the life of the mine, a decrease of 5% from the Scoping Study results.

The PFS found that the Project has the capacity to generate pre-tax cash margins of approximately US\$115 million per annum at an average uranium price of US\$60 per pound of the life of mine.

The Company commenced the Definitive Feasibility Study (the “**DFS**”) in March 2010 and expects completion in the fourth quarter of 2010. The DFS will focus on evaluating further opportunities to reduce process risk and maximise operating margins.

A key component of the DFS is an integrated pilot metallurgical test program which will form the key input into the engineering component of the DFS.

The Directors believe that the positive results of the PFS for the Nyota Prospect underpins the Company's strategy of focusing on near-term production and generating an early cash flow, and further demonstrates the potential of the Project to become a significant low cost uranium producing project.

Refer to the section below "Mineral Properties" for a more detailed description of the Project.

Uranium Market

Uranium is used commercially to fuel nuclear power plants for the generation of electricity. Annual global uranium fuel consumption has increased in recent years. According to the World Nuclear Association, approximately 15% of the world's electricity is generated by nuclear power plants and the electricity generating capacity of nuclear power plants is expected to grow modestly in future years. This growth will likely be due to new reactor construction, improved reactor operation and reactor life extensions. The rate of growth is expected to be somewhat below that of the total market for electricity.

The main stages in the production of nuclear fuel are as follows: (a) uranium exploration; (b) mining and milling; (c) refining and conversion; (d) enrichment; and (e) fuel fabrication (also known as fuel manufacturing). An application for regulatory approval to mine uranium is generally made once a commercial uranium deposit is discovered and reserves are delineated. Once regulatory approval is obtained, the mine is generally developed and uranium ore is extracted and upgraded at a mill to produce uranium concentrate. Uranium mining companies typically sell uranium concentrate to electrical generating companies globally on the basis of the U_3O_8 contained in the uranium concentrate. The electrical generating companies then contract with converters, enrichers and fuel fabricators to produce the required reactor fuel.

Electrical generating companies satisfy a substantial percentage of their uranium requirements by entering into long-term contracts with uranium producers. The terms of the long-term contracts generally reflect market conditions at the time the contract is negotiated. The contracts typically provide that deliveries of uranium will begin two to four years after the contract is signed and will continue for several years thereafter. Electrical generating companies consider many factors when awarding uranium contracts, such as the commercial terms, including price, as well as the producer's performance record and mineral reserves. In addition to mine production, sources for uranium include secondary sources such as excess inventories, uranium from defense stockpiles and the decommissioning of nuclear weapons, re-enriched depleted uranium tails, and reprocessed used reactor fuel.

The methods included in uranium contracts for establishing the price for the uranium include: (a) fixed prices adjusted by inflation indices; (b) market referenced prices (spot and/or long term price indicators); and (c) annual price negotiations. Many contracts also contain floor prices, ceiling prices and discounts with respect to uranium prices. Ceiling prices limit the upside potential of price movement and floor prices establish the minimum price that will be paid. Instead of ceiling prices, contracts may include a discount off the market price when the market price reaches a certain level. Prices under uranium supply contracts are usually confidential.

Electrical generating companies and other market participants also acquire uranium through spot purchases from producers and traders. Spot market purchases are those that call for delivery within one year. Traders and investors or investment funds are active in the market and generally source their uranium from organizations holding excess inventory including utilities, producers, governments and others.

The industry average spot price on June 30, 2010 was US\$41.75 per pound U_3O_8 (source: Ux Consulting), a 19.7% decrease from the June 30, 2009 spot price of US\$52. The industry average long-term price on June 30, 2010 was US\$58.00 per pound U_3O_8 (source: Ux Consulting), down 12.1% from US\$65 at June 30, 2009.

Uranium Mining in Tanzania

Tanzania is a developing country in Africa with a multi-party democracy, which has successfully evolved over the past decade into having an established and expanding mining industry. Following political, economic, and administrative reforms from the mid-1990s, Tanzania has been the subject of large scale modern exploration for gold and base metals by both foreign and local companies. The exploration has led to the discovery of a number of gold deposits. The fact that six gold mines have been opened since 1998 attests to widespread confidence in the changes to Tanzania's administrative framework.

The Tanzanian government has undertaken to become facilitator, regulator, promoter, and service provider to mining investors, explorers, and producers.

The mining sector is administered by the Minerals Division of the Ministry of Energy and Minerals, in accordance with the *Mining Act 2010*, (the “**Mining Act**”). The Mining Act sets out the legal framework governing mineral exploration, exploitation, and marketing. The Act is expected to be gazetted in late 2010, together with the accompanying regulations to the Act.

Under the Mining Act, a royalty is payable to the Tanzanian government on the extraction of uranium. The prescribed royalty under the Mining Act is equal to 5% of the gross value of the uranium produced.

The export of uranium is regulated by the Tanzanian federal government and must be in accordance with the terms and conditions as stipulated under the Atomic Energy Act. Section 108 of the Mining Act currently prohibits the export of uranium unless a permit has been granted by the Commissioner for Minerals.

Under Section 108 of the Mining Act, the Minister shall make special regulations for the purpose of ensuring public safety and regulating mining, processing, hauling, transporting, conveying, marketing and disposition of radioactive minerals (including uranium) in Tanzania. The new regulations, which are currently being drafted, may impose additional environmental and other obligations on the Company in relation to uranium production.

Mantra’s business is subject to various levels of extensive governmental controls and regulations in Tanzania that are amended from time to time. The Company is unable to predict what additional legislative amendments or regulations may be proposed that might affect its business or when any proposals, if enacted, might become effective.

Environmental Matters

By their nature, Mantra’s uranium exploration activities and any potential future uranium mining and processing operations impact the environment. The Company’s objective is to minimize that impact. In its operations, Mantra seeks to protect the environment by limiting emissions and managing wastes to attain levels as low as reasonably achievable, with social and economic factors taken into account. In this regard, the Company has established various health, safety and environmental policies. Among other things, these policies provide that Mantra is committed to the following principles: keeping risks at levels as low as reasonably achievable; preventing pollution; complying with and moving beyond legal compliance requirements; ensuring quality of processes, products and services; and continually improving Mantra’s overall performance.

Mantra’s business is subject to a wide variety of laws and regulations regarding environmental matters and the management of hazardous wastes and materials, including those of general application to environmental matters and those specifically associated with the uranium sector. In addition, special regulations governing uranium production in Tanzania are currently being debated which may impose additional environmental obligations on the Company. Such regulations are expected to mandate the mining, processing, hauling, transporting conveying, marketing and disposition of radioactive minerals (including uranium) in Tanzania, however the specific provisions of the regulations are not available at this time.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company reviewed the Company’s projects during the year and are not aware of any breach of environmental legislation for the last financial year.

In order to progress the permits required to build and operate a uranium mine in Tanzania, the Company carried out a number of environmental and social baseline during 2008 and 2009. This information together with relevant data from the PFS was submitted to the National Environment Management Council (the “**NEMC**”) as an Environmental Impact Statement in March 2010. The NEMC carried out surveillance visits to the Project and various stakeholders during May 2010 and met with Company representatives to discuss their findings during the same month.

The *Treaty on the Non-Proliferation of Nuclear Weapons* (“**NPT**”) was established in 1970 and is an international treaty with the following objectives: to prevent the spread of nuclear weapons and weapons technology, to foster the peaceful uses of nuclear energy, and to further the goal of achieving general and complete disarmament. The NPT establishes a safeguards system under the responsibility of the *International Atomic Energy Agency* (“**IAEA**”). As both Australia and Tanzania are signatories to the NPT, Mantra is subject to it and is required to comply with IAEA requirements.

Bankruptcy and Similar Proceedings

There are no proceedings against the Company or its subsidiaries in the nature of bankruptcy, receivership or similar proceedings, voluntary or otherwise, within the three most recently completed financial years or as of the date of this AIF.

Reorganizations

In September 2007, the Company announced that it had reached an agreement to merge with Mavuzi and create a new mineral exploration company with substantial interests in Africa. On February 1, 2008, both companies received shareholder approval for the merger and the merger was subsequently completed on March 11, 2008. The merger was implemented by way of schemes of arrangement whereby Mantra acquired all of the issued securities of Mavuzi which became a wholly owned subsidiary of Mantra. Mantra issued 18,267,169 Shares, 6,273,141 listed Share purchase options that were exercisable at A\$0.20 per Share on or before June 30, 2009, 500,000 unlisted Share purchase options that were exercisable at A\$0.20 per Share on or before June 29, 2009, and 250,000 unlisted Share purchase options that are exercisable at A\$0.30 per Share on or before June 30, 2010 to the previous holders of Mavuzi securities as consideration for all of the issued securities in Mavuzi (now Mavuzi Resources Pty Ltd).

There is no proposed material reorganization for the current financial year.

Risk Factors

The following risk factors, as well as risks not currently known to Mantra, could materially adversely affect Mantra’s future business, activities and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to Mantra. Before making an investment decision consideration should be made of the principal risks and uncertainties described below:

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 the Company may be affected by numerous factors that are beyond the control of the Company 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 the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest, including the Project, are without any mineral 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.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company 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, the Company may experience delays or increased costs in developing its properties.

There can be no assurance that the Company's mineral exploration activities will be successful. If such commercial viability is never attained, the Company 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".

Mantra's activities will require further capital

The exploration and any development of Mantra's properties 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. Particularly in light of current global financial conditions, 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.

Some of Mantra's properties are within game and forest reserves

Pursuant to Section 95 of the 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, except with the written consent of the authority having control over the reserve. A portion of Mantra's Project (which contains a portion of the Project's MRE) is located within the Selous Game Reserve, a World Heritage Site. The Company 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 fall within the game reserve. The Company will require additional approvals to progress from the exploration phase to the development and mining phases of operations. Failure to obtain approvals for mining or the imposition of restrictive conditions on mining activities making the Project uneconomic may have a material adverse effect on the business operations of the Company.

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. The Company has been granted permission to undertake uranium exploration on the portion of the tenements that fall within the forest reserve from the authority having control over the forest reserve. The Company will require additional approvals to progress from the exploration phase to the development and mining phases of operations.

This has been facilitated by Section 20 of the Wildlife Conservation Act of 2009 which provides that a person may prospect or mine in a game reserve if the undertaking involves or is intended for prospecting or mining of oil, gas or uranium.

The Company submitted a request for consent to the Minister of Natural Resources and Tourism during May 2010. The Ministry replied in June 2010 requesting additional information which has since been provided.

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

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.

The Company 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 the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on 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.

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 court 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, license application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

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. The Company has experienced losses from operations for each of the years ended June 30, 2008 to June 30, 2010 and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed 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, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company 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 the Company'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 the Company will generate any revenues or achieve profitability.

Mantra's mineral resources and any future mineral reserves are estimates and may be re-estimated and reduced

Mantra's mineral resources (and any future mineral 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 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, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the 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 Project's operations.

Results of studies are uncertain

The Company is currently completing a DFS for the Project. The DFS is expected to be completed in the December quarter of 2010.

The study is being completed within certain parameters designed to determine the technical and economic feasibility of the Project within certain limits. There can be no guarantee that the DFS will confirm the technical and economic viability of the Project or the results of other studies undertaken by the Company (e.g. the results of a definitive feasibility study may materially differ to the results of the PFS that was completed and announced March 1, 2010).

Further, even if the DFS determines the economics of the Project, there can be no guarantee that the Project will be successfully brought into production.

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 Project and the Company's other properties to be rendered uneconomic. Depending on the prices of uranium, Mantra could be forced to discontinue production or development 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 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.

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

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. The Company has investigated its rights as set forth in this AIF 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 the Company. There can be no assurances that the Company'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, the Company 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 the Company 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, the Company 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 his rights under the Mining Act in respect to 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 effect on the business operations of the Company.

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 the Company 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 the Company, compared with other industry participants.

General economic conditions may adversely affect Mantra's growth and profitability

The events in global financial markets recently 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.

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.

Mantra may enter into various uranium contracts

In order to secure additional debt funding, the Company may be required to enter into various forward contracts for the physical delivery of some or all of its expected uranium from the Project. These contracts are designed to provide protection against the fluctuations in the price of uranium. If Mantra fails to meet its obligations in terms of product quantity, quality or timing of supply, the Company 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 the Company'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 Project is capable of economic development and Mantra decides to proceed with the development of the 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 Project. If Mantra is not able to negotiate such long term agreements then the development of the 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 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, the Company 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 the Company's financial performance and results of operations, especially if the price of uranium has increased.

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

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. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price after Mantra commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Mantra's ongoing business; the inability of management to realize anticipated synergies and maximize

the financial and strategic position of Mantra; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business 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.

Mantra may need additional capital to finance acquisitions (whether completed or not) which may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. If Mantra obtains debt financing, it will be exposed to the risk of leverage and its operations 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.

The mineral resource industry is competitive

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company 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 the Company'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 the Company 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.

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 the Company will receive a permit to export uranium, which may have a material adverse effect on the business operations of the Company. 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.

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.

A number of countries have legislation and regulations in place that specifically impose additional environmental obligations in relation to uranium production. While Tanzania is yet to establish any such legislation and regulations, Mantra understands that specific uranium regulations have been drafted and are expected to be passed into law before the end of 2010. Future legislation and regulations governing uranium production in Tanzania may impose significant environmental and other obligations on the Company. Such regulations may mandate, amongst other things, the mining, processing, hauling, transporting, conveying, marketing and disposition of radioactive minerals (including uranium) in Tanzania. 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 the Company from being able to develop potentially economically viable mineral deposits.

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 operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Mantra relies on licenses, permits and approvals from various governmental authorities

Mantra's activities require licenses, permits and approvals from various governmental authorities. Mantra believes that it holds all necessary licenses 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 licenses and permits. However, such licenses 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 licenses and permits as are required to explore or develop its properties.

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 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.

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 the Company's capital expenditure and ongoing expenditure is denominated in either United States Dollars or Tanzanian Shillings, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company 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. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, the Directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

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 the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

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.

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.

Effecting service of process

With the exception of Mr Mayers, Mantra's current directors reside outside of Canada and the assets of these persons are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts named in this AIF. It may also not be possible to enforce against Mantra, the majority of its directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Mantra has a limited operating history

The Company has limited operating history on which it can base an evaluation of its prospects.

The prospects of the Company 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.

Mantra does not have a dividend history

No dividends on the Shares have been paid by Mantra to date. Mantra anticipates that for the foreseeable future 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 Mantra's board of directors' after taking into account many factors, including Mantra's financial condition and current and anticipated cash needs.

Short term investment risks

The Company 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 the Company 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 the Company.

Securities investment risks

Shareholders should be aware that there are risks associated with any securities investment. The prices at which the Company'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 the Company's operational performance.

Mineral Properties

Mkuju River Project

The information regarding the Project and the PFS in this section of the AIF has been extracted from the Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report, which is available for review on SEDAR at www.sedar.com.

Project Description and Location

Mantra's flagship Mkuju River Project is located in southern Tanzania, approximately 470km southwest of Dar es Salaam. The Project comprises twenty contiguous tenements covering an area of over 3,250km². Mantra, through its wholly owned subsidiaries, controls 100% of the entire Project area, including the Nyota Prospect as of the date of this AIF. The Nyota Prospect falls on Prospecting Licence No. PL 4700/2007. The Prospecting Licence was granted by the Ministry of Energy and Minerals to Mantra Tanzania Limited on September 18, 2007 and is valid for a period of 36 months. The licence covers an area of 197.94km².

Mantra has obtained all required permits to carry out exploration activities on Prospecting Licence No. PL 4700/2007. The Company will, however, require additional approvals to progress from the exploration phase to the development and mining phases of operations. Key permits, including the Environmental Certificate and Special Mining Licence, are currently being sought from the relevant Tanzanian Government ministries.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Project from Dar es Salaam is by tarmac road to the regional administrative centre of Songea (950km travel distance) and then a further 150km northeast along a reasonable road passing through Namtumbo and Likuyu. Preferred access is a charter flight from Dar es Salaam to a small airstrip at Likuyu (approximately 1 ½ hours flight time). It is then a further 50km northeast to the Nyota Prospect camp via existing tracks, for which a four-wheel drive vehicle is required. Access is not considered difficult, with the exception of travel during the wet season, which is typically from December to April, when extra road rehabilitation is required.

The Nyota Prospect covers a dissected sandstone plateau and can be loosely divided into the northern area located in an area of steep sided hills and valleys and the southern area which has less prominent topography. Elevations vary from approximately 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. The vegetation of the Project area is predominantly low woodland.

Exploration activities are occasionally interrupted during the wet season, which is typically between December and April, when extra access road rehabilitation is required. The climate will not have an effect on the length of operating season for mining activities, as suitable all weather road access is planned to be constructed in 2010.

The village of Likuyu, located some 50km to the southwest, is the closest population centre to the Nyota Prospect. The Nyota Prospect area is currently accessed via existing tracks, for which a four-wheel drive vehicle is required. The Likuyu to site access is planned to be upgraded, commencing in 2010.

Power will be generated on site with Heavy Fuel Oil generators. The total power requirements for the Project are relatively low at an estimated 9.35MW of consumed power.

Water is available from both adjacent water courses or on site sources derived from bores. The PFS has contemplated both water utilisation options.

History

The uranium mineralisation was first discovered by Uranerzbergbau GmbH during systematic follow-up of radiometric anomalies interpreted from a country wide airborne radiometric survey in the late 1970s. Subsequent work during the period 1978-82 consisted of ground radiometric surveys, geological mapping, gridding, sampling and trenching. This work led to the delineation of a group of anomalies, many of which contained visible secondary uranium mineralisation with U_3O_8 values exceeding 1%. These anomalies were located in an area approximately 11km by 11km in size, which includes Mantra's Nyota Prospect.

Geological Setting

The Project lies within Karoo Supergroup sediments which are known to host uranium deposits elsewhere in eastern and southern Africa. Within the Project area they contain widespread uranium mineralisation.

Exploration

Mantra began exploration on the Project in late 2006. Initial work undertaken included: acquisition and compilation of historical data; acquisition of published topography, geological and geophysical maps and satellite images for the license areas along with raw aeromagnetic and radiometric data; processing and interpretation of aeromagnetic and radiometric data; production of a GIS database; desktop review of all data, and subsequent production of ranked exploration targets; production of exploration plans, at both regional and prospect scale; and field reconnaissance visit to assess access and logistics, along with discussions with relevant authorities within the area.

Exploration on site began in 2007, focussing on geological mapping, trenching and sampling, ground radiometric surveys, and reverse circulation (“**RC**”) drilling on three anomalies at the Nyota Prospect. A high resolution helicopter-borne radiometric and magnetic survey was also flown over the entire Project. Results of this initial work confirmed the presence of widespread sandstone hosted uranium mineralisation at surface and shallow depths.

Exploration undertaken in 2008 was aimed at identifying mineralised horizons and it included extensive aircore (“**AC**”), RC and diamond (“**DD**”) drilling campaigns; mapping, trenching and sampling, including a helicopter supported reconnaissance program. In addition satellite and aerial imagery was acquired and environmental monitoring and baseline studies were commenced. All of the work was completed by staff employed by Mantra with support from specialist consultants, especially in the fields of geology mapping, geophysical logging and interpretation and work directly related to resource estimation.

DD drill samples were used solely for metallurgical, comminution and bulk density test work. Preliminary test work using part of the core samples was completed at SGS laboratories in Perth, Western Australia, during late 2008, as part of the Scoping Study.

Infill drilling during 2009 was designed to close the current drill spacing over Areas A, C, D and S to approximately 50m centres, in order to better establish geological and grade continuity and increase the category of the resource. Extension drilling was also undertaken with a view to test for potential extensions to the existing resource areas – F, G, J and S. Further infill drilling and trenching also took place in areas F, G and J, while Areas E and O were new exploration targets that were identified during mapping, and drilled in 2009. Infill drilling was predominantly (90%) OH drilling, with open-holes subsequently gamma probed to determine eU_3O_8 values. Approximately 10% of the infill drill holes and all of the exploration drill holes were AC (drilled concurrently) designed to provide samples for chemical assay in addition to gamma probe data, the results of which would form a spatially representative, statistically valid U_3O_8 dataset that could be used for comparative study of eU_3O_8 and U_3O_8 data as part of ongoing QAQC analysis. An additional series of PQ diameter DD holes were drilled to provide representative core material for detailed geological logging, bulk density analysis, geo-metallurgical modelling and metallurgical test work.

The drilling undertaken by Mantra has confirmed the presence of multiple stacked mineralised horizons of variable thickness at shallow depths. Mineralisation is also observed at surface in outcrop and trenches. Surficial enrichment is interpreted to have contributed to the higher grade nature of the near surface mineralisation.

Mapping and geophysical surveys of the area indicate a series of NNE and NW oriented, sub-vertical normal faults. This faulting is interpreted as a strong control on the incised topography observed within the Nyota Prospect area, and hence the distribution of the surface exposures of the sub-horizontal zones of mineralisation.

Mineralization

The mineralisation is hosted within coarse-grained arkosic sediments containing pyrite and organic matter. The coarse grained sediments are interpreted as channels within a braided fluvial system. The mineralisation occurs as pockets and lenses at various levels within kilometre-scale radiometrically anomalous zones. It is interpreted to lie within sub-horizontal sedimentary units bound by claystone bands. The dip of the clay bedding horizons ranges between 3 and 5° towards the N to NNE direction.

Drilling

To the end of 2009, drilling at the Nyota Prospect has consisted of an extensive RC, AC, OH and DD drilling program comprising 1,696 holes, for a total of 101,205m. The drilling consists of 1,143 AC, 320 OH, 134 RC and 99 DD holes. Additional information was obtained from trenching and hand auger drilling.

Sampling and Analysis

Drill samples collected at the drill site were transported back to the sample yard at the Project camp site. Samples were weighed, with any wet samples first being dried by placing the sample on flat poly-weave sheets in the sun. Once dried the samples were re-bagged then underwent a second pass of scintillometer readings. Samples were split into 1 - 2kg samples. Quality assurance and quality control (“QA/QC”) field duplicates were prepared by Mantra on site, other QA/QC samples were inserted into the sample stream at the sample yard and/or at the sample preparation facility at ALS Chemex Laboratories (“ALS Chemex”) Mwanza, Tanzania at a rate of 1:20 sample being a certified reference material, 1:40 being a blank sample and 1:40 being a field duplicate.

Samples were bagged into batches and inserted into sealed and locked metal drums for transport to ALS Chemex in Mwanza for sample preparation. One kg of sample was pulverised to 85% passing 75µm. The material was then split into 100-200g pulps. The coarse reject was returned to Mantra and stored on site.

During 2007 and 2008, the resultant pulps were then sent to ALS Chemex in Perth, Western Australia for analysis. Sample decomposition was undertaken by HNO₃-HClO₄-HF-HCl digestion, HCL Leach (GEO-4ACID). Analysis of the samples was undertaken by inductively coupled plasma – atomic emission spectroscopy (ICP – AES) method. Pulps returning high level (>500 ppm U₃O₈) results from the four acid digest and ICP analysis are subjected to further analysis using the fused pellet XRF method (XRF-10). ALS Chemex abides by stringent internal QA/QC procedures as well as taking part in inter-lab testing and round robin testing. ALS Chemex currently holds ISO9002 accreditation.

10% of pulps were sent to the UltraTrace Laboratories in Perth, for umpire sampling as part of a QA/QC process.

Following an assay QAQC review in 2009 the primary laboratory used to analyse samples over the resource area was changed from ALS Chemex in Perth to Ultratrace Analytical Laboratories (“Ultratrace”) in Perth.

During 2009 samples for chemical assay were sent to ALS Chemex in Mwanza for sample preparation. The sample pulps were then dispatched to Ultratrace in Perth for uranium analysis via the fused disk XRF analysis method, to a 5 ppm detection limit. Ultratrace abides by stringent QAQC procedures as well as taking part in inter-lab and round robin testing. They currently hold ISO 17025 accreditation.

Additionally, and to improve the detection limit and reliability, and demonstrate the precision of their XRF analytical technique, 10% of sample pulps were submitted to ALS Chemex for umpire sampling as part of Mantra QAQC protocols.

Sampling for the estimation of U₃O₈ content, or “equivalent” U₃O₈ was completed using the following geophysical methods. Down-hole gamma logs were recorded by Mantra surveyors for all holes (RC, AC and DD) using a natural gamma probe (Auslog A088 27mm tool). Continuous readings over a 10cm sample interval at a speed of between 4-6m per minute were collected. Readings were collected nominally in the up hole direction. Following acquisition of the down-hole gamma cps readings, the data is transformed to eU₃O₈ using standard corrections (dead time, hole size etc.) and a local equilibrium/disequilibrium calibration factor. The down-hole logging was completed with QA/QC procedures in place. The down-hole logging procedures included calibration checks involving test sources, a stand-alone test ‘pit’, and by routinely re-surveying previous holes to check repeatability of the results.

Security of Samples

Independent consultants CSA consider the current procedures for sample preparation and storage to be adequate and secure considering the drilling conditions, site conditions and proportion of wet samples.

Mineral Resource Estimate

The data from the drilling program was used to complete the Company's MRE for the Nyota Prospect. The MRE comprises an Indicated Mineral Resource estimated at 25.1 million tonnes averaging 515 ppm U₃O₈ for a contained 28.5 million pounds of U₃O₈ (or approximately 12,900 tonnes contained U₃O₈) at a lower cut-off grade of 200 ppm U₃O₈ and an Inferred Mineral Resource estimated at 57.3 million tonnes averaging 442 ppm U₃O₈ for a contained 55.8 million pounds of U₃O₈ (or approximately 25,300 tonnes contained U₃O₈) at a lower cut-off grade of 200 ppm U₃O₈.

The MRE has been prepared by CSA and is reported in accordance with the JORC Code.

Mkuju River Project – Nyota Prospect Mineral Resource Estimate as at 26th January 2010

	Tonnage (million tonnes)	Grade (U ₃ O ₈ ppm)	Contained U ₃ O ₈ (million pounds)
Indicated Resource	25.1	515	28.5
Inferred Resource	57.3	442	55.8

CSA observed that the MRE includes the utilisation of mapping, geophysical surveys, drilling and sampling at Nyota. This data adequately defines geological and grade continuity suitable for the estimation of Indicated and Inferred Mineral Resources.

The data includes:

- RC, AC, DD, and OH drilling samples used to estimate U₃O₈ grades, with down-hole gamma logs used to estimate an equivalent U₃O₈ (“eU₃O₈”) grade. Duplicate assay and gamma data was also collected to ensure good correlation between the two methods of U₃O₈ measurement.
- Trenching to sample mineralisation and to estimate surface U₃O₈ grades in areas where steep topography prevented the use of conventional drill rigs.
- Detailed geological mapping, completed during 2009, providing an improved understanding of the sedimentary and structural controls on uranium mineralisation.
- A review of QAQC information for all assay and geophysical data types which demonstrated acceptable levels of precision and accuracy.
- Updated bulk density measurements obtained from analysis of DD core. The core was also used for metallurgical test work to verify the conceptual project economics at a level suitable to define the MRE.
- A high resolution topography digital terrain model, validated by surveyed traverses and reconciliation against drill collar and trench locations.

The following criteria were used in the estimation of the MRE:

- Sample intercepts with a nominal cut-off grade of greater than 200 ppm U₃O₈ over a minimum thickness of 3m.
- Interpretation of sedimentary units and structural controls based on recent geological mapping and down-hole conductivity data. Definition of the mineralised envelope at an 80 ppm U₃O₈ lower cut-off.
- Construction of a volume block model using the mineralised envelopes, digital topographic surface and a probabilistic process to estimate the proportion of mineralised blocks above the 200 ppm U₃O₈ lower cut-off.
- Statistical analyses of U₃O₈ completed by area, with top cuts applied separately for drill hole and trench data.
- Grade estimation using Ordinary Kriging (“OK”) for the drilling defined resource and Inverse Distance Weighting squared (“IDW²”) for the upper surface resource defined by both trenching and drilling data.
- Classification of the portions of the MRE for Areas A, C, D, E and S as Indicated Resources based on the guidelines specified in the JORC code (2004 Edition).
- Classification of the MRE for the remainder of the mineralisation at Areas A, C, D, E and S and the other 5 areas of mineralisation located within Nyota as Inferred Resources based on the guidelines specified in the JORC code (2004 Edition).

Pre-Feasibility Study

The PFS for the Project was completed in March 2010. The PFS is preliminary in nature, includes inferred mineral resources from the MRE that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The PFS concluded that the Project could support annual production of 3.7 million pounds of U_3O_8 and had an initial mine life of twelve years, with the potential to increase. This represents a 48% increase in annual production over the results of the Scoping Study. In addition, the PFS estimated capital costs (determined to a nominal accuracy of +/-20%) at US\$140 million for the process plant and US\$158 million for capital infrastructure. The operating cost averages US\$25.05 per pound over the life of the mine, a decrease of 5% from the Scoping Study results.

The PFS was completed using the following parameters:

- Life of Mine minimum 12 years
- Average Production 3.7 million pounds U_3O_8 per annum
- Ore Mining Rate Up to 4.4 million tonnes per annum
- Cut off grade 200 ppm U_3O_8
- Recovery 79% including beneficiation
- Uranium price US\$60 per pound U_3O_8

Mining

The mining of both ore and waste is a simple process in shallow open pits requiring no drilling and blasting. As part of the PFS, a series of whittle pit optimisations were completed on six of the resource areas included in the MRE. Material classified in the Indicated Mineral Resource and Inferred Mineral Resource categories was used in the whittle pit optimisation process. Pit designs, waste dump designs and life of mine mining schedules were then completed to determine the optimal long term mine plan. The stripping ratios for the Project are as low as 1:0.9 (ore/waste) with the life of mine stripping ratio not exceeding 1:2.9. This has increased from the Scoping Study due to pit wall angles being decreased from 37 to 31 degrees based the results of geotechnical evaluation.

The basic mining fleet will comprise standard trucking equipment, in the form of four 6m³ excavators and twenty 50 tonne articulated dump trucks. Haul road maintenance will be supported by two graders and two water carts. The run of mine ore will be directly tipped into the ore reception feed bin, reducing double handling. A D10 dozer will be used to push waste material which will reduce waste handling costs. The fleet will be supported by service trucks, tractors, workshop infrastructure and tyre handlers.

Typical mining bench heights of 2 meters will be employed where grade control is critical, easing to 4 metre benches in bulk operations. No blasting is necessary, due to the softness of the ore and surrounding waste. This assumption is supported by the excavations undertaken on site to date. Where more competent material is encountered, dozers fitted with single shank rippers will be used. Where possible, waste material will be dozer pushed as per the design of each pit to maximise in-pit waste dumping. Any additional waste will be trucked to adjacent waste dumps, which will be situated within a one kilometre radius of each pit. Final rehabilitation will be undertaken with dozers, with maximum final slopes of 1:5 with full re-vegetation on completion.

The Company is currently contemplating the mining being undertaken on a contractor mining basis. The average mining cost is approximately US\$2.58 per tonne mined (ore and waste) equating to a total mining cost of US\$10.45 per pound U_3O_8 produced. Owner operator mining is also being evaluated as this does offer potential operating cost savings. This will be evaluated further in the DFS.

Processing

The process facility is based on simple acid leach, utilising resin-in-pulp technology. The current consideration is to locate the process plant, tailings storage facility and associated infrastructure as close as practically possible to the first areas proposed to be mined. The current process flow sheet incorporates the concept of upgrading (beneficiating) the feed material ahead of its processing. This is achievable because the uranium mineralisation is interstitial, which means that it occurs as particles between the primary constituents of the host rock which are quartz and feldspar.

The beneficiation is achieved by processing the blended run of mine feed through a scrubber. The feed to the scrubber is up to 4.4 million tonnes of ore per annum. A scrubber unit simulates the activity of a low energy input mill. As the uranium mineralisation is interstitial and predominantly reports to the finer fraction, the coarse fraction can be rejected with a 10% loss of uranium at this point. The coarse fraction is rejected using a series of three cyclones. Test work has demonstrated that approximately half of the initial mass of scrubber feed is rejected. This process is termed herein as “scatting”. The scats are discarded to a stockpile after being washed over a screen with acid water to remove fines. The fine fraction of the scrubber feed (P₈₀-250 microns) containing 90% of the uranium is then processed in the near ambient temperature acid leach.

The beneficiation process has the capacity to almost double the grade of the feed material, hence reducing both capital and operating costs. The fine fraction passes from the cyclones into a thickener and is then leached with sulphuric acid to dissolve the uranium. Test work completed in the PFS has eliminated the need for iron oxide (Fe₂O₃) and manganese dioxide (MnO₂), thus reducing process operating costs.

The Company currently favours the use of the resin-in-pulp technology as part of the process route. This process involves the adsorption of uranium in solution onto resin beads. Once the resin is loaded with uranium, it is separated from the pulp by means of screening. The uranium is stripped from the resin, which is then re-used back in the leach. This has removed the need for a counter current decant circuit, reducing capital and operational risk.

Acid consumption in the leach is relatively low, consuming approximately 12kg/t. Approximately 3 kg/t of acid is used to elute the uranium from the resin, giving an overall acid consumption of 15 kg/t of run of mine material. This is approximately 25% less acid than was envisaged in the Scoping Study. Due to the high concentration of uranium in the eluate, the final product can be precipitated directly, removing the need for a solvent extraction unit in the circuit. This presents an obvious capital saving and moves to reduce operational risk.

An overall U₃O₈ recovery of 79% has been applied in the PFS. This is calculated by applying a 90% recovery from the scatting process and a minimum 88% recovery from the remainder of the metallurgical process.

Definitive Feasibility Study

The DFS was commenced in March 2010. A key component of the DFS is a pilot metallurgical test work program which will form the key input into the engineering component of the DFS. Results from the program are pending.

During the DFS phase, the Company will focus on evaluating further opportunities to reduce process risk, increase recoveries and maximise operating margins, including:

- Upgrading the resource classification of portions of the current MRE to the Indicated Mineral Resource and Measured Mineral Resource categories, and increasing the overall resource base to potentially enable further expansion in production rates and a longer mine life to be contemplated;
- Continued examination of the use of reagents, their transport and reclamation to reduce operating costs;
- Reviewing lower cost alternatives for power generation with a view to reduce operating costs;
- Reviewing contractor versus owner-operator mining scenarios; and

- Undertaking an evaluation of the various alternatives for funding the development of the Project and the sale of future uranium production (including uranium marketing and off-take arrangements).

Exploration and Development

Resource development (infill and extension) and exploration drilling programs at Nyota are ongoing. The current phase of resource development drilling will be concluded in September quarter of 2010 and followed by a further revision of the MRE.

Future resource development drilling at Nyota will include the re-drilling or re-entering of holes that could not be probed as part of the 2009 infill and extension drilling campaign, followed by filling in current gaps at the 50m x 50m spacing. This will be followed by a program of closer spaced infill (50m x 25m) drilling in areas of more complex geology or areas showing shorter ranges of grade continuity. Additional exploration drilling is also planned to determine the additional resource potential of Nyota.

Further trenching will also be undertaken at 100m spacing along ridge lines in areas not accessible by drilling to define mineralisation continuity.

The abovementioned work is budgeted to cost approximately \$US7.3 million.

DIVIDENDS

The Company has not declared or paid any dividends on its Shares since the date of its incorporation. The Company intends to retain its earnings, if any, to finance the growth and development of its businesses and does not expect to pay dividends or to make any other distributions in the near future.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Shares without par value. As of the date of this AIF, the Company had 130,229,188 Shares issued and outstanding (130,229,188 Shares as of June 30, 2010) and an aggregate of 11,175,806 unlisted options and 2,609,325 unlisted rights outstanding, which are convertible into an equivalent number of Shares.

The following is a summary of the rights attaching to Shares. For a full statement of the rights attaching to Shares, reference should be had to the Constitution of the Company, which is available under the Company's profile on SEDAR at www.sedar.com.

The holders of Shares are entitled to:

- a) vote at all meetings of shareholders of Mantra, except meetings at which only holders of a specified class of shares are entitled to vote;
- b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Mantra, any dividends declared by Mantra; and
- c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Mantra, the remaining property of Mantra upon the liquidation, dissolution or winding-up of Mantra, whether voluntary or involuntary.

MARKET FOR SECURITIES

Shares

The Shares of the Company are listed and posted for trading on the ASX under the symbol "MRU" and are listed and posted for trading on the TSX under the symbol "MRL".

The following sets out the monthly high and low closing prices and trading volume of the Shares of the Company from November 19, 2009 (the date the Shares were listed on the TSX) to June 30, 2010, as reported by the TSX.

SHARES (MRL)

<u>Month</u>	<u>High (C\$)</u>	<u>Low (C\$)</u>	<u>Volume Traded</u>
November 19 - 30	4.50	4.25	384,100
December	4.50	4.00	661,500
January 2010	5.54	4.26	3,772,848
February	5.45	4.86	2,848,356
March	6.09	4.97	2,723,623
April	5.73	4.20	2,276,139
May	4.94	3.90	1,281,646
June	4.25	3.68	681,853

Unlisted Options

Certain Share purchase options of Mantra are outstanding but not listed or quoted on a marketplace (“**Unlisted Options**”). The following table sets out the Unlisted Options that were issued during the financial year ended June 30, 2010.

UNLISTED OPTIONS

<u>Date</u>	<u>Unlisted Options Issued</u>	<u>Exercise Price (A\$/Share)</u>	<u>Expiry Date</u>
June 16, 2010	500,000	\$4.50	December 31, 2012
June 16, 2010	500,000	\$5.00	June 30, 2013
June 16, 2010	500,000	\$5.50	December 31, 2013

Unlisted Performance Rights

Certain performance rights convertible into Shares are outstanding but not listed or quoted on a marketplace (“**Rights**”). The following table sets out the Rights that were issued during the financial year ended June 30, 2010.

UNLISTED PERFORMANCE RIGHTS

<u>Date</u>	<u>Unlisted Rights Issued</u>	<u>Exercise Price (A\$/Share)</u>	<u>Expiry Date</u>
June 30, 2010	300,000	\$5.50	December 31, 2013
June 30, 2010	660,057	Nil	March 31, 2011
June 30, 2010	549,756	Nil	December 31, 2011
June 30, 2010	549,756	Nil	December 31, 2012
June 30, 2010	549,756	Nil	December 31, 2013

ESCROWED SECURITIES

The Company does not have any escrowed securities at the date of this AIF.

DIRECTORS AND OFFICERS

The following table sets out information about the directors and executive officers of Mantra.

Name and Residence	Current Office with Mantra	Principal Occupation for Five Preceding Years	Director of Mantra Since⁽¹⁾
IAN PETER MIDDLEMAS ⁽²⁾ Perth, Australia	Non-Executive Chairman	Director of the following public energy and mineral exploration and development companies: Mantra (September 2005 – present), Neon Energy Limited(November 1995 – June 2010), OmegaCorp Limited (October 2000 – August 2007), Global Petroleum Limited (April 2007 – present), Equatorial Coal Limited (November 2009 – present), Syngas Limited (May 2007 – February 2008), Indo Mines Limited (December 2006 – June 2010), Fusion Resources Limited (May 2002 – March 2009), Mavuzi Resources Limited (January 2007 – March 2008), Odyssey Energy Limited (September 2005 – present), Sierra Mining Limited (January 2006 – present), Sovereign Metals Limited (July 2006 – present), Coalspur Mines Limited (March 2007 – present), Newport Mining Limited (September 2008 – present), WCP Resources Limited (September 2009 – present), Leyshon Resources Limited (November 2001 – April 2006), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), and Berkeley Resources Ltd (July 2003 – November 2006).	September 30, 2005
PETER BINSTEED BREESE Johannesburg, South Africa	Chief Executive Officer and Director	Chief Executive Officer, Norilsk Nickel International (September 2007 – August 2008), and Chief Operating Officer, LionOre Mining International Ltd. (July 2004 - July 2007).	January 25, 2010
ROBERT ARTHUR BEHETS Perth, Australia	Executive Director	Joint Managing Director, Mantra (March 2008 – present), Managing Director, Mantra (November 2005 – March 2008), and Group Manager, Exploration, WMC Resources Limited (April 2002 – July 2005), a large public diversified mining company.	November 7, 2005
COLIN HENRI STEYN ⁽²⁾ London, United Kingdom	Non-Executive Director	Non-Executive Director, Mirabella Nickel (October 2009 – present), and President and Chief Executive Officer, LionOre Mining International Ltd. (November 1999 – July 2007).	March 19, 2008
WILLIAM KEITH SMART London, United Kingdom	Alternate Director for Colin Steyn	Vice-President Corporate Planning, LionOre Mining International Ltd. (August 2005 – July 2007), Managing Director, Bindura Nickel and Zimbabwe Alloys, Chief Executive officer, Zimasco, Chief Executive Officer, Mimoso Mining Company.	June 16, 2010
TED MAYERS ⁽²⁾ Toronto, Canada	Non-Executive Director	Chief Financial Officer, Lundin Mining Corporation (September 2008 – April 2009), Executive Vice President, Business Development, GBS Gold International Inc. (January 2008 – June 2008), LionOre Mining International Ltd. (January 1997 – July 2007).	September 3, 2010
TONY DEVLIN Dar es Salaam, Tanzania	Managing Director – Mantra Tanzania	Managing Director, Mantra Tanzania Limited (September 2008 – present), and Managing Director, Williamson Diamonds Limited (2005 – August 2008).	-

Name and Residence	Current Office with Mantra	Principal Occupation for Five Preceding Years	Director of Mantra Since⁽¹⁾
LUKE ANDREW WATSON Perth, Australia	Chief Financial Officer and Company Secretary	Chief Financial Officer and Company Secretary, Mantra (March 2008 – present), Company Secretary, Mavuzi Resources Limited (January 2007 – March 2008), Company Secretary, Mantra (May 2006 – April 2007), Company Secretary, Omegacorp Limited (November 2005 – September 2007), Financial Controller, Omegacorp Limited (August 2005 – November 2005), and Senior Accountant, Ernst & Young (May 2002 – August 2005), a large international chartered accounting firm.	-

Notes:

- (1) Each director's term of office expires at the later of the third annual general meeting of shareholders of Mantra or three years after that director's last election or appointment. One-third of the directors must retire at each annual general meeting. Retiring directors are eligible for re-election.
- (2) Member of the Audit Committee.

As of June 30, 2010, the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of Mantra as a group was approximately 19,897,026, representing 15.27% of the issued and outstanding Shares.

Corporate Cease Trade Orders and Bankruptcies

Other than as disclosed below, no director or executive officer of Mantra is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Mantra) that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was (i) in effect for a period of 30 consecutive days, (ii) issued while the director or executive officer was acting in that capacity, or (iii) issued after that person ceased to act in that capacity but which resulted from an event that occurred while that person was acting in that capacity.

Other than as disclosed below, no director or executive officer of Mantra or, to the knowledge of Mantra, any shareholder holding a sufficient number of securities of Mantra to affect materially the control of Mantra:

- is, as of the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including Mantra) that, while that person was acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within 10 years before the date of this AIF, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Mr. Middlemas was a non-executive director of View Resources Limited (then called Smartworld Corporation Limited) (“VRL”), an ASX-listed company, from February 2000 to August 2001. In September 2001, VRL was suspended from official quotation on the ASX and was placed into voluntary administration. In January 2002, VRL entered into a Deed of Company Arrangement with its creditors and, following the restructuring of its business from a technology focus to exploration, VRL was re-admitted to official quotation on the ASX in April 2002.

In June 2008, Mr Mayers resigned as an executive officer of GBS Gold International Inc., a British Columbia company formerly listed on the TSX, which voluntarily began liquidation proceedings in respect of its Australian subsidiaries on September 15, 2008.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a material interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a material interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

Committees of the Board of Directors

The board of directors has established an Audit Committee (the "**Committee**"). All of the members of the Committee are "independent" directors, within the meaning of National Instrument 52-110 ("**NI 52-110**").

Composition of the Audit Committee

The Committee is made up of Messrs Steyn (Committee Chairman), Middlemas, and Mayers. The Committee has been structured to comply with NI 52-110. All members of the Committee are considered financially literate and independent as those terms are defined in NI 52-110.

Audit Committee Charter

The complete text of the Committee's charter is attached as Schedule A to this AIF.

Reliance on Certain Exemptions

For the period from the commencement of the Company's most recently completed financial year through to February 16, 2010, the Company did not rely upon on any exemption from NI 52-110. On February 16, 2010, Mr Mark Peace an independent director and a member of the Committee, resigned as a director of the Company. The board then sought to find a suitable replacement, who was independent and a chartered accountant, for the purposes of joining the Audit Committee and to ultimately serve as the Committee's chairman. On September 3, 2010, Mr Mayers (CA) was appointed a director of the Company. Mr Mayers is both financially literate and independent, as those terms are defined in NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the board of directors.

Pre-Approval Policies and Procedures

The Committee shall either (i) pre-approve all services to be provided to the Company or its subsidiaries by the external auditor (however the Committee may delegate authority to pre-approve non-audit services to one or more members of the Committee however, pre-approval of any non-audit services must be presented by any member to whom authority has been delegated to the full Committee at its first scheduled meeting after such approval); or (ii) adopt specific policies and procedures for the engagement of non-audit services provided that: (1) the policies and procedures are detailed as to the particular service; (2) the Committee is informed of each non-audit service; and (3) the procedures do not include delegation of the Committee's responsibilities to management.

External Auditor Service Fees

Fees paid to the Company's external auditors during the two most recently completed financial years were as follows:

	<u>2010</u>	<u>2009</u>
<i>Fees paid to Deloitte Touche Tohmatsu (Australia) for:</i>		
Audit Fees ⁽¹⁾	A\$123,090	A\$31,500
All Other Fees	Nil	Nil
 <i>Fees paid to PricewaterhouseCoopers (Tanzania) for:</i>		
Audit Fees ⁽¹⁾	A\$25,711	A\$24,064
All Other Fees	Nil	Nil

Notes:

(1) Includes services provided in connection with an audit or review of the financial statements of the Company or its subsidiaries.

Audit Committee Members' Experience and Education

The education and experience of each Committee member that is relevant to the performance of his or her responsibilities as a Committee member is as follows:

Mr. Colin Steyn B.Com, MBA – Non-Executive Director & Audit Committee Chairman

Mr Steyn has over 30 years experience in the resources sector with particular expertise in the development of mining operations in southern Africa. Mr Steyn was previously President and CEO of LionOre Mining International (“LionOre”) from 1999 to 2007. He was one of the original founders of LionOre and was instrumental in the growth and development of LionOre into a major international mining house. During his time as CEO, LionOre grew from a market capitalisation of US\$100 million to over US\$6 billion.

From 1996 to 2000, he was a director of Centachrome, a worldwide metals marketing organisation. For five years prior to 1996, Mr Steyn was Executive Director in charge of Metallurgical Operations in Zimbabwe for Rio Tinto; where he started his career in 1979.

Mr. Ian Peter Middlemas B.Com, CA – Non-Executive Chairman

Mr. Middlemas is a Chartered Accountant, a member of the Securities Institute of Australia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr. Ted Mayers B.Sc, MBA, CA – Non-Executive Director

With over 25 years experience, Mr Mayers has previously held a number of senior financial positions with publicly listed mining companies, most recently as Chief Financial Officer with Lundin Mining Corporation. Mr Mayers is based in Canada and is a Chartered Accountant.

PROMOTERS

At the date of this AIF no person is considered a promoter of Mantra pursuant to applicable securities legislation.

LEGAL PROCEEDINGS, REGULATORY ACTIONS AND PENALTIES/SANCTIONS

There are no material legal proceedings or regulatory actions involving Mantra or its properties as at the date of this AIF and Mantra knows of no such proceedings currently contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Apollo Group Pty Ltd, a company associated with Mr. Mark Pearce, formerly a non-executive director of Mantra, was paid A\$204,000 (2009: A\$198,000) (2008: A\$180,000) for the provision of serviced office facilities and administrative, company secretarial and accounting services during the most recently completed financial year. The amount is based on a monthly retainer due and payable in advance, with no fixed term.

Other than as disclosed above and elsewhere in this AIF, no director, officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of the issued Shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which Mantra has participated in the three most recently completed financial years or during the current financial year, or in any proposed transaction, which has materially affected or will materially affect Mantra.

TRANSFER AGENTS AND REGISTRARS

Canada: Computershare Investor Services Inc.
100 University Avenue
Toronto, Ontario, M5 J2Y1
Canada
Tel: +1 416 263 9449
Fax: +1 416 981 9800

Australia: Computershare Investor Services Pty Ltd.
Level 2, 45 St. Georges Terrace
Perth, Western Australia, 6000
Australia
Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, no material contracts entered into by the Company in the three year period preceding the date of this AIF are still in effect.

INTEREST OF EXPERTS

The information in this AIF that relates to Mineral Resources is based primarily upon the Technical Report prepared by Mr. Malcolm Titley, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr. Titley is a full-time employee of CSA Global Pty. Ltd. Mr. Titley has sufficient experience to qualify as a "Competent Person" as defined in the JORC Code.

Information of a scientific or technical nature in this AIF is based primarily upon the Technical Report prepared by Mr. Titley, who is a Member of AusIMM and a full-time employee of CSA Global Pty. Ltd., who are consultants to Mantra. Mr. Titley has sufficient experience to qualify as a "Qualified Person" under NI 43-101. Mr. Titley has verified the scientific and technical information disclosed in this AIF, including sampling, analytical and test data underlying the information and opinions contained in this AIF.

Mr. Titley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr. Titley has no direct or indirect interest in Mantra's property or of any associate or affiliate of Mantra. As at the date hereof, none of Mr. Titley, CSA Global Pty. Ltd., or any associate or affiliate of Mr. Titley, owns, or has the right to acquire, more than one percent of the outstanding securities of Mantra.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Mantra's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's information circular for its next annual general meeting of shareholders. Additional financial information is provided in Mantra's audited consolidated financial statements and related Management's Discussion and Analysis for its financial year ended June 30, 2010. Copies of the above and other disclosure documents may be examined and/or obtained through the Internet by accessing Mantra's website at www.mantraresources.com.au or by accessing the SEDAR website at www.sedar.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Mantra's Board of Directors has adopted the following charter for the Audit Committee effective September 25, 2009.

MANTRA RESOURCES LIMITED

AUDIT COMMITTEE CHARTER

Adopted: 25 September 2009

1. ROLE

The audit committee (the "**Committee**") will assist the Board of Directors (the "**Board**") of Mantra Resources Limited (the "**Company**") fulfil its corporate governance and oversight responsibilities. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditors, and the management of the Company.

2. ADMINISTRATION OF THE COMMITTEE

2.1. Membership

- 2.1.1. The members of the Committee shall be appointed by the Board for one-year terms and may serve consecutive terms.
- 2.1.2. The Committee shall be composed of not less than three (3) members. If a member of the Committee retires, is removed or resigns from the Board, that member shall cease to be a member of the Committee.
- 2.1.3. Each member of the Committee shall:
 - (a) be a member of the Board;
 - (b) unless otherwise determined by the Board, in accordance with Canadian National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), be independent within the meaning of NI 52-110; and
 - (c) unless otherwise determined by the Board in accordance with NI 52-110, have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the Company's financial statements.

2.2. Chairman

- 2.2.1. The members of the Committee shall appoint a person from among its members to act as the chairman of the Committee (the "**Chairman**"). The Chairman shall be approved for a one-year term.
- 2.2.2. The Chairman is responsible for:
 - (a) ensuring the Committee adequately addresses each of its functions and responsibilities, on an on-going basis;
 - (b) ensuring the Board and, if appropriate, the Chief Executive Officer and the Chief Financial Officer are aware of concerns of the Committee;

- (c) liaise with the chairperson of the Board to coordinate the raising of Committee matters with the Board;
- (d) communicate with the Board to keep it apprised of all major developments involving audit and financial reporting matters;
- (e) chair and manage meetings of the Committee;
- (f) set and assess periodically the frequency of Committee meetings; and
- (g) on an on-going basis, evaluate the Committee's objectives, duties and the effectiveness of its performance.

2.3. **Meetings**

- 2.3.1. Unless otherwise set forth herein, Committee meeting shall be governed by the same rules as set out in the Company's Constitution as they apply to the meetings of the Board.
- 2.3.2. The Committee shall meet as frequently as required, but not less than four times per year.
- 2.3.3. The Chairman, in consultation with management, shall appoint a secretary to the Committee (the "**Secretary**").
- 2.3.4. The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.
- 2.3.5. The agenda for Committee meetings will be determined by the Chairman in consultation with management and members of the Committee.
- 2.3.6. The Secretary shall forward a notice of each meeting of the Committee to each Committee member as many days as possible and not less than 3 days prior to the date of the meeting.
- 2.3.7. Minutes and resolutions of meetings of the Committee shall be maintained by the Secretary and distributed to all Committee members and the Chairman following the approval of such minutes and resolutions by the Chairman.
- 2.3.8. Committee minutes may be made available to any member of the Board following a request to the Chairman, providing no conflict of interest exists.

2.4. **Attendance at Meetings**

- 2.4.1. A quorum will comprise any two (2) Committee members.
- 2.4.2. Each member shall have one vote and the Chairman shall not have a second or casting vote.
- 2.4.3. The Chief Executive Officer, Chief Financial Officer, the Company Secretary, representative(s) of the external auditors, members of management or other parties deemed necessary by the Committee to provide information may attend meetings by invitation.

3. **RESPONSIBILITIES**

- 3.1. The Committee shall:

Financial Reporting

- 3.1.1. periodically assess and review the effectiveness of the Company's financial reporting and internal control policies;
- 3.1.2. ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements;
- 3.1.3. periodically assess the procedures referred to in subsection 3.1.2 above;
- 3.1.4. monitor and review the Company's compliance with legal and regulatory requirements;
- 3.1.5. review, prior to public disclosure, the Company's annual and interim financial statements, MD&A and earnings press releases, taking into account:
 - (a) critical accounting policies and practices and any changes therein;
 - (b) decisions requiring a major element of judgment;
 - (c) the extent to which the financial statements are affected by any unusual transactions;
 - (d) the clarity of disclosures;
 - (e) significant adjustments resulting from the audit;
 - (f) the going concern assumption;
 - (g) compliance with accounting standards; and
 - (h) compliance with stock exchange and other legal requirements;
- 3.1.6. review and approve any financial reporting required to be made to any lenders or strategic investors;
- 3.1.7. review the consistency of the Company's accounting policies both on a year-to-year basis and across the Company and its subsidiaries and the impact of changes in the accounting standards and legislation on the Company's accounting policies, and where the Committee deems it necessary, adopt changes to the Company's accounting policies in response thereto;
- 3.1.8. obtain reasonable assurance, from discussions with and reports from management and external auditors, that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively and that the Committee is fully apprised of all unrecorded audit adjustments and the rationale for any judgement calls made in relation to the Company's financial statements;
- 3.1.9. ensure the Company's external reporting complies with the Company's accounting policies, the Corporations Act 2001 (Cth), International Financial Reporting Standards and all other applicable policies and rules and securities laws;
- 3.1.10. discuss any significant matters arising from the audit, management judgments and accounting estimates with management and internal auditors (if any), and external auditors;
- 3.1.11. review with management and the external auditor and, as considered appropriate by the Committee, with outside legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of

the Company, and the manner in which any such litigation, claim or contingency has been disclosed in the Company's financial statements and disclosure documents;

- 3.1.12. obtain reasonable assurance from management about the process for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information;
- 3.1.13. review the contents of any prospectus or similar document, including the financial statements contained therein, and after such review and where deemed appropriate, shall recommend to the Board the approval of any financial statements contained therein that have not previously been approved;
- 3.1.14. monitor the policies of the Company in respect of compliance with corporate, environmental, mineral and resource, trade practices and other relevant laws and regulations;
- 3.1.15. provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's audit policies and practices;
- 3.1.16. review and recommend to the Board the appointments of the Chief Financial Officer and any other key financial members of management;
- 3.1.17. recommend to the Board the policies and practices for the payment, monitoring and review of the expenses of the Board and officers of the Company who report directly to the Board;
- 3.1.18. ensure that the Company complies with all legal requirements relating to the declaration and payment of dividends;

External Auditor

- 3.1.19. recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company based on criteria relevant to the business of the Company, including experience in the industry in which the Company operates, references, cost and any other matter deemed relevant by the Committee, and the following mandatory criteria:
 - (a) the external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period;
 - (b) the external auditor of the Company must have arrangements in place for the rotation of the audit engagement partner on a regular basis; and
 - (c) the auditor partner, or his representative, must be available to attend at the annual general meetings of the Company to answer questions from shareholders through the chairman of the meeting;
- 3.1.20. recommend to the Board the compensation of the external auditor;
- 3.1.21. oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- 3.1.22. ensure that the external auditor is independent and objective and that the Committee receives from the external auditor a formal written statement describing any and all relationships between the external auditor and the Company;

- 3.1.23. engage in a dialogue with the external auditor with respect to any disclosed relationships or services that could impact the objectivity and independence of the external auditor and may take, or recommend that the Board take, appropriate action to ensure the independence of the external auditor;
- 3.1.24. ensure that the external auditor is satisfied that the accounting estimates and judgments made by management, and management's selection of accounting principles, reflect an appropriate application of International Financial Reporting Standards;
- 3.1.25. develop a relationship with the external auditor that allows for full, frank and timely discussion of all material issues;
- 3.1.26. meet on a regular basis with the external auditor, without management present;
- 3.1.27. confirm with the external auditor the external auditor's judgment of the acceptability and quality of the Company's accounting principles as applied in the Company's financial reporting, including without limitation, disclosure, degree of aggressiveness or conservatism in the accounting principles and underlying estimates, and other significant decisions made by management in preparing the Company's financial reporting and disclosure materials;
- 3.1.28. either (i) pre-approve all services to be provided to the Company or its subsidiaries by the external auditor (however the Committee may delegate authority to pre-approve non-audit services to one or more members of the Committee however, pre-approval of any non-audit services must be presented by any member to whom authority has been delegated to the full Committee at its first scheduled meeting after such approval); or (ii) adopt specific policies and procedures for the engagement of non-audit services provided that: (1) the policies and procedures are detailed as to the particular service; (2) the Committee is informed of each non-audit service; and (3) the procedures do not include delegation of the Committee's responsibilities to management;
- 3.1.29. review the planning and results of the external audit, including:
 - (a) the external auditor's engagement letter;
 - (b) the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines;
 - (c) the post-audit management letter;
 - (d) the form and content of the audit report; and
 - (e) any other related audit engagements;
- 3.1.30. ensure that the external auditor has direct access to the Committee and unrestricted access to the Company's information;
- 3.1.31. assess management's response to, and action on, the external auditor's post-audit reporting letter;
- 3.1.32. assess the external auditor's performance on an annual basis and report to the Board;
- 3.1.33. direct the external auditors' examinations to additional particular areas, where appropriate;
- 3.1.34. where appropriate, request that the external auditors to undertake special examinations;
- 3.1.35. review control weaknesses identified by the external auditors, together with management's response;

- 3.1.36. review and approve the Company's hiring policies regarding current and former partners and employees of the present and former external auditor;

Reporting

- 3.1.37. report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues;
- 3.1.38 on an annual basis, report to the Board of the Company on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to corporate governance guidelines and best practice recommendations established by the Australian Securities Exchange (the "ASX") and the Toronto Stock Exchange (the "TSX") addressing all matters relevant to the committee's role and responsibilities, including:
- (a) whether external reporting is consistent with the Committee members' information and knowledge and is adequate for shareholder needs;
 - (b) the management processes supporting external reporting;
 - (c) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
 - (d) recommendations for the appointment or removal of an auditor;
 - (e) the performance and independence of the external auditors and whether the audit committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
 - (f) the performance and objectivity of the internal audit function; and
 - (g) the results of its review of risk management and internal compliance and control systems;

Independent Experts

- 3.1.39. if the Committee determines that it is appropriate to do so, appoint (to a maximum cumulative cost to the Company of \$20,000 per annum) and terminate the appointment of any independent experts to enable it to carry out its responsibilities;

Whistle Blowing

- 3.1.40 establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- 3.1.41. establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

Risk Management

- 3.1.42. provide the Board with advice and recommendations regarding the establishment and implementation of:
- (a) a risk management system; and

- (b) a risk profile for the Company that describes the material risks (including financial and non-financial risks) which the Company faces;
- 3.1.43. provide the Board with advice and recommendations regarding the roles and respective accountabilities of the Board, the Committee, management and the internal audit function (if any) in respect of the Company's risk management system;
- 3.1.44. periodically assess and review the effectiveness of the Company's procedures for the identification, assessment, reporting and management of risks including the areas of crisis management, capital expenditure, taxation strategy, funding, commodity and foreign exchange and interest rate exposure, insurance coverage, fraud and information systems technology;
- 3.1.45. ensure that adequate procedures are in place to achieve the Company's objectives as to the effectiveness and efficiency of operations and to safeguard the Company's assets;
- 3.1.46. regularly review and update the Company's risk profile;

Internal Audit

- 3.1.47. periodically assess, review the need for an internal audit function on a regular basis;
- 3.1.48. if the Committee determines that it is appropriate to do so, it shall establish an internal audit function whose purpose is to analyse the effectiveness of:
 - (a) the Company's risk management and internal compliance and control system; and
 - (b) the implementation of the Company's risk management and internal compliance and control system;
- 3.1.49. if the Company has an internal audit function, the Committee shall:
 - (a) review the results and effectiveness of the internal audit programs;
 - (b) recommend the scope of the internal audit for Board approval;
 - (c) review and approve the appointment and dismissal of senior internal audit executives;
 - (d) ensure the internal audit function is independent of the external auditor;
 - (e) ensure that the internal audit function has all necessary access to management and the right to seek information and explanations;
 - (f) receive summaries of significant reports to management prepared by internal audit, the management response and the recommendations of internal audit;
 - (g) ensure no management or other restrictions are placed on the internal auditors; and
 - (h) ensure that appropriate resources are made available to the internal auditors; and

General

- 3.1.50. comply with and carry out all other duties of an audit committee as prescribed the Australian *Corporations Act 2001 (Cth)*, Australian and Canadian accounting standards and other applicable legislative and regulatory provisions.

4. **REVIEW OF COMMITTEE PERFORMANCE**

- 4.1. The Board shall review the effectiveness of the Committee annually.
- 4.2. The Board will review this Charter annually and revise it as appropriate.
- 4.3. Committee members are not entitled to receive additional remuneration for their services in connection with the Committee. The Board will review the remuneration of the Committee in June 2008.

5. **AUTHORITY OF THE COMMITTEE**

- 5.1. The Committee has the authority to:
 - 5.1.1. engage at the Company's expense, independent counsel and other advisors, such as external legal counsel, as it determines necessary to carry out its duties;
 - 5.1.2. set and pay the compensation for any advisors employed by the audit committee;
 - 5.1.3. conduct any investigations it considers necessary and seek explanations and additional information from any employee of the Company and/or from the external auditor;
 - 5.1.4. approve accounting policies and procedures and auditing methodology (issues of material importance, however, will be referred to the Board with the Committee's recommendation); and
 - 5.1.5. communicate directly with the external auditor and any internal auditor and have unrestricted access to management, internal auditor (if any) and external auditors and all company records for the purpose of carrying out its duties and responsibilities under this Charter.

6. **CONFLICT**

In the event of any conflict between this charter and any other relevant legal requirements, including those of the ASX or the TSX (as applicable), the *Corporations Act 2001* (Cth), and applicable securities laws, the Committee shall immediately bring the conflict to the attention of the Board which shall resolve such conflict upon consultation with the Company's legal advisors.