



Monitor Farms Out Kyrgyzstan Uranium Interest

Key points:

- . **Monitor ensures funding of its Kyrgyzstan uranium project via farmout**
- . **specialist Australian uranium company to acquire 75% of the Kashkasu project located in area of historic mining**
- . **a program of diamond drilling to begin as soon as possible**
- . **farmin partner will then fund an exploration program to the value of \$1.5m, aimed at proving up a JORC-compliant resource**
- . **farmout is part of Monitor's strategy to focus attention on its growing oil and gas portfolio.**

Australian energy company Monitor Energy Limited (**ASX: MHL**) ("Monitor" or "the Company") has reached agreement with unlisted Australian uranium company Raisama Pty Ltd ("Raisama"), to farm out an interest in its Kyrgyz Republic uranium project. This farmout is part of the Company's strategy to focus its primary attention on the development of its growing oil and gas portfolio.

Raisama has agreed to acquire a 75% interest in the Company's wholly owned subsidiary, Business Sphere LLC, which owns the Kashkasu II Uranium project ("the Project") in the Kyrgyz Republic. Monitor will retain a 24% interest in Business Sphere LLC, with Mr Viktor Zabolotny (Monitor's in-country representative) holding the remaining 1% interest. Raisama is an unlisted Australian uranium company which has the Sunday Creek Prospect located in the Pilbara region of Western Australia, in the same neighborhood as the Kintyre uranium deposit, sold last year by Rio Tinto to Canada's Cameco and Japan's Mitsubishi for \$US500 million.

Raisama is working towards an Initial Public Offering (IPO), possibly before the end of the year, and is likely to seek in excess of \$A10 million to advance its WA exploration properties and the Kyrgyz Republic uranium project. Recently Raisama appointed well respected uranium executive David Berrie as Managing Director. Mr Berrie was most recently Managing Director of uranium explorer Fusion Resources before its acquisition by Paladin. Before that he was corporate development chief at Summit Resources.

Settlement of the transaction with Raisama is conditional upon the following occurring on or before 31 December 2009;

- Raisama obtaining conditional approval to list on the Australian Securities Exchange; and
- all required regulatory approvals (if any) being received by both Monitor and Raisama.



Under the terms of the binding agreement Raisama will pay a non-refundable deposit of A\$25,000 and has agreed to:

- make a payment to Monitor of A\$150,000;
- upon its quotation on the ASX, issue to Monitor A\$150,000 worth of Raisama shares;
- make a further payment to Monitor of A\$500,000 upon the delineation of 10 million pounds of U308 (at a cut-off grade of 500ppm) from the Project, in accordance with JORC or an equivalent industry code;
- assume responsibility for funding the first A\$1.5M worth of expenditure at the Project.

Prior to settlement Raisama has also agreed to:

- undertake, at its own cost, a drilling program at the Project of no less than 350m of diamond drilling;
- contribute 50% of the general administration costs of Business Sphere LLC (estimated to total US\$8,000 per month);
- assume responsibility for all payments to geological field personnel at the Project (estimated to total US\$8,000 per month).

Monitor Energy Chairman Mr Scott Spencer considers that the agreement with Raisama ensures that the Kyrgyz Republic uranium asset will receive the level of technical and financial support it requires to realize its full potential, allowing Monitor to focus its attention on the development of its growing oil and gas portfolio.

“With the support of strategic corporate advisor Patersons Corporate Finance, Monitor has been undertaking a review of its asset portfolio to ensure it has the technical and capital resources necessary to advance its key oil and gas projects,” Mr Spencer said.

“It was decided that to do this required a partial sell down of our equity holding in the Kyrgyz Republic uranium asset, however it was imperative that we find a partner which had the technical and financial capabilities and the drive to advance the project.

We are fortunate to have found this with Raisama, a company with strong technical and corporate capabilities and backed by the state-owned mining company of China's Hebei province, Hebei Mining.

“With an agreement on the farmout of our Kyrgyz Republic uranium stake now in place, we have shifted our focus to the advancement of our Kyrgyz Republic oil and gas project and the completion of our recently announced farmin agreement in Australia’s Cooper Basin,” Mr Spencer added. “We are also actively pursuing other projects and aim to be able to announce more details shortly.”



On 11 September 2009 Monitor announced that it had signed an agreement (“HOA”) with Victoria Petroleum NL (ASX: VPE) (“Vicpet”) to acquire up to 75 per cent interest in Vicpet’s Petroleum Exploration Licence 115 (PEL 115) in the onshore Cooper Basin in Australia. MHL will be paying 100% of the cost of the exploration well, Fury-1, earn a 75% interest in the 3D defined Fury Prospect and any associated Petroleum Production Licence, if granted post drilling, and the right to earn a 37.5% interest in all of PEL 115.

By paying 100% of the cost of drilling a second exploration well in PEL 115 on the Airacobra Prospect, Monitor will complete the earning of a 75% interest in all of PEL 115 and will earn a 75% interest in the 3D defined Airacobra Prospect and any associated Petroleum Production Licence, if granted post drilling, in the event of an oil discovery. If the second farmin well is not drilled, MHL retains its earned interest in the Fury Prospect only.

PEL 115 has two drill-ready prospects, Fury (1.5 million barrels recoverable in the Jurassic and 22.79BCF in the Permian with additional oil potential) and Airacobra (1.28m bbls recoverable in the Jurassic).

Signed:

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Managing Director