



**MONITOR ENERGY LIMITED MARCH 2011
QUARTERLY ACTIVITIES REPORT**

REVIEW OF OPERATIONS

Overview

Monitor Energy Ltd (“MHL” or, the “Company”) is focussed on oil and gas exploration and production, with interests in projects in Australia and the Kyrgyz Republic. The Company has a stated ambition to become an oil and gas producer, either by way of discovery within its existing portfolio or by acquisition. To this end, the Company is constantly seeking new opportunities that meet these criteria.

Current Projects:

Australia: Cooper Basin

Monitor has an interest in two quality licences in the onshore Cooper Basin, which is a prolific onshore producer of oil and gas.

These two permits include:

- PEL115 (42%) including the Fury-1 oil discovery with further testing and drilling in the first half 2010
- PEL 110 (20%) drilling potential second half 2010

The Permits are surrounded by existing production assets (59mmbbls gas per PIRSA) and contain leads totalling in excess of 50 mmbbl oil and 450bcf gas. In addition to the leads there is also a large inventory of Prospects on both PEL 115 and PEL 110. *PEL 115(266kms²) MHL 42%, Senex Energy Ltd (formerly Victoria Petroleum NL) 33%, Lion Petroleum Pty Ltd 25%.*

Located in the productive Cooper Basin and close to existing infrastructure and oil discoveries, PEL 115 contains multiple leads and prospects.

In December 2009, the Company announced an oil discovery at the Fury-1 well and confirmed by sidewall coring and wireline logging. A gross oil column of 17m (1309-1326m) was located in the Murta Formation.

Since discovery, attempts to undertake production testing at Fury-1 have been thwarted by unseasonal and lengthy flooding denying access to drilling equipment.



Ground conditions have improved in recent times and the Company anticipates that road works and well testing will commence in the near term. *PEL 110 (1,453km²). MHL earning 20%, Cooper Energy 10%, GB Energy Ltd 10%, Senex Energy Ltd 60%.*

Lying in north of the Kileany and Telopea oil and gas fields and west of the James oil field, PEL 110 holds 7 leads and prospects identified in the Birkhead and Hutton Formations, with good stratigraphic similarities to nearby discoveries along the margin.

As with PEL 115, PEL 110 has been subject to extensive flooding for a prolonged period, leading to suspension of all field work. It is expected that future field work will be discussed by the joint venture in the near term.

Kyrgyz Republic Projects

Oil and Gas Projects MHL 100% (Totalling in excess 6,000km²)

Monitor has three licences in Kyrgyz Republic, - two oil and gas licences in the north and one oil and gas licence in the south, covering a total in excess of 6,000km².

These oil and gas licences are proximal to the prolific Tarim and Junggar basins of China and have large potential structures identified, capable of hosting multiple discoveries ranging from 8-120mmbbls.

The Company has completed its non-field planning for a modest 2D seismic acquisition program on previously identified structures on its Concessions and anticipates contractual negotiations to recommence in the spring. The Company is seeking a partner to assist with the development of these projects.

Kashkasu II Uranium Project. MHL 22.5%, Raisama Limited 75% (50km²)

The Kashkasu II Uranium Project consists of two licences located in central Kyrgyz Republic and adjacent to historic Soviet era uranium mines. Stratigraphy is interpreted to be a series of Jurassic sandstones, siltstones and coal bearing beds forming part of a regional syncline.

On 6th December 2010, Raisama Limited announced results of a drilling program that doubled the previously known strike extents of the mineralisation to over 2.6kms (refer Raisama announcement). Drilling also reported high grade intersections and identified multiple zones of coal and sandstone hosted uranium mineralisation, which has the potential to add significant upside to the potential of the deposit.

Raisama Limited has commenced further drilling programs, with emphasis on determining strike limits to the mineralisation and defining a JORC compliant resource. Additional exploration will be undertaken to better define new targets within the tenement package.



New Projects

Trinidad SOCA Transaction

On 29th July 2010, the Company announced a Heads of Agreement that proposed the acquisition of up to 90% of SOCA Petroleum to acquire its rights in three onshore oil production projects and a drilling company in south Trinidad.

On 22nd February, the Monitor advised that the Trinidad SOCA Petroleum transaction was terminated due to a number of factors. Following extensive international road shows for the SOCA transaction, the Company was advised by its corporate advisor, Komodo Capital, that there was overwhelming investor preference for the transaction to proceed by way of an AIM or TSX listed vehicle. This coupled with the timing demands of the vendors meant that the Company was not in a position to proceed with the SOCA transaction and the agreement between the parties has now been terminated.

Project Review

During the reporting period, the Company has continued to evaluate new projects and opportunities. This process will continue.

Corporate

Board and Management Changes

On 22nd February 2011, Managing Director, Mr Jon Roestenburg, resigned from his position with the Company. The board thanks Mr Roestenburg for his tireless work for the Company in recent years and wishes him every success for the future.

Cape Lambert representative, Mr Paul Kelly, has been appointed to the board as a Non Executive Director. Mr Kelly has more than 20 years of experience in the fields of finance, investment and banking. Mr Kelly was previously National Manager of Advertising and Sponsorship for Members Equity Bank and has held a number of senior roles with the bank over a 15 year period. Mr Kelly is also a director of Chameleon Mining NL, and International Goldfields Limited (formerly known as Corvette Resources Limited).

Capital Raising.

Placement to Cape Lambert Resources Limited

On 22nd February, 2011, the Company announced a placement under section 708 of the Corporations Act 2001 to raise \$0.5 million (before costs) by placing 250 million shares at \$0.002 per share to Cape Lambert Resources Limited (ASX: CFE) (“**Cape Lambert**”).

Cape Lambert is a substantial shareholder of the Company (holding ~ 14.37%) and, via the Placement, has offered its support to the Company to provide funds for additional projects to be identified and satisfy the Company’s immediate cash flow requirements.



Cape Lambert has a strong track record of investing in small to mid cap resources companies and applying the necessary technical and corporate resources to ensure value is created for all shareholders within a suitable time-frame.

For more information please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Monitor Energy Limited

ABN

25 009 121 644

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(66) - - (186)	(390) - - (938)
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received	4	21
1.5 Interest and other costs of finance paid	(9)	(10)
1.6 Income taxes paid	-	-
1.7 Other – bank guarantees	-	-
Net Operating Cash Flows	(257)	(1,317)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - (3)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(3)
1.13 Total operating and investing cash flows (carried forward)	(257)	(1,320)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(257)	(1,320)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	500	1,910
1.15	Proceeds from sale of forfeited shares		-
1.16	Proceeds from borrowings		-
1.17	Repayment of borrowings		-
1.18	Dividends paid		-
1.19	Other – capital raising costs	(29)	(121)
	Net financing cash flows	471	1,789
	Net increase (decrease) in cash held	214	469
1.20	Cash at beginning of quarter/year to date	383	178
1.21	Exchange rate adjustments to item 1.20	(4)	(54)
1.22	Cash at end of quarter	593	593

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 includes salaries and superannuation contributions for all directors

Non-cash financing and investing activities

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

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

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	200

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	103	36
5.2 Deposits at call	490	347
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	593	383

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	4,350,671,434	4,350,671,434		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	250,000,026	250,000,026		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,471,850,104 5,000,000 77,500,000 77,700,000 10,000,000	1,471,850,104 - - - -	<i>Exercise price</i> \$0.025 \$0.075 \$0.006 \$0.013 \$0.080	<i>Expiry date</i> 31 Aug 11 31 Dec 11 03 Dec 11 03 Dec 12 11 Dec 14
7.8 Issued during quarter				
7.9 Exercised during quarter	26	26	\$0.025	31 Aug 11
7.10 Expired during quarter	2,500,000	-	\$0.025	11 Mar 11
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Stephen Brockhurst
 (Company secretary)

Date: 29 April 2011

Print name: Stephen Brockhurst

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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