ABN 25 009 121 644

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2009

CORPORATE DIRECTORY

DIRECTORS

Scott Spencer (Non-Executive Chairman)
Jon Roestenburg (Managing Director)
Mark Gwynne (Executive Director)

COMPANY SECRETARY

Stephen Brockhurst

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West Perth WA 6005

PRINCIPAL OFFICE

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SHARE REGISTRY

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150 Stirling Highway
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AUDITORS

Stantons International
Level 1
1 Havelock Street
West Perth WA 6005

AUSTRALIAN SECURITIES EXCHANGE

Monitor Energy Limited shares (MHL) and options (MHLO) are listed on the Australian Securities Exchange.

The Directors of Monitor Energy Limited and its subsidiaries (together the "Consolidated Entity" or "Group") present their report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Scott Spencer – Non-Executive Chairman
Jon Roestenburg – Managing Director
Mark Gwynne – Executive Director

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Monitor Energy Limited was $822,158 (31 December 2008: loss $2,072,808).

The first half of financial year 2009/2010 has been a transformational one for the Company. The Company acquired acreage in Australia to give shareholders exposure to onshore low cost, low risk exploration. This strategic shift was an immediate success with both wells Fury-1 and Airacobra-1 intersecting hydrocarbons. While Airacobra-1 will be subject to additional studies and evaluation, Fury-1 will be tested as soon as the abnormally wet weather in the Cooper basin subsides. In addition the Company also acquired, subject to farm in, 20% of licence PEL110, also in the Cooper basin.

As part of the strategic shift, the Company decided to divest some of its interests in the Kyrgyz Republic. In October the Company announced the sale of 75% of its uranium assets to Raisama Limited. Efforts and discussions are ongoing with interested parties to farm-out equity in the oil assets.

In the period the company also made two separate capital raisings, the first being a rights issue to raise A$3.1million to proceed with the drilling of Fury-1 and Airacobra-1 and the second in December of A$2million to fast track the testing and development of Fury-1.

In the reporting period the Company:

- completed a farm-in agreements with Vitoria Petroleum to drill 2 exploration wells in the highly prospective cooper basin block PEL115
- completed a rights issue to shareholders to raise $3.1MM for the drilling of Fury 1 well in PEL110.
- Completed a farm-out agreement with Lion Petroleum to ensure the back to back drilling of two wells in PEL115
- Has made two oil discoveries in PEL115, at Fury-1 and Airacobra-1 wells in the Cooper Basin
- In December made a strategic placement to Cape Lambert to fast-track the testing and potential development of these discoveries as part of a A$2MM capital raising
- In November signed a farm-in agreement with Cooper Energy to earn a 20% equity interest in Cooper Basin block PEL 110
- In the Kyrgyz Republic finalised the sale of 75% of Business Sphere (97.5% subsidiary) of the uranium block East Kokmoinok to Raisama Limited
- Completed fieldwork on both its uranium and oil assets in the Kyrgyz Republic.

PEL115

The company has a 42% equity interest in PEL 115 in Cooper Basin, South Australia. The Company entered the licence through a farm-in agreement with operator Victoria Petroleum in September 2009 and has now satisfied its obligations under the farm-in agreement by paying its promoted share of 2 farm-in wells. Equity interests in the licence are as follows:

Monitor Energy	42%
Victoria Petroleum (Operator)	33%
Lion Energy	25%

Both of these wells were a success and the results are summarised below.

Fury-1

Fury -1 was spudded on 21 November 2009 reaching total depth of 1965m 19 December 2009, taking 30 days to complete. The well intersected the primary Murta reservoir between 1290 – 1366m, encountering a live gross interval oil zone between 1309 – 1325m. Wireline log data evaluation has established a net oil column of between 7-9m net with possible upside due to thin sand layers beyond tool resolution. It is planned that the oil zone will be tested and completed in the near future. In the secondary, Permian objective an Epsilon Formation oil sand was encountered between 1814 and 1819m, containing live oil in the sidewall core samples. This sand will also be accessed through casing during testing and will require further geological evaluation to determine its full extent and distribution away from the well as it lies between 7 – 10 degrees down-dip. The Epsilon discovery at Fury-1 is significant as the Permian intervals along the southern margin of the Cooper Basin, thought to be mature or less prospective for exploration and exploitation, may yet prove to be a bonus for explorers and in particular for the PEL115 joint venture.

Airacobra-1

The second PEL115 commitment well, Airacobra-1, was spudded on 11 December 2009,reaching a total depth of 2163m on 5 January 2010, taking 29 days to drill including 11 days weather-related downtime. The well intersected the first objective in the Cretaceous Murta Formation between 1392m and 1407m, which proved to be water wet, and the second objective within the Permian sequence, including both the Epsilon and Patchawarra Formation sandstones between 2010m and the top basement at 2122m. In the second objective two oil shows were intersected in sandstones and confirmed by wireline side wall coring. The first sandstone lies within the Epsilon Formation between 2016 and 2018m, and the second in the Patchawarra Formation between 2117.5m and 2119m.

The joint venture has been unable to conduct follow-up operations in PEL 115 because of extensive flooding in central Australia.

PEL110

The Company signed a farmin agreement with Cooper Energy Ltd for a 20% stake in PEL110 situated on the northwest margin of the Cooper Basin. Monitor will earn 20% equity by paying 40% of the costs of one exploration well. The Cooper Basin is a deep northeast – southwest trending basin that has generated the bulk of Australia's onshore oil and gas production for the last several decades.

Equity interests upon completion of the farm-in will be as follows:

Komodo Energy Ltd (100% subsidiary of Monitor)	20%
Cooper Energy Ltd	20%
Magellan	60%

The Basin has enjoyed renewed interest by companies exploring its western and north western margins with significant new discoveries by Victoria Petroleum, Beach Petroleum, Cooper Energy and Stuart Petroleum. The story of the Cooper/Eromanga Basin`s western and north-western margins is still just developing. Knowledge of the size and types of oil traps is still evolving, including the possibility of stratigraphic traps of larger size than traditional anticlines and faulted anticlines with the mature Birkhead/Hutton Formations showing strong potential. The possibility of larger discoveries, renewed focus on the Cooper-Eromanga Basin`s high exploration success rates, make the PEL 110 farm-in an attractive licence to add to our growing regional portfolio. PEL110, a 1453km^2 exploration licence, lies on the up-dip edge, north of previously discovered Kilearny and Telopea oil and gas fields and west of the James oil field, figure 2. The main reservoirs are Juradsic and Permian, however the Juradsic Birkhead and Hutton are becoming a modern reservoir/source focus. The PEL110 Joint Venture comprising Monitor Energy Ltd (20%), Cooper Energy (20%) and Magellan (60%) has identified 7 leads and prospects that have individual P50 undiscovered recoverable oil estimates ranging from 0.6 to 3.8 million barrels at the Birkhead/Hutton formation level, in similar stratigraphy as recent discoveries along the margin.

Kyrgyz Republic Oil

The company holds 100% of three licences in the Kyrgyz Republic, covering a total area in excess of 6000km^{2}. In the north the two licences, Tyup and East Issyk-Kul, are 200km southwest of the Junggar Basin in Xinjiang, China. In the south the At Bashi licence is 120km from the Tarim basin with over 700MBO on production.

The company has continued to add value to these assets through focused, low-cost exploration, and is actively looking for farm-in partners to progress to the next phase, involving a seismic survey aimed at determining the optimal location for an exploration well.

Kyrgyz Republic Uranium

In December 2009 the Company finalised and settled the sale of 75% of its interest in its wholly owned subsidiary Business Sphere LLC to Raisama Limited (listed on stock exchange on 30 November 2009, ASX:RAI). Business Sphere holds the Kashkasu II Project, located adjacent to extensive historic uranium mines which were exploited from the late 1950s to late 1960s.

Under the terms of the farm-in agreement, Raisama funded a $150,000 drilling program in November 2009; paid to the company upon listing cash amount of $150,000; issued to the company upon listing 435,000 shares @ 30 cents per share and is to fund the next $1.5 million of project expenditure in the Kyrgyz Republic.

Raisama recently completed an initial drilling program comprising of four diamond drill holes totaling 399m in the main mineralized zone. Multiple zones of coal seam and sandstone mineralization with potential strike extents of more than 350m of the main zone were intersected.

A second Diamond drilling program is planned to commence in the first half of 2010 at Kashkasu II. The main priority now is to define the limits and extensions to this mineralisation and identify stratigraphic embayment and potential zones of uranium accumulation within the prospective stratigraphic horizons. Further exploration work, including geological mapping, surface sampling and radiometric traversing is continuing within the project area to define additional targets and extensions of the current mineralisation for drill testing in the 2010 field season.

Corporate

The company has in the period made two separate capital raisings.

The first in September was a rights issue to raise A$3.1million to fund the drilling of Fury-1 and Airacobra-1. This was fully underwritten by Patersons Securities. The company issued 2,286,543,545 shares at a price of A$0.002 per share to raise A$3.1million before the costs of the issue.

The second capital raising in December of A$2million is intended to fast track the testing and development of Fury-1. The placement was made to sophisticated investors, including the introduction of a cornerstone investor, being Cape Lambert. The company placed 500,000 shares at a price of A$0.004 per share to raise A$2million before the costs of the issue.

After these capital raisings the company has a total of 3,629,518,414 shares on issue, as well as 1,650,600,130 outstanding options.

At the end of the reporting period the company had A$1.8million cash available and no debt.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2009 there was no significant change in the Group's state of affairs other than that referred to in the financial statements or notes thereto.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2009 is set out on page 6.

Signed in accordance with a resolution of the Directors.

Scott Spencer
Chairman

Perth, 15 March 2010

Stantons International

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15 March 2010

Board of Directors
Monitor Energy Ltd
35 Richardston Street
PERTH WA 6005

Dear Sirs

RE: MONITOR ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Monitor Energy Limited.

As Audit Director for the review of the financial statements of Monitor Energy Limited for the six month period ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully
STANTONS INTERNATIONAL
(Authorised Audit Company)

J P Van Dieren
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Revenue			
Interest income		**883**	8,376
Other income		**614,714**	3,648
		615,597	12,024
Employee benefits expense		**(359,095)**	(565,690)
Share based payments expense		**(381,849)**	(37,193)
General and administrative expense		**(119,876)**	(452,274)
Exploration expenditure expensed as incurred		**(660)**	(564,134)
Exploration expenditure written off		**(79,261)**	(70,509)
Travel expenses		**(23,977)**	(214,645)
Corporate compliance expenses		**(89,688)**	(195,637)
Depreciation expense		**(26,327)**	(33,502)
Foreign exchange gains/(losses)		**(40,287)**	126,575
Other expenses		**(312,056)**	(69,499)
Loss before income tax expense		**(817,479)**	(2,064,484)
Income tax expense		**(4,679)**	(8,324)
Net loss attributable to members of Monitor Energy		**(822,158)**	(2,072,808)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(11,006)**	540,253
Income tax expense on items other comprehensive income		**-**	-
Revaluation of assets		**63,786**	
Total other comprehensive income		**52,780**	540,253
Total comprehensive loss for the period		**(769,378)**	(1,532,555)
Loss attributable to:			
Owners of the parent		**(822,158)**	(2,072,808)
Non-controlling interests		**-**	-
		(822,158)	(2,072,808)
Total comprehensive loss attributable to:			
Owners of the parent		**(769,378)**	(1,532,555)
Non-controlling interests		**-**	-
		(769,378)	(1,532,555)
Basic loss per share (cents per share)		**0.04**	0.3
Diluted loss per share (cents per share)		**0.04**	0.3

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	2	**1,814,980**	661,658
Trade and other receivables		**93,223**	30,128
Inventory		**-**	3,342
Other assets		**10,700**	14,038
Total Current Assets		**1,918,903**	709,166
Non-Current Assets			
Plant and equipment		**134,381**	166,716
Other financial assets		**314,453**	-
Exploration and evaluation expenditure	3	**2,664,428**	-
Total Non-Current Assets		**3,113,262**	166,716
TOTAL ASSETS		**5,032,165**	875,882
LIABILITIES			
Current Liabilities			
Trade and other payables		**135,696**	270,163
Provisions		**56,880**	52,876
Total Current Liabilities		**192,576**	323,039
TOTAL LIABILITIES		**192,576**	323,039
Net Assets		**4,839,589**	552,843
EQUITY			
Issued capital	5	**20,401,674**	15,692,149
Reserves		**2,295,097**	1,895,718
Accumulated losses		**(17,857,182)**	(17,035,024)
Total Equity		**4,839,589**	552,843

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Revaluation Reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2008	14,901,131	(10,981,406)	483,327	(360,696)	-	4,042,356
Total comprehensive loss for the period						
Loss	-	(2,072,808)	-	-	-	(2,072,808)
Other comprehensive income						
Foreign currency translation differences	-	-	-	540,253	-	540,253
Total comprehensive loss for the period	-	(2,072,808)	-	540,253	-	(1,532,555)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Securities issued during the period (net of transaction costs)	1,123,544	-	-	-	-	1,123,544
Share based payments	-	-	94,693	-	-	94,693
Total Contributions by and distributions to owners	1,123,544	-	94,693	-	-	1,218,237
Balance at 31 December 2008	16,024,675	(13,054,214)	578,020	179,557	-	3,728,038

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Exchange Translation Reserve	Revaluation Reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2009	15,692,149	(17,035,024)	1,694,598	201,120	-	552,843
Total comprehensive loss for the period						
Loss	-	(822,158)	-	-	-	(822,158)
Other comprehensive income						
Foreign currency translation differences	-	-	-	(11,006)	-	(11,006)
Revaluation of assets	-	-	-	-	63,786	63,786
Total comprehensive loss for the period	-	(822,158)	-	(11,006)	63,786	(769,378)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Securities issued during the period (net of transaction costs)	4,674,275	-	-	-	-	4,674,275
Share based payments	35,250	-	346,599	-	-	381,849
Total Contributions by and distributions to owners	4,709,525	-	346,599	-	-	5,056,124
Balance at 31 December 2009	**20,401,674**	**(17,857,182)**	**2,041,197**	**190,114**	**63,786**	**4,839,589**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Cash flows from operating activities		
Payments to suppliers and employees	**(909,041)**	(1,299,478)
Interest received	**883**	8,376
Net cash (used in) operating activities	**(908,158)**	(1,291,102)
Cash flows from investing activities		
Exploration and evaluation expenditure	**(2,689,666)**	(670,470)
Payment for plant and equipment	**(13,351)**	(4,648)
Loans to associated entities	**(31,792)**	-
Receipt from sale of investments	**150,000**	-
Net cash (used in) investing activities	**(2,584,809)**	(675,118)
Cash flows from financing activities		
Proceeds from issue of securities	**5,116,016**	1,234,794
Share issue costs	**(441,741)**	(53,750)
Net cash provided by financing activities	**4,674,275**	1,181,044
Net increase/(decrease) in cash and cash equivalents	**1,181,308**	(785,176)
Cash and cash equivalents at beginning of half-year	**661,658**	1,231,281
Net foreign exchange differences	**(27,986)**	126,574
Cash and cash equivalents at end of half-year	**1,814,980**	572,679

The accompanying notes form part of these financial statements

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Monitor Energy Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting standards not previously applied
The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements
AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments
From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

Exploration and Evaluation Expenditure

Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed each reporting date to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Available for sale financial assets

Shares and options held by the company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss after tax for the period ended 31 December 2009 of $822,158 (31 December 2008: $2,072,808) and experienced net cash outflows from operating activities of $908,158 (31 December 2008: $1,291,102. As at 31 December 2009, the consolidated entity had net assets of $4,839,589 (June 2009: $552,843).

The Directors believe that there are sufficient funds to meet the consolidated entity's working capital requirements. However, the Directors recognise that the ability of the consolidated entity to continue as a going concern and to pay their debts as and when they fall due is dependent on the ability of the consolidated entity to secure additional funding.

During the period, the consolidated entity successfully raised $5,116,016 gross of capital raising costs via the issue of ordinary fully paid shares.

Based on the above, the consolidated entity is confident that it will successfully raise additional funds to meet its financial obligation in the future period.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the consolidated entity will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $

2. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank	**1,814,980**	661,658

(i) Non-cash financing and investing activities
During the period, the Company received shares in Raisama Limited as partial consideration for the sale of Business Sphere LLC.

3. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost	**2,664,428**	-
Movement		
Balance at beginning of the period	**-**	2,837,997
Expenditure incurred	**2,744,349**	84,137
Expenditure written off	**(79,921)**	(2,922,134)
Balance at end of half-year	**2,664,428**	-

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

4. DISPOSAL OF SUBSIDIARY

On 25 September 2009, the Group disposed of 75% of its interest in Business Sphere LLC, reducing its continuing interest to 25%. The proceeds on disposal of $300,500 were received partially in cash, $150,000 and partially in shares, $150,500. The difference between the disposal proceeds and the amount transferred to non-controlling interests of $214,047 has been recognised directly in equity.

The net assets of Business Sphere LLC at the date of disposal were as follows:

	25 September 2009 $
Net liabilities disposed of	(214,047)
Investment in associate	(100,167)
Gain on disposal	614,714
Total consideration	300,500

5. ISSUED CAPITAL

	31 December 2009		30 June 2009	
	No.	$	No.	$
Issued Capital				
Ordinary shares - fully paid	**3,629,516,408**	**20,400,874**	1,557,695,704	15,691,349
Converting preference shares	**2,006**	**800**	2,006	800
	3,629,518,414	**20,401,674**	1,557,697,710	15,692,149
Movement in ordinary shares				
Balance at the beginning of the period	**1,557,695,704**	**15,691,349**	728,616,768	14,900,331
Shares issued pursuant to exercise of options on 2 September 2008	**-**	**-**	224,000	5,600
Shares issued pursuant to exercise of options on 9 September 2008	**-**	**-**	7,071	177
Shares issued pursuant to exercise of options on 10 November 2008	**-**	**-**	2	-
Shares issued pursuant to exercise of options on 4 May 2009	**-**	**-**	22	1
Shares issued pursuant to pro rata renounceable entitlements issue on 24 June 2009	**-**	**-**	728,847,841	728,848
Shares issued pursuant to converting loan agreements on 24 June 2009	**-**	**-**	100,000,000	100,000
Shares issued pursuant to pro rata renounceable entitlements issue on 28 October 2009	**1,557,695,704**	**3,115,391**	-	-
Shares issued to Directors as approved at AGM on 3 December 2009	**14,100,000**	**35,250**	-	-
Shares issued pursuant to exercise of options on 18 December 2009	**25,000**	**625**	-	-
Shares issued pursuant to private placement on 23 December 2009	**500,000,000**	**2,000,000**	-	-
Transactions costs relating to issue of shares	**-**	**(441,741)**	-	(43,608)
	3,629,516,408	**20,400,874**	1,557,695,704	15,691,349

6. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being exploration and evaluation of mineral, gas and uranium resources.

During the half year ended 31 December 2009 the consolidated entity operated in the following Geographic Segments: Australia and Kyrgyzstan. (2008: Australia and Kyrgyzstan).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

6. SEGMENT INFORMATION (Continued)

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense

Comparative information
This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

(a) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated 31 December 2009 $	**Consolidated 31 December 2008 $**
Australia	**614,714**	-
Kyrgyzstan	**-**	3,648
Unallocated items – interest income	**883**	8,376
Total revenue	**615,597**	12,024

(b) Assets by geographical region

The location of the segment assets is disclosed below by geographical location of the assets:

	Consolidated 31 December 2009 $	**Consolidated 30 June 2009 $**
Australia	**4,805,789**	752,326
Kyrgyzstan	**226,376**	123,556
Total assets	**5,032,165**	875,882

7. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2009. There has been no change in liabilities since the last annual reporting date.

8. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

DIRECTORS' DECLARATION

The directors of the company declare that:

1) The financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended.

2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Scott Spencer
Chairman

Perth, 15 March 2010

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MONITOR ENERGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Monitor Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Monitor Energy Limited ("the Company") and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Monitor Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* has been provided to the directors of Monitor Energy Limited on 15 March 2010.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Monitor Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the half year financial report, the financial statements have been prepared on the going concern basis. During the half year ended 31 December 2009 the entity had incurred a loss for the half year of $822,158 (2008 loss: $2,072,808). The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the Company by way of a capital raising and/or the sale of the Company's investments and/or mineral tenement interests at sufficient amounts so the Company can meet its existing and future commitments and proposed expenditures. In the event that the Board is not successful in recapitalising the Company and in raising further funds, the entity may not be able to continue as a going concern and the non-current assets may not necessarily realise book values.

STANTONS INTERNATIONAL
(Authorised Audit Company)

Stantons International

J P Van Dieren
Director
West Perth, Western Australia
15 March 2010