



**ASX Announcement
February 16, 2010**

Market Update Report – Monitor Energy Limited

Monitor Energy Limited (“Monitor” or “the Company”) is pleased to provide the following update on the Company’s activities in PEL 115, Cooper Basin, South Australia.

As previously announced, the PEL 115 joint venture (Operator Victoria Petroleum, “Vicpet”) plans to test the Fury-1 discovery well. The test, however, has been delayed because of difficulties in obtaining a suitable work over rig and the abnormally wet weather over central Australia. The current tight state of the work over rig market has been exacerbated by extensive flooding in central Australia which has closed access roads, for example from Queensland to Moomba and on to the Fury well site.

The Joint Venture has continued to study options for an early development of the field. At present the most practical and cost-effective option appears to be a tie-back to the producing Mirage field, approximately 5 km from Fury. To assist in the evaluation of the reserves of the greater Fury area and the potential development options, Monitor recently commissioned a report from MBA, a Brisbane-based petroleum consultancy company.

The key findings of the report are as follows:

- the Murta Formation of greater Fury-Lightning-Burrunga culmination contains an oil column from top porosity at 1246mSS to an oil-down-to at 1259mSS, for a total 13m column.
- the range of volumes for Fury-1 oil in place are as follows:

Volumetric Results	P10 (Reference Case)	P50 (Basecase)	P (Mean)	P90 (Highside)
Million Barrels	1.37	4.88	7.99	17.44

The fury recoverable volume will depend on the development strategies and economic models deployed which are currently under discussion within the joint venture.



The PEL 115 joint venture has already decided in principle to drill a second exploration well to prove up reserves in the greater Fury area. Because the area around Fury is located in a drier (more elevated) portion of the Basin, the JV partners are now considering bringing the drilling of this well forward, using the Century rig which drilled the Fury and Airacobra wells, and which is now in the Growler/Snatcher oilfield area in the northern Cooper Basin. A well location close to the Burunna -1 well (Delhi 1982) is under discussion. The well would be drilled to the Murta formation below the reservoir at a depth of around 1400 metres and in a success case, could also be tested with the century rig and put on production through a tie-back to Mirage, to which it is closer than Fury. Focused drilling of Murta Formation reservoirs represents significant savings in time and budget to the joint venture and allow increased production in a success case.

Interests in PEL 115 are:

Monitor Energy Limited: 42%
Victoria Petroleum NL: 33%
Lion Petroleum Pty Ltd: 25%

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