



QUARTERLY ACTIVITIES REPORT – DECEMBER 2009

Quarter Highlights:

- Oil discovery at Fury-1 in PEL 115, over a 9m column in the Murta;
- Oil discovery at Airacobra-1 in PEL 115, over a gross interval 2016-2018m, 2117.5-2119m in the Permian;
- Completion of placement to raise \$2MM in December and introduction of cornerstone investor via the placement;
- The company has completed its obligation under the Farm-in agreement to PEL115 and now holds 42% in the licence;
- The company has agreed with Cooper Energy to farm-in to PEL110 for 20%;
- The company completed the farm-out of Kyrgyz Uranium assets to Raisama (RAI);
- Successful diamond drilling of 4 wells in Kyrgyz Republic identifies shallow, high grade zones of uranium mineralisation over a strike extent of >150m;

Monitor Managing Director Jon Roestenburg commented:

“The Company is pleased with its progress towards its strategic aim of producing from its assets that will enable cash flow and expanded business opportunities.

The recent joint ventures allow us to remain flexible whilst underpinning our growth in our core areas. We remain focussed on smart exploration to ensure efficient application of capital funds and are also continuing to review opportunities that will bring further value for the company and our shareholders”.



Quarter Overview

It has been an extremely busy second quarter (fiscal year 2009-2010) for Monitor Energy Limited (“the Company”). Having completed a farm-out to ensure the back to back drilling of two wells, the Company made two oil discoveries in PEL115, at Fury-1 and Airacobra-1 wells in the Cooper Basin. In addition the company made a strategic placement to Cape Lambert to fast-track the testing and potential development of these discoveries. Also in the Cooper Basin the Company signed a farm-in agreement to acquire 20% interest in PEL110 with Cooper Energy. In the Kyrgyz Republic the company finalised its farm-out of uranium assets to Raisama Limited and completed fieldwork on both its uranium and oil assets.

Farm-out PEL115

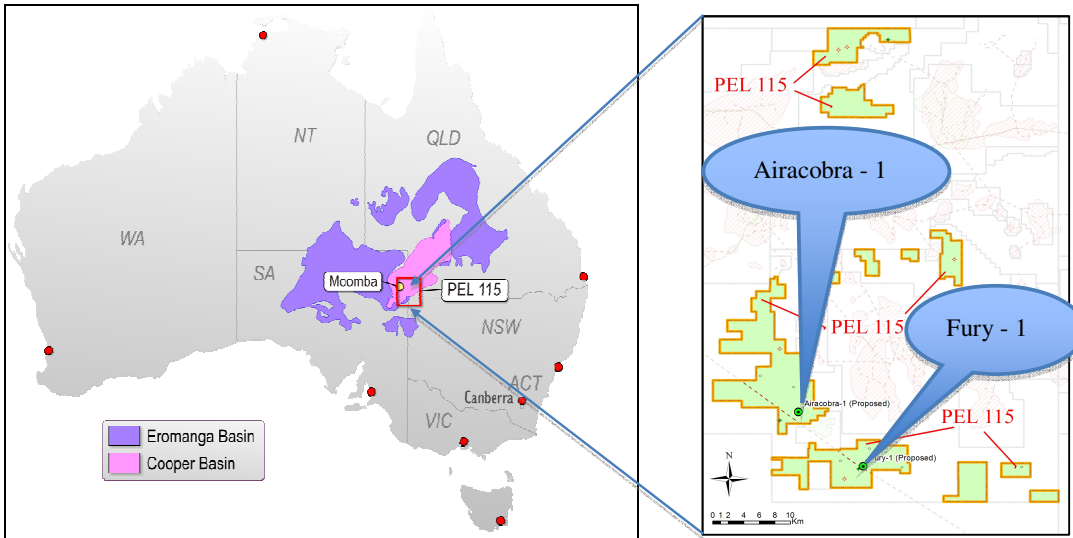
Prior to commencement of exploration in November the Company farmed-out a portion of its interest in PEL115 to Lion Petroleum Limited. Under the terms of the farm-in agreement Lion undertook to fund 50% of both the Fury-1 and Airacobra-1 wells to earn a 25% equity interest. The farm-in ensured that the wells were drilled ‘back to back’ resulting in significant savings to the company on certain drilling costs and advanced the commencement of Airacobra-1 well.

The Company has since completed the drilling of both wells and according to the Farmin Agreement with Victoria Petroleum has earned its 42% equity interest in PEL115.

Operations – PEL 115

Fury-1

Fury -1 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. Both sands will be further evaluated through testing, most likely during the same program as the testing and completion of the Fury-1 well in early 2010.

Farm-in PEL110

The Company entered into an agreement with Cooper Energy Limited to earn a 20% interest in PEL110 in the Cooper / Eromanga Basin by paying 40% of the next well. The Company believes this block to be highly prospective and an attractive licence to add to its growing portfolio. The well planned to be drilled later in 2010 is likely to be on the Keenia prospect.



Farm-out of Kyrgyz Uranium Assets

In the quarter 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). 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.

Kashkasu II Uranium Drilling Program, Kyrgyz Republic

Raisama, a uranium focused explorer, has 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. The Kashkasu II Project is located adjacent to extensive historic uranium mines which were exploited from the late 1950s to late 1960s.

Assay results include:

Hole #	Down Hole Intercept	From Depth (Down Hole)
EKD 1	5m @ 327 ppm U₃O₈	33m
	3m @ 499 ppm U₃O₈	44m
	2m @ 454 ppm U₃O₈	50m
EKD 1A	5m @ 465 ppm U₃O₈	55m
	3m @ 1651 ppm U₃O₈	72m
	2m @ 578 ppm U₃O₈	103m
EKD 3	2m @ 1521 ppm U₃O₈	77m

Please see Raisama ASX announcement dated 27 January 2010

A second Diamond drilling program is planned to commence later this quarter at Kashkasu II. The Company's 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.



Kyrgyz Oil & Gas Operations

The company has completed its 2009 oil & gas exploration program in the Kyrgyz Republic. The program consisted of the acquisition of high resolution ground based gravity over structures previously identified by both airborne gravity and magnetics and wide spaced ground based gravity. These data have been modeled by independent specialist company SRK in Perth, resulting in maps and cross sections over the southern At Bashi license showing significant structuring (at drillable depths) which will be further evaluated by the new closed spaced survey data and future seismic surveys.

The company is continuing its search for a farm-in partner to assist in realizing the potential of these prospective oil and gas assets. The licenses are in good standing through the completion of the 2009 technical exploration program.

Corporate & Finance

The company had \$1.8 million in cash at the end of December 2009. The funds will allow fast-track testing and development of the PEL115 wells.

In December 2009 the company raised \$2 million before costs by placing 500 million shares to sophisticated investors, including a cornerstone investor in Cape Lambert Limited.

On 19 November 2009 the Company held their Annual General Meeting at which all resolutions were passed by shareholders.



Forward Program Q3 2010

The forward program for Q3 (Jan-Mar10) is expected to be similarly busy for the company with the following operations/milestones scheduled:

- Fury testing – the JV is working toward a comprehensive test of the well, most likely in February depending on rig and equipment availability
- Airacobra testing – the JV is working toward a test plan which would see Airacobra well tested immediately after the Fury-1 well
- A PEL115 development option – work has already begun on identifying suitable development options for the block. Monitor has commissioned independent experts with experience in the Cooper Basin to assess the volumetrics of the oil discoveries and a range of development options
- Kyrgyz uranium project – a second diamond drilling program is planned for later this quarter
- Work is continuing to find a suitable JV partner to progress the exploration of the company's Kyrgyz oil assets

For more information please contact:

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The information in this report that relates to Raisama Limited's Exploration Results is based on information compiled by Mr Robert Waugh. Mr Waugh is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Waugh has sufficient industry experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Waugh consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MONITOR ENERGY LIMITED

ABN

25 009 121 644

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(2,696)	(2,753)
(b) development	-	-
(c) production	-	-
(d) administration	(306)	(632)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	1	1
Net Operating Cash Flows	(3,000)	(3,383)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(13)
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 Loan repaid by director related entity	-	-
Net investing cash flows	(9)	(13)
1.13 Total operating and investing cash flows (carried forward)	(3,009)	(3,396)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,009)	(3,396)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,116	5,116
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)	(398)	(473)
	Net financing cash flows	4,718	4,643
	Net increase (decrease) in cash held	1,709	(1,247)
1.20	Cash at beginning of quarter/year to date	178	662
1.21	Exchange rate adjustments to item 1.20	(52)	(74)
1.22	Cash at end of quarter	1,835	1,835

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	121
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments for the provision of services to the entity.

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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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	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	850
4.2	Development	-
Total		850

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	307	174
5.2	Deposits at call	1,528	4
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,835	178

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 increase	PEL 110	The Company agreed to farm-in to the licence to earn 20% subject to funding of an agreed work program.		
		PEL 115	The Company agreed to farm-in to the licence to earn 42% subject to funding of an agreed work program.		

+ 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				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.3 +Ordinary securities	3,629,516,408	3,629,516,408		
7.4 Changes during quarter				
(a) Increases through issues	1,557,695,704	1,557,695,704	\$0.0020	\$0.0020
	14,100,000	14,100,000	\$0.0025	\$0.0025
	25,000	25,000	\$0.0250	\$0.0250
	500,000,000	500,000,000	\$0.0040	\$0.0040
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,471,850,130	1,471,850,130	Exercise price 2.5 cents	Expiry date 31/08/2011
	5,000,000	-	5.0 cents	31/12/2010
	5,000,000	-	7.5 cents	31/12/2011
	1,250,000	-	3.4 cents	30/06/2010
	2,500,000	-	2.5 cents	11/03/2011
	45,000,000	-	0.6 cents	03/12/2011
	45,000,000	-	1.3 cents	03/12/2012
	32,500,000	-	0.6 cents	11/12/2011
	32,500,000	-	1.3 cents	11/12/2012
	10,000,000	-	8.0 cents	11/12/2014
7.8 Issued during quarter	45,000,000	-	0.6 cents	03/12/2011
	45,000,000	-	1.3 cents	03/12/2012
	32,500,000	-	0.6 cents	11/12/2011
	32,500,000	-	1.3 cents	11/12/2012
	10,000,000	-	8.0 cents	11/12/2014
7.9 Exercised during quarter				
7.10 Expired during quarter	500,000	-	2 cents	31/12/2009
	3,500,000	-	3.5 cents	31/12/2009
	500,000	-	5 cents	31/12/2009
7.11 Debentures				
7.12 Unsecured notes				

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 29 January 2010

Print name: Stephen Brockhurst (Company Secretary)

Note

- 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

+ See chapter 19 for defined terms.