



## MONITOR ENERGY LIMITED DECEMBER 2010 QUARTERLY ACTIVITIES REPORT

### Summary

Australian-based energy company Monitor Energy Limited (**ASX: MHL**) (“**Monitor**” or “**the Company**”) is pleased to provide the market with a summary of its activities for the quarter ended 31 December 2010.

The Company has actively progressed its oil and gas assets in the on-shore Cooper Basin region of South Australia, where Monitor has an interest in two quality licences, and its O&G and uranium assets in the Kyrgyz Republic, where it has three oil and gas licences and one uranium licence.

In addition to the activities on its exploration assets the Company has also progressed the ‘Company making’ transaction with SOCA Petroleum Limited (“SOCA”), whereby Monitor has entered into a binding Heads of Agreement (“HOA”) to acquire rights for up to a 90% interest in companies whose wholly owned subsidiaries hold production licences for three blocks in producing onshore oilfields in Trinidad and a major local drilling company.

### SOCA Petroleum Transaction

During the Quarter the Company and its Corporate Advisors, Komodo Capital Pty Ltd, progressed the transaction with SOCA Petroleum Limited towards finalisation.

As per the ASX announcement dated 29 July 2011, Monitor entered into a binding HOA with SOCA to acquire its rights for up to 90% interest in companies whose wholly owned subsidiaries hold production licences for three blocks in producing onshore oilfields in Trinidad and a major local drilling company.

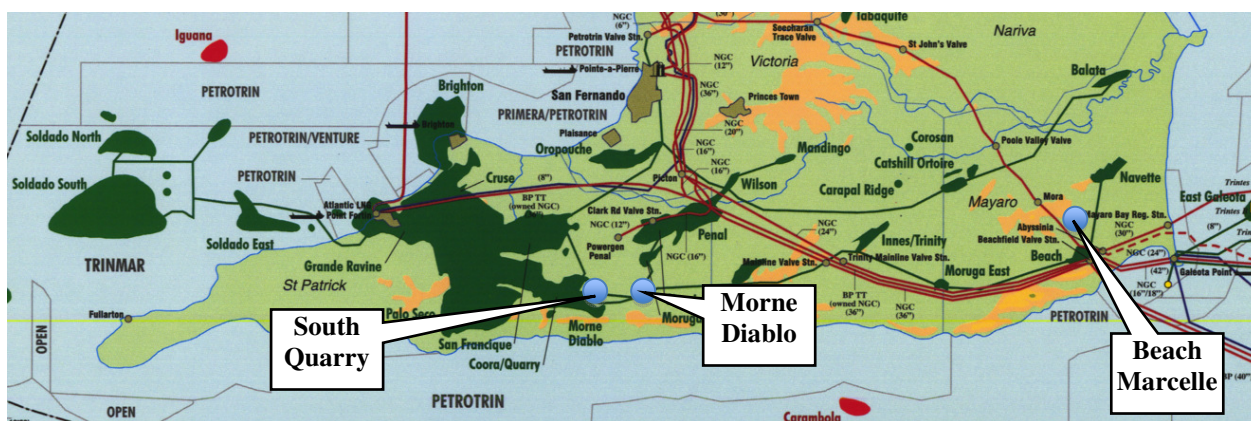


Figure 1. Location of onshore Oil Fields - Trinidad

The production acreage and operating wells cover oilfields, with the total acreage covering 13,253 gross acres on the southern coast onshore Trinidad. Current production from the fields is approximately 700 bopd, however Monitor believes a minimal work program could lift production to more than 3500 bopd within 36 months.



During the period the Company conducted technical and legal due diligence related to this project. The Company also progressed and finalised a range of key documents and its strategy around transaction funding.

On January, 2011 the Company announced that it had executed a Sale and Purchase Agreement with SOCA for the acquisition of the Trinidad assets and in addition had signed a mandate with Renaissance Capital ("Renaissance"), one of Europe's leading investment banks ("Mandate").

Under the terms of the Mandate, Renaissance will act as book runner and lead manager in the proposed offering of securities by the Company to raise up to AUD\$90 million (at AUD\$0.005, ie. 0.5c per share) ("Capital Raising"). Funds raised pursuant to the Capital Raising will be used in part to fund the acquisition of the interest in SOCA and also to provide working capital to develop those assets together with the Company's existing project portfolio.

Marketing of the Capital Raising has been underway throughout North America and Europe in recent months with significant investor interest being expressed.

Final due diligence related to this transaction is currently occurring and a Notice of Meeting is being finalised and will be despatched to shareholders in the near future.

### **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 first half 2010
- PEL 110 (20%) drilling potential second half 2010

The Permits are surrounded by existing production assets (59mmbbls gas per PIRSA) and contains leads targeting 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.

The Cooper Basin area has been subject to unseasonal weather for the majority of the quarter and as a result of this, and the associated continuing poor ground conditions, catch-up work programs to extended testing the Fury-1 well have not been possible.

This work is expected to occur in the current quarter; however it will be timed to fit in with the work program of the Operator, Victoria Petroleum NL.



## Kyrgyz Republic

Monitor has four licences in Kyrgyz Republic, comprising three oil and gas exploration licences - two oil and gas licences in the north and an oil and gas licence in the south - and one uranium licence covering an area in excess of 6,000km<sup>2</sup>.

The oil and gas licences are surrounded by the prolific Tarim and Junggar basins of China and have large potential structures identified, capable of producing 8-120mmbbls.

The Company has completed its non-field planning for a 2D seismic acquisition program on previously identified structures on its Concessions and anticipates contractual negotiations to recommence in the spring. Since fiscal conditions have improved in the region, the Company is confident that operations are feasible as service providers gear up for the 2011 season.

On 28 September 2009 Monitor entered into an agreement with Raisama Limited (**ASX: RAI**) to farm out an interest in its Kashkasu II uranium project in the Kyrgyz Republic, to allow it to focus its attentions on its expanding oil and gas portfolio.

The Kashkasu II project consists of two licences covering an area of approximately 50km<sup>2</sup>. Uranium was mined and processed from 1950-1961 to the east of the current licence area.

Under the terms of the agreement Raisama agreed to acquire a 75% interest in the Company's wholly owned subsidiary, Business Sphere LLC, which owns the Kashkasu II uranium project. Monitor will retain a 24% interest in Business Sphere LLC, with Mr Viktor Zabolotny (Monitor's in-country representative) holding the remaining 1% interest.

Under the terms of the agreement Raisama is responsible for sole funding the first A\$1.5M worth of expenditure at the Project.

During the quarter Raisama conducted a three hole reconnaissance drilling program that recorded high grade uranium intersections and significantly extended the strike extent of the Kashkasu II uranium discovery. Mineralisation has now been successfully intersected over a strike extend of more than 2.6km.

The best intersections from the drilling included 3m @ 538ppm U308 and 2m @ 477ppm U308 from drill hole EKD09. Drill hole MD03 collared more than 750m north-west of previous drilling intersected shallow uranium mineralisation including 3m@ 358 ppm U308 and 3m@ 196ppm U308. Drill hole MD04 drilled a further 580m north-west intersected weak uranium mineralisation. Both of these holes are in an area of thin colluvium cover and thus represent significant results. This is an excellent result from regional reconnaissance drilling and significantly increases the upside potential of the project. The mineralisation remains open to the north west and down dip.

Another strong positive is the continued indication of multiple zones of coal and sandstone hosted uranium mineralisation at Kashkasu II. This has the potential to add significant upside to the uranium potential of the deposit. The mineralisation is striking parallel with stratigraphy, north west to south east and is open along strike and down dip.



Raisama is currently planning its exploration program for 2011. Emphasis will be placed on defining the strike limits to the mineralisation and defining a JORC compliant resource in 2011. Additional exploration will also be done to better define new targets within the tenement package.

In addition to the operational aspects of this relationship with Raisama, the Company advises that the Raisama shares (allocated as part of the farmin, by Raisama, to the uranium licences) are now out of escrow and are valued at \$85,714.

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