



QUARTERLY ACTIVITIES REPORT

JUNE 2011

HIGHLIGHTS

Projects

- Testing of Fury discovery further delayed.
- Acquisition of US oil and gas project announced. Potential for 1 TCF gas and 10 MMbo, prospective resources.

Corporate

- Notice of Meeting lodged for approval of US oil project acquisition, change of name, change of directors and capital raising.
- Resignation of Mr Scott Spencer, Chairman and appointment of Mr Jason Bontempo as Chairman.

REVIEW OF OPERATIONS

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 2011
- PEL 110 (20%) drilling potential second half 2011

The Permits are surrounded by existing production assets (59mmbbls gas per PIRSA) and contains 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) 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 well testing will commence in the near term.

PEL 110 (1,453km²). MHL earning 20%, Cooper Energy 20%, 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, the PEL 110 permit has been subject to extensive flooding for a prolonged period, leading to suspension of all field work.

It is expected that a 3D seismic survey will be carried out early in 2012 to identify drilling targets.

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 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 July 4, 2011, joint venture partner, Raisama, announced exciting results from a drilling campaign that more than doubled the previously known extents of mineralisation. The drilling reported broad high grade intercepts, with mineralisation now extending to 350m depth. Mineralisation remains open along strike and down dip.

For further information, see Raisama announcement 4 July, 2011.

SUBSEQUENT EVENTS

Matagorda Project Texas, USA



On 12 July 2011, the Company announced the conditional acquisition of a 20% interest in the Matagorda Project in Texas, United States of America.

The Matagorda Project is located in a highly prospective region of southern Texas. The Project has been estimated by the Operator of the Project, to contain prospective resources of more than 300 billion cubic feet of natural gas (Bcf) and 3 million barrels of oil (MMbo) or condensate (mid case). Depending on reservoir thickness and column, the Project could contain prospective resources of more than 1 trillion cubic feet of natural gas (Tcf) and 10 million barrels of oil (MMbo) or condensate (high case).

Matagorda Project is located in an ideal geological setting on trend with recently drilled wells flowing at sustained rates of 20 million cubic feet of natural gas and 200 barrels of oil per day, without any fracture stimulation.

The targeted objectives at the Matagorda Project are the same age as those found productive in Old Ocean Field (4.9 Tcf) approximately 53 km northeast of the Matagorda Project, and East Bay City Field (500 Bcf) approximately 43 km to the northeast. The latest discovery along trend at the Silverspoon Field, located approximately 24 km northeast of Matagorda, came on line at over 18 MMcfd and has produced 9.9 Bcf and 100,000 barrels of oil in just over 2 years. Silverspoon is still producing at roughly 6.5 MMcfd and has approximately 100 additional feet of pay section behind pipe, which will potentially deliver more gas and condensate.

The Operator of the Matagorda Project, Dan A. Hughes Co, is planning to spud the first exploration well as early as Q1 2012.

For further information on transaction details and consideration, please see Company announcement, dated 12 July, 2011.

Monitor will acquire its 20% interest in the Project through the acquisition of 100% of the issued capital of Sugarbay Investments Pty Ltd, the current assignee and participant in the Project.

Monitor's major partner and Operator of the Matagorda Project will be Dan A. Hughes Co., a prominent, independent petroleum exploration and production company with a 43-year record of success in discovering and producing hydrocarbons. Under the direction of Mr. Dan Hughes, with his 56 years of geological experience, and Dan Hughes Jr., with 27 years of experience, the company develops, drills, and operates oil and gas properties throughout Texas, Louisiana, Mississippi, Arkansas and the Rocky Mountains of the United States. Hughes has also made significant discoveries and is currently operating numerous international properties in Colombia, South America. Hughes holds a 50% working interest in the Matagorda Project. Other US companies and their management hold the remaining 30% working interest.

Capital Raisings

As per announcement dated 12 July 2011, the Company has issued a Notice of Meeting that, amongst other things, includes a Capital Raising to raise \$2,000,000 (before costs) at 0.1c lad by Max Capital Pty Ltd.

CORPORATE

Board Changes and Sale of Significant Shareholding

As stated in the 12 July 2011 announcement, Mr. Scott Spencer has resigned from the board and Mr. Jason Bontempo has been appointed as a Director of Monitor as part of the proposed acquisition of the Matagorda Project



and will assist in its completion. Mr. Bontempo is a Chartered Accountant and holds considerable ASX public company management and corporate advisory experience in the resources industry. The Company thanks Mr Spencer for his efforts and wishes him well in future endeavours.

Subject to the approval of the Acquisition as outlined in the 12 July announcement, and other proposed resolutions by Monitor shareholders, Mr. Greg Bandy and Mr. Jeremy King will be appointed as Directors of Monitor and Mr. Mark Gwynne and Mr. Paul Kelly will resign.

Mr. Greg Bandy is a current Director of Red Emperor Resources NL (ASX/AIM: RMP) and a former director of Empire Beer Group (ASX: EEE) (now Car Park Technologies (ASX: CPZ)). Mr. Bandy is a Senior Advisor at Patersons Securities Limited and has over 12 years experience in retail, corporate and capital markets, both in Australia and overseas.

Mr. Jeremy King is a corporate lawyer with over 12 years experience in domestic and international legal, financial and corporate matters. He has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. As a corporate advisor with Max Capital Pty Limited, he regularly advises a wide range of listed public and private companies in respect of capital raisings, investments, acquisitions and corporate issues.

In conjunction with the Acquisition and related approvals, substantial shareholder Cape Lambert Resources Limited has agreed to sell its 14.37% stake in the Company which will be placed to clients of Max Capital Pty Ltd in concurrence with the Share Placement.

Change of Company Name

It is proposed that the Company name be changed from "Monitor Energy Limited" to "Orca Energy Limited".

Notice of Meeting

A Notice of Meeting has been dispatched to shareholders seeking Monitor shareholder approval for the Acquisition and the related raisings and board changes as set out above.

Option Term Variation

As stated in ASX Announcement dated 5 July 2012, the Company has lodged an application for a waiver of Listing Rule 6.23.3 with the ASX, in respect of the Company's listed options (MHLO). The application for waiver requests ASX's approval, subject to receipt of shareholder approval, for a variation to the expiry date from 31 August 2011 to 31 August 2013 and an increase of exercise price from 2.5c (\$0.025) to 3c (\$0.03). The decision by ASX will be reported to shareholders upon receipt if the waiver is successful.

Competent Person Statement

The information included in this Announcement that relates to resources was prepared by Mr. Mark A. Patterson. Mr. Patterson has over 30 years of oil and gas experience and is a member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists, and the Council of Energy Advisors. With over 30 years of oil and gas experience. Estimates as to



recoverable hydrocarbon volumes contained in this Announcement are based upon certain assumptions. Accordingly, actual results will differ, and may differ significantly and materially, from those presented.

Forward Looking Statements

Certain statements contained in this announcement, including information as to the future financial or operating performance of Monitor Energy Limited and its projects, are forward looking statements. Such forward looking statements:

- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Monitor Energy Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and*
- *may include, among other things, statements regarding targets, estimates and assumptions in respect of production and prices operating costs production prices, and results, capital expenditures, reserves and resources and anticipated flow rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.*

Monitor Energy Limited disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements.

All forward looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

For more information please contact:

Mark Gwynne
Executive Director
Monitor Energy Limited
Tel: +61 8 9211 1555
Email: info@monitorenergy.com.au

David Tasker
Professional Public Relations
Tel: +61 8 9388 0944/ +61 433 112 936
Email: david.tasker@ppr.com.au

Website: www.monitorenergy.com.au

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")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(2)	(392)
(b) development	-	-
(c) production	-	-
(d) administration	(235)	(1,173)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	25
1.5 Interest and other costs of finance paid	(7)	(17)
1.6 Income taxes paid	-	-
1.7 Other – bank guarantees	-	-
Net Operating Cash Flows	(240)	(1,557)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(5)
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	-	(5)
1.13 Total operating and investing cash flows (carried forward)	(242)	(1,562)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(242)	(1,562)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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	-	(121)
	Net financing cash flows	-	1,789
	Net increase (decrease) in cash held	(242)	227
1.20	Cash at beginning of quarter/year to date	593	178
1.21	Exchange rate adjustments to item 1.20	-	(54)
1.22	Cash at end of quarter	351	351

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	61
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

--

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

--

+ 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	351	103
5.2 Deposits at call	-	490
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	351	593

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				
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 77,500,000 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				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
------	--------------------------------------	--	--

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 July 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.

== == == == ==