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MONITOR EXECUTES TWO KEY AGREEMENTS AS PART OF ACQUISITION OF TRINIDAD OIL PRODUCTION ASSETS

Key points:

- **Monitor Energy Limited has executed two key agreements as part of its proposed acquisition of up to a 90% interest in SOCA Petroleum Limited, a company which holds oil production licences in Trinidad and a major local drilling company (“Transaction”),**
- **These agreements include:**
 - o **A formal Share Purchase Agreement to acquire SOCA Petroleum Limited and the drilling company,**
 - o **A mandate with major UK based broker Renaissance Capital to raise up to AUD\$90 million, and**
- **Notice of Meeting for Extraordinary General Meeting seeking approval for the Transaction, the capital raising and other associated resolutions is being finalised and expected to be dispatched to shareholders shortly.**

Australian oil and gas company Monitor Energy Limited (**ASX: MHL**) (“Monitor” or “the Company”) is pleased to advise that its proposed acquisition of up to a 90% interest in SOCA Petroleum Limited (“SOCA”), a company which holds oil production licences in Trinidad and a major local drilling company, is progressing, with two key agreements now executed.

Commenting on the execution of these key agreements Monitor Energy Limited Chairman, Mr Scott Spencer, said “The execution of these documents is a key milestone in the completion of this transaction, one which will see the company become a significant oil production company.”

“On behalf of the board I would like to thank our shareholders for their patience during the period in which our securities have been suspended, patience we believe will be rewarded following completion of the transaction.”

As previously announced, Monitor, together with its corporate advisor Komodo Capital, are working to complete a transaction that would see the Company acquire up to a 90% interest in a company which holds an interest in oil production licences in Trinidad together with a major local drilling company (refer ASX announcement dated on 30 July 2010 for full details).



Share Purchase Agreement

In recent months Monitor, together with assistance from its technical and legal advisors, has been finalising a detailed Share Purchase Agreement to acquire up to 90% of SOCA (“SPA”).

The Company is pleased to advise that the SPA, which is broadly in line with the Company’s 30 July 2010 announcement, has now been executed and will form the basis of the Notice of Meeting currently being prepared by the Company.

Mandate for Equity Raising Executed

Further to the Company’s announcement on 23 December 2010, Monitor is pleased to announce that it has now entered into 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 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.

Renaissance is a leading investment bank focused on the emerging markets of Russia, Eastern Europe, Central Asia and sub-Saharan Africa. Renaissance also offers its clients access to these markets through financial centres such as London, New York and Hong Kong and has market-leading positions in each of its core businesses - M&A, equity and debt capital markets, securities sales and trading, research, and derivatives. Renaissance is building market-leading practices across emerging markets globally in metals & mining, oil & gas and agriculture.

Notice of Meeting

Monitor and its advisors are currently finalising a Notice of Meeting in relation to the Transaction (“NOM”) and expect to have this dispatched to shareholders shortly.

The NOM will include a detailed overview of the Transaction and the Capital Raising and will, inter alia, seek shareholder approval for these matters. It is anticipated that the general meeting will occur in February 2011.

Status of Suspension of Securities

With the key agreements related to the Transaction now executed, Monitor has applied to the ASX to have its shares reinstated for trading on ASX, which it expects to occur shortly.

Ends



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