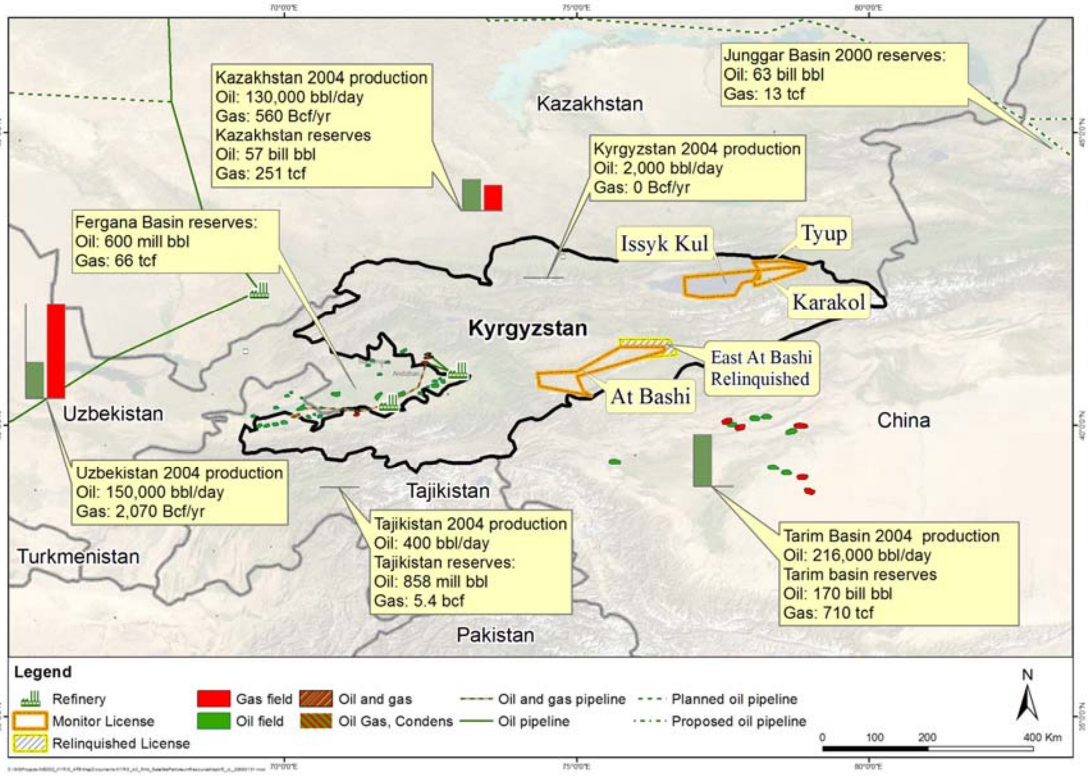
QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 DECEMBER 2007

Introduction

Monitor Energy Ltd ("Monitor" or "the Company") is a diversified energy company with both oil and gas and uranium assets in the Kyrgyz Republic. The Company has licenses totaling over 9900km2 of prospective acreage that is largely under explored for oil and gas and over 2100km2 uranium licenses including the highly regarded Kashkasu II project which was previously mined along strike during the Soviet era. The Kyrgyz Republic is centrally located to the emerging energy hub of Central Asia and in particular to NW China's prolific Tarim Basin as shown in Figure 1.

Figure 1. Monitor Energy Ltd licenses in The Kyrgyz Republic and proximity to producing fields.



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Highlights

- Farm-in Heads of Agreement with the Medina Group Ltd out of Hong Kong for exploration and possible development of oil and gas projects in the Kyrgyz Republic.

- The Company has completed an extensive gravity survey in time and on budget with encouraging technical results.

Oil and Gas Operations

The Company has continued to advance its oil and gas projects in the Kyrgyz Republic. This quarter has seen the completion of an extensive gravity survey of the oil and gas licenses with encouraging gravity structures identified after preliminary processing of survey data.

Gravity Survey

The Company commissioned the gravity survey in order to identify areas of interest in the licenses so that it could efficiently locate the more expensive seismic data acquisition on the most prospective areas and identify early drilling opportunities. Preliminary interpretation of gravity results indicates a number of encouraging structures exists that confirm the Company's geological interpretation on the areas. The results will be announced to the market in the near term once the processing and interpretation has been completed.

Gravity Survey Operations

The Kyrgyz field acquisition of gravity data was achieved in time and on budget. Figures 2 and 3 illustrate the extent of the survey with each point representing a gravity measurement station at 250 m spacing. The layout of the grid was designed to cover the accessible license areas as shown in figures 2 and 3.

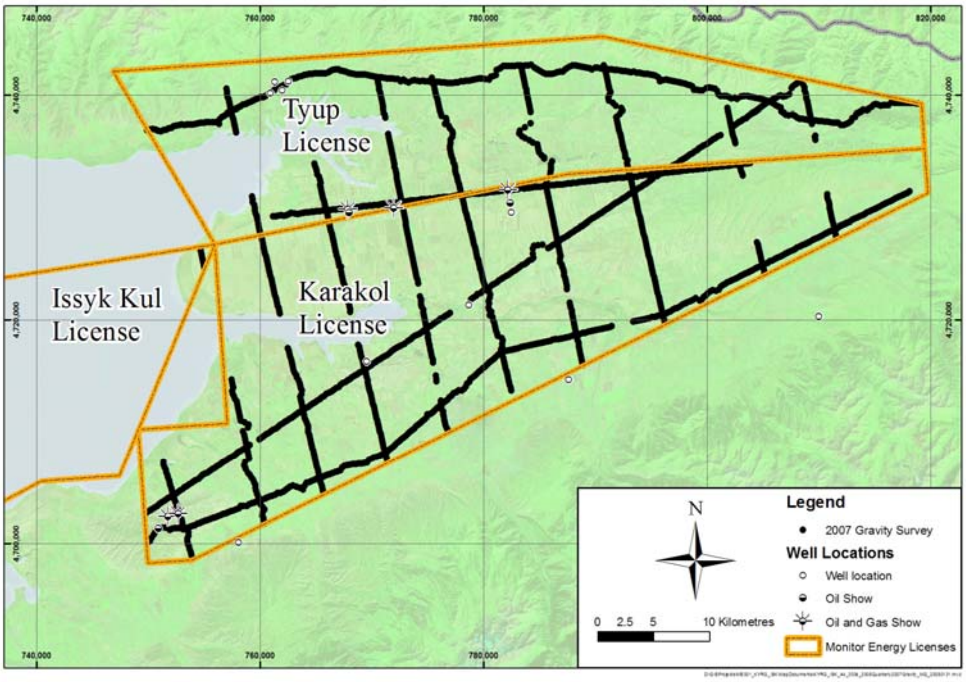

Figure 2. Issyk-Kul gravity survey outline.

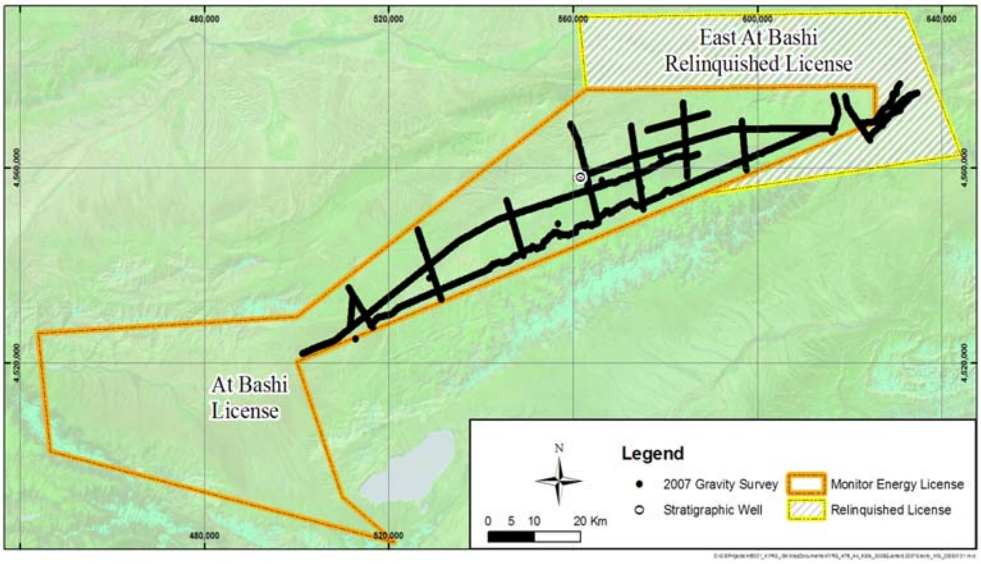

Figure 3. At Bashi license area gravity survey.

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Oil and Gas Joint Venture

The Company signed and announced a Heads of Agreement (HOA) with the Hong Kong based Medina Group that outlines the terms and conditions for a comprehensive joint venture and joint venture operating agreement going forward. The significant legal documentation relating to the joint venture has been completed by the Company and is currently with the JV partner for their independent revue.

Key Terms and Conditions of the HOA

- Medina to provide US$5M funding for a seismic survey, exclusive of mobilisation/demobilisation, contracting and other legal costs to earn 80% equity in the Kyrgyz Republic licences.

- Medina to provide US$8M funding for drilling of an exploration/production well to earn an extra 5% equity, taking its total to 85%.

- Monitor will be free carried to commencement of production.

- Medina to pay all costs associated with management and administration of the Kyrgyz operations from 1st January 2008.

- Monitor to remain exploration operator for the Kyrgyz project on behalf of the Joint Venture.

The HOA envisages the Medina will cover Monitor's forward exploration and possible development expenditures on the Kyrgyz Republic oil and gas licenses with Monitor essentially free carried to the commencement of commercial production.

It also eliminates unknown costs, such as mobilization and demobilization of seismic and drilling equipment, which can be significant.

In the event of a commercial discovery the terms of the HOA envisage all development costs and infrastructure, including wells, pipelines etc will be carried by Median.

Both parties are now working towards completion of a more formal Joint Venture Operating Agreement, which is expected to be executed shortly.

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About Medina Group Ltd

Medina Group Ltd is a private Hong Kong registered company which forms a part of a larger organization which intends to list in the USA.

Medina has recently been successful in acquiring 4 oil and gas licences by tender in the Adavale Basin in Queensland, with a total expenditure commitment of $21m over four years. Medina has an experienced corporate and technical team, with a background in international oil and gas exploration, production and funding.

Future Operations

Upon completion of processing and interpretation of the gravity data a seismic survey will be designed to cover the most prospective structures with a view to generating prospects and drilling targets.

The prospects will be technically ranked and risked prior to drilling. The Company is also researching alternative exploration methodologies to add value to the Kyrgyz license areas.

Monitor will continually build on the successful field data acquisition of the last year to identify “fast tracking” opportunities in the Kyrgyz Republic.

The Company has commenced discussions with seismic acquisition companies to facilitate acquisition as soon as possible.

The Company is also advancing its reviews of non Central Asian oil and gas opportunities with a focus on near term production in known petroleum provinces in South East Asia.

Background Information on oil and gas in the Kyrgyz Republic

The Kyrgyz Republic in Central Asia is a former Soviet state which declared independence in 1991. Since independence, the country has undertaken economic and political reforms and has undergone a transition to a market oriented economy. Oil and gas exploration in Kyrgyz Republic has been severely curtailed since the country became independent in 1991 and funding under former Soviet arrangements was no longer available. Interest in oil and gas exploration has increased with Santos International Operations Pty Ltd farming into Caspian Oil and Gas Limited’s projects by spending up to US$24 million on a staged basis by June 2009.

Monitor is in a privileged position to participate in the evolving oil and gas sector of the Kyrgyz Republic and is actively pursuing additional opportunities with potential for early oil and gas production.

Central Asia is becoming one of the worlds emerging oil and gas regions, with substantial fields located in China, close to the southern Kyrgyz border, Kazakhstan, Uzbekistan, Tajikistan and Azerbaijan. The Chinese government has recently signed an agreement with both the Kyrgyz and Kazak governments to build a supply pipeline from Kazakhstan through Kyrgyzstan to supplement China's unprecedented demand for oil and gas. Exploration in the region has accelerated over the past few years, with foreign investment reaching record levels.

Kyrgyz Republic Uranium projects

Monitor (50%) with its joint venture partner, Leopard Minerals PLC (50% and JV operator), hold 5 uranium exploration licenses in the Kyrgyz Republic, covering an area of 2,224km², including the advanced, Kashkasu II Project.

About the Joint Venture Agreement

Monitor and Leopard Minerals entered into a Strategic Joint Venture to explore and develop the extensive uranium exploration licences in the Kyrgyz Republic.

Each party is responsible for 50 per cent of any exploration costs, with Leopard managing the exploration and development of the project based on agreed budgets and work programs in advance.

Leopard has strong uranium exploration experience and success, owns the necessary equipment in the Kyrgyz Republic to undertake successful exploration and has a dedicated local exploration team.

Exploration Activity

Leopard has informed the Company that exploration for the reporting period involved surface geological mapping and radioactivity surveys, using their scintilometer, and some trench and rock chip sampling of prospects within the licences. Results of this work is being compiled and will be forwarded to the Company in late February.

Drilling was anticipated to commence last quarter, but delays due to inclement weather and sale of the contracted drilling company has delayed start. Leopard has informed the Company that it is currently reviewing drilling options, including discussions with other drill companies. The market will be advised when drilling is to commence.

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Future Exploration Activity

Leopard has informed the Company that exploration budgets and programs will be finalised by late February for the Joint Venture, to allow for field work to commence in spring. A joint venture management meeting will be held after Monitor receives the work program and budgets, after which the Company will announce details to the market.

About the Kashkasu II Project

Kashkasu II is an undeveloped Soviet era uranium deposit located within the Kavak Uranium Mining Centre, where 3 other deposits were mined between 1955 and 1968. Mining apparently ceased with the discovery of uranium deposits in Kazakhstan, close to nuclear testing facilities.

Kashkasu II was the subject of intense exploration during Soviet times, including extensive underground exploration and development.

The remaining 4 uranium exploration licences held by the Joint Venture have numerous uranium targets which will be advanced during this and future field season.

About the Kyrgyz Republic and uranium

The Kyrgyz Republic has a history of uranium mining, with production of approximately 3,000 tonnes mined up until the 1970s. Advanced exploration has been previously conducted by Soviet geologists but limited drilling was carried out.

Corporate Activity

During this reporting quarter, the Company raised $620,000 via the issue of 31,000,000 fully paid ordinary shares at $0.02 per share to sophisticated investors with Far East Capital, a private investment bank located in Sydney, specialising in the junior resources sector. Far East Capital has raised funds for a number of companies operating in the Kyrgyz Republic.

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