QUARTERLY ACTIVITIE REPORT

FOR THE QUARTER ENDED 30 JUNE 2008

Monitor Energy Ltd ("Monitor" or "Company") is a junior energy explorer with extensive acreage holdings and operations in the Kyrgyz Republic for both petroleum and uranium. The Company's strategy is to continue building its energy portfolio through a spread of assets from frontier, large reward petroleum plays to near term production field exposure for cash flow, risk reduction and energy diversification.

The Kyrgyz Petroleum licenses cover over 9,900km2 with the potential for large oil and gas structures as they are in close geological proximity to known and proven giant oil and gas fields in China's Tarim and Junggar Basin and in the adjacent Fergana Basin.

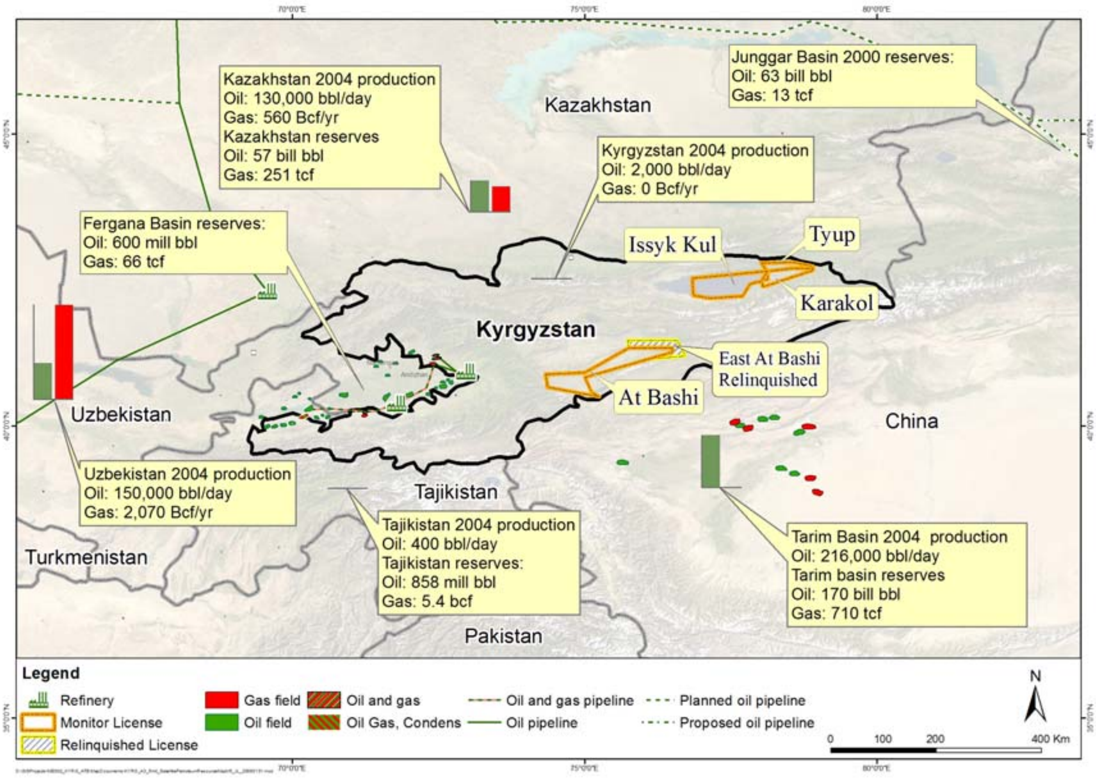

Figure 1. Monitor Energy Ltd licenses in The Kyrgyz Republic and proximity to producing fields.

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Highlights

- The Company completed a successful capital raising during the quarter and will also complete an option entitlement and placement through its association with Melbourne Capital Limited during July.
- In the new reality of high oil prices, the Company is in discussions predicated on forming a partnership that represents these higher commodity values. Monitor invested US$2 million on the asset development in 2007 and is now interested in working with a suitable partner to accelerate the development of the project going forward. It is anticipated that the farm-in partner will be a global energy company that has a strong technical and management team, a proven track record in the development of acreage and with sufficient resources to capitalize on the significant opportunity within this emerging economic region.
- The Company's technical work has revealed that several old wells with oil and gas shows drilling on its license areas during the Soviet Era failed to test their respective structures, thereby providing scientific confidence that these will mature into short term exploration targets.
- Integrated modeling on existing vintage and gravity data has revealed over seven basement related structures that will be matured into leads and prospects after seismic data acquisition.
- The Company is continuing its review of near term production opportunities in known Petroleum Basins and in areas where it has competitive advantage and technical competencies.

OPERATIONAL ACTIVITIES

Monitor is continuing its activities on its Kyrgyz concessions and is actively engaged in reviewing numerous opportunities in areas capable of delivering its stated goals of investing in near term production oil and gas projects in other petroleum regions.

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Potential early targets emerge from new data modelling.

The recent modelling results have shown that the oil and gas wells drilled during the Soviet Era of the 1960s are off structure. This is shown in the following graphic.

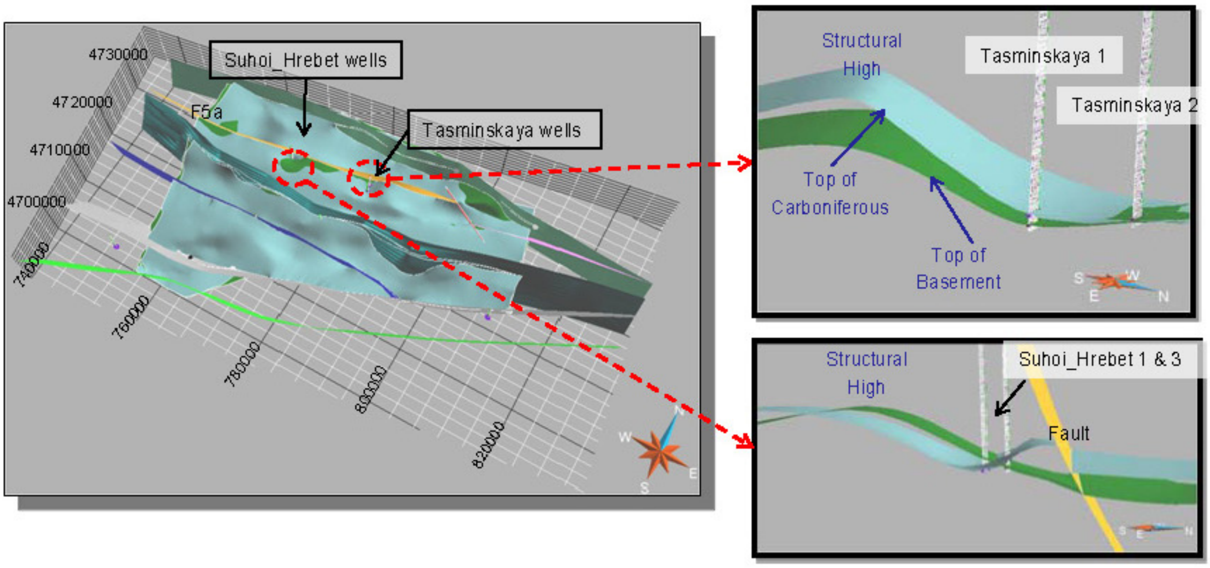

Figure 2. Off structure wells providing early leads for potential seismic and drill targets.

Basement related structures are shown on figure 3 and show that the license areas have prospective traps and targets of sufficient size to be economic under current oil field economic parameters. Provisional calculations have been conducted, however these will be reviewed after new seismic data has been acquired and interpreted in the near future.

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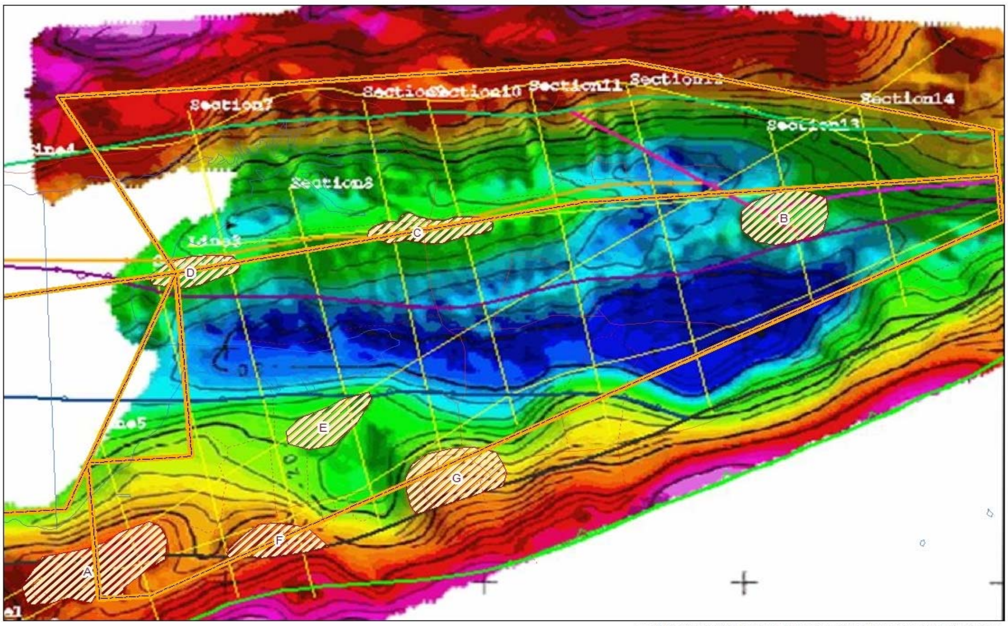

Figure 3. Gravity modelled structural leads map

CORPORATE ACTIVITIES

Share Placement

On 18 June 2008 Monitor announced to the ASX that a capital raising with Melbourne Capital Limited ("MCL") had been fully subscribed. A total of 88 million fully paid ordinary shares were issued at $0.014 per share, to raise $1,232,000 before costs associated with the placement. The placement was to sophisticated investors as outlined under s708(8) of the Corporations Act. The funds raised from the placement will be used by Monitor for the purposes of:

- Pursuing ongoing project opportunities in South-East Asia and in other known near term production areas.
- Working Capital.

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Option Entitlement Offer

Further to the announcement on 18 June 2008, Monitor proceeded with an Option Entitlement Offer to all existing shareholders on the basis of one option for every two shares held at a subscription price of $0.002 per option (for a total issue of approximately 364 million options). These options will have an expiry date of 31 August 2011, and an exercise price of $0.025 per share. Monitor has agreed with MCL that MCL will have the right to place any options that are not subscribed to by shareholders at its discretion to clients of MCL on an "all reasonable endeavours basis". Upon the successful completion of the placement of these options, the entitlement offer will raise approximately $728,000 before costs associated with the offer.

On 4 July 2008 Monitor lodged the Prospectus in relation to the Option Entitlement Offer with the ASX. The Prospectus was dispatched to shareholders on 17 July 2008 and the closing date for the Offer is 31 July 2008.

Option Placement

Monitor will hold a General Meeting of the Company on 7 August 2008 to seek shareholder approval to issue further options on the same terms and conditions as the entitlement offer options. The Notice of General Meeting was lodged with the ASX on 7 July 2008 and sent to shareholders, and Monitor is seeking shareholder approval to:

- Approve the placement of 250 million options to clients of MCL at MCL's discretion, at a subscription price of $0.002 cents each to raise $500,000.
- Approve the ability for existing Directors Mr Mark Gwynne and Mr Jon Roestenburg to subscribe for up to 12.5 million options at a subscription price of $0.002 each to raise $25,000.
- Approve the issue to MCL of 28.75 million options as consideration for services provided with regard to the fund raising services provided.

Monitor will apply to the ASX to have all securities outlined above quoted on the ASX. The Board of Directors of Monitor view the issue of securities and the arrangement with MCL as a positive step forward for the Company. The funds raised via the issue of the shares and options will enable Monitor to continue to advance the company's strategy of adding significant shareholder value through the development of a diversified petroleum asset portfolio, as well as advancing negotiations on identified leads in South-East Asia, and other regions.

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Joint Venture Arrangements

On July 1 2008 Monitor announced to the ASX that Sentry Petroleum Ltd ("Sentry") had withdrawn from its Joint Venture Operating Agreement ("Agreement") for its Kyrgyz Republic oil and gas licenses due to Sentry not being able to meet its funding commitment. Under the Agreement, which was announced to the ASX on 14 April 2008, Sentry was required to raise sufficient working capital to meet the expenditure terms and conditions of its joint venture agreement.

The Company has started discussions with third parties with a view to a future joint venture and is confident a more commercially beneficial agreement may be negotiated given:

- The recent increase in global oil prices from approximately US$65 per barrel at the time of the original Heads of Agreement.
- The current global energy shortage and oil prices being over US$120 per barrel.
- The significant exploration results achieved by the Company in the past year.

The Company has also appointed an independent firm that specialises in assisting with such processes now that it is unconstrained, thereby ensuring the greatest possible exposure and most favourable terms in the current energy constrained market and the shortfall of suitable exploration acreage, particularly in proximity to large producing oil and gas fields.

Monitor will also continue exploration of its Kyrgyz oil and gas licenses in the short term. This work is aimed at continuing to advance the value of the licenses via low cost and innovative exploration techniques, including further complementary and detailed gravity surveys (using equipment owned by the Company), magnetic telluric surveying and in situ geochemical source rock analysis by portable pyrolysis equipment.

Sincerely,

Jon W Roestenburg BSc (Geology) MLM, GBQ, CC
Managing Director
Monitor Energy Limited

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