
MONITOR ENERGY LIMITED**ABN 25 009 121 644****NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY
STATEMENT**

TIME: 10.30 am WST

DATE: Thursday, 19th November 2009

PLACE: The Sutherland Room, City West Function Centre
45 Plaistowe Mews
WEST PERTH WA 6005

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9211 1555.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Monitor Energy Limited which this Notice of Meeting relates to will be held at 10.30am WST on Thursday, 19th November 2009 at:

**The Sutherland Room, City West Function Centre
45 Plaistowe Mews
WEST PERTH WA 6005**

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Monitor Energy Limited, PO Box 1440, West Perth WA 6872; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 9211 1500,

so that it is received not later than 10.30am WST on Thursday, 19th November 2009.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Monitor Energy Limited will be held at 45 Plaistowe Mews, West Perth, Western Australia at 10.30am WST on Thursday, 19th November 2009.

The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at the close of business on 17th November 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. REPORTS AND ACCOUNTS

To receive the financial report of the Company for the year ended 30 June 2009, together with the Directors' report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **advisory only resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2009."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF MR SCOTT SPENCER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Scott Spencer, being a Director, retires in accordance with clause 6.3 of the Constitution and, being eligible for re-election, is hereby re-elected as a Director."

4. RESOLUTION 3 – ISSUE OF SHARES AND OPTIONS TO MR JON ROESTENBURG

To consider and if thought fit to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue:

- (a) 6,600,000 Shares;
- (b) 15,000,000 Class A Options; and
- (c) 15,000,000 Class B Options,

to Mr. Jon Roestenburg (and/or his nominee(s)) on the terms and conditions and in the manner described in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.11 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolution 3 by Mr Jon Roestenburg and any of his associates. However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS TO MR SCOTT SPENCER

To consider and if thought fit to pass, with or without amendment, the following **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue:

- (a) 2,500,000 Shares;
- (b) 15,000,000 Class A Options; and
- (c) 15,000,000 Class B Options,

to Mr. Scott Spencer (and/or her nominee(s)) on the terms and conditions and in the manner described in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.11 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolution 4 by Mr Scott Spencer and any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO MR MARK GWYNNE

To consider and if thought fit to pass, with or without amendment, the following **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue:

- (a) 5,000,000 Shares;
- (b) 15,000,000 Class A Options; and
- (c) 15,000,000 Class B Options,

to Mr. Mark Gwynne (and/or his nominee(s)), on the terms and conditions and in the manner described in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.11 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolution 5 by Mr Mark Gwynne and any of his associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. RESOLUTION 6 – APPROVAL TO THE FUTURE PLACEMENT OF SHARES

To consider and, if thought fit, to pass, with or without modification, the following **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot up to 500,000,000 Shares at an issue price of not less than 80% of the average market price for the shares on ASX over the last 5 trading days on which sales in the Shares were recorded before the date of the proposed issue and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

- (a) Prior to making a decision with respect to Resolution 6, members should refer to Section 4 of the Explanatory Statement which accompanies this Notice of Meeting.
- (b) In accordance with ASX Listing Rule 7.3.8, the Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 6 is passed, and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – RATIFICATION OF PREVIOUS PLACEMENT

To consider and if thought fit to pass, with or without amendment, the following **ordinary resolution**:

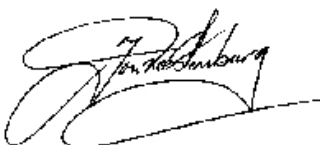
"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 100,000,000 Shares and 100,000,000 freely attaching options at a price of \$0.001 per Share to private investors by way of a Convertible Note, on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by placement allottees and any associate of such allottee. However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 5 OCTOBER 2009

BY ORDER OF THE BOARD



**JON ROESTENBURG
MANAGING DIRECTOR
MONITOR ENERGY LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Monitor Energy Limited to be held at 45 Plaistowe Mews, West Perth, Western Australia at 10.30am WST on Thursday, 19th November 2009.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

1. RESOLUTION 1 - REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2. RESOLUTION 2 - TO RE-ELECT A DIRECTOR

Resolution 2 seeks approval for the election of Mr Scott Spencer, who retires in accordance with Clause 11.3 of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company, with effect from the end of the meeting.

Mr Spencer has spent 20 years working on international political and economic issues with the Australian. He was First Secretary at the Australian Embassy, Moscow, from 1987 to 1989 and from 1990 to 1993 was Regional Director of the Department of Foreign Affairs and Trade in Western Australia.

3. RESOLUTIONS 3, 4 AND 5 - ISSUE OF SHARES AND OPTIONS TO DIRECTORS

Resolutions 3, 4 and 5 seek Shareholder approval for the issue of a total of:

- (a) 14,100,000 Shares (**Shares**);
- (b) 45,000,000 Class A Options (**Class A Options**); and
- (c) 45,000,000 Class B Options (**Class B Options**),

to Messers Jon Roestenburg, Scott Spencer and Mark Gwynne (**Directors**) on the terms set out below.

3.1 Background to Resolutions 3, 4 and 5

Resolutions 3, 4 and 5 seek Shareholder approval for the issue of 14,100,000 Shares in the proportions set out in the table below to Messers Jon Roestenburg, Scott Spencer and Mark Gwynne as a substitute for cash remuneration that would be otherwise payable under each Director's services contract with the Company.

The Directors have each voluntarily agreed, subject to shareholder approval, to take a portion of their respective remuneration over the period from 1 August 2009 to 31 October 2009 in equity at a price of \$0.0025 per Share. The current valuation of the Shares to be issued, and the cash payments that would otherwise be payable to each Director, is set out in the table below:

Director	Shares to be issued	Valuation of Shares	Cash otherwise payable
Jon Roestenburg	6,600,000	\$16,500	\$16,500
Scott Spencer	2,500,000	\$6,250	\$6,250
Mark Gwynne	5,000,000	\$12,500	\$12,500

Resolutions 3, 4 and 5 also seek Shareholder approval for the issue of 15,000,000 Class A Options and 15,000,000 Class B Options in the proportions set out in the table below to Messers Jon Roestenburg, Scott Spencer and Mark Gwynne.

Director	Class A Options	Class B Options
Jon Roestenburg	15,000,000	15,000,000
Scott Spencer	15,000,000	15,000,000
Mark Gwynne	15,000,000	15,000,000

The Options are being issued as part of the remuneration package of the Directors for the purpose of conserving cash whilst providing incentive for future services.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to the Directors. These are summarised below.

3.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the Company.

If Resolutions 3, 4 and 5 are passed, securities will be issued to the Directors, who are related parties of the Company. Accordingly, approval for the proposed issue of securities to the Directors is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the securities to the Directors as approval is being obtained under ASX Listing Rule 10.11. ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period. Shareholders should note that the Shares proposed to be issued to the Directors pursuant to Resolutions 3, 4 and 5 will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11.

For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 3, 4 and 5:

- (a) the maximum number of securities to be issued by the Company under Resolutions 3, 4 and 5 is:
 - (i) 6,600,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Jon Roestenburg;
 - (ii) 2,500,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Scott Spencer; and
 - (iii) 5,000,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Mark Gwynne;
- (b) the Shares, Class A Options and Class B Options will be issued no later than one month after the date of the Annual General Meeting;
- (c) the terms of Class A and Class B Options are set out in Schedule A to this Notice;
- (d) no funds will be raised from the issue of the Shares and Class A and Class B Options. However, if all Class A and Class B Options proposed to be issued are exercised, an amount of \$855,000 would be raised.
- (e) the Class A and Class B Options are being granted for no consideration;
- (f) the Shares are ordinary fully paid shares;
- (g) no funds will be raised from the issue of the Shares as the purpose of the issue is to substitute for cash remuneration that would otherwise be payable in return for the Director's respective dedicated and ongoing services to the Company including adopting leadership roles in the conduct of the Company, managing the Company and its employees in the discharge of their activities, ensuring that the Board is kept properly informed of the financial position and performance of the Company, the assessment of the Company's financial position and performance and the detection and resolution of material adverse developments. The total value of these services provided by the Directors is \$35,250 for the three months (ending on 31 October 2009), which as set out above would otherwise be payable entirely in cash pursuant to each Director's services agreement; and
- (h) the purpose of the issue of the Class A Options and Class B Options is to remunerate the Directors as an incentive for future services and to attract and retain people of the highest calibre. The Board of Directors of the Company believe that the issue of the Class A and Class B Options has the benefit of conserving cash whilst properly rewarding the Directors.

3.3 Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions set out in sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

The proposed issue of 14,100,000 Shares to the Directors constitutes a "financial benefit" as defined in the Corporations Act. Further, Messers Jon Roestenburg, Scott Spencer and Mark Gwynne are a "related parties" of the Company as defined under the Corporations Act. Accordingly, the proposed issue of securities to the Directors pursuant to Resolutions 3, 4 and 5 will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a related party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the securities to the Directors on the terms contained in this Notice.

3.4 Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to the Directors:

- (a) the related parties to whom the financial benefit will be given are:
 - (i) Managing Director of the Company, Mr Jon Roestenburg;
 - (ii) Chairman of the Company, Mr Scott Spencer; and
 - (iii) Executive Director of the Company, Mr Mark Gwynne;
- (b) the maximum number of securities (being the nature of the financial benefit to be provided) to be issued pursuant to Resolutions 3, 4 and 5 is:
 - (i) 6,600,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Jon Roestenburg;
 - (ii) 2,500,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Scott Spencer;
 - (iii) 5,000,000 Shares, 15,000,000 Class A Options and 15,000,000 Class B Options to Mr Mark Gwynne;
- (c) no funds will be raised from the issue of the Shares and Class A and Class B Options. However, if all Class A and Class B Options proposed to be issued are exercised, an amount of \$855,000 would be raised;
- (d) the Directors currently receive annual remuneration from, and have interests in the securities in, the Company as follows:

	Shares	Options	Remuneration
Jon Roestenburg	5,100,000	15,000,000	\$132,000
Scott Spencer	8,000,000	nil	\$50,000
Mark Gwynne	11,000,000	8,250,000	\$100,000

- (e) if the issue of Shares under Resolutions 3, 4 and 5 are approved and all Class A and Class B Options are exercised, a total of 104,100,000 Shares would be allotted and issued to the Directors. This will increase the number of fully paid ordinary Shares on issue from 3,115,391,408 to 3,219,491,408 (assuming the Entitlement Issue currently being conducted by the Company, as announced on ASX on 11 September 2009, is completed). The effect on the shareholding of existing shareholders would be diluted as follows:

Director	Number of Shares to be issued	Number of Class A Options to be issued	Number of Class B Options to be issued	Dilutionary effect if Resolution is approved (post
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				Entitlement Issue)
Mr Jon Roestenburg	6,600,000	15,000,000	15,000,000	1.16%
Mr Scott Spencer	2,500,000	15,000,000	15,000,000	10.03%
Mr Mark Gwynne	5,000,000	15,000,000	15,000,000	1.11%

These calculations assume that only the issue of Shares and Class A and Class B Options to that corresponding Director, and the issue of Shares under the Entitlement Issue has occurred, and does not take into account the issue of Shares and Class A and Class B Options to the other Directors or pursuant to Resolutions 6 and 7;

- (f) the highest, lowest and last ASX trading prices of the Company's fully paid shares in the last 12 months are:

Highest	\$0.007 on 8 October 2008
Lowest	\$0.001 on 8 July 2009
Last	\$0.004 on 2 October 2009

- (g) the Black-Scholes Option Pricing Model attributes an indicative value of:
- (i) 0.0017 cents to each Class A Option; and
 - (ii) 0.0016 cents to each Class B Option;
- (h) the terms and conditions of the Class A and Class B Options are set out in Schedule A to this Notice;
- (i) the value and the pricing methodology of the Class A and Class B Options is set out in Schedule B to this Notice;
- (j) no funds will be raised from the issue of the Shares as the purpose of the issue is to substitute for cash remuneration that would otherwise be payable in return for the Director's respective dedicated and ongoing services to the Company including adopting leadership roles in the conduct of the Company, managing the Company and its employees in the discharge of their activities, ensuring that the Board is kept properly informed of the financial position and performance of the Company, the assessment of the Company's financial position and performance and the detection and resolution of material adverse developments. The total value of these services provided by the Directors is \$35,250 for the three months (ending on 31 October 2009), which as set out above would otherwise be payable entirely in cash pursuant to each Director's services agreement;
- (k) the purpose of the issue of the Class A Options and Class B Options is to remunerate the Directors as an incentive for future services and to attract and retain people of the highest calibre. The Board of Directors of the Company believe that the issue of the Class A and Class B Options has the benefit of conserving cash whilst properly rewarding the Directors;
- (l) none of the Directors other than Mr Jon Roestenburg has a material personal interest in the subject matter of Resolution 3. Each of the Directors, other than Mr Jon Roestenburg, recommends that Shareholders vote in favour of Resolution 3;
- (m) none of the Directors other than Mr Scott Spencer has a material personal interest in the subject matter of Resolution 4. Each of the Directors other than

Mr Scott Spencer recommends that Shareholders vote in favour of Resolution 4; and

- (n) none of the Directors other than Mr Mark Gwynne has a material personal interest in the subject matter of Resolution 5. Each of the Directors other than Mr Mark Gwynne recommends that Shareholders vote in favour of Resolution 5.

4. RESOLUTION 6 - APPROVAL OF PLACEMENT

Resolution 6 seeks Shareholder approval for the issue of 500,000,000 Shares pursuant to a placement to be conducted by the Company.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6 to allow Shareholders to assess the proposed facility for the future issue of up to 500,000,000 Shares:

- (a) the maximum number of securities to be issued pursuant to the Placement is 500,000,000 Shares;
- (b) the Shares the subject of Resolution 6 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the issue price of the Shares proposed to be allotted and issued will be at a price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made;
- (d) the allottees in respect of Resolution 6 are not yet known, however will be identified by the Company and any brokers appointed by the Company to manage the issue and in any event, will not be related parties of the Company;
- (e) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (f) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting.
- (g) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 6, for continued exploration of its portfolio of exploration assets and for analysis of acquisition opportunities, both domestically and overseas. Any surplus funds will be used for general working capital purposes, review and analysis of new projects and for the funding of the Company's other existing activities.

5. RESOLUTION 7 - RATIFICATION OF PLACEMENT PURSUANT TO CONVERTING LOAN AGREEMENT

Resolution 7 seeks Shareholder ratification of the issue of 100,000,000 Shares and 100,000,000 freely attaching options on the terms set out below.

5.1 Background to Resolution 7

On 24 June 2009 the Company issued 100,000,000 ordinary shares and 100,000,000 freely attaching options as the result of the exercise of a Converting Loan with clients of Patersons Securities. The Shares were issued at an issue price of \$0.001 each and the options exercisable at \$0.025 each on or before 31 August 2011.

The Company was not required to obtain Shareholder approval of the Share issue as the investors were private, unrelated parties.

5.2 ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities. Approval is sought under Resolution 7 to allow the Company to ratify the issue and allotment of the 100,000,000 ordinary shares and 100,000,000 freely attaching options to private investors pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 7 in accordance with ASX Listing Rule 7.5:

- (h) the number of securities allotted by the Company was 100,000,000 ordinary shares and 100,000,000 freely attaching options;
- (i) the Shares were issued and allotted on 24 June 2009;
- (j) the Shares were allotted for cash consideration of \$0.001 per Share. Free attaching Options are proposed to be issued in respect of the Shares on a one for one basis, as set out in Resolution 8;
- (k) the issued Shares are fully paid ordinary Shares and rank equally with the existing Shares on issue;
- (l) the allottees of the Shares were sophisticated and professional investors (as those terms are defined in the Corporations Act), as identified by Patersons Securities. None of the allottees are a related party of the Company; and
- (m) the Shares were issued for the purpose of providing the Company with funds to be used for working capital and expenses in connection with the Company's existing assets.

5.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 7. The Board believes that the ratification of the Share issue the subject of Resolution 7 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 7 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

GLOSSARY

ASX means ASX Limited (ACN 008 724 791).

Annual General Meeting means the Annual General Meeting of the Company to be held on Thursday, 19th November 2009.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the entity is admitted to the Official List of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the board of Directors.

Company or **Monitor** means Monitor Energy Limited (ABN 25 009 121 644).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

EST means Eastern Standard Time.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Notice means the Notice of Meeting attached to this Explanatory Statement.

Option means an option to acquire 1 Share.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

SCHEDULE A

Terms and Conditions of Class A Options

1. Each Class A Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Class A Options may be exercised at any time until 2 years from date of issue. Each Class A Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of 0.06 cents per Class A Option exercised. The Class A Options will lapse at 5.00pm WST , two years from date of issue.
3. The Class A Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Class A Options at any time until 2 year from date of issue. This right is subject to any restrictions on the transfer of a Class A Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. Class A Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Class A Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Class A Option.
5. Class A Options will not be listed on the ASX.
6. Shares issued on the exercise of Class A Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of a Class A Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Class A Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to shareholders, the number of shares over which the Class A Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Class A Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Class A Options may be reduced in accordance with Listing Rule 6.22.

Terms and Conditions of Class B Options

1. Each Class B Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Class B Options may be exercised at any time until 3 years from date of issue. Each Class B Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of 0.13 cents per Class B Option exercised. The Class B Options will lapse at 5.00pm WST, three years from date of issue.
3. The Class B Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Class B Options at any time until three years from date of issue. This right is subject to any restrictions on the transfer of a Class B Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. Class B Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Class B Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Class B Option.
5. Class B Options will not be listed on the ASX.
6. Shares issued on the exercise of Class B Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Class B Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to shareholders, the number of shares over which the Class B Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Class B Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Class B Options may be reduced in accordance with Listing Rule 6.22.

SCHEDULE B

Valuation of Class A Options:

- (a) the underlying value of each Share in the Company as at 1 October 2009 is \$0.004;
- (b) the Options to be exercisable at \$0.006;
- (c) the Options will mature, should they not previously be exercised, no later than 2 years after the issue date;
- (d) forecast price volatility of 100%. The volatility rate is based on the range to which the shares have been trading on the Australian Stock Exchange (ASX). It is not uncommon to have lower or higher volatility for mining exploration companies. The Board has decided to use a volatility rate of 100%;
- (e) the average current risk-free interest rate is 3.00%;
- (f) the appropriate discount factor to be applied to the value of each of the Options due to the lack of marketability would be in the order of 30%; and
- (g) dividend yield of 0%.

On this basis an exercise price of \$0.006 each results in an implied "value" of 0.0017 cents per Class A Option. The total implied "value" of the Class A Options is \$53,550.

Valuation of Class B Options:

- (a) the underlying value of each Share in the Company as at 1 October 2009 is \$0.004;
- (b) the Options to be exercisable at \$0.013;
- (c) the Options will mature, should they not previously be exercised, no later than 3 years from date of issue;
- (d) forecast price volatility of 100%. The volatility rate is based on the range to which the shares have been trading on the Australian Stock Exchange (ASX). It is not uncommon to have lower or higher volatility for mining exploration companies. The Board has decided to use a volatility rate of 100%;
- (e) the average current risk-free interest rate is 3.00% (based on the 3 year bond indicator rate as at 4 August 2009);
- (f) the appropriate discount factor to be applied to the value of each of the Options due to the lack of marketability would be in the order of 30%; and
- (g) dividend yield of 0%.

On this basis an exercise price of \$0.013 each results in an implied "value" of 0.0016 cents per Class B Option. The total implied "value" of the Class B Options is \$50,400.

PROXY FORM

**APPOINTMENT OF PROXY
MONITOR ENERGY LIMITED
ABN 25 009 121 644**

ANNUAL GENERAL MEETING

I/We

of

being a member of Monitor Energy Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

☐

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 45 Plaistowe Mews, West Perth, Western Australia at 10.30am WST on Thursday, 19 November 2009, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

OR

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr Scott Spencer	☐	☐	☐
Resolution 3	Issue of Shares and Options to Mr Jon Roestenburg	☐	☐	☐
Resolution 4	Issue of Shares and Options to Mr Scott Spencer	☐	☐	☐
Resolution 5	Issue of Share and Options to Mr Mark Gwynne	☐	☐	☐
Resolution 6	Approval of Placement	☐	☐	☐
Resolution 7	Ratification of Issue pursuant to Converting Loan Agreement	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):

Date:

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

MONITOR ENERGY LIMITED

ABN 25 009 121 644

Instructions for Completing "Appointment of Proxy" Form

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. Where more than one proxy is to be appointed or voting intentions cannot be adequately expressed using this form an additional form of proxy is available from the Company or you may copy this form.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For a company to rely on the assumptions set out in Section 129(5) and (7) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - (a) send the proxy form by post to Monitor Energy Limited, PO Box 1440, WEST PERTH, Western Australia 6872; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (08) 9211 1500,

so that it is received not later than 10.30am WST on Tuesday, 17 November 2009.

Proxy forms received later than this time will be invalid.