



Monitor Energy Limited
and
Controlled Entities
(ABN 25 009 121 644)

*Annual Report
For the Year Ended
30 June 2009*

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Corporate Directory

NON-EXECUTIVE CHAIRMAN

Scott Spencer

MANAGING DIRECTOR

Jon Roestenburg

EXECUTIVE DIRECTOR

Mark Gwynne

COMPANY SECRETARY

Stephen Brockhurst

PRINCIPAL & REGISTERED OFFICE

Level 1, 35 Richardson Street

WEST PERTH WA 6005

Telephone: (08) 9211 1555

Facsimile: (08) 9211 5700

AUDITORS

Stantons International Pty Ltd

Level 1, 1 Havelock Street

West Perth, WA, 6005

SHARE REGISTRAR

Advanced Share Registry Services Pty Ltd

150 Stirling Highway

Nedlands, WA, 6009

Telephone: (08) 9389 8033

STOCK EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Share Code: MHL

Option Code: MHLO

BANKERS

Westpac Banking Corporation

109 St Georges Terrace

PERTH WA 6000

Highlights:

During the 2008 – 2009 fiscal year the Company has progressed its technical and corporate activities in the Kyrgyz Republic and in the identification of near term production opportunities. The company completed its 2008 fieldwork program in both oil & gas and uranium in the Kyrgyz Republic and has renewed its good standing with the government and the geological department. The results have been achieved on budget and have confirmed previously identified targets for eventual prospect generation after seismic.

- Field operations during the period resulted in:
 - o Establishing an active petroleum system on its At Bashi Licences through discovery and analysis of surface oil seep samples
 - o Completion of a comprehensive airborne magnetic telluric impulse survey which resulted in co-incident anomalies with previously modelled gravity structures
 - o Surface geological mapping, trenching and sampling on its Kashkasu uranium licence which have established on strike extensions to the deposit.
- The Company is vigorously continuing its efforts to farm out the Kyrgyz oil & gas assets to the right partner. Ongoing discussions to achieve this remain a principal corporate focus.
- The Company is continuing its review of business opportunities in known petroleum basins around the world and in areas that meet the Company's strategy of acquiring suitable pre-production/production assets.
- The Company signed a Heads of Agreement to farm into Cooper Basin permit PEL115 with Victoria Petroleum for 75% by drilling two wells.
- The Company has signed a binding Heads of Agreement with specialist uranium explorer Raisama to farm out 75% of its Kyrgyz uranium license.

The Kyrgyz Republic (see map in figure 1)

Monitor Energy Ltd, through its wholly owned subsidiaries in the Kyrgyz Republic, holds oil and gas licences in both the north and south of the country. The northern licences are located adjacent to Lake Issyk-Kul and close to the PRC Junggar Basin to the east, whilst the southern block lies only 150km NW of the prolific Tarim Basin also in the PRC. The Company's licenses total over 6000km² that contain the elements of petroleum systems as demonstrated by surface oil seeps and oil & gas shows in wells.

Mid 60's Soviet drilling has intersected several wells containing oil and gas shows and two blowouts. Due to the inherent inaccuracies of the technology at the time, these wells were drilled off structure as indicated by Monitor's close spaced gravity modelling. New generation seismic acquisition technology is expected to better define the crestal positions and outline the structural closures at depth with a view to developing early drilling targets.

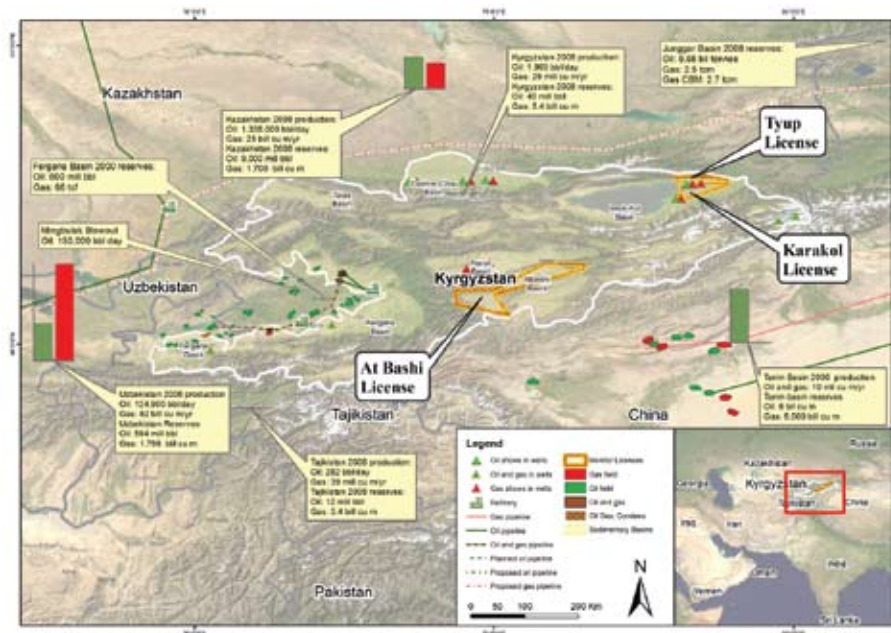


Figure 1. Location of Monitor Energy Oil & Gas licences in the Kyrgyz Republic.

Annual Operational Activities Report 2008 - 2009

Magnetic Telluric Survey

As part of the Company's Strategic Measurement and Application of Remote Sensing Technologies (SMART) exploration philosophy, an airborne magnetic telluric impulse survey was conducted over the oil & gas licence areas during the 2008 – 2009 field season.



Independent modelling of the field data by Perth-based Pinemont Technologies shows magnetic telluric impulse survey anomalies coincident with the previously identified surface oil seeps and the gravity anomaly structure on the At Bashi licence.

The field survey deployed low flying aircraft to ensure a strong signal and allowed the acquisition of close spaced data points due to the slow flying ability of the aircraft type as shown in the adjacent photograph.

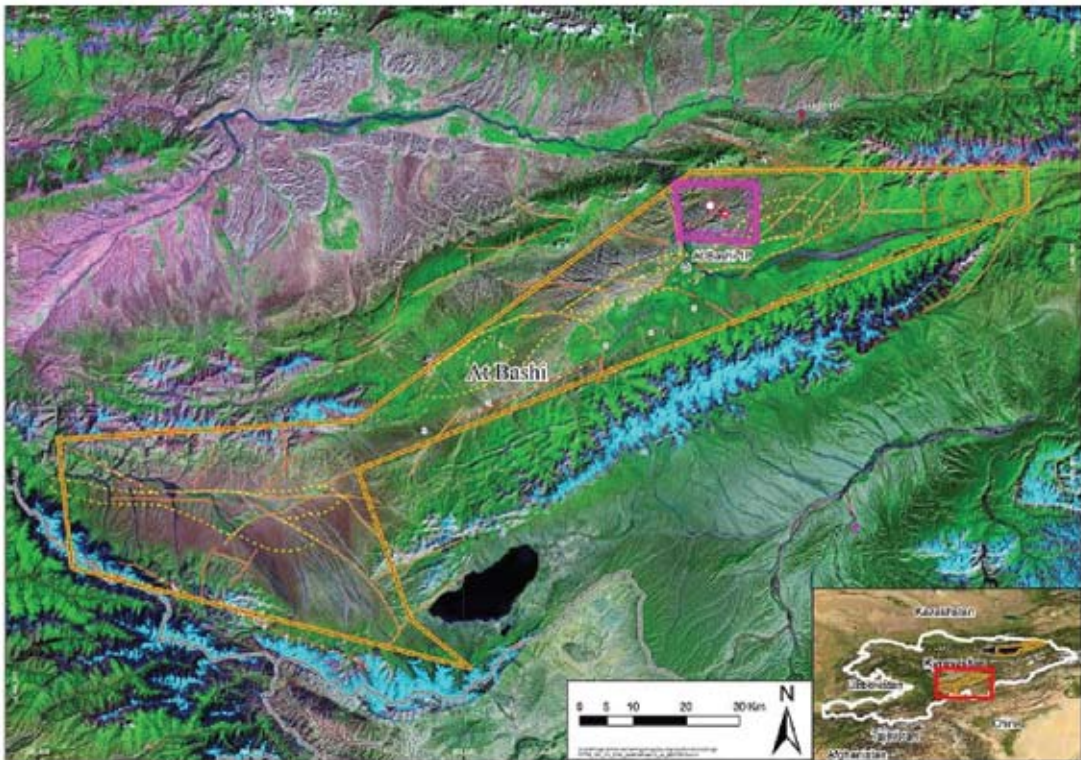


Figure 2. Southern licence area - called At Bashi (after a nearby town site) showing the location of the surface oil seep (tar) found during the 2008 - 2009 field program.

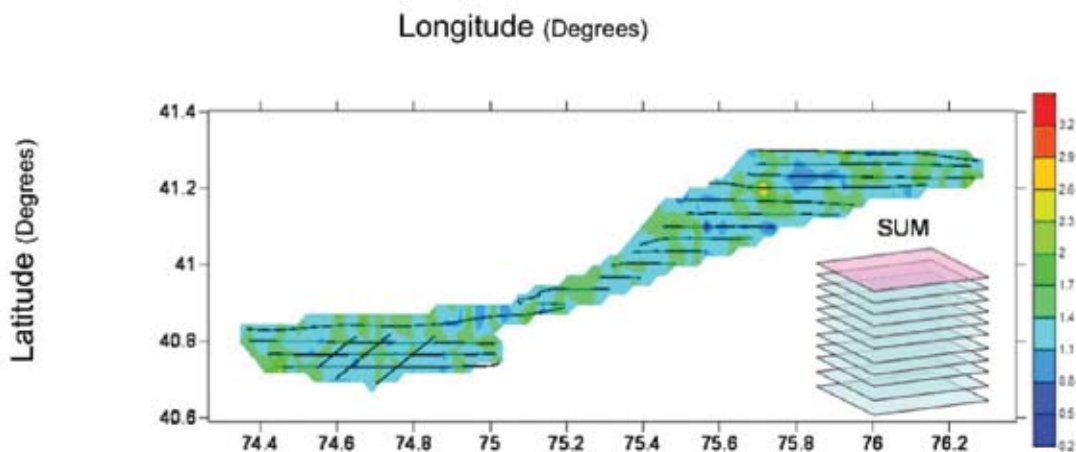


Figure 3. Location of the Magnetic telluric Impulse Survey anomaly - co-incident with the oil seep at the At Bashi locality on the southern licence.

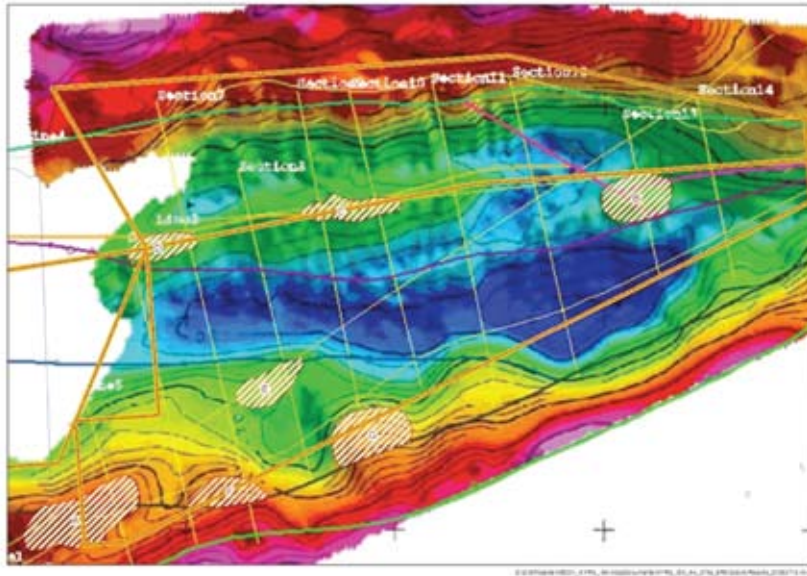
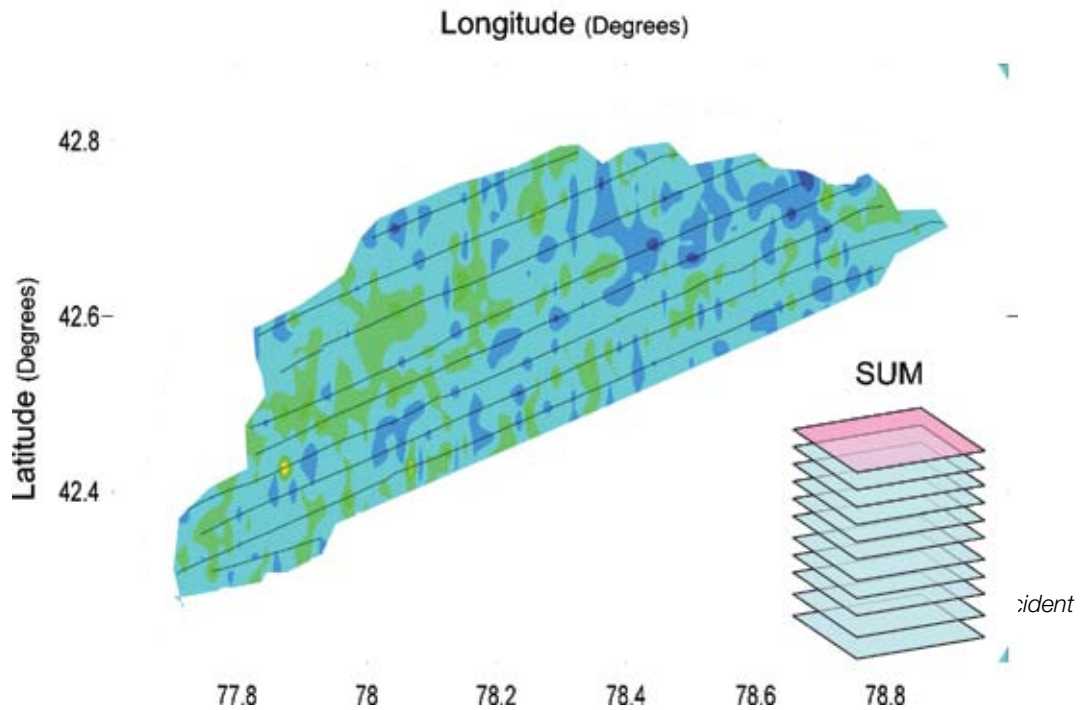


Figure 4. Gravity anomalies confirming subsurface structures that will focus future seismic data acquisition in the northern licence at Lake Issyk-Kul

A1: Issyk Kul: AEM SUM



Annual Operational Activities Report 2008 - 2009

Oil Seeps and geochemical fingerprinting

The Company's geologists have identified several oil seeps in its license areas (see pictures below). The most compelling seep is located on the southern license at At Bashi (see maps in figures 2 & 3). This seep is being further investigated in the current field season. The initial analysis of the samples was carried out by Geotechnical Service Pty Ltd in Kewdale, Western Australia and shows a biodegraded tar sample with a similar profile to Fergana Basin oils that are known to be of Paleozoic age (most of the Central Asian and Middle Eastern oils are of this age and the adjacent Tarim Basin accumulations contain and produce significant volumes of this type of crude.)



Australia

Monitor Energy is earning an interest in Petroleum Exploration Licence (PEL) 115 in the prolific onshore Cooper Basin, the Operator being Victoria Petroleum. The license area is located in the central Cooper Basin surrounded by oil producing oil and gas fields as shown in figures 7 & 8, and represents a cornerstone of the company's near term producing strategy. The Cooper Basin has proven to be a world class producer of hydrocarbons since its first development in the 1960's. Better technology such as 3D seismic and statics control has resulted in the identification and exploitation of smaller oil fields. Due to the number of exploration and development wells drilled in the basin, the geological conditions for a successful hydrocarbon discovery are well known and continue to deliver success for a number of companies such as Beach Petroleum, Stuart Petroleum, Cooper Energy and of course Santos, which has been the dominant producer in the basin since the first discoveries.

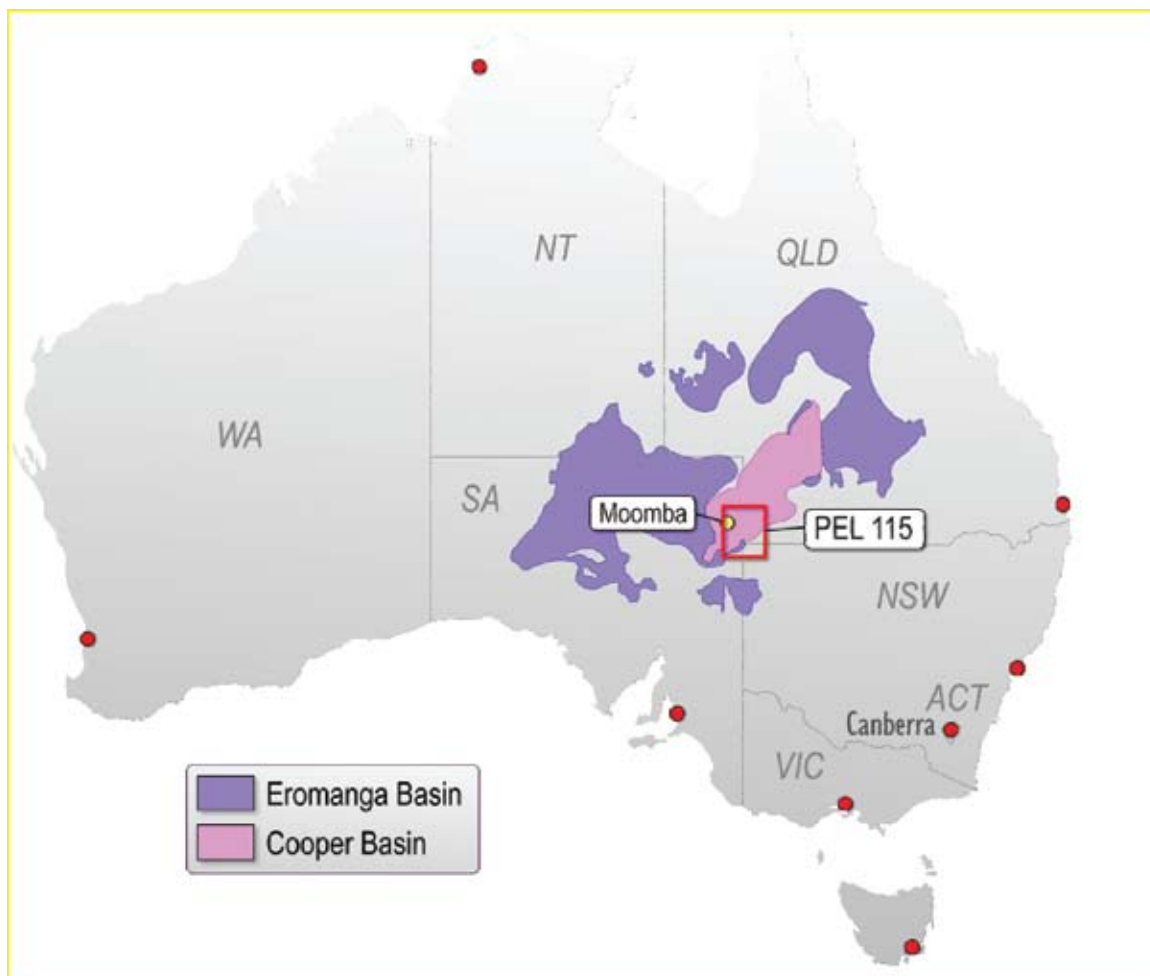


Figure 7. Location of the onshore Cooper Basin and Licence PEL 115

Annual Operational Activities Report 2008 - 2009

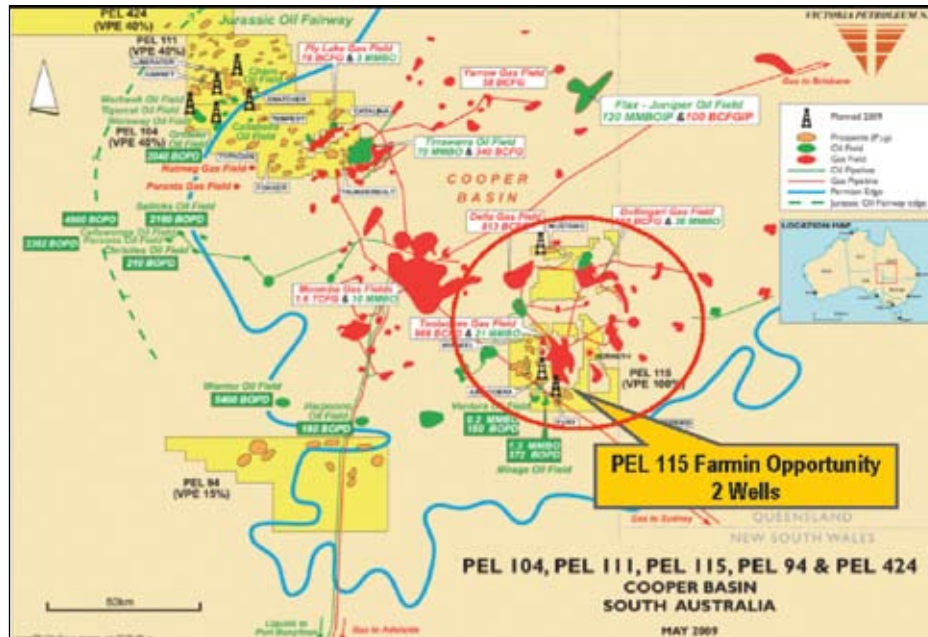


Figure 8. Close up view of the existing oil and gas fields in the PEL 115 vicinity

The Company considers that the farmin to PEL 115 is an excellent entry to the Cooper Basin, in particular since Victoria Petroleum is an experienced operator with an enviable track record of completing wells in time and on budget. With ready access to infrastructure in the form of roads and gas pipelines, any hydrocarbon discoveries can be readily monetised in the short term.

The first well of the new Monitor Energy – Victoria Petroleum Joint Venture will be on the Fury Prospect. This is a four way dip closed structure located 630m up-dip of the Lightning – 1 well drilled on the structural flank in 2004. Lightning – 1 encountered oil in the Murta Formation, however in uncommercial quantities and was suspended as a potential oil producer. The Fury well, to be drilled later this year, is expected to have better developed reservoir sands in the Murta, McKinley and possibly the Namur sandstones. Estimated P50 volumes are 1.5MBO in the Jurassic and a possible 22.79BCF in the Permian.

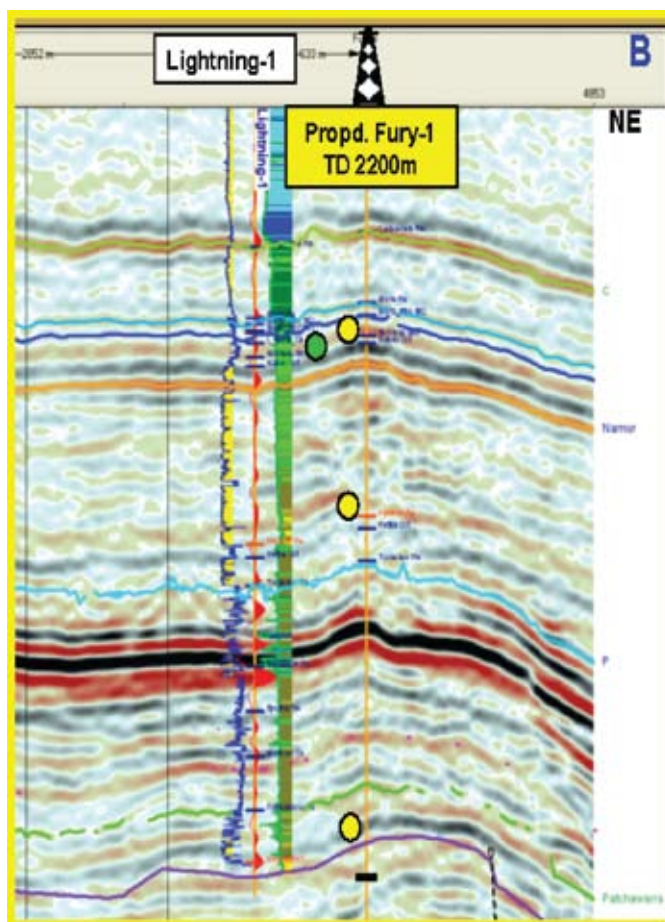


Figure 9. Seismic section showing the Fury - 1 well location to be drilled later this year.

The Company has also commenced discussions with the Victoria Petroleum in relation to farming into Cooper Basin PEL 213, which contains the Mirage Oil Field, and this opportunity is currently being evaluated.

Kyrgyz Uranium License

The Company has undertaken a targeted geological mapping and trenching sampling program to identify the extent of the uranium mineralisation zones on its Kashkasu uranium licence. In addition, portions of recent scree deposits have been moved during trenching revealing Soviet-era drill holes that had been mentioned in reports held at the geological directorate. Fieldwork continues in the current season. Raisama has agreed to acquire a 75% interest in the Company's wholly owned subsidiary, Business Sphere LLC, which owns the Kashkasu II Uranium project. Monitor will retain a 24% interest in Business Sphere LLC, with Mr Viktor Zabolotny (Monitor's in-country representative) holding the remaining 1% interest. Fieldwork continues in the current season. The company entered into a binding heads of agreement with unlisted Raisama Pty Ltd on September 28th, 2009.

Raisama is an unlisted Australian uranium company which has the Sunday Creek Prospect located in the Pilbara region of Western Australia, in the same neighbourhood as the Kintyre uranium deposit, sold last year by Rio Tinto to Canada's Cameco and Japan's Mitsubishi for \$US500 million. Raisama plans to carry out an initial Public Offering (IPO) by the end of 2009, and will then fund \$1.5m worth of exploration expenditure on the Project. Prior to this Raisama will fund approximately 350m of diamond drilling and this work is about to begin at the time of writing.

Directors' Report

Your directors present their report on the Company and its consolidated entities ("Group") for the financial year ended 30 June 2009.

1. DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Scott Spencer

Jon Roostenburg

Mark Gwynne

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Stephen Brockhurst – B.Com (appointed 17 July 2009)

Mr Brockhurst is an accountant with considerable corporate and company secretarial experience. He has been involved in the listing of many mineral exploration companies on the ASX.

Mr Brockhurst specialises in capital raisings, due diligence, corporate advisory, compliance and regulatory requirements.

Mr Brockhurst was a founding Director and Company Secretary of Bannerman Resources Limited from incorporation to July 2007 and Company Secretary of Ironbark Gold Limited to August 2007.

Mr Martin Stein – B. Bus, CA, ACIS (appointed 1 January 2008 and resigned 17 July 2009)

Mr Stein is experienced in company secretarial duties in conjunction with multiple jurisdiction experience.

2. PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the financial year was the exploration and evaluation of oil and gas and uranium opportunities in the Kyrgyz Republic, as well as the evaluation of near term production operations in South-East Asia. Other than mentioned above, there were no significant changes in the nature of the entity's principal activities during the financial year.

3. RESULTS

The loss of the economic entity attributable to members amounted to \$6,053,618 (2008: \$1,978,892).

The economic entity's basic loss per share for the financial year ended 30 June 2009 was 0.82 cents per share (2008: 0.31 cents).

4. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

The principal activity of the Group during the year was the continued exploration and evaluation of the oil and gas and uranium assets held in the Kyrgyz Republic. The Group was also active in the evaluation of near term production opportunities in South-East Asia.

On 21 August 2008, the Company announced to the ASX that it had discovered an oil seep at the Company's At Bashi licence in the Kyrgyz Republic. Geologists for the Company discovered the previously unreported active oil seep during the 2008 field season and work program, which was designed to identify and map potential source rocks and to establish elements for an active petroleum system on its oil and gas licenses in the Kyrgyz Republic.

The seep is within an anticline which has surface expression and is coincident with structural targets delineated by the Company's gravity survey last year.

This area is east of the major regional fault striking northwest to southeast known as the Fergana Fault, which separates the mature Fergana Basin from the frontier eastern half of the country.

The Company lodged a bid in August 2008 to acquire a highly prospective block in the Republic of Indonesia. The 4,200km² block had known oil and gas intersections and is located in Central Sumatra adjacent to producing oil fields. The Company had every confidence that its bid had the right commercial and technical merit to be compelling and successful, however, the Company was later informed that its bid was unsuccessful.

Directors of the Company have been in continued discussions with Indonesian contacts and consultants with regards to ongoing evaluation of near term production opportunities.

6. CHANGES IN STATE OF AFFAIRS

On 2 September 2008 the Company issued 224,000 fully paid ordinary shares at \$0.025 per share to raise \$5,600 before costs of the issue pursuant to a conversion of share options.

On 9 September 2008 the Company issued 7,071 fully paid ordinary shares at \$0.025 per share to raise \$177 before costs of the issue pursuant to a conversion of share options.

On 10 November 2008 the Company issued 2 fully paid ordinary shares at \$0.025 per share pursuant to a conversion of share options.

On 4 May 2009 the Company issued 22 fully paid ordinary shares at \$0.025 per share pursuant to a conversion of share options.

On 24 June 2009 the Company issued 728,847,841 fully paid ordinary shares at \$0.001 per share to raise \$728,848 before costs of the issue pursuant to a pro-rate renounceable entitlement issue.

On 24 June 2009 the Company issued 100,000,000 fully paid ordinary shares at \$0.001 per share to raise \$100,000 before costs of the issue pursuant to converting loan agreements.

During the year, the Company issued 1,472,106,225 listed options with exercise prices of \$0.025 per share and expiry dates of 31 August 2011.

7. FUTURE DEVELOPMENTS

Further information as to likely developments in the operations of the Company and expected results of those operations, would, in the opinion of the directors, be speculative and prejudicial to the interests of the Company and its shareholders.

8. ENVIRONMENTAL ISSUES

The economic entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The economic entity is not aware of any environmental breaches during the current year.

9. INFORMATION ON DIRECTORS

Mr Scott Spencer

Experience

Non-Executive Chairman

Scott Spencer studied languages, history and politics at the University of Western Australia and St Antony's College, Oxford. He joined the Australian Foreign Service in 1972 and spent nearly 20 years working on international political and economic issues with the Australian Government. He was First Secretary at the Australian Embassy, Moscow, in 1987 – 89 and in 1990 – 93 was Regional Director of the Department of Foreign Affairs and Trade in Western Australia. He then entered the private sector, working on international resources projects. In the three years immediately before the end of the financial year he was a Director of Hardman Resources Ltd, resigning from this position on 12 April 2006. Hardman Resources Ltd was an ASX/AIM listed petroleum E & P company which was AIM International Company of the Year in 2004.

Interest in Shares and Options

Ordinary Shares

8,000,000

Directors' Report

Jon Roestenburg

Experience

Managing Director

Mr Roestenburg is a highly experienced petroleum industry professional, having graduated in geology from Curtin University and begun work in 1976 as an exploration geologist. In 1984 he joined Schlumberger, and in 1988-95 he was a Chief Geologist with Schlumberger, covering South East Asia and China. He subsequently held senior exploration positions with Ampolex and Mobil, before becoming Managing Director of Geotransformations Pty Ltd. In this capacity he managed numerous geoscience consulting contracts with oil companies such as Murphy Oil, ConocoPhillips, OMV Australia, Daewoo International and Cairn Energy. In 2005 Mr Roestenburg completed a Master's degree in Leadership and Management at the Curtin Graduate School of Business.

Interest in Shares and Options

Ordinary Shares
5,100,000

3.5 Cent, 31 December 2009 Options 2,500,000

5 Cent, 31 December 2010 Options 5,000,000

7.5 Cent, 31 December 2011 Options 5,000,000

2.5 Cent, 31 August 2011 Options (Quoted) 2,500,000

Mark Gwynne

Experience

Executive Director

Mark Gwynne has been involved in gold exploration and mining for over 14 years, predominantly in Western Australia. Mark has held management positions on mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy. Mark has demonstrated extensive skills in exploration and mining logistics and management.

Interest in Shares and Options

Ordinary Shares 11,000,000

2.5 Cent, 31 August 2011 Options (Quoted) 8,250,000

Directorships of other listed companies

Directorships of other listed companies held by directors currently, or in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Scott Spencer	Green Rock Energy Limited	Appointed 29 November 2005 to date
	Hardman Resources Limited	Appointed 19 July 1994 to 12 April 2006
Mark Gwynne	Buka Gold Limited	Appointed 26 August 2009 to date
	International Goldfields Limited	Appointed 24 April 2009 to date
	Jackson Minerals Limited	Appointed 12 February 2002 to 4 June 2009
Jon Roestenburg	None	N/A

10. REMUNERATION REPORT**Key management personnel details**

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group during the current and prior financial years. The key management personnel of the economic entity are also that of the company.

Scott Spencer - Non-executive chairman

Jon Roestenburg – Managing Director

Mark Gwynne - Executive director

(a) Remuneration Policy (audited)

Directors' remuneration and other terms of employment are reviewed annually by the directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in the remuneration report, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the remuneration report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The remuneration policy of Monitor Energy Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The board of Monitor Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the managing director and approved by the board after seeking professional advice from independent external consultants.
- In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The economic entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board does not endorse the use of bonus payments for directors and senior executives at this point in time, however options are issued to directors and executives as performance incentives and to align director, executive and shareholder goals.
- Further options or bonus performance incentives will be issued in the event that the entity moves from exploration to producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board performance.
- The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.
- The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The managing director in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General

Directors' Report

Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Options Issued as Part of Remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to some directors of Monitor Energy Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

(b) Director and executive remuneration (audited)

The directors of the Group received the following amounts of compensation for the current year as set out below. During the financial year there were no executives other than the Directors. There was no compensation of any type, to the Directors, other than as reported below for the provision of management services.

Directors' Report

		Short-term				Post Employment		Share based payments		Other Benefits	Long Service Leave	Total		Proportion of remuneration performance fixed	Value of options as a proportion of remuneration %
		Salary & Fees	Cash Bonus	Non Monetary	Total	Super	Termination Benefits	Options and rights							
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Directors															
Non-executive directors															
SSpencer (a)	2009	50,000	-	-	50,000	-	-	-	-	4,163	-	54,163	-	-	0.00%
Non-executive Chairman	2008	52,050	-	-	52,050	-	-	-	-	-	-	52,050	-	-	0.00%
Executive directors															
J Roestenburg	2009	161,833	-	-	161,833	20,135	-	36,005	-	4,162	-	222,135	-	-	16.21%
Managing Director	2008	179,499	-	-	179,499	38,242	-	128,332	-	-	-	346,073	-	-	37.08%
M Gwynne	2009	136,222	-	-	136,222	12,260	-	-	-	4,162	-	152,644	-	-	0.00%
Executive Director	2008	112,000	-	-	112,000	9,000	-	-	-	-	-	121,000	-	-	0.00%
Total Directors	2009	348,055	-	-	348,055	32,395	-	36,005	-	12,487	-	428,942	-	-	
	2008	343,549	-	-	343,549	47,242	-	128,332	-	-	-	519,123	-	-	
		Short-term				Post Employment		Share based payments		Other Benefits	Long Service Leave	Total		Proportion of remuneration performance fixed	Value of options as a proportion of remuneration %
		Salary & Fees	Cash Bonus	Non Monetary	Total	Super	Termination Benefits	Options and rights							
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Other															
M Stein (b)	2009	75,804	-	-	75,804	-	-	-	-	-	-	75,804	-	-	0.00%
Company Secretary	2008	42,900	-	-	42,900	-	-	1,759	-	-	-	44,659	-	-	3.94%
Total Other	2009	75,804	-	-	75,804	-	-	-	-	-	-	75,804	-	-	
	2008	42,900	-	-	42,900	-	-	1,759	-	-	-	44,659	-	-	
Notes:															
The fees paid to Director related entities were for the provision of management services of the particular director, to the economic entity, as follows:															
(a) Aubrey Consulting Pty Ltd, an entity associated with Scott Spencer.															
(b) Aspire Corporate Consultants Pty Ltd, an entity associated with Martin Stein.															
During the financial year ended 30 June 2009, the Company paid an insurance premium of \$12,487 for directors and officers liability insurance.															

Directors' Report

(c) Value of Options Issued to Directors and Executives (audited)

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

		Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
		Fair Value at grant date (i)	Value at exercise date	Value at time of lapse			
		\$	\$	\$	\$	\$	%
Scott Spencer	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
Mark Gwynne	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
Jon Roestenburg							
	2009	-	-	-	-	36,005	16%
	2008	-	-	-	-	128,332	37%

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(d) Options and rights over equity instruments granted as compensation (audited)

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the past two years and details of options that were vested during the past two years are as follows:

Directors	Number of options granted during 2009	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2009
Scott Spencer	-	-	-	-	-	-
Mark Gwynne	-	-	-	-	-	-
Jon Roestenburg	-	-	-	-	-	5,000,000

Directors	Number of options granted during 2008	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2008
Scott Spencer	-	-	-	-	-	-
Mark Gwynne	-	-	-	-	-	-
Jon Roestenburg	-	-	-	-	-	5,000,000

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

(e) Service Agreements (Audited)

The Company has not entered into any Executive Service Agreement with any of the directors or executives to provide services to the Company.

11. MEETINGS OF DIRECTORS

The number of directors' meetings (including committees) held during the financial year and the number of meetings attended by each director are:

Director	Directors' Meetings	
	Number Eligible to Attend	Meetings Attended
S Spencer	6	6
J Roestenburg	6	6
M Gwynne	6	6

There were no audit committee meetings held during or since the end of the financial year, as the audit committee function is performed by the board as a whole.

12. INDEMNIFYING OFFICERS

The Company currently has a policy in place for directors and officers insurance. During the financial year ended 30 June 2009, the Company paid an insurance premium of \$12,487 (2008:nil) for directors and officers liability insurance.

13. OPTIONS

Share Options Granted to Directors and Executives

During and since the end of the year ended 30 June 2009 up to the date of this report, nil share options have been issued to directors and executives of the Company as remuneration.

Un-issued Shares Under Option

At the date of this report unissued ordinary shares of the Company under option to directors and executives of the Company are:

Expiry Date	Exercise Price	Number of Shares
31 December 2009	3.5 cents	2,500,000
31 December 2010	5 cents	5,000,000
31 December 2011	7.5 cents	5,000,000
31 August 2011	2.5 cents	10,750,000
Total		23,250,000

At the date of this report unissued ordinary shares of the Company under option to those other than directors and executives of the Company are:

Expiry Date	Exercise Price	Number of Shares
31 December 2009	3.5 cents	1,000,000
31 December 2009	2.0 cents	500,000
30 June 2010	3.4 cents	1,250,000
11 March 2011	2.5 cents	2,500,000
31 December 2009	5.0 cents	500,000
31 August 2011	2.5cents	1,461,125,130
Total		1,466,875,130

Shares Issued on Exercise of Options

Number of Shares	Amount Paid on Each Share
224,000	2.5cents
7,071	2.5cents
2	2.5cents
22	2.5cents
231,095	

Directors' Report

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or any other body corporate or registered scheme.

During the financial year ended 30 June 2009 there were nil compensation options exercised into fully paid ordinary shares.

There has been no issue of ordinary shares as a result of the exercise of options since the end of the financial year.

Directors' holdings of shares and share options have been disclosed in the Remuneration Report.

14. EMPLOYEES

The Economic Entity had 19 employees as at 30 June 2009.

15. AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 14 of the financial report.

16. NON AUDIT SERVICES

The board of directors are satisfied that no non-audit services were performed during the year by the entity's auditors.

17. SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since 30 June 2009 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

18. FINANCIAL POSITION

The economic entity's working capital, being current assets less current liabilities, was \$386,127 as at 30 June 2009 (2008: \$1,003,990).

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors.



Jon Roestenburg

Managing Director

Perth, 4 September 2009

Stantons International

ABN 41 103 088 697

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WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
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4 September 2009

Board of Directors
Monitor Energy Limited
35 Richardson Street,
West Perth WA 6005

Dear Directors

RE: MONITOR ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Monitor Energy Limited.

As Audit Director for the audit of the consolidated financial statements of Monitor Energy Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



John P Van Dieren
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MONITOR ENERGY LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Monitor Energy Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 3 the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

Independent audit report to the members of Monitor Energy Limited (Continued)

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Monitor Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 17 of the directors' report for the year ended 30 June 2009. The directors of the entity are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

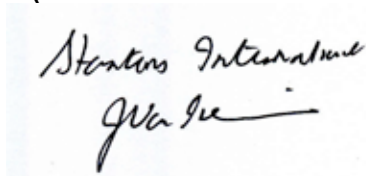
In our opinion the remuneration report of Monitor Energy Limited for the year ended 30 June 2009 complies with section 300 A of the *Corporations Act 2001*.

Emphasis of Matter Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 3 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2009 the entity had working capital of \$386,127 and had incurred a loss for the year of \$6,053,618. The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the entity. In the event that the Board is not successful in recapitalising the entity and in raising further funds, the company and its subsidiaries may not be able to meet their liabilities as they fall due and the realisable value of the company's and its subsidiaries assets may be significantly less than book values.

STANTONS INTERNATIONAL (An Authorised Audit Company)



J P Van Dieren
Director

West Perth, Western Australia
4 September 2009

Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including compliance with accounting standards and giving a true and fair view of the financial position and performance of the economic entity; and
- (c) the remuneration disclosures as set out in the directors' report and financial report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act 2001; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Jon Roestenburg', with a large, stylized flourish underneath.

Jon Roestenburg
Managing Director

Perth,
4 September 2009



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Monitor Energy Limited
and
Controlled Entities
(ABN 25 009 121 644)

*Financial Report
For the Year Ended
30 June 2009*

Income Statement

For the year ended 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$	\$	\$	\$
Revenue	5	44,082	63,454	9,277	23,235
Employee benefits expense	5	(954,359)	(847,543)	(575,096)	(847,543)
Advisors' costs		(441,622)	(102,104)	(428,498)	(102,104)
Occupancy expense		(140,581)	(106,339)	(76,350)	(106,339)
Exploration and evaluation expenses		(754,078)	(613,336)	(753,602)	(171,288)
Exploration written off		(2,922,134)	-	-	-
Administration expenses		(184,122)	(270,697)	(120,203)	(243,885)
Travel and accommodation		(209,225)	(162,450)	(190,772)	(162,450)
Loan impairment expense		-	-	(2,141,119)	(719,815)
Investment impairment expense		-	-	(1,720,551)	-
Other expenses		(7,172)	(70,859)	(5,771)	(62,756)
Depreciation		(70,153)	(5,620)	(21,237)	(4,387)
Foreign exchange gain/(loss)		(424,088)	136,602	484,252	(7,154)
Gain/(loss) on deconsolidation of subsidiary	32	9,834	-	-	-
Loss before tax		(6,053,618)	(1,978,892)	(5,539,670)	(2,404,486)
Income tax expense	6	-	-	-	-
Loss for the year		(6,053,618)	(1,978,892)	(5,539,670)	(2,404,486)
Loss attributable to members of the parent entity		(6,053,618)	(1,978,892)	(5,539,670)	(2,404,486)
Loss per share:					
Basic (cents per share)	20	(0.82)	(0.31)		
Diluted (cents per share)	20	(0.82)	(0.31)		

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$	\$	\$	\$
Current assets					
Cash and cash equivalents	8	661,658	1,231,281	648,623	1,207,269
Trade and other receivables	9	30,128	5,193	30,128	450
Inventory	10	3,342	8,990	-	-
Other assets	11	14,038	4,366	7,013	-
Total current assets		709,166	1,249,830	685,764	1,207,719
Non-current assets					
Other financial assets	12	-	-	-	2,997,408
Plant and equipment	13	166,716	200,369	66,553	8,008
Exploration and evaluation expenditure	14	-	2,837,997	-	-
Total non-current assets		166,716	3,038,366	66,553	3,005,416
Total assets		875,882	4,288,196	752,317	4,213,135
Current liabilities					
Trade and other payables	15	270,163	239,086	247,342	164,025
Provisions	16	52,876	6,754	-	6,754
Total current liabilities		323,039	245,840	247,342	170,779
Total liabilities		323,039	245,840	247,342	170,779
Net assets		552,843	4,042,356	504,975	4,042,356
Equity					
Issued capital	17	15,692,149	14,901,131	15,692,149	14,901,131
Reserves	19	1,895,718	122,631	1,694,598	483,327
Accumulated losses	18	(17,035,024)	(10,981,406)	(16,881,772)	(11,342,102)
Total equity		552,843	4,042,356	504,975	4,042,356

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the year ended 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$	\$	\$	\$
Cash flows from operating activities					
Payments to suppliers and employees		(1,803,295)	(1,271,078)	(1,320,812)	(1,257,494)
Interest received		9,277	23,235	9,277	23,235
Other Income		34,805	-	-	-
Net cash (used in) operating activities	29	(1,759,213)	(1,247,843)	(1,311,535)	(1,234,259)
Cash flows from investing activities					
Exploration and evaluation expenditure		(899,163)	(1,055,978)	(753,602)	(171,288)
Amounts advanced to subsidiary entities		-	-	(577,587)	(1,062,886)
Payments for plant and equipment		(6,701)	(127,074)	(1,871)	(3,604)
Payments for investment in subsidiary		-	-	(10)	-
Net cash (used in) investing activities		(905,864)	(1,183,052)	(1,333,070)	(1,237,778)
Cash flows from financing activities					
Proceeds from issues of equity securities		2,063,643	1,852,000	2,063,642	1,852,000
Payment for share issue costs		(97,359)	(101,820)	(97,358)	(101,820)
Net cash provided by financing activities		1,966,284	1,750,180	1,966,284	1,750,180
Net (decrease) in cash and cash equivalents		(698,793)	(680,715)	(678,321)	(721,857)
Cash and cash equivalents at the beginning of the financial year		1,231,281	1,989,785	1,207,269	1,929,126
Effects of exchange rate changes on the balance of cash held in foreign currencies		129,170	(77,789)	119,675	-
Cash and cash equivalents at the end of the financial year	8	661,658	1,231,281	648,623	1,207,269

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2009

ECONOMIC ENTITY

	Share Capital Ordinary \$	Accumulated Losses \$	Options, Option Premium and Equity Settled Benefits Reserves \$	Foreign Exchange Translation Reserve \$	Total \$
Balance at 1 July 2008	14,901,131	(10,981,406)	483,327	(360,696)	4,042,356
Loss for year	-	(6,053,618)	-	-	(6,053,618)
Total recognised income and expense for the year	-	(6,053,618)	-	-	(6,053,618)
Issue of shares net of transaction costs	791,018	-	-	-	791,018
Share based payments - expense	-	-	36,005	-	36,005
Option premium costs	-	-	(57,500)	-	(57,500)
Issue of Options	-	-	1,232,766	-	1,232,766
Exchange differences arising on translation of foreign operations	-	-	-	561,816	561,816
	791,018	-	1,211,271	561,816	2,564,105
Balance at 30 June 2009	15,692,149	(17,035,024)	1,694,598	201,120	552,843
Balance at 1 July 2007	13,190,317	(9,002,514)	215,499	(108,949)	4,294,353
Loss for year	-	(1,978,892)	-	-	(1,978,892)
Total recognised income and expense for the year	-	(1,978,892)	-	-	(1,978,892)
Issue of shares net of transaction costs	1,750,180	-	-	-	1,750,180
Share based payments - expense	-	-	228,462	-	228,462
Share based payments – capital raising	(39,366)	-	39,366	-	-
Exchange differences arising on translation of foreign operations	-	-	-	(251,747)	(251,747)
	1,710,814	-	267,828	(251,747)	1,726,895
Balance at 30 June 2008	14,901,131	(10,981,406)	483,327	(360,696)	4,042,356

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2009

COMPANY

	Share Capital Ordinary \$	Accumulated Losses \$	Options, Option Premium and Equity Settled Benefits Reserves \$	Total \$
Balance at 1 July 2008	14,901,131	(11,342,102)	483,327	4,042,356
Loss for year	-	(5,539,670)	-	(5,539,670)
Total recognised income and expense for the year	-	(5,539,670)	-	(5,539,670)
Issue of shares net of transaction costs	791,018	-	-	791,018
Share based payments - expense	-	-	36,005	36,005
Option premium costs	-	-	(57,500)	(57,500)
Issue of Options	-	-	1,232,766	1,232,766
	791,018	-	1,211,271	2,002,289
Balance at 30 June 2009	15,692,149	(16,881,772)	1,694,598	504,975
Balance at 1 July 2007	13,190,317	(8,937,616)	215,499	4,468,200
Loss for year	-	(2,404,486)	-	(2,404,486)
Total recognised income and expense for the year	-	(2,404,486)	-	(2,404,486)
Issue of shares net of transaction costs	1,750,180	-	-	1,750,180
Share based payments - expense	-	-	228,462	228,462
Share based payments – capital raising	(39,366)	-	39,366	-
	1,710,814	-	267,828	1,978,642
Balance at 30 June 2008	14,901,131	(11,342,102)	483,327	4,042,356

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. General Information

Monitor Energy Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia and the Kyrgyz Republic.

2. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007.3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of at borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2006-8: Amendments to Australian Accounting Standards — Eligible Hedged items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

3 Significant Accounting Policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the economic entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 4 September 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a net loss after tax for the year ended 30 June 2009 of \$6,053,618 (June 2008: \$1,978,892) and experienced net cash outflows from operating activities of \$1,759,213 (June 2008: \$1,247,843). As at 30 June 2009, the consolidated entity had net current assets of \$386,127 (June 2008: \$1,003,990).

The Directors believe that there are sufficient funds to meet the consolidated entity's working capital requirements. However, the Directors recognise that the ability of the consolidated entity to continue as a going concern and to pay their debts as and when they fall due is dependent on the ability of the consolidated entity to secure additional funding.

During the year, the consolidated entity successfully raised \$834,626 gross of capital raising costs via the issue of ordinary fully paid shares and \$1,229,017 gross of capital raising costs via the issue of share options.

Based on the above, the consolidated entity is confident that it will successfully raise additional funds to meet its financial obligation in the future period.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the consolidated entity will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Notwithstanding this, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Notes to the Financial Statements

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(d) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(e) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Notes to the Financial Statements

Other financial assets are classified into the following specified categories: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

Foreign operations

On consolidation, the assets and liabilities of the economic entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements

(h) Impairment of assets

At each reporting date, the economic entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the economic entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the economic entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/economic entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(j) Payables

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Revenue recognition*Interest revenue*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(l) Exploration and Evaluation Expenditure

Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed each reporting date to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore is expensed as incurred.

(m) Joint Venture ArrangementsJointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of expenses incurred by or in respect of each joint venture.

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled operations

Where the Group is a venturer (and so has joint control) in a jointly controlled operation, the Group recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Group's share of the income that it earns from the sale of goods or services by the joint venture.

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Investments in jointly controlled entities where the Group is an investor but does not have joint control over that entity are accounted for as an available-for-sale financial asset or, if the Group has significant influence, by using the equity method.

(n) Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Notes to the Financial Statements

(o) Share Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of estimation uncertainty

The following the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Recoverability of exploration and evaluation expenditure

The recoverability of the exploration and evaluation expenditure recognised as a non-current asset is dependent upon the successful development, or alternatively sale, of the respective tenements which comprise the assets.

Notes to the Financial Statements

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
5. Loss from continuing operations				
Revenue				
Revenue consisted of the following items:				
Interest revenue:				
Bank deposits	9,277	23,235	9,277	23,235
Other income	34,805	40,219	-	-
	44,082	63,454	9,277	23,235
Employee benefits expense				
Equity settled share-based payments	(36,005)	(228,462)	(36,005)	(228,462)
Salaries	(787,740)	(566,191)	(512,913)	(566,191)
Other	(130,614)	(52,890)	(26,178)	(52,890)
	(954,359)	(847,543)	(575,096)	(847,543)
6. Income taxes				
(a) Income tax recognised in loss				
Tax expense comprises:				
Current tax expense	-	-	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-	-	-
Total tax expense	-	-	-	-
The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:				
Loss before taxation	(6,053,618)	(1,978,892)	(5,539,670)	(2,404,486)
Income tax expense calculated at 30%	(1,816,085)	(593,668)	(1,661,901)	(721,346)
Tax effect of:				
Share based payments	10,802	68,359	10,802	68,359
Loan impairment expense	-	-	642,336	215,945
Investment impairment expense	-	-	516,165	-
Effect of lower rate of tax	223,197	139,657	-	-
Other	29,004	22,347	23,031	21,769
	(1,553,082)	(363,305)	(469,567)	(415,273)
Income tax benefits not recognised	1,553,082	363,305	469,567	415,273
Income tax expense	-	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Notes to the Financial Statements

		Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
6. Income taxes (cont'd)					
(b) Deferred tax balances					
Unrecognised deferred tax balances					
The following deferred tax assets have not been brought to account as assets:					
Tax losses – revenue		2,522,205	969,122	1,490,659	1,021,091
Capital Raising Costs		101,390	54,932	101,390	54,932
Other		58,118	58,118	25,738	25,738
		<u>2,681,713</u>	<u>1,082,172</u>	<u>1,617,787</u>	<u>1,101,761</u>
7. Remuneration of auditors					
Auditor of the parent entity					
Audit or review of the financial report		29,368	27,000	29,368	27,000
Other auditor for audit of the subsidiary companies financial reports		13,124	5,000	-	-
		<u>42,492</u>	<u>32,000</u>	<u>29,368</u>	<u>27,000</u>
8. Cash and Cash Equivalents					
Cash on hand and at bank		661,658	1,196,281	648,623	1,172,269
Deposits at call		-	35,000	-	35,000
		<u>661,658</u>	<u>1,231,281</u>	<u>648,623</u>	<u>1,207,269</u>
9. Trade and other receivables - Current					
Goods and services tax (GST) recoverable		23,431	-	23,432	-
Other		6,697	5,193	6,696	450
		<u>30,128</u>	<u>5,193</u>	<u>30,128</u>	<u>450</u>
As at 30 June 2009, current trade and other receivables do not contain impaired assets and are not passed due. It is expected that these amounts will be received when due.					
10. Inventory					
Spare parts for exploration equipment		3,342	8,990	-	-
		<u>3,342</u>	<u>8,990</u>	<u>-</u>	<u>-</u>
11. Other assets - Current					
Prepayments		14,038	4,366	7,013	-
		<u>14,038</u>	<u>4,366</u>	<u>7,013</u>	<u>-</u>

Notes to the Financial Statements

12. Other financial assets – Non-Current

Investments carried at cost

Investments in controlled entities
(refer note 24)

Provision for impairment

Net investments in subsidiaries

Loans to subsidiaries

Provision for impairment

Net loans to subsidiaries

Consolidated		Company	
2009	2008	2009	2008
\$	\$	\$	\$
-	-	1,650,010	1,720,541
-	-	(1,650,010)	-
-	-	-	1,720,541
-	-	2,839,563	1,996,682
-	-	(2,839,563)	(719,815)
-	-	-	1,276,867
-	-	-	2,997,408

The intercompany loans receivable are unsecured and have no fixed terms of repayment. Interest is not charged on the intercompany loans.

13. Plant and equipment – Non-Current Assets

- At cost

- Accumulated depreciation

Total plant and equipment

Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year.

Plant and equipment

Carrying amount at the beginning of the year

Additions

Disposals

Depreciation expense

Foreign exchange movements

Carrying amount at the end of the year

280,307	266,821	96,228	16,446
(113,591)	(66,452)	(29,675)	(8,438)
166,716	200,369	66,553	8,008
200,369	116,271	8,008	8,791
6,701	127,074	79,782	3,604
(64,754)	-	-	-
(70,153)	(5,620)	(21,237)	(4,387)
94,553	(37,356)	-	-
166,716	200,369	66,553	8,008

14. Exploration and evaluation expenditure –

Non-Current Assets

Balance brought forward

Expenditure capitalised during the year

Expenditure written off during the year

Balance at 30 June 2009

2,837,997	2,395,356	-	-
84,137	442,641	-	-
(2,922,134)	-	-	-
-	2,837,997	-	-

Notes to the Financial Statements

14. Exploration and evaluation expenditure (continued)

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercial viable oil and gas reserves or other natural mineral deposits and the successful development and commercial exploitation or sale of the respective exploration and evaluation areas of interest. Recent guidance provided by the Australian Securities and Investment Commission recommends that companies should take a conservative approach to recognising capitalised exploration expenditure in the current global economic downturn. Given this, the Board of Directors have fully impaired the value of capitalised exploration expenditure as at 30 June 2009, however, remain confident of the inherent value of the Kyrgyz oil and gas and uranium licenses and the ability to increase the value of these assets.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
15. Trade and other payables - Current				
Trade payables (i)	180,837	90,276	179,569	89,694
Sundry payables and accruals	89,326	148,810	67,773	74,331
	270,163	239,086	247,342	164,025

(i) credit terms averaging 30 days from invoice date apply to payables.

16. Provisions - Current

Current

Employee benefits	52,876	6,754	-	6,754
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17. Issued capital

Fully paid ordinary shares				
1,557,695,704 (2008: 728,616,728)	15,691,349	14,900,331	15,691,349	14,900,331
2,006 converting preference shares (2008: 2,006)	800	800	800	800
	15,692,149	14,901,131	15,692,149	14,901,131

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Notes to the Financial Statements

17. Issued capital (continued)

	2009		2008	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	728,616,768	14,900,331	609,616,768	13,189,517
Shares issued pursuant to the exercise of 31 August 2011 \$0.025 options – 2 September 2008	224,000	5,600	-	-
Shares issued pursuant to the exercise of 31 August 2011 \$0.025 options – 9 September 2008	7,071	177	-	-
Shares issued pursuant to the exercise of 31 August 2011 \$0.025 options – 10 November 2008	2	-	-	-
Shares issued pursuant to the exercise of 31 August 2011 \$0.025 options – 4 May 2009	22	1	-	-
Shares issued pursuant to a pro-rata renounceable entitlement issue – 24 June 2009 at \$0.001 per share	728,847,841	728,848	-	-
Shares issued pursuant to Converting Loan Agreements – 24 June 2009	100,000,000	100,000	-	-
Shares issued at 2 cents each – 23 October 2007 placement	-	-	31,000,000	620,000
Shares issued at 1.4 cent each – 18 June 2008 placement	-	-	88,000,000	1,232,000
Share issue costs	-	(43,608)	-	(141,186)
Balance at end of financial year	1,557,695,704	15,691,349	728,616,768	14,900,331

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Converting preference shares (CPS)

Balance at beginning of financial year	2,006	800	2,006	800
Balance at end of financial year	2,006	800	2,006	800

The CPS do not have any voting rights but are entitled to the payment of a dividend.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
18. Accumulated losses				
Balance at beginning of financial year	10,981,406	9,002,514	11,342,102	8,937,616
Net loss attributable to members of the parent entity	6,053,618	1,978,892	5,539,670	2,404,486
Balance at end of financial year	17,035,024	10,981,406	16,881,772	11,342,102

Notes to the Financial Statements

		Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
19. Reserves					
Option, Share based payments and option premium reserves	(a)	1,694,598	483,327	1,694,598	483,327
Foreign exchange translation reserve	(b)	201,120	(360,696)	-	-
Balance at end of financial year		1,895,718	122,631	1,694,598	483,327

(a) Option, Share based payments and option premium reserves					
Balance at beginning of financial year		483,327	215,499	483,327	215,499
Movement in Unlisted Options		36,005	267,828	36,005	267,828
Movement in Listed Options		1,175,266	-	1,175,266	-
Balance at end of financial year		1,694,598	483,327	1,694,598	483,327

Share Based Payments Reserve

The share based payments reserve arises on the grant of share options to directors, executives and senior employees as part of their remuneration and to consultants for services provided. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 27 to the financial statements. This reserve also includes options issued at a premium on equity raising (included in Movement in Listed Options above).

Share Options and Option Premium Reserves

There were 1,472,106,225 options (both listed and unlisted) issued during the year. A total of 1,490,125,130 shares under option are on issue at 30 June 2009 (2008: 29,250,000).

Options carry no rights to dividends and have no voting rights. During the financial year 231,095 options were exercised, the details of which are set out below.

19. Reserves (continued)

	2009		2008	
	No.	\$	No.	\$
Quoted options with exercise prices of \$0.025 and expiry dates of 31 August 2011				
Balance at beginning of financial year	-	-	-	-
Issue of 364,308,384 Entitlement Offer Options at \$0.002 per option with exercise dates of 31 August 2011 – 11 August 2008	364,308,384	728,617	-	-
Issue of 250,000,000 Placement Options at \$0.002 per option with exercise dates of 31 August 2011 – 26 August 2008	250,000,000	500,000	-	-
Issue of 28,750,000 Fee Options to Melbourne Capital Limited – 26 August 2008	28,750,000	57,500	-	-
Issue of 200,000 Options at \$0.002 per option – 26 August 2008	200,000	400	-	-
Exercise of 31 August 2011 \$0.025 options – 2 September 2008	(224,000)	-	-	-
Exercise of 31 August 2011 \$0.025 options – 9 September 2008	(7,071)	-	-	-
Exercise of 31 August 2011 \$0.025 options – 10 November 2008	(2)	-	-	-
Exercise of 31 August 2011 \$0.025 options – 4 May 2009	(22)	-	-	-
Options issued pursuant to a pro-rata renounceable entitlement issue with exercise prices of \$0.025 and exercise dates of 31 August 2011 – 24 June 2009	728,847,841	-	-	-
Options issued pursuant to Converting Loan Agreements with exercise prices of \$0.025 and exercise dates of 31 August 2011 – 24 June 2009	100,000,000	-	-	-
Option Premium Costs	-	(57,500)	-	-
Option issue costs	-	(53,751)	-	-
Balance at end of financial year	1,471,875,130	1,175,266	-	-

Notes to the Financial Statements

19. Reserves (continued)

	2009		2008	
	No.	\$	No.	\$
Unquoted options on issue				
Balance at beginning of the financial year	29,250,000	483,327	21,250,000	215,499
Issue of options (October 2007) - Exercise Price 3 cents per option expiring 31 December 2009	-	-	2,000,000	39,366
Issue of options (March 2008) – Exercise Price 2.5 cents per option expiring 11 March 2011	-	-	2,500,000	34,871
Issue of options (March 2008) – Exercise Price 3.5 cents per option expiring 31 December 2009	-	-	500,000	2,806
Issue of options (March 2008) – Exercise Price 5 cents per option expiring 31 December 2009	-	-	500,000	2,281
Issue of options (March 2008) – Exercise Price 2.5 cents per option expiring 31 December 2008	-	-	2,500,000	8,794
Value of options vested in year	-	36,005	-	179,710
Lapsing of options (December 2008) – Various Exercise prices	(9,000,000)	-	-	-
Lapsing of options (March 2009) - Exercise Price 3 cents per option	(2,000,000)	-	-	-
Balance at end of the financial year	18,250,000	519,332	29,250,000	483,327

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
(b) Foreign exchange translation reserve				
Balance at beginning of financial year	(360,696)	(108,949)	-	-
Translation of foreign operations	561,816	(251,747)	-	-
Balance at end of financial year	201,120	(360,696)	-	-

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Notes to the Financial Statements

2009	2008
Cents per share	Cents per share
(0.82)	(0.31)

20. Loss per share

Basic / Diluted loss per share:

Basic / Diluted loss per share

Basic / Diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic / diluted loss per share are as follows:

	2009	2008
	\$	\$
Loss	6,053,618	1,978,892
	2009	2008
	No.	No.
Weighted average number of ordinary shares for the purposes of basic / diluted loss per share	742,432,088	633,761,577

As the economic entity is in a loss position the options outstanding at 30 June 2009 have no dilutive effects on the earnings per share calculation.

21. Commitments for expenditure

The economic entity has certain obligations to perform minimum exploration work programmes on its oil and gas and uranium exploration permits in accordance with the licence conditions. Work programmes on the Kyrgyz Republic oil and gas and uranium exploration permits at reporting date amount to USD\$3,440,000.

Due to the speculative nature of the exploration operations of the economic entity and as each licence year of the oil & gas permits and work programmes are negotiated with the geological agency of the Kyrgyz Republic, there are no commitments of the economic entity beyond one year. The directors are therefore not able to determine the expenditure commitments beyond 30 June 2010.

22. Contingent liabilities and contingent assets

The Directors are not aware of any material contingent liabilities or assets at reporting date (2008: Nil).

Over the past few years the Kyrgyz Republic has gone through considerable financial, political and economic changes. With its developing economy, the Kyrgyz Republic does not have a well developed legislation base and business infrastructure usual to a developed market economy. As a result, operating a business in the Kyrgyz Republic results in an exposure to a certain level of risk. There exists uncertainty with regards to future economic and regulatory policy in the Kyrgyz Republic, and risks (including instability in the political, regulatory and financial environments are higher than developed market economy.

23. Interests in exploration licences

At the date of this financial report, the economic entity had interests in the following exploration licenses:

	2009	2008
	%	%
Licence details		
Atbashi-Arpinski (oil & gas)	100	100
East Issyk-Kul (oil & gas)	100	100
Tyup (oil & gas)	100	100
Karakol (oil & gas)	-	100
East Kokmoinok (uranium)	100	50
Kashkasu (uranium)	-	50

Notes to the Financial Statements

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2009 %	2008 %
Parent entity			
Monitor Energy Ltd	Australia		
Subsidiaries			
White Valley Oil LLC	Kyrgyz Republic	100	100
Tien-Shan Geoservice LLC (i)	Kyrgyz Republic	-	100
Business Sphere LLC	Kyrgyz Republic	97.5	97.5
Komodo Energy Pty Ltd (ii)	Australia	100	-

(i) On 20 April 2009, application was made in the Kyrgyz Republic for the deregistration of Tien-Shan Geoservice LLC (formerly known as Issyk Kul Energy LLC). Refer to note 32.

(ii) Komodo Energy Pty Ltd was incorporated during the year ended 30 June 2009 and is a 100% owned subsidiary of Monitor.

25. Segment information

(a) Primary Segment - Geographical Segments

The Economic Entity has the following geographical segments:

Kyrgyzstan

Kyrgyzstan is the location of the Company's exploration activities and where its oil and gas and uranium licence interests are held, which comprise 3 interests in oil and gas permits and 1 uranium exploration license.

Australia

Australia is the location of the central management and control of Monitor Energy Limited, including where company secretarial services, accounting and cash management operations are performed.

(b) Secondary Segment - Business Segments

Petroleum Exploration

The Economic Entity operates in oil and gas exploration, with direct interests in 3 permits situated in Kyrgyzstan.

Uranium Exploration

The Economic Entity operates in uranium exploration, with direct interests in 1 license situated in Kyrgyzstan.

30 June 2009 Primary Reporting – Geographical Segments

	\$ Australia	\$ Kyrgyzstan	\$ Eliminations	\$ Consolidated
Revenues from ordinary activities	9,277	34,805		44,082
Segment result profit / (loss)	(5,539,670)	(1,115,984)	602,036	(6,053,618)
Segment assets	752,317	977,849	(854,284)	875,882
Segment liabilities	247,342	2,900,885	(2,825,188)	323,039
Depreciation and amortisation	21,237	48,916		70,153

25. Segment information (continued)

30 June 2009

Primary Reporting – Geographical Segments

	\$ Australia	\$ Kyrgyzstan	\$ Elinations	\$ Consolidated
Revenues from ordinary activities	23,235	40,219		63,454
Segment result profit / (loss)	(2,404,486)	(698,284)	1,123,878	(1,978,892)
Segment assets	4,213,135	3,072,469	(2,997,408)	4,288,197
Segment liabilities	170,779	75,061		245,840
Depreciation and amortisation	4,387	1,233		5,620

26. Key Management Personnel Compensation

Key management personnel details

The following persons had authority and responsibility for planning, directing and controlling the activities of the Group during the current and prior financial years. The key management personnel of the economic entity is also that of the Company.

2009

Scott Spencer - Non-executive chairman

Jon Roestenburg – Managing Director

Mark Gwynne - Executive director

2008

Scott Spencer - Non-executive chairman

Jon Roestenburg – Managing Director

Mark Gwynne - Executive director

(a) Remuneration Policy

Directors' remuneration and other terms of employment are reviewed annually by the non-executive directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

This excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full time employee of the Company.

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The remuneration policy of Monitor Energy Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The board of Monitor Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the managing director and approved by the board after seeking professional advice from independent external consultants.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Notes to the Financial Statements

26. Key Management Personnel Compensation (continued)

All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

The economic entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board does not endorse the use of bonus payments for directors and senior executives at this point in time, however options are issued to directors and executives as performance incentives and to align director, executive and shareholder goals.

Further options or bonus performance incentives will be issued in the event that the entity moves from exploration to producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board performance.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The managing director in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Options Issued as Part of Remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to some directors of Monitor Energy Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

(b) Compensation of Key Management Personnel

The aggregate compensation of each member of the key management personnel of the company and the Group is set out below. During the financial year there were no key management personnel other than the Directors. There was no compensation of any type, to the Directors, other than as reported below for the provision of management services.

Notes to the Financial Statements

26. Key Management Personnel Compensation (continued)

		Short-term				Post Employment		Share based payments		Other Benefits	Long Service Leave	Total	Proportion of remuneration performance fixed %	Value of options as a proportion of remuneration %
		Cash		Non Monetary	Total	Super	Termination Benefits	Options and rights						
		Salary & Fees \$	Bonus \$											
Directors														
Non-executive directors														
	2009	50,000	-	-	50,000	-	-	-	4,163	-	-	54,163	-	0%
	2008	52,050	-	-	52,050	-	-	-	-	-	-	52,050	-	0%
Executive directors														
	2009	161,833			161,833	20,135	-	36,005	4,162	-	-	222,135	-	16.21%
	2008	179,499	-	-	179,499	38,242	-	128,332	-	-	-	346,073	-	37.08%
	2009	136,222	-		136,222	12,260	-	-	4,162			152,644		0%
	2008	112,000	-	-	112,000	9,000	-	-	-	-	-	121,000		0%
Total Directors		348,055	-	-	348,055	32,395	-	36,005	12,487	-	-	428,942		
	2008	343,549	-	-	343,549	47,242	-	128,332	-	-	-	519,123		
Notes:														
The fees paid to Director related entities were for the provision of management services of the particular director, to the economic entity, as follows:														
a) Aubrey Consulting Pty Ltd, an entity associated with Scott Spencer.														
During the financial year ended 30 June 2009, the Company paid an insurance premium of \$12,487 for directors and officers liability insurance.														

Notes to the Financial Statements

26. Key Management Personnel Compensation (continued)

(c) Compensation Options: Granted and vested during the year

During the financial year ended 30 June 2009, nil options were granted to directors and key management personnel. Options that had previously been issued to directors and key management personnel, and which vested during the financial year ended 30 June 2009, were as follows:

Key Management Personnel	Granted Number	Vested Number	Vesting Date	Fair Value at Grant Date (cents)	Exercise Price (cents)	Expiry Date
J Roestenburg	5,000,000	5,000,000	7 March 2009	1.95	7.5	31 December 2011
S Spencer	-	-	-	-	-	-
M Gwynne	-	-	-	-	-	-

Options that had previously been issued to directors and key management personnel, and which vested during the financial year ended 30 June 2008, were as follows:

Key Management Personnel	Granted Number	Vested Number	Vesting Date	Fair Value at Grant Date (cents)	Exercise Price (cents)	Expiry Date
J Roestenburg	5,000,000	5,000,000	7 March 2008	1.88	5.0	31 December 2010
S Spencer	-	-	-	-	-	-
M Gwynne	-	-	-	-	-	-

(d) Shares Issued on Exercise of Compensation Options

During the financial year ended 30 June 2009 nil options issued to directors and key management personnel were exercised.

(e) Share and Option holdings

Shares and options are issued to key management personnel as part of their compensation. The options may be issued subject to performance criteria, and are issued to key management personnel of Monitor Energy Limited to increase goal congruence between key management personnel and shareholders.

All other equity dealings with key management personnel have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Shares held by Key Management Personnel

Fully paid ordinary shares of Monitor Energy Limited

Year ended 30 June 2009

Key Management Personnel	Balance at 1 July 2008 No.	Allotment of shares-Acquisition	Options Exercised	Disposals	Held at retirement date	Balance at 30 June 2009 No.
S Spencer	8,000,000	-	-	-	-	8,000,000
J Roestenburg	2,600,000	2,500,000	-	-	-	5,100,000
M Gwynne	5,500,000	5,500,000	-	-	-	11,000,000
	16,100,000	8,000,000	-	-	-	24,100,000

Notes to the Financial Statements

26. Key Management Personnel Compensation (continued)

Year ended 30 June 2008

Key Management Personnel	Balance at 1 July 2007 No.	Allotment of shares-Acquisition	Options Exercised	Disposals	Held at retirement date	Balance at 30 June 2009 No.
S Spencer	8,000,000	-	-	-	-	8,000,000
J Roestenburg	2,500,000	100,000	-	-	-	2,600,000
M Gwynne	8,500,000	-	-	(3,000,000)	-	5,500,000
	19,000,000	100,000	-	(3,000,000)	-	16,100,000

Options Held by Key Management Personnel

Year ended 30 June 2009

Directors	Balance at 01.07.08	Acquired	Granted as Compensation	Exercised No.	Balance at 30.06.09	Total Vested	Total Exercisable
S Spencer	-	-	-	-	-	-	-
J Roestenburg (i)	12,500,000	2,500,000	-	-	15,000,000	15,000,000	15,000,000
M Gwynne (ii)	-	8,250,000	-	-	8,250,000	8,250,000	8,250,000
	12,500,000	10,750,000	-	-	23,250,000	23,250,000	23,250,000

(i) Mr Roestenburg acquired 2,500,000 options with an exercise price of \$0.025 per share and an expiry date of 31 August 2011 during the year pursuant to a pro-rata entitlement offer made to all shareholders which are quoted and are not included in the total in the table above.

(ii) Mr Gwynne acquired 8,250,000 options with an exercise price of \$0.025 per share and an expiry date of 31 August 2011 during the year pursuant to a pro-rata entitlement offer made to all shareholders which are quoted and are not included in the total in the table above.

Year ended 30 June 2008

	Balance at 01.07.07	Granted as Compensation	Exercised No.	Balance at 30.6.08	Total Vested	Total Exercisable
S Spencer	-	-	-	-	-	-
J Roestenburg	12,500,000	-	-	12,500,000	7,500,000	7,500,000
M Gwynne	-	-	-	-	-	-
	12,500,000	-	-	12,500,000	7,500,000	7,500,000

(e) Service Agreements

The Company has not entered into any Executive Service Agreements with any of the directors to provide services to the Company.

(f) Loans to Key Management Personnel

There were no loans to key management personnel during the year.

27 Share Based Payments

Options are issued to key management personnel as part of their compensation under the company's remuneration policy as described in Note 26. The options issued may be subject to performance criteria and are issued to key management personnel of Monitor Energy Limited to increase goal congruence between key management personnel and shareholders.

There were no share based payments made to key management personnel during the year ended 30 June 2009.

Options granted as share based payments to key management personnel outstanding at 30 June 2009:

Notes to the Financial Statements

27 Share Based Payments (continued)

Option Series	Granted Number	Vested Number	Grant Date	Fair Value at Grant Date (cents)	Exercise Price (cents)	First Exercise Date	Expiry Date
Series 2	3,500,000	3,500,000	12 April 2007	1.77	3.5	12 April 2007	31 December 2009
Series 3	5,000,000	5,000,000	12 April 2007	1.88	5.0	1 March 2008	31 December 2010
Series 4	5,000,000	5,000,000	12 April 2007	1.95	7.5	1 March 2009	31 December 2011
Series 5	500,000	500,000	5 June 2007	3.07	2.0	5 June 2007	31 December 2009
Series 7	1,250,000	1,250,000	5 June 2007	2.93	3.4	5 June 2007	30 June 2010
Series 9	2,500,000	2,500,000	11 March 2008	1.39	2.5	11 March 2008	11 March 2011
Series 11	500,000	500,000	25 March 2008	0.46	5.0	25 March 2008	31 December 2009
TOTAL	18,250,000	18,250,000					

Options granted as share based payments to key management personnel outstanding at 30 June 2008:

Option Series	Granted Number	Vested Number	Grant Date	Fair Value at Grant Date (cents)	Exercise Price (cents)	First Exercise Date	Expiry Date
Series 1	1,500,000	1,500,000	12 April 2007	2.01	2.0	12 April 2007	31 December 2009
Series 2	3,500,000	3,500,000	12 April 2007	1.77	3.5	12 April 2007	31 December 2009
Series 3	7,000,000	7,000,000	12 April 2007	1.88	5.0	1 March 2008	31 December 2010
Series 4	7,000,000	-	12 April 2007	1.95	7.5	1 March 2009	31 December 2011
Series 5	500,000	500,000	5 June 2007	3.07	2.0	5 June 2007	31 December 2009
Series 6	500,000	500,000	5 June 2007	2.76	3.5	5 June 2007	31 December 2009
Series 7	1,250,000	1,250,000	5 June 2007	2.93	3.4	5 June 2007	30 June 2010
Series 8	2,000,000	2,000,000	23 October 2007	1.97	3.0	23 October 2007	31 March 2009
Series 9	2,500,000	2,500,000	11 March 2008	1.39	2.5	11 March 2008	11 March 2011
Series 10	500,000	500,000	25 March 2008	0.56	3.5	25 March 2008	31 December 2009
Series 11	500,000	500,000	25 March 2008	0.46	5.0	25 March 2008	31 December 2009
Series 12	2,500,000	2,500,000	25 March 2008	0.35	2.5	25 March 2008	31 December 2008
TOTAL	29,250,000	22,250,000					

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under the Employee Share Option Plan and to vendors and consultants during the year:

Notes to the Financial Statements

27 Share Based Payments (continued)

	2009		2008	
	Weighted	Average	Weighted	Average
	Number of	Exercise Price	Number of	Exercise Price
	Options	\$	Options	\$
At beginning of reporting period	29,250,000	0.037	21,250,000	0.051
Granted during the period				
- Director remuneration	-	-	-	-
- Employee incentive options	-	-	3,000,000	0.031
- Consultant options	-	-	5,000,000	0.027
Exercised during the period	-	-	-	-
Expired during the period	(11,000,000)	(0.040)	-	-
Balance the end of reporting period	18,250,000	0.049	29,250,000	0.037
Exercisable at end of reporting period	18,250,000		22,250,000	

- (i) The options outstanding at 30 June 2009 had a weighted average exercise price of \$0.049 and remaining lives of between 0.5 years and 2.5 years.
- (ii) Included under employee benefits expense in the income statement is \$36,005 (2008: \$228,462) related to equity-settled share-based payment transactions.

Options Exercised

During the financial year ended 30 June 2009 there were nil compensation options exercised.

28. Subsequent events

There has not been any matter or circumstance that has arisen since 30 June 2009 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Notes to the Financial Statements

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
29. Notes to the cash flow statement				
(a) Reconciliation of loss for the period to net cash flows from operating activities				
Loss for the period	(6,053,618)	(1,978,892)	(5,539,670)	(2,404,486)
Non-cash flows in operating loss:				
- Depreciation	70,153	5,620	21,237	4,387
- Share options expensed	36,005	228,462	36,005	228,462
- Foreign exchange differences	424,088	(136,602)	(484,252)	-
- Loan impairment expense	-	-	-	719,815
- Exploration expenses	754,078	613,336	753,602	171,288
- Loan impairment expense	-	-	2,141,119	-
- Investment impairment expense	-	-	1,720,551	-
- Writeoff exploration expenditure	2,922,134	-	-	-
Changes in net assets and liabilities, net of effects from acquisition of businesses: (Increase)/decrease in assets:				
Receivables	(24,934)	19,046	(29,677)	21,401
Prepayments	(9,672)	2,082	(7,013)	1,783
Inventory	5,648	(8,990)	-	-
Increase/(decrease) in liabilities:				
Payables	70,783	9,194	83,317	24,190
Provisions	46,122	(1,099)	(6,754)	(1,099)
Net cash from operating activities	(1,759,213)	(1,247,843)	(1,311,535)	(1,234,259)

(b) Non-cash financing and investing activities

On 26 August 2008, Melbourne Capital Limited was issued 28,750,000 options at \$0.002 per option, amounting to \$57,500. The options were issued as partial consideration for assisting with the option placement. The options have an exercise price of \$0.025 per share and an expiry date of 31 August 2011.

30. Financial instruments

(a) Financial risk management objectives

The economic entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the economic entity's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

The economic entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The economic entity has not entered into any derivative financial instruments.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Notes to the Financial Statements

30. Financial instruments (continued)

(c) Foreign currency risk management

The economic entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

(d) Interest rate risk management

The economic entity is exposed to interest rate risk as it invests funds at both fixed and floating interest rates.

(e) Maturity profile of financial instruments

The following table details the economic entity's exposure to interest rate risk as at 30 June 2009:

Financial assets and liabilities at 30 June 2009

	Average interest rate	Fixed interest maturing in:			Non- interest bearing	Total
		Floating interest rate \$	1 year or less \$	Over 1 year to 5 years \$	\$	\$
2009						
Financial assets						
Cash & cash equivalents	-	-	-	-	661,658	661,658
Trade & other receivables	-	-	-	-	30,128	30,128
		-	-	-	691,786	691,786
Financial liabilities						
Trade and other payables	-	-	-	-	270,163	270,163
Net financial assets (liabilities)		-	-	-	421,623	421,623

The following table details the economic entity's exposure to interest rate risk as at 30 June 2008:

Financial assets and liabilities at 30 June 2008

	Average interest rate	Fixed interest maturing in:			Non- interest bearing	Total
		Floating interest rate \$	1 year or less \$	Over 1 year to 5 years \$	\$	\$
2008						
Financial assets						
Cash & cash equivalents	2.5%	1,167,797	35,000	-	28,484	1,231,281
Trade & other receivables	-	-	-	-	5,193	5,193
		1,167,797	35,000	-	33,677	1,236,474
Financial liabilities						
Trade and other payables	-	-	-	-	239,086	239,086
Net financial assets (liabilities)		1,167,797	35,000	-	(205,409)	997,388

The following table details the parent entity's exposure to interest rate risk as at 30 June 2009:

Notes to the Financial Statements

30. Financial instruments (continued)

Financial assets and liabilities at 30 June 2009

	Average interest rate	Fixed interest maturing in:				Total \$
		Floating interest rate \$	1 year or less \$	Over 1 year to 5 years \$	Non- interest bearing \$	
2009						
Financial assets						
Cash & cash equivalents	-	-	-	-	648,623	648,623
Trade & other receivables	-	-	-	-	30,128	30,128
		-	-	-	678,751	678,751
Financial liabilities						
Trade and other payables	-	-	-	-	247,342	247,342
Net financial assets (liabilities)		-	-	-	431,409	431,409

The following table details the parent entity's exposure to interest rate risk as at 30 June 2008:

Financial assets and liabilities at 30 June 2008

	Average interest rate	Fixed interest maturing in:				Total \$
		Floating interest rate \$	1 year or less \$	Over 1 year to 5 years \$	Non- interest bearing \$	
2008						
Financial assets						
Cash & cash equivalents	2.5%	1,172,269	35,000	-	-	1,207,269
Trade & other receivables	-	-	-	-	450	450
Other financial assets	-	-	-	-	2,997,408	2,997,408
		1,172,269	35,000	-	2,997,858	4,205,127
Financial liabilities						
Trade and other payables	-	-	-	-	164,025	164,025
Net financial assets (liabilities)		1,172,269	35,000	-	2,833,833	4,041,102

(f) Credit risk management

The economic entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(g) Liquidity risk management

The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(h) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

Notes to the Financial Statements

The entity does not have a defined share buy-back plan.

No dividends were paid in 2009 and no dividends are expected to be paid in 2010.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via cash reserves, equity or joint ventures with other companies.

The Company is not subject to any externally imposed capital requirements.

(i) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

(j) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by \$15,000 (2008: \$19,000) and an increase in equity by \$15,000 (2008: \$19,000).

Foreign Currency Risk Sensitivity Analysis

The Group undertakes certain transactions denominated in foreign currencies, hence it has exposure to exchange rate fluctuations. Exchange rate exposures are managed by holding all funds in Australian dollars and only remitting funds to foreign subsidiaries as needed to reduce the foreign currency exposure.

The Group has foreign subsidiary companies with a functional currency that differs to the presentation currency of the Group. The financial statements of the foreign subsidiaries are required to be translated from the functional currency to the presentation currency of the Group, being Australian dollars. Any movement in the exchange rate will affect the carrying value of the Group's assets and liabilities where the financial statements of the subsidiary companies are dominated in a currency other than Australian dollars.

The foreign currency risk in the books of the Group and the Company is considered immaterial and therefore is not shown

Price Risk Sensitivity Analysis

As the Company does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mineral projects will be impacted by commodity price changes (predominantly oil and gas and uranium) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

31. Related party transactions

(a) Parent entity – Ultimate Parent Entity is Monitor Energy Limited

Loans provided by the Company to subsidiary companies for the year ended 30 June 2009 amounted to \$577,587 (30 June 2008: \$1,062,886).

(b) Subsidiaries (Refer to Note 24)

(c) Key Management Personnel (Refer to Note 26)

(d) Transactions with Related Parties

Jackson Minerals Limited, a company of which Mr Mark Gwynne was formally a director, provided office space to Monitor Energy Limited. Rent and associated costs paid to Jackson Minerals Limited for use of the office for the year ended 30 June 2009 amounted to \$76,290 (30 June 2008: \$136,780).

32. Deconsolidation of Subsidiary

In April 2009, the Group deregistered Tien-Shan Geoservice LLC, a 100% owned subsidiary company in the Kyrgyz Republic. Management committed to deregister this company due to the lack of operating activity in the company and the company being predominantly dormant.

Corporate Governance Statement

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Best Practice Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in the annual report however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors. A copy of the code is available on the Company's website (www.monitorenergy.com.au).

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. There is currently one Non-Executive Director on the board of the Company whom is also an independent director.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a director would be considered material when assessing independence.

Mr S Spencer is a Non-Executive Director and Chairman of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as Chairman.

Mr M Gwynne is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: the development of the Company's strategic plan.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing, and, where appropriate, removing Executive Officers as well as reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter. A copy of the charter is available on the Company's website (www.monitorenergy.com.au).

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Corporate Governance Statement

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

A copy of the strategy is available on the Company's website (www.monitorenergy.com.au).

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. A copy of the policy is available on the Company's website (www.monitorenergy.com.au).

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX. A copy of the policy is available on the Company's website (www.monitorenergy.com.au). Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. To date, there has been no formal process put in place for performance evaluation. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. A copy of the policy is available on the Company's website (www.monitorenergy.com.au).

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board, the Executive Directors and the Company Secretary and they will make the required attestations.

1.4.12 Risk Management Policy

The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company's risk management strategy was formally reviewed by the Board on 28 July 2009 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website (www.monitorenergy.com.au).

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company, the Company does not have an Audit Committee. The full Board carries out the functions of the Audit Committee. The Board did not meet formally as the Audit Committee during the financial year however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues, however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

2.2.2 Remuneration Policy

2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company. Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.2.2 Executive Director Remuneration

Executive Director remuneration is set by the board with the executive director in question not present.

2.2.3 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report. A copy of the statement is available on the Company's website (www.monitorenergy.com.au).

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The full Board carries out the functions

Corporate Governance Statement

of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial year however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

2.3.2 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business experience.

A copy of the procedure is available on the Company's website (www.monitorenergy.com.au).

3. Company Code Of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board on 30 June 2004. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its financial statements fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this report there are no employees who are not also directors.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community.

As part of the community the Company: is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code.

The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code. A copy of the code is available on the Company's website (www.monitorenergy.com.au).

Corporate Governance Statement

This Corporate Governance Statement sets out Monitor Energy Limited's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory.

	BEST PRACTICE RECOMMENDATION	COMMENT	REFERENCE
1	<i>Lay solid foundations for management and oversight</i>		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board.	1.1, 1.3, Website
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.	1.4.10, Website
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company has explained any departures (if any) from best practice recommendations 1.1 and 1.2 in the Corporate Governance Statement and Policies.	1.1, 1.3, 1.4.10, Website
2	<i>Structure the board to add value</i>		
2.1	A majority of the board should be independent directors.	A majority of the Board are not independent Directors. There are three Directors on the Board, of which Mr Scott Spencer is independent. Mr Jon Roestenburg and Mr Mark Gwynne are not considered to be independent. Both Mr Roestenburg and Mr Gwynne are Directors with sound knowledge of Monitor's projects. This knowledge is considered important in enabling the Company to capitalize on the value of its projects to create shareholder wealth.	1.2
2.2	The chair should be an independent director.	The Chairman, Mr Scott Spencer, is considered to be independent.	1.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of chair and chief executive officer are not exercised by the same individual.	1.2
2.4	The board should establish a nomination committee.	No formal nomination committee has been adopted by the Company as yet. The Board, as a whole, currently serves as a nomination committee. The Board considers that the Company is not yet of a size that warrants the establishment of a nomination committee.	2.3
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman will review the composition of the Board and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.	1.4.10, 2.3.2, 1.4.5, Website
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its Annual Report and Corporate Governance Statement and Policies respectively.	1.2, 2.3, 1.4.10, 2.3.2, 1.4.5, 1.4.6, Website

Corporate Governance Statement

	BEST PRACTICE RECOMMENDATION	COMMENT	REFERENCE
3	<i>Promote ethical and responsible decision-making</i>		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company's Corporate Governance Policy includes a Code of Conduct for Directors and Key Executives, which provides a framework for decisions and actions in relation to ethical conduct in employment.	3, 1.4.1, 1.4.2, 1.4.3, Website
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Corporate Governance Policy includes a Share Trading Policy that provides comprehensive guidelines on trading in Company securities.	1.4.9, Website
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company has explained any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in the Corporate Governance Statement and Policies.	3, 1.4.1, 1.4.2, 1.4.3, 1.4.9, Website
4	<i>Safeguard integrity in financial reporting</i>		
4.1	The board should establish an audit committee.	No formal audit committee has been adopted by the Company as yet. The Board, as a whole, currently serves as an audit committee. The Board considers that the Company is not yet of a size that warrants the establishment of an audit committee.	2.1
4.2	The audit committee should be structured so that it: - consists only of non-executive directors - consists of a majority of independent directors - is chaired by an independent chair, who is not chair of the board - has at least three members.	No formal audit committee has been adopted by the Company as yet. The Board, as a whole, currently serves as an audit committee. The Board considers that the Company is not yet of a size that warrants the establishment of an audit committee.	2.1
4.3	The audit committee should have a formal charter.	No formal audit committee has been adopted by the Company as yet. The Board, as a whole, currently serves as an audit committee. The Board considers that the Company is not yet of a size that warrants the establishment of an audit committee.	2.1
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will explain any departures (if any) from best practice recommendations 4.1, 4.2 and 4.3 in its future annual reports.	2.1

Corporate Governance Statement

	BEST PRACTICE RECOMMENDATION	COMMENT	REFERENCE
5	<i>Make timely and balanced disclosure</i>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.	1.4.4, Website
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures (if any) from best practice recommendation 5.1 in its future annual reports.	1.4.4, Website
6	<i>Respect the rights of shareholders</i>		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.	1.4.8, Website
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company has provided an explanation of any departures (if any) from best practice recommendation 6.1 in the Corporate Governance Statement and Policies.	1.4.8, Website
7	<i>Recognise and manage risk</i>		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Recognise and manage risk The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policy includes a Risk Management Policy which aims to ensure that material business risks are identified and mitigated.	1.4.12, Website
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires either the individual performing the role of Chief Executive Officer or the Chief Financial Officer will design and implement risk management and internal control systems and provide a report at the relevant time.	1.4.11, 1.4.12 Website

Corporate Governance Statement

	BEST PRACTICE RECOMMENDATION	COMMENT	REFERENCE
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek this relevant assurance from the individuals performing the role of Chief Executive Officer and the Chief Financial Officer.	1.4.11, 1.4.12 Website
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	The Company has provided an explanation of any departures (if any) from best practice recommendations 7.1, 7.2 and 7.3 in the Corporate Governance Statement and Policies.	1.4.11, 1.4.12 Website
8	<i>Remunerate fairly and responsibly</i>		
8.1	The board should establish a remuneration committee.	No formal remuneration committee has been adopted by the Company as yet. The Board, acting without the affected Director participating in the decision making process, currently serves as a remuneration committee.	2.2.1
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).	2.2.2, Website
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The Company has provided an explanation of any departures (if any) from best practice recommendations 8.1 and 8.2 in the Corporate Governance Statement and Policies.	2.2.1, 2.2.2, Website

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. This additional information was applicable as at 15 September 2009.

1. DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of listed equity security holders by size of holding:

Category	Number of Shareholders	Number of Shares
1 - 1,000	51	5,689
1,001 - 5,000	6	25,500
5,001 - 10,000	24	209,760
10,001 - 100,000	682	39,680,559
100,001 and over	1,185	1,517,774,196
	1,948	1,557,695,704

Number of shareholders holding less than a marketable parcel of ordinary shares: 597 shareholders amounting to 23,321,508 shares.

2. STATEMENT OF RESTRICTED SECURITIES

There are no restricted securities as at 15 September 2009.

3. SUBSTANTIAL SHAREHOLDERS

There are no substantial shareholdings as at 15 September 2009.

4. UNQUOTED SECURITIES

The Company has the following unquoted securities:

Number	Class
500,000	2 cent options expiring 31 December 2009
3,500,000	3.5 cent options expiring 31 December 2009
5,000,000	5 cent options expiring 31 December 2010
5,000,000	7.5 cent options expiring 31 December 2011
1,250,000	3.4 cent options expiring 30 June 2010
500,000	2 cent options expiring 31 December 2009
500,000	3.5 cent options expiring 31 December 2009
2,500,000	2.5 cent options expiring 11 March 2011
500,000	5 cent options expiring 31 December 2009

5. VOTING RIGHTS

The voting rights attaching to the ordinary shares, set out in the Company's Constitution, are:

- At meetings of members, each member is entitled to vote in person or by proxy, attorney or representative; and
- On a show of hands, every person present who is a member has one vote, and on a poll every member present has a vote for each fully paid share.

6. ON-MARKET BUY-BACK

There is no current on-market buy-back.

ASX Additional Information

7. Statement of Top 20 Holders of Listed Equity Securities

Fully paid ordinary shares

Rank	Name	Number of Shares	% of Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,791,497	2.88
2	MR SHAY SHIMON HAZAN	40,000,000	2.57
3	COMSEC NOMINEES PTY LTD	39,433,000	2.53
4	PATICOA NOMINEES PTY LTD	35,889,243	2.30
5	MELBOURNE CAPITAL LIMITED	28,110,757	1.81
6	MR STEVEN ITALIANO	24,000,000	1.54
7	MS LOUISE PADDON	23,455,990	1.51
8	MR SCOTT ALBERT HENRY <SCOTT HENRY FAMILY A/C>	20,000,000	1.28
9	MS ANDREA URBINATI	20,000,000	1.28
10	MUNGALA INVESTMENTS PTY LTD	20,000,000	1.28
11	QUEENSWAY INVESTMENTS PTY LTD	18,000,000	1.16
12	BANQUEST PTY LTD	17,010,526	1.09
13	DAEM NOMINEES PTY LTD <FAMILY AC>	17,000,000	1.09
14	FISKE NOMINEES LIMITED <BAILE 012 A/C>	15,500,000	1.00
15	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION A/C>	14,396,663	0.92
16	BODIE INVESTMENTS PTY LTD	14,000,000	0.90
17	MR VINCENZO BRIZZI MRS RITA LUCIA BRIZZI BRIZZI FAMILY S/F	13,000,000	0.84
18	PETERSVIEW PTY LTD	13,000,000	0.84
19	MR YOHAN PRAGNARATNE	12,850,000	0.83
20	MR PHENG HONG CHUA	12,842,454	0.82
		443,280,130	28.46

ASX Additional Information

Share Options Expiring 31 August 2011 and Exercisable at \$0.025 per Share

Rank	Name	Number of Options in Class	% of Options in Class
1	MELBOURNE CAPITAL LIMITED	173,322,715	11.78
2	MUNGALA INVESTMENTS PTY LTD	161,000,000	10.94
3	FLUE HOLDINGS PTY LTD	50,862,484	3.46
4	BLU BONE PTY LTD <THE SHARE TRADING A/C>	43,189,987	2.93
5	TOPSFIELD PTY LTD	43,189,987	2.93
6	NUMBER 7 INVESTMENTS PTY LTD	42,000,000	2.85
7	BODIE INVESTMENTS PTY LTD	41,664,853	2.83
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,158,210	2.80
9	MR DANIEL PAUL WISE <ARK INVESTMENTS A/C>	38,362,484	2.61
10	TOLTEC HOLDINGS PTY LTD	38,189,987	2.60
11	CORRIDOR NOMINEES PTY LTD	36,500,000	2.48
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	25,000,000	1.70
13	BLUEBASE PTY LTD	20,000,000	1.36
14	MR MICHAEL EDGAR	20,000,000	1.36
15	SANDHURST TRUSTEES LIMITED <JMFG CONSOL A/C>	14,613,657	0.99
16	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION A/C>	14,396,663	0.98
17	MR GEOFF BARNES	13,500,000	0.92
18	QUEENSWAY INVESTMENTS PTY LTD	13,500,000	0.92
19	HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	13,272,088	0.90
20	CHALLAND PTY LTD <CHALDJIAN FAMILY A/C>	13,000,000	0.88
		856,723,115	58.21

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has nil franking credits.

TENEMENT SCHEDULE

Project	Interest
Atbashi-Arpinski (oil & gas)	100
Tyup (oil & gas)	100
Karakol (oil & gas)	100
East Kokmoinok (uranium)	99

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