ASX Announcement
8 January, 2010

Oil Confirmed at Airacobra-1

Highlights:

- **Airacobra-1 oil shows confirmed by wireline logging and core samples**
- **Two live oil zones have been established in the Epsilon and Patchawarra Formations**
- **Testing at Airacobra-1 to follow testing at Fury-1 - commencing later this month.**

Monitor Energy Ltd (ASX:MHL) is pleased to announce that logging and sampling of its Airacobra-1 well confirms oil in the Epsilon and Patchawarra Formations. The well reached total depth of 2163m at midnight January 6th, 2010. The basement unconformity was intersected at 2122m, thereby completing the drilling operation on the well.

Wireline logging and sidewall core (SWC) sampling between 2016-2018m, 2117.5-2119m respectively, confirm the presence of light crude oil within the Epsilon and Patchawarra Formations. Further formation evaluation and the testing results will be used to establish the exact hydrocarbon column in the well.

Significantly an oil water (OWC) has not been established at the Airacobra location and may indicate a potential for further drilling targets. The SWC sample at 2119m with oil is from the lowest sandstone in the well immediately above at the basement unconformity at 2122m suggesting that the oil water contact (OWC) is deeper (on the structural flanks) than the lowest sand at the bottom in the well.

The well has been cased and suspended for flow testing and completion as a future oil producer. Final formation evaluation and technical work will be fast-tracked to develop the testing program which will coincide with the testing and completion at the Fury-1 discovery a few kilometres south. This is anticipated to commence later in January 2010.

Mr Jon Roestenburg, Managing director, said; "The success of the Permian objective at Airacobra-1 is extremely encouraging for the company and its joint venture partners. The composition of the oil at the depth of these reservoirs is likely to be close to that of diesel, or very light crude which attracts a price premium. Volumetrics of the structure will be fine tuned with the existing 3D seismic data the JV has in-house. The two well drilling program at both Fury-1 and Airacobra-1 has been extraordinarily successful for the company and has opened several near term exploration, production and development opportunities."

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Monitor Energy Ltd has now completed the earning phase of the farmin to PEL115 with 42%, 25% to Lion Petroleum Pty Ltd and 33% to Victoria Petroleum who as operator of an efficient drilling campaign.

Jon W Roestenburg
Managing Director, Monitor Energy Ltd

This report was prepared by Jon W Roestenburg BSc, MLM, GBQ, CC, MAAPG with over 30 years operational experience as a petroleum geoscientist both nationally and internationally.

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