



Monitor enters into Farmout on Kyrgyz Oil and Gas Projects for funded seismic, drilling and operations

Monitor Energy Limited is pleased to announce that it has signed a Heads of Agreement (HOA) with Medina Group Ltd, (Medina) a Hong Kong registered Investment Company specialising in the oil and gas sector. The Heads of Agreement requires Medina to spend up to US\$13M on exploration. The HOA forms the framework for the ensuing Joint Venture and Joint Venture Operating Agreement which enables Monitor to move forward with exploration in the Kyrgyz Republic licenses at no operational cost to the Company.

Key Points

- Medina will provide up to US\$5M funding, exclusive of mobilisation and demobilisation, for a seismic survey, to earn 80% equity in the Kyrgyz Republic licenses.
- Medina to fund up to US\$8M funding for drilling of an exploration/production well exclusive of mobilisation and demobilisation to earn an extra 5% equity, taking its total to 85% subject to a successful seismic outcome.
- Medina will fund mobilisation and demobilisation costs for seismic and drilling equipment and supplies.
- Monitor Energy Limited will be free carried for all costs in relation to the Kyrgyz Operation to commencement of production.
- Medina will pay all operational costs associated with management and administration of the Kyrgyz operations from 1st January, 2008.
- Monitor Energy Limited will remain exploration operator for the Kyrgyz assets on behalf of the Joint Venture.

Both parties are now working towards completion of a more formal, Joint Venture and Joint Venture Operating Agreement, which is anticipated to be completed by late December, 2007.

About the Kyrgyz Projects

Monitor Energy Limited holds 100% of 5 oil and gas exploration licences, totalling 11,500kms² in the east and central south of the Kyrgyz Republic.

These licences had minimal exploration during the Soviet era, with little or no exploration conducted since the late 1980's.



The southern licences, totalling 6,000kms² demonstrate a similar geological setting to the extensive Tarim Basin (production 300,000bbl/day, 2006 figures), located approximately 200 kilometres to the south, in north western China.

The eastern onshore licences, Tyup and Kara Kol, have been subject to drilling during the Soviet era which indicated oil and gas shows supporting the conditions for a valid petroleum system. Similar geological conditions are seen in the adjacent Junggar Basin (reserves 63B? barrels, 2000 figures) in North West China.

The Issyk Kul licence encompasses a large proportion of Lake Issyk Kul. This licence is currently the subject of a geological structural review by independent experts to identify shallow opportunities in the shallower eastern portion. The license lies adjacent to the onshore blocks so that it covers transition structures and play fairways.

Future Exploration

At present, Monitor Energy Limited has completed an extensive gravity survey over the onshore licenses, with the aim of identifying focal areas for seismic acquisition next field season. The Company is currently in discussion with seismic acquisition service providers for the 2008 field season.

About Medina Group

Medina Group Ltd (Medina) is owned by private equity investors from North America, Europe and Asia with a current focus on petroleum exploration and exploitation in Kyrgyzstan and Australia.

Medina has recently been designated preferred tenderer in the latest bidding round in Queensland the Department of Mines and Energy, picking up four Adavale Basin authority to prospect concessions which carry work commitments of \$21M over four years, subject to lodgment of security payments and standard native title reviews.

About Monitor Energy Limited

Monitor Energy Limited is an Australian Stock Exchange listed company with principal business in the energy sector, including oil, gas and uranium.

Monitor has a strong technical and management team with extensive international oil and gas experience, which also brings to the Company a global network of contacts in the industry.

The Company has built a portfolio of oil and gas and uranium projects in the Kyrgyz Republic.



The Company has a strong focus on acquiring oil and gas projects with near term production potential in fields demonstrating current production. To this end, the Company is currently reviewing opportunities in Central and South East Asia and other geomarkets to fit the company profile.

For more information please contact the Company on +61 (8) 92111555.

Yours truly

Jon Roestenburg
Managing Director
Monitor Energy Ltd

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