



22 February 2011

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ASX Limited
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TERMINATION OF SOCA TRANSACTION AND RECAPITALISATION PLANS

Key points:

- **Transaction to acquire up to 90% of SOCA Petroleum will not proceed based on a number of factors, most notably inability to secure required funds within adequate time-frame,**
- **Board has entered into agreement to immediately raise AUD\$500,000 through Placement (at AUD\$0.002 per share) to Cape Lambert Resources Limited, with Board finalising plans to undertake a Rights Issue on same terms,**
- **Managing Director, Mr Jon Roestenburg, has resigned with immediate effect and Mr Paul Kelly has been appointed to the Board, and**
- **Company currently undertaking strategic review to assess existing project portfolio and Board structure, with further Board changes likely in the short term.**

Australian oil and gas company Monitor Energy Limited (ASX: MHL) (“**Monitor**” or “the **Company**”) wishes to update the market in relation to the proposed acquisition of oil and gas production licenses in Trinidad (refer ASX announcement 29 July 2010 and 6 January 2011) (“**SOCA Transaction**”), and associated recapitalisation plans.

SOCA Transaction Terminated

Following extensive international road shows for the SOCA Transaction, the Company was advised by its corporate advisor, Komodo Capital, that there was overwhelming investor preference for the transaction to proceed by way of an AIM or TSX listed vehicle. This, coupled with the timing demands of the vendors, meant that the Company was not in a position to proceed with the SOCA Transaction, and the agreement between the parties has now been terminated.

Placement to Cape Lambert Resources Limited

To ensure the Company has adequate funds to pursue other investment opportunities and meet general working capital requirements, the Board has resolved to proceed with a placement of 250,000,000 shares to Cape Lambert Resources Limited (ASX: CFE) (“**Cape Lambert**”), at an issue price of AUD\$0.002 per share (to raise AUD\$500,000) (“**Placement**”).

The Board was approached by Cape Lambert to inject funds into the Company and resolved to make the Placement subject to receiving confirmation that the SOCA Transaction was terminated.

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Cape Lambert is a substantial shareholder of the Company (holding ~ 9% of the Company prior to the Placement) and, via the Placement, has offered its support to the Company to provide funds for additional projects to be identified and satisfy the Company's immediate cash flow requirements.

Cape Lambert has a strong track record of investing in small to mid cap resources companies and applying the necessary technical and corporate resources to ensure value is created for all shareholders within a suitable time-frame.

Proposed Rights Issue

The Board is considering undertaking a Rights Issue in the near future. To this end the Company has commenced discussions with a range of brokers who have expressed an interest in underwriting the Rights Issue. The Company will provide an update to shareholders in relation to any proposed Rights Issue as soon as possible.

Board and Management changes

Founding Managing Director, Mr Jon Roestenburg, has resigned from his position with the Company, effective immediately. The Board thanks Mr Roestenburg for his tireless work for the Company in recent years and wishes him every success for the future.

Cape Lambert representative, Mr Paul Kelly, has been appointed to the Board as a Non Executive Director.

Mr Kelly has more than 20 years of experience in the fields of finance, investment and banking. Mr Kelly was previously National Manager of Advertising and Sponsorship for Members Equity Bank and has held a number of senior roles with the bank over a 15 year period. Mr Kelly is also a director of Chameleon Mining NL, and International Goldfields Limited (formerly known as Corvette Resources Limited).

The Board will now undergo a strategic review of its operations, assets and its composition to determine the best way forward for all shareholders. It is likely further Board changes will occur in the short term.

Status of Suspension of Securities

With this announcement now made Monitor Energy Limited has applied to ASX to have its shares reinstated for trading on ASX, which it expects to occur within 24 hours (if not sooner).

Ends

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