



# **MOLOPO AUSTRALIA LIMITED**

**An Australian Gas (CBM) Producer**

**July 2007**



## CORPORATE PROFILE

■ Market Capitalisation (@ \$0.295):	\$210m
■ 12 Month Trading Range:	A\$0.03 to \$0.345
■ Cash Reserves (June 07):	\$17.2m
■ Debt Free	

### Board & Management:

- Donald Beard – Chairman
- Stephen Mitchell – Managing Director
- Ian Gorman - Executive Director & Chief Operating Officer
- Wally Borovac - Non-Executive Director
- Ric Sotelo - Chief Financial Officer & Company Secretary



## OPERATIONAL STRATEGY/KEY ASSETS

- Molopo's CBM growth strategy has been to build a diversified portfolio of petroleum assets at the appraisal or advanced exploration stage. This has thus far led to a portfolio that now includes 6 areas of interest:
  1. Bowen Basin – Queensland
  2. Gloucester Basin – NSW
  3. Liulin CBM Project - China
  4. Mason County – USA
  5. Clarence Moreton Basin – NSW
  6. Evander and Virginia Gas Fields – South Africa

} Core Projects
- This portfolio includes four regions with substantial gas potential:
  - A. One is now in production with further development planned
  - B. Two are under pilot test
  - C. Fourth has existing limited free gas flow
- Molopo is now set to embark upon a strategy to develop this portfolio into assets that can generate long-term cash flow and shareholder value



# Molopo's Focus Areas

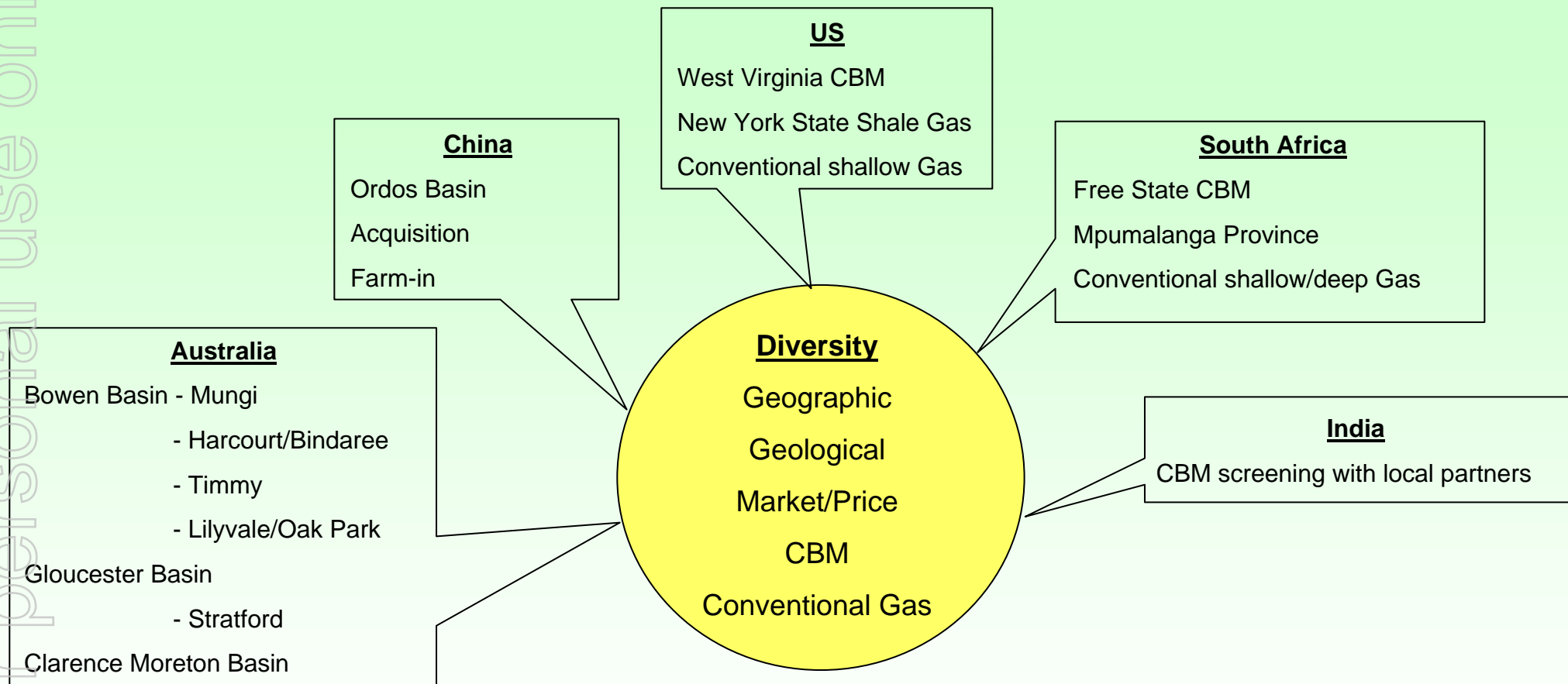
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- Production
- Pilot/Production Test
- Exploration
- Capture



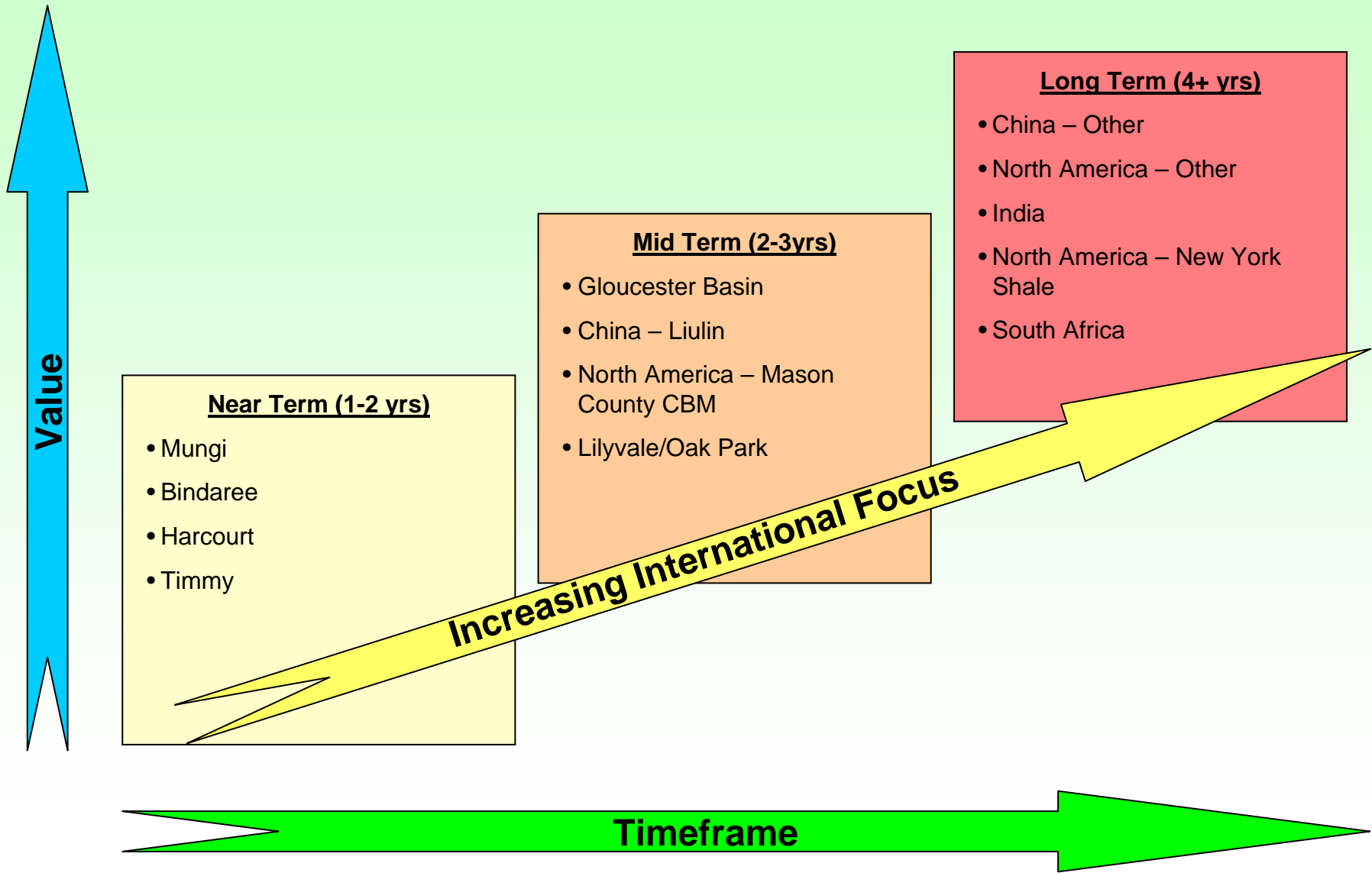
## Molopo Portfolio Basis and Focus



**No other Australia CBM player has this degree of diversity and opportunity already captured**



# Value Realisation Focus







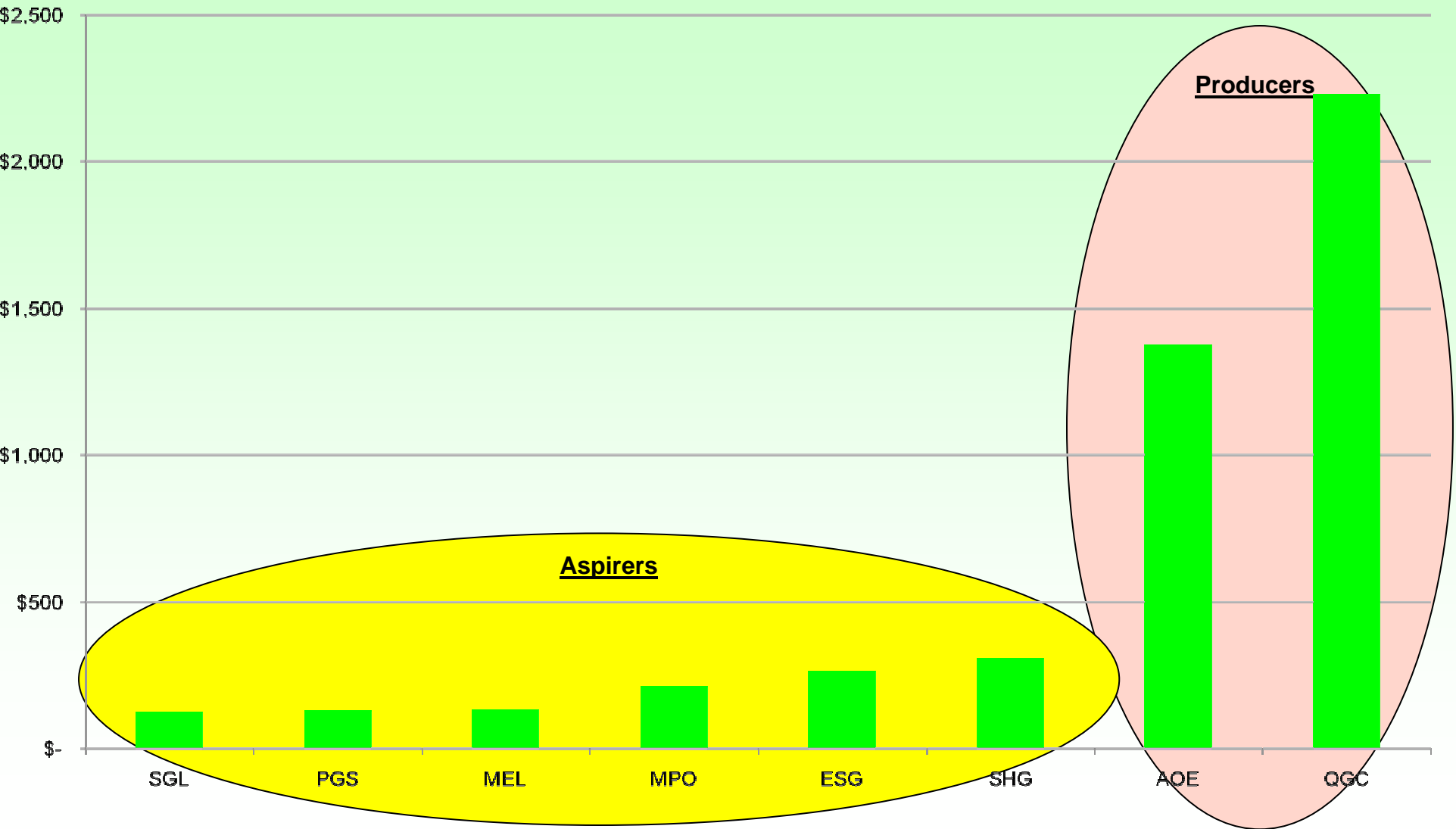
## Managed & Technical Capability

- Molopo has a proven ability to acquire high quality prospective areas and opportunities and to add value to those areas
- Molopo will continue to access and acquire low cost entry opportunities Internationally
- Technical skills have been boosted by hiring the core of the BHPB CBM technical team
- Molopo is embarking on a deliberate path to mature opportunities in its portfolio or divest in order to deliver and un-lock value



# Company Valuation Comparison

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## Company Scope Comparison

Company	Production	Australia	International	CBM Reserves	Conventional Gas
Planet Gas	No	2 Basins	US	US Only	Limited
Metgasco	No	1 Basin	No	No	No
Eastern Star	Limited	1 Basin	No	No	Limited
Sydney Gas	Limited	1 Basin	No	Yes	No
Sunshine Gas	Limited	2 Basins	No	No	Limited
QGC	Major	1 Basin	No	Yes	No
Arrow	Major	2 Basins	India, China, Indonesia	Yes	No
Molopo	Limited	3 Basins	US, China, South Africa	Yes	Yes



## Use of Funds – Next 12 months (\$m)

Region	Screening Capture	Exploration	Appraisal & Pilot	Development*
Queensland		1	1	10**
NSW		2	2	
China		1	1	1
South Africa		1		2
US		1		
New Projects	1			
Total	1	6	4	13

### Notes:

Helm Acquisition \$6 million (if finalised)

Unallocated Costs \$2 million

Excludes Revenues

\* Results contingent

\*\* \$3 million firm

### Cash Summary

Cash on hand \$17m

Cash raised \$24m (after costs)

Firm Commitments \$21m

Closing cash \$20m

Additional development \$10m

Closing Cash with dev. \$10m



## Project Portfolio Overview

# AUSTRALIAN PETROLEUM INTERESTS

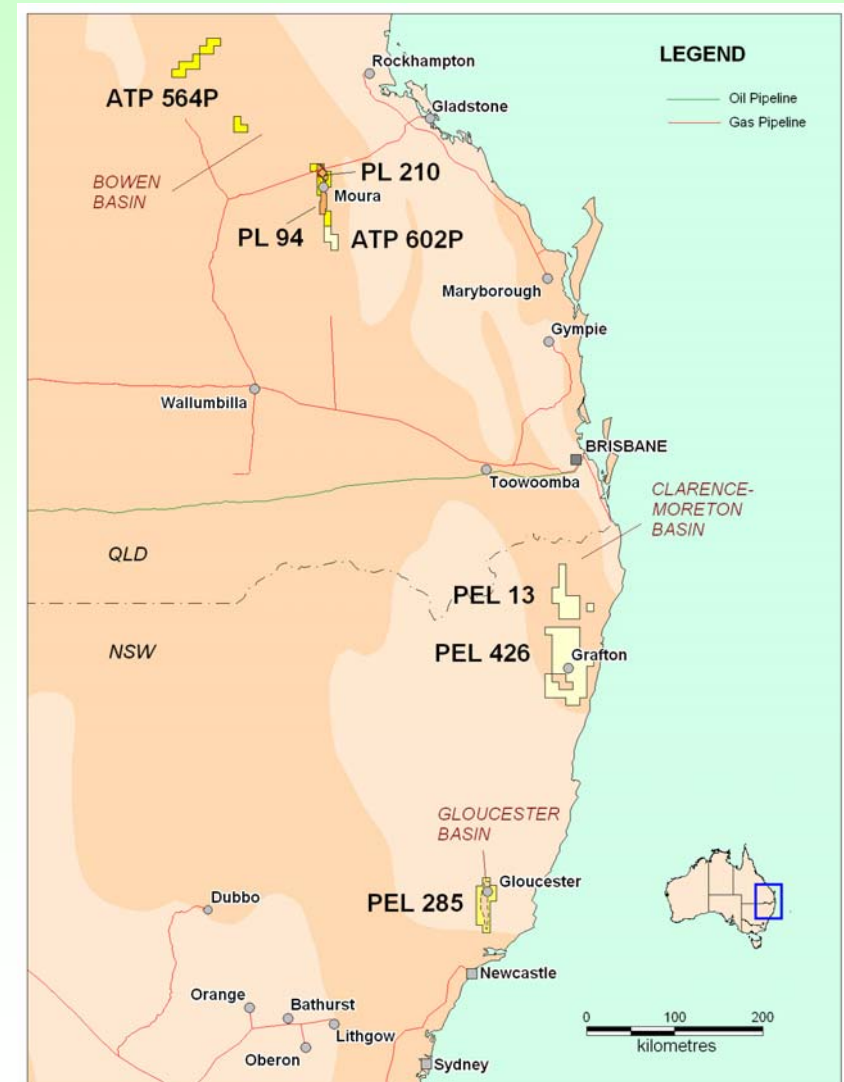
## QUEENSLAND

- Bowen Basin - Molopo has 25% of ATP564P, PL94 (part), PLA210 and ATP602P
- Molopo has signed a HOA to acquire a further 25% (conditional on final shareholder approval)

## NEW SOUTH WALES

- Gloucester Basin – Molopo has a 30% interest in PEL285
- Clarence Moreton Basin - Molopo had a 100% interest in PEL 426 and 100% of the conventional rights in PEL 13
- Metgasco earning a 50% interest in PEL426
- Metgasco is also earning 75% of the CBM rights and 50% of the conventional rights in PEL13

## MOLOPO AUSTRALIAN PETROLEUM PERMITS





## CBM IN QLD - Bowen Basin Permits

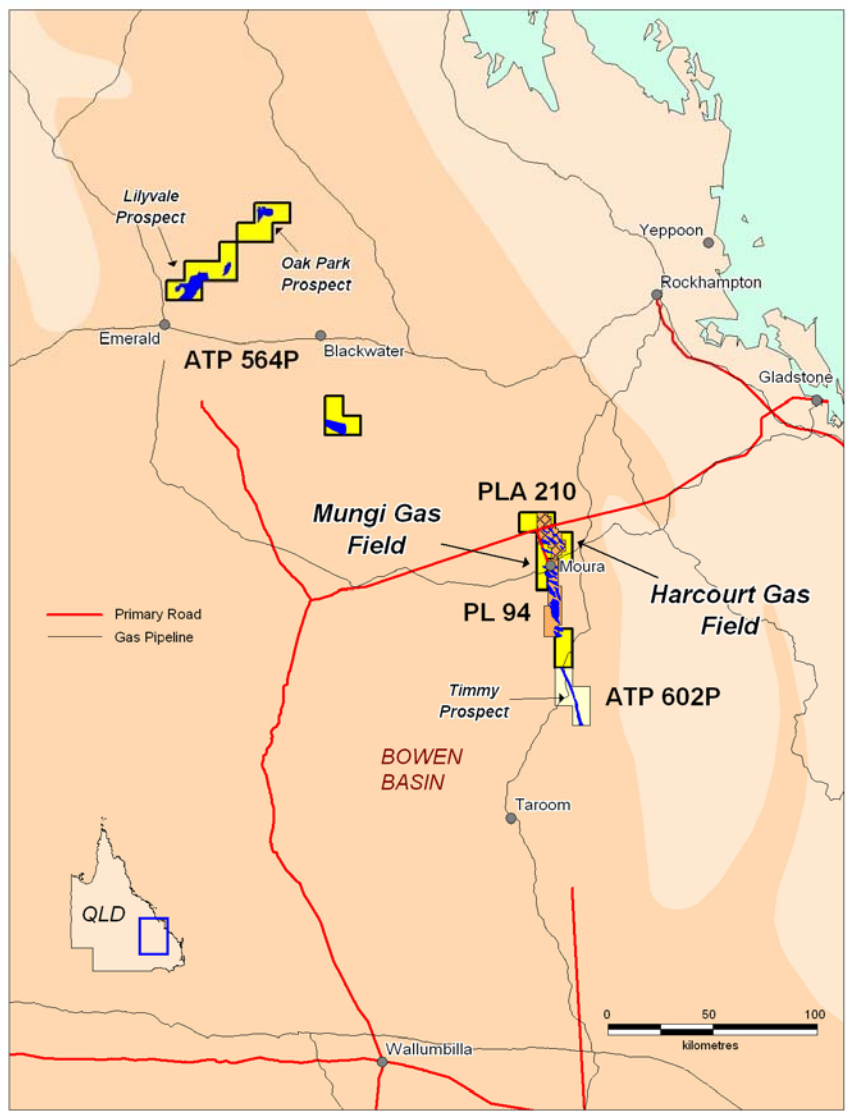
- Molopo's share of 2P Reserves is 83PJ and 3P reserves (225PJ)
- 2P Reserves defined to date in 3 prospects
- Partners are Anglo, Mitsui and Helm

Queensland Portfolio – Prospects & Their Potential *						
Projects	Total 1P Reserves (PJ)	Total 2P Reserves (PJ)	Total 3P Reserves (PJ)	Pool Area (km2)	GIP (CBF)	Potential Sales Gas (PJ)
Mungi	22	58	230	34	332	230
Harcourt/Bindaree**	2	23	77	178	151	59
Lilyvale/Oak Park**	0	247	578	175	293	164
Timmy	0	0	0	71	151	137
Sirius	0	0	19	54	101	51

- Molopo has a net 25% interest in these projects/reserves (additional reserves from possible Helm acquisition not included)

\*\* Note: Currently being re-assessed

## QUEENSLAND PERMITS & PROSPECTS





## CBM IN NSW - Gloucester Basin Summary

- Molopo has a 30% interest in PEL285 located 100 km north of Newcastle
- PEL 285 covers the entire Gloucester Basin (600 km<sup>2</sup>)
- Excellent CBM prospect with reasonable proximity to large Newcastle/Sydney gas markets
- Partner is A.J. Lucas (70%)



Figure 4: The Gloucester Basin, NSW

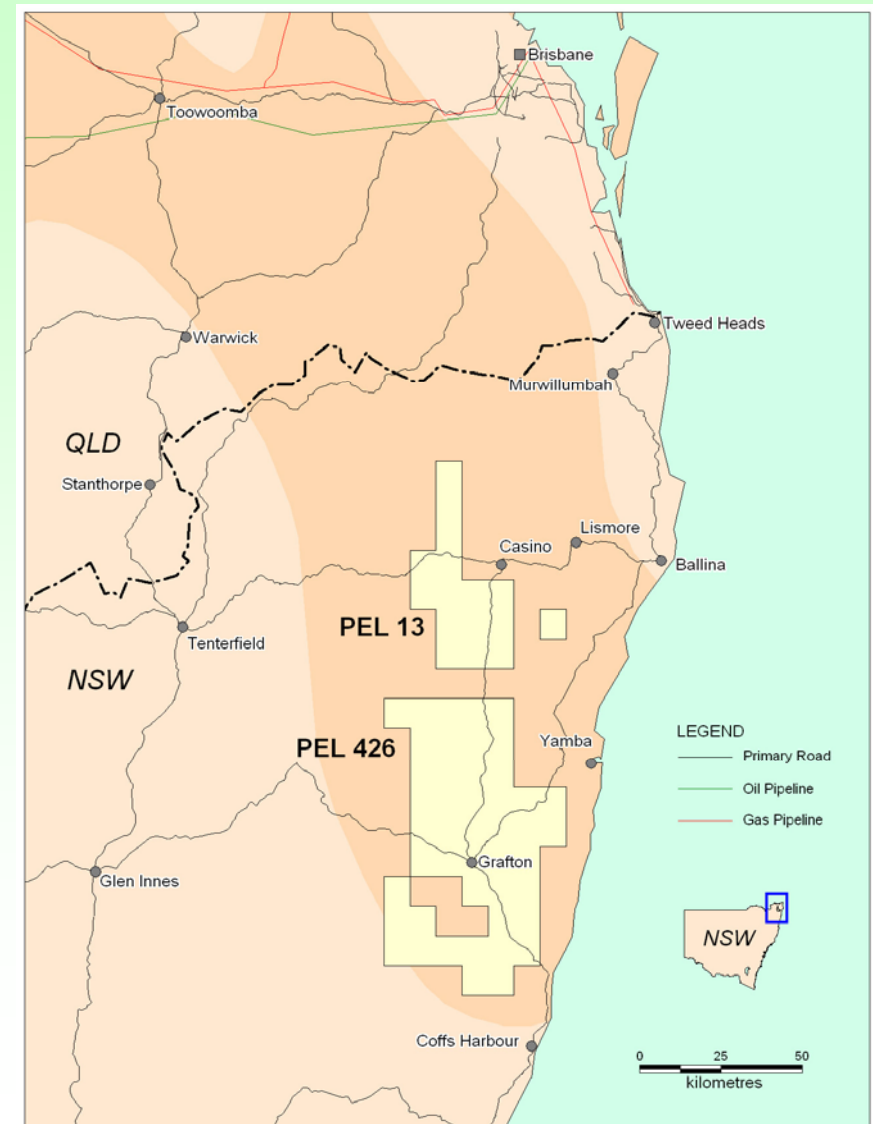




## CBM IN NSW PEL 13 & 426

- Combined area of ~6,650km<sup>2</sup>
- CBM and conventional rights in PEL13 and PEL426 farmed out. Metgasco earnings either 75% and 50% interest in these rights
- Prospective for both CBM and conventional gas
- 21 Petroleum wells drilled to date. Best results have been:
  - Hogarth 2 & Picabooba – Both produced over 450mcf/d, GTS 500mcf/d
- Metgasco have drilled their first CBM hole MMMC#1/1a and commenced seismic reprocessing obligations

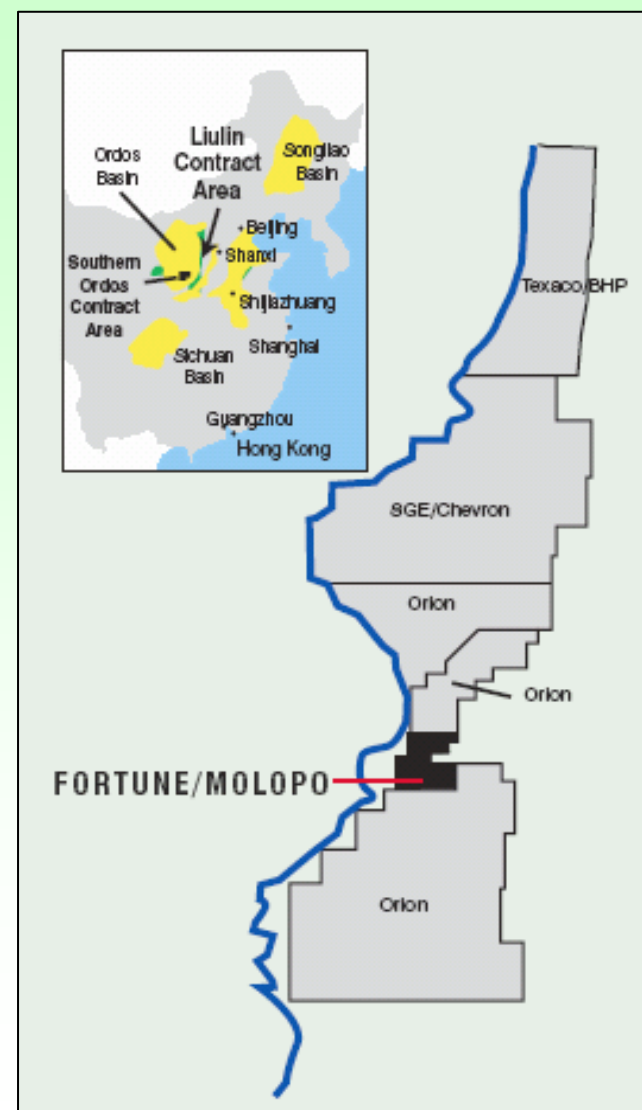
### CLARENCE MORETON BASIN



## CBM IN CHINA - Liulin Contract Area

- Thick coals (13m), high gas contents (14m<sup>3</sup>/t) and high permeability (up to 30 md) make Liulin an attractive project
- Most likely GIP estimate of 1,200 Bscf
- Recovery factor expectation of 50-70% for horizontal wells
- Molopo equity 40% (20% after CUCBM back-in)
- Molopo equity recovery potential in range 120-180Bscf
- Two wells currently under production test, plus additional horizontal test wells and 3 additional cored holes planned.

### P.R. CHINA – LIULIN PROSPECT







## CBM IN THE USA – West Virginia

■ Molopo has 50% of ~5,700 acres in a gas project in the US

■ Gassy acreage – already 37 wells producing gas from shale by others in Mason County

■ Targets include shales, sandstones and coal

■ Close to infrastructure

■ Strong partners.

### MASON COUNTY WEST VIRGINIA



## GAS IN SOUTH AFRICA

- MPO owns 100% of two South African gas projects – Exploration rights recently granted
- Free State application is ~ 500,000 acres
- Mpumalanga Province application is ~ 150,000 acres
- Both areas have a history of gas emissions from mineral exploration
- Six wells measured on average of 250,000 scf/d each after decades of production.

### SOUTH AFRICAN APPLICATIONS





## GAS IN SOUTH AFRICA – Market Opportunities

Gas from old mineral bore utilised at Adullam Mission, Secunda, Evander Area




North of the Sand River in Harmony Lease, measured at 370 MSFD reportedly has flowed for 70 years



- Local power generation
- Fuel for ethanol production
- Bottled gas
- CNG or GTL
- Pipeline to industrial centres e.g. Welkom
- Evander – adjoins Mozambique trunk line





## **Molopo is on track to meet or exceed its full year Performance targets**

Mungi Sole Risk Programme  
Bindaree/Harcourt Review  
Timmy Pilot  
Gloucester Pilot/Exploration  
China Pilot/Exploration  
South Africa Acreage Award

## 2006/2007 Indicative Targets

## 2006/2007 Performance

MUNGI	3+ new production wells
GLOUCESTER	2 cored holes 1 production test well Establish reserves Commence PL application
HARCOURT/BINDAREE	1 new production test well Establish Reserves
TIMMY	1 production test well Establish Reserves (late 2007)
CHINA	2 production test wells 2 cored holes
USA	1 production test well
CLARENCE MORETON BASIN	1 – 2 CBM cored holes
SOUTH AFRICA	Obtain licenses

**3 sole risk wells planned for Jun-Nov, rig contracted, wellsite planning underway**

**3 holes completed, 3 additional cored holes  
1 production test well plus expanded pilot  
Process underway  
Depend on reserves**

**Re-drill of Harcourt 4&5 under review, Bd-2 W/O  
Process underway**

**Timmy-1 on test  
Depends on results**

**EP1 & EP2 on test  
3 cored holes planned**

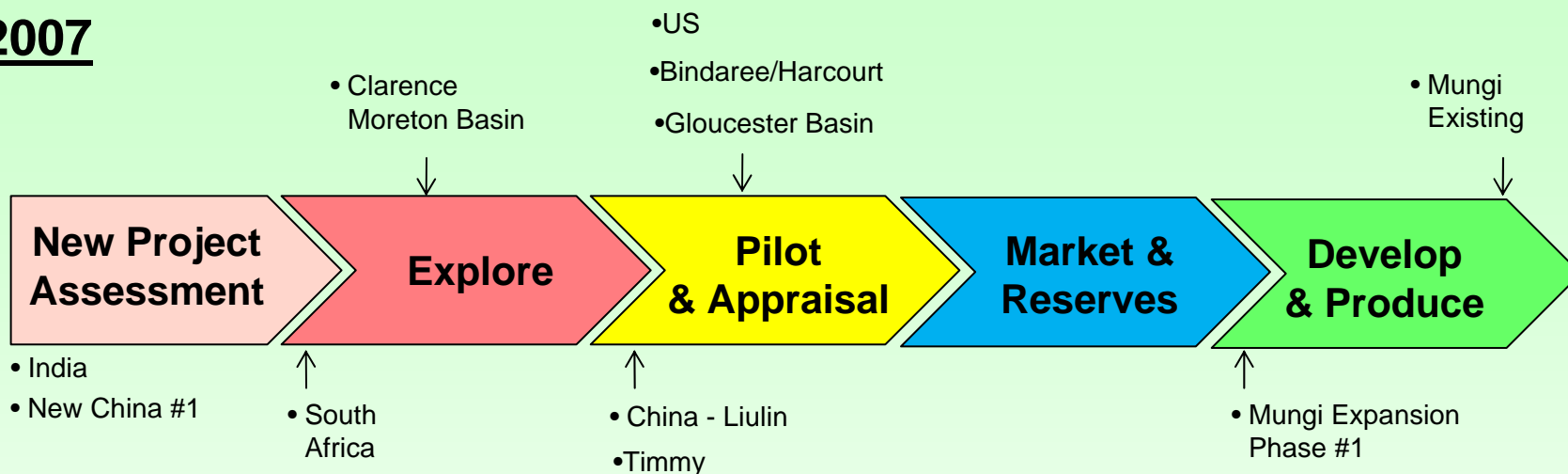
**Shannon Neal well drilled and tested**

**1 CBM cored hole drilled  
1 Well planned for late 2007**

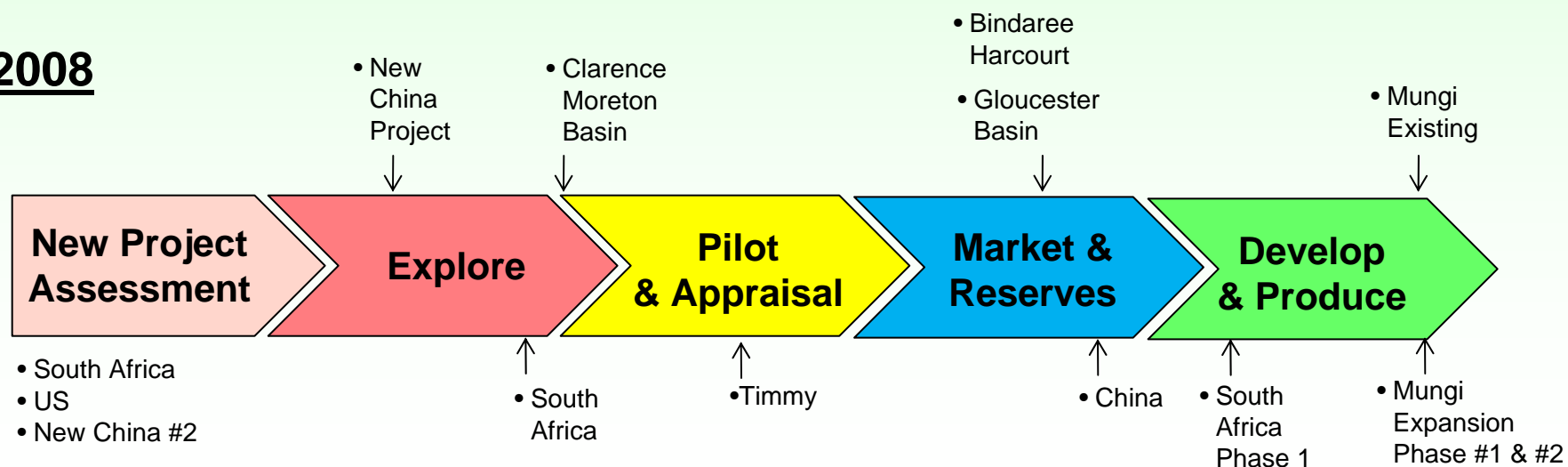
**Licenses granted  
Equity increased to 100%  
Work programme commenced**

# Portfolio Maturation

## Mid 2007



## End 2008





## Indicative Timetable

1. Trading Halt	19 July 2007
2. Conditional Placement Arranged	20 July 2007
3. Notice of General Meeting sent to ASX	Week commencing 23 July 2007
4. Announcement of the Placement and lift of trading halt	23 July 2007
5. General Meeting Date	Late August
6. Settlement of Placement	Late August
7. Placement shares commence trading	Late August

**Note:**

- 1. Placement is conditional on shareholder approval
- 2. Timetable is indicative only