



MOLOPO AUSTRALIA LIMITED

ABN 79 003 152 154

MEDIA RELEASE

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MOLOPO DISCOVERS MORE GAS “BLOWERS” IN SOUTH AFRICA AND CONSIDERS EARLY DEVELOPMENT OPTIONS

Molopo's initial three month exploration and appraisal work programme in the newly awarded South African Exploration Rights have yielded very encouraging results with over 70 gas emitting boreholes identified.

Given the highly encouraging results, the programme emphasis is now shifting from exploration to the monitoring of gas production rates from flowing wells, with the aim of establishing gas reserves. Preliminary work on connecting the largest of the gas blowers to establish an early cash flow has commenced.

Recent field work has uncovered 71 mineral boreholes emitting gas (some at high rates – many at low rates), bringing the total number of gas emitting boreholes to 21 in the Free State project and 50 at the Evander Project. In some areas, clusters of these gas-emitting boreholes appear to be geologically controlled.

In the Free State, a soilgas geochemistry survey comprising approximately 2,000 samples to date has delineated anomalies which correspond closely to known gas flows, as well as to geological structure. Magnetometer traverses across these anomalies are confirming fracture zones and associated igneous intrusions that are thought to control gas migration.

In the light of gas flow rates already measured in the Free State (approximately 1,500,000 cf/d from six of the larger gas emitters), and the additional gas emitters recently discovered, discussions have commenced with several South African companies with respect to purchasing existing gas production.

Possible uses of the gas from the Free State include industrial use in nearby towns, provision of compressed natural gas (CNG) to local transport companies, small scale LNG or liquid fuels generation and gas-fired electric power.

At the Evander Project, many of the boreholes emit small volumes of gas bubbling up through water. Further investigations will consider unloading this water to assess if it is possible to increase gas volumes from such wells. Soilgas and magnetometer work scheduled for Evander in September is expected to shed more light on the dimensions of the prospective areas. A large gas import pipeline passes through the Evander project area.

Following completion of the Phase 1 work programme in November, Molopo proposes to fast-track its remaining exploration commitments and firm up drillable prospects to supplement existing gas production. At that stage the Company intends to apply to PASA for the requisite production licence.

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These projects may qualify for carbon credits, which could add significant value. Molopo proposes to capture and utilise gas that is presently venting carbon to the atmosphere and, furthermore, could use clean-burning gas and its products to replace carbon-intensive fuels such as coal.

Issued by:

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Molopo Australia Limited is an ASX listed gas producer focused on the development of coalbed methane and other on-shore gas projects. Molopo holds a 25% interest in several gas fields located in the Bowen Basin, Queensland, a 30% interest in CBM operations located in the Gloucester Basin (NSW), a 50% interest in a US gas project, a 50% interest in two permits in the Clarence Moreton Basin, NSW, an interest in the Liulin CBM project in China, and a 100% interest in two South African projects.

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