



# **MOLOPO AUSTRALIA LIMITED**

## **ANNUAL GENERAL MEETING**

**8 November 2007**



## CORPORATE PROFILE

- Market Capitalisation:
- Cash Reserves:
- Debt Free

**2006**

\$20m

\$3m

**2007**

\$180m

\$39m

### Board & Management:

- **Donald Beard** – Chairman
- **Stephen Mitchell** – Managing Director
- **Ian Gorman** - Executive Director & COO
- **Wally Borovac** - Non-Executive Director
- **Ric Sotelo** - CFO & Company Secretary





## YEAR IN SUMMARY

### PROJECTS:

MUNGI (QLD)	Increased interest to 50%, new lateral well programme commenced
GLOUCESTER (NSW)	3 cored holes completed and 1 production test well. Expanded pilot commenced
HARCOURT (QLD)	1 production test well attempted (not yet completed)
TIMMY (QLD)	1 well placed on production test
CHINA	2 new production test wells
USA (WV)	1 production test well
CLARENCE MORETON (NSW)	1 CBM cored hole, seismic reprocessing, farm-out of PEL 426
SOUTH AFRICA	Licences granted, interest increased to 100%, work programme commenced

### CORPORATE:

TECHNICAL CAPABILITIES	Significantly increased with the appointment of Ian Gorman as COO and the core of BHP Billiton's CBM team
FINANCE	Exercise of options, SPP and placements raised over \$50m
VALUE	Substantial re-rating of the company



## 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. Evander and Virginia – South Africa
  5. Clarence Moreton Basin – NSW
  6. Mason County - USA
- 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

**Core Projects**



## WORLDWIDE CBM

### NORTH AMERICA – FY05/06

Gas market 25 Tcf pa  
CBM  $\approx 10\%$   
CBM resource  $\approx 400$  Tcf

### EUROPE – FY06/7

Gas market 19 Tcf pa  
CBM  $< 1\%$   
CBM resource  $\approx 100$  Tcf

### CHINA – FY05/6

Gas market 1 Tcf pa  
CBM  $< 5\%$   
CBM resource  $\approx 350$  Tcf

### EASTERN AUSTRALIA – FY05/06

Gas market 0.6 Tcf pa  
CBM  $\approx 20\%$   
CBM resource  $\approx 50$  Tcf



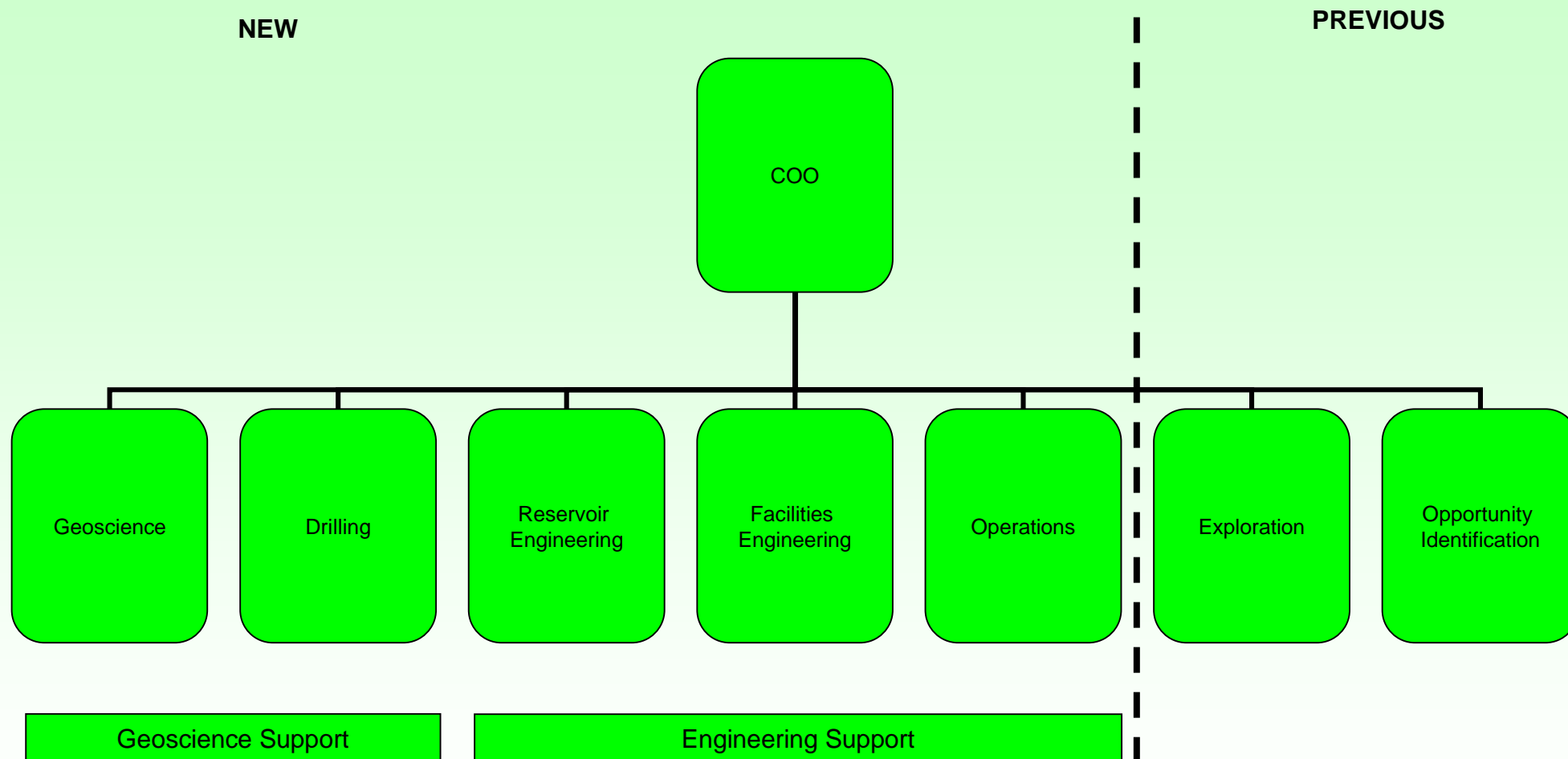


## MOLOPO'S FOCUS AREAS





## TECHNICAL SKILLS SET





## AUSTRALIAN PETROLEUM INTERESTS

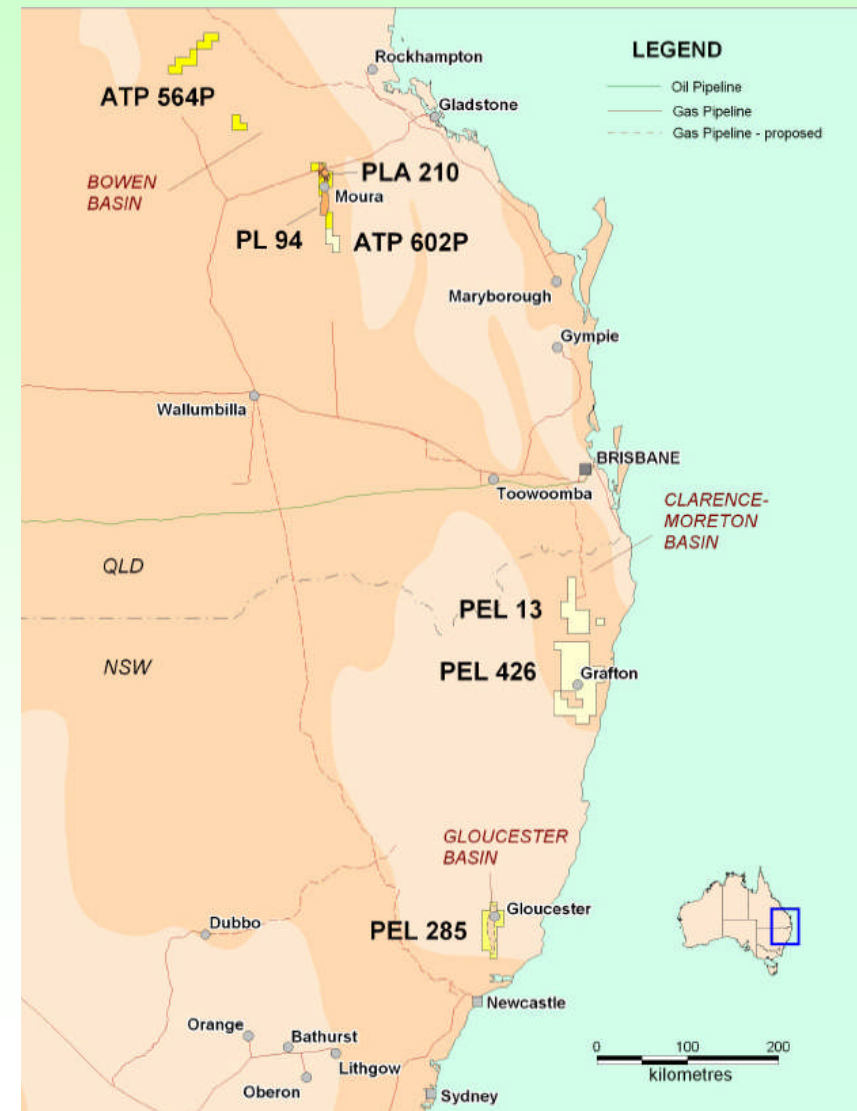
### QUEENSLAND

- Bowen Basin - Molopo has 50% of ATP564P, PL94 (part), PLA210 and ATP602P

### NEW SOUTH WALES

- Gloucester Basin – Molopo has a 30% interest in PEL285
- Clarence Moreton Basin - Molopo has a 50% interest in PEL 426 and 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'S AUSTRALIAN PETROLEUM PERMITS







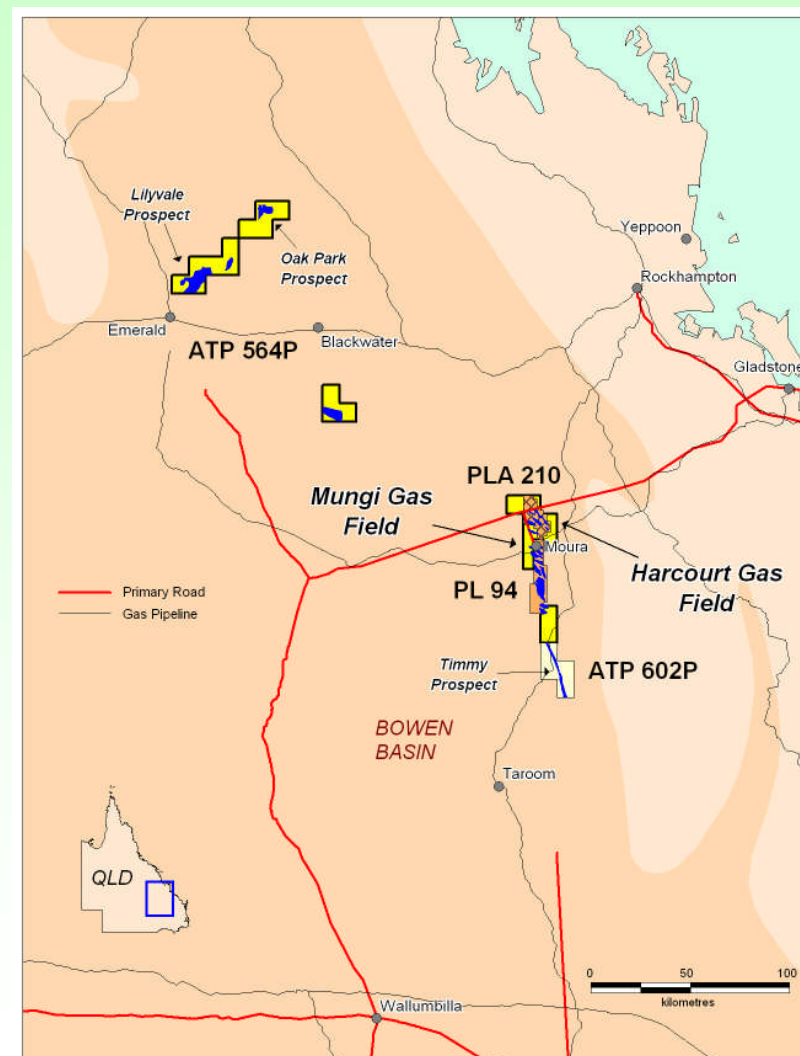
## CBM IN QLD - Bowen Basin Permits

- Molopo's share of 2P Reserves at Mungi and Harcourt is 40PJ, 3P reserves are 153PJ
- Gas-in-place in QLD permits is estimated at over 1.5TCF
- 2P Reserves defined to date in 3 prospects.
- Interest holders are Molopo (50%), Anglo (25.5%) and Mitsui (24.5%) .

**Molopo's Queensland Interests**

	Area (km2)	Interest (%)	GIIP (Bscf)
PL94 (north)	50	50	350
PLA210A	178	50	>500
ATP564P	1,650	50	>500
ATP602P	310	50	>300

## QUEENSLAND PERMITS & PROSPECTS

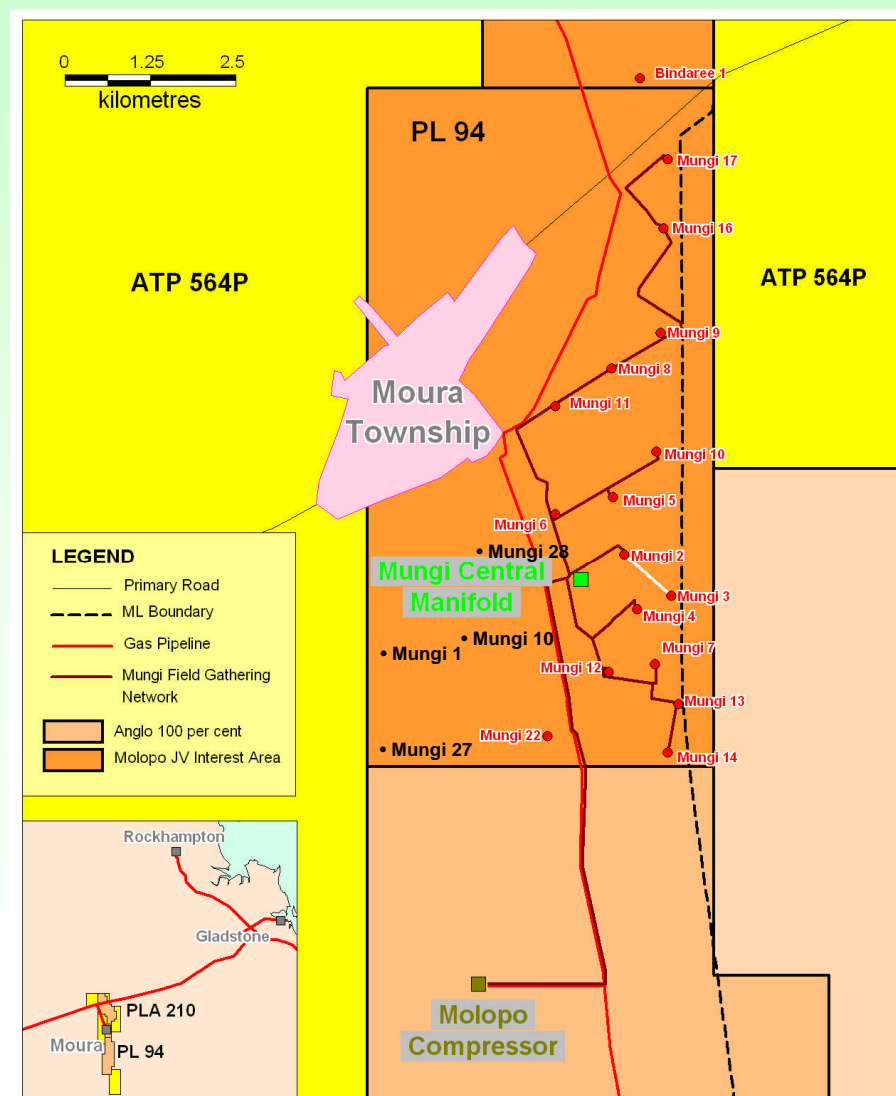




## CBM IN QLD - The Mungi Field

- 2P reserves 58PJ – 3P reserves now 230PJ
- Gas-in-place over 300PJ
- 10 wells in production with scope for over 100 laterals
- Closest production to Gladstone
- Additional sole risk development wells underway
- Performance of new lateral wells is critical

### WELL LOCATIONS AT THE MUNGI GAS FIELD

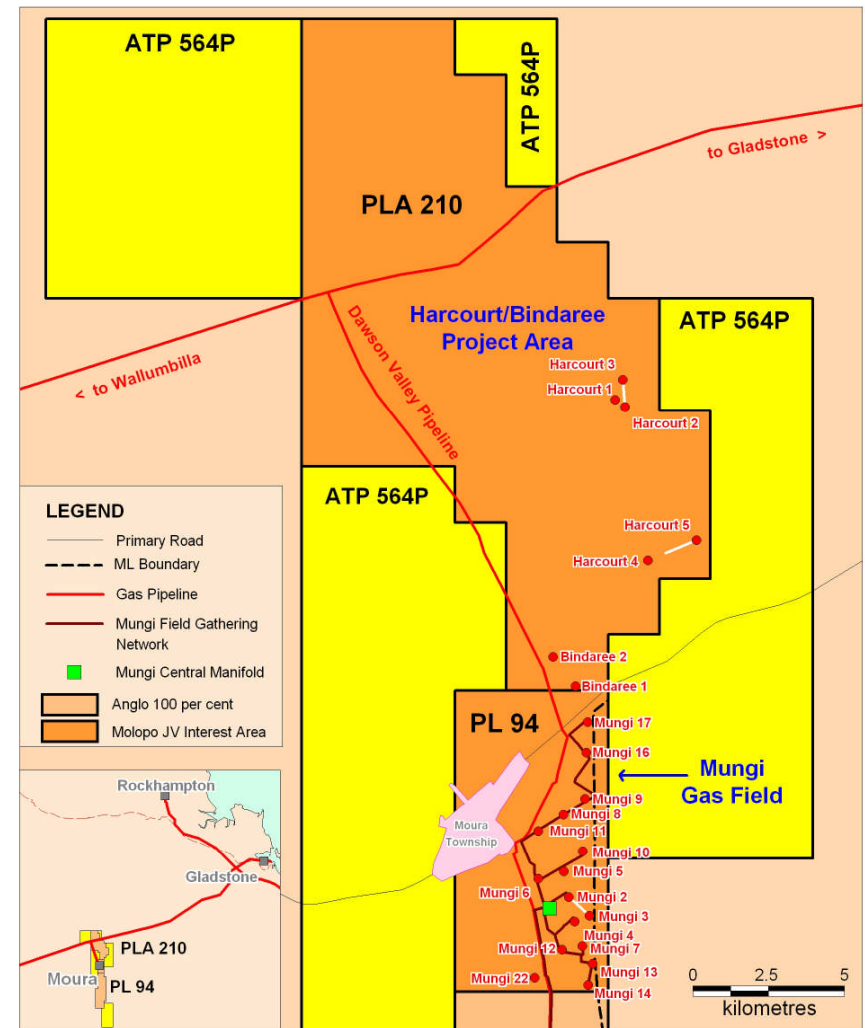




## CBM IN QLD - The Harcourt/Bindaree Field

### HARCOURT & BINDAREE PROJECT AREA

- Molopo has a 50% interest in the Harcourt/Bindaree Field in PLA210
- Combined area is 178km<sup>2</sup> – many times larger than Mungi
- Current 2P reserves are 23PJ – 3P reserves are 77PJ – under review
- 4 Production wells tested to date
- Fifth well to be completed
- PL Application made. Possible tie in to Mungi processing facilities.

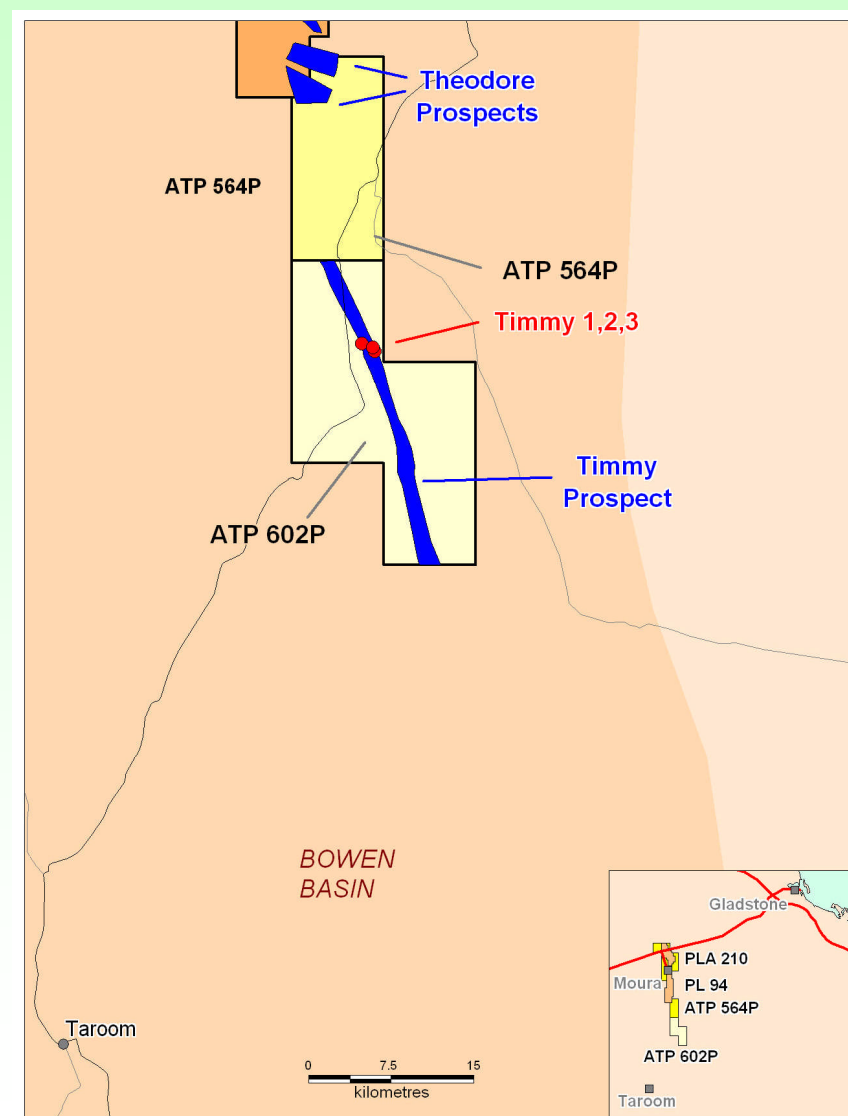




## CBM IN QLD - The Timmy Prospect

- Molopo has a 25% interest in ATP602P, which adjoins ATP564P
- The Timmy Prospect is 71 km<sup>2</sup> and is estimated to contain 300PJ of recoverable gas.
- An old Conoco well using an outdated stimulation technique flowed gas at 150,000cf/day
- Molopo and partners are currently testing a horizontal production well.
- Exciting project – likely to have higher permeability than Mungi/Harcourt.

### TIMMY PROSPECT



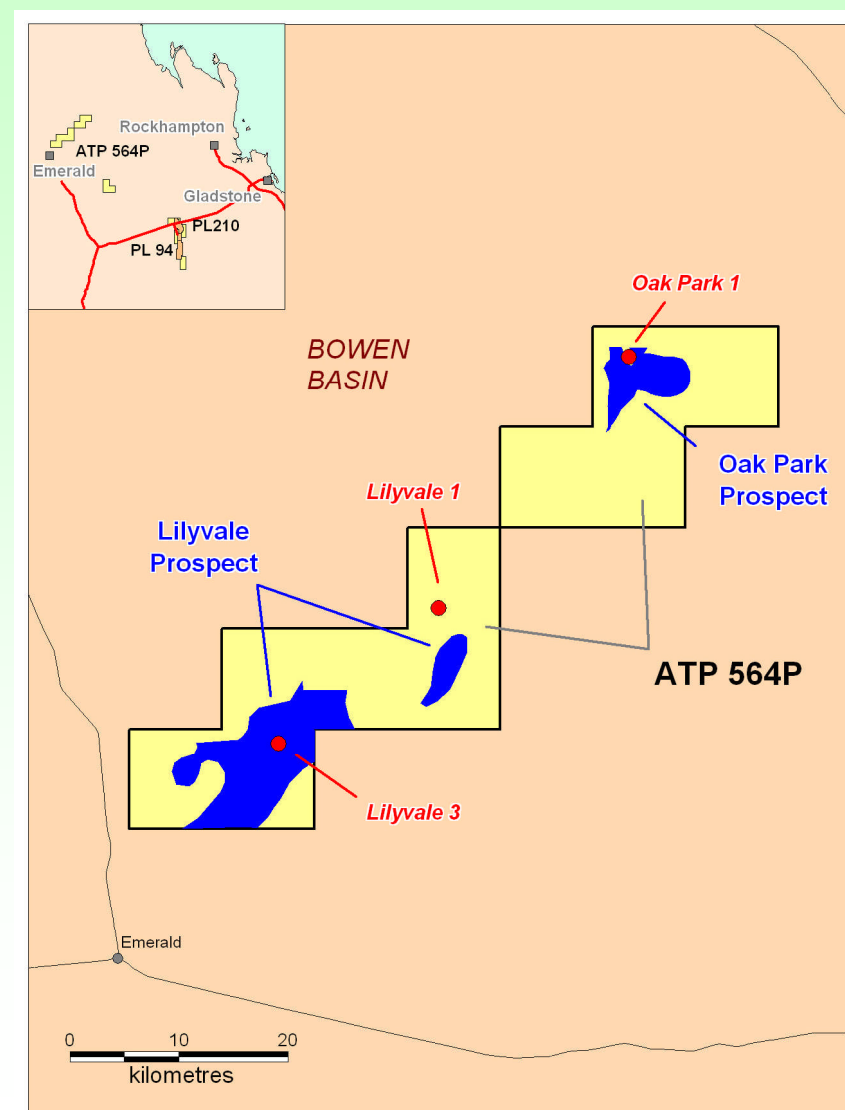




## CBM IN QLD - Lilyvale And Oak Park Prospect

- The Lilyvale and Oak Park Prospects in ATP564P cover a combined area of 173 km<sup>2</sup>
- Current reserves of 247PJ – under review
- Three cored wells drilled by Origin and Molopo demonstrated favorable characteristics for CBM
- Represents secondary target at present due to location

### ATP564P NORTH WESTERN PROSPECT

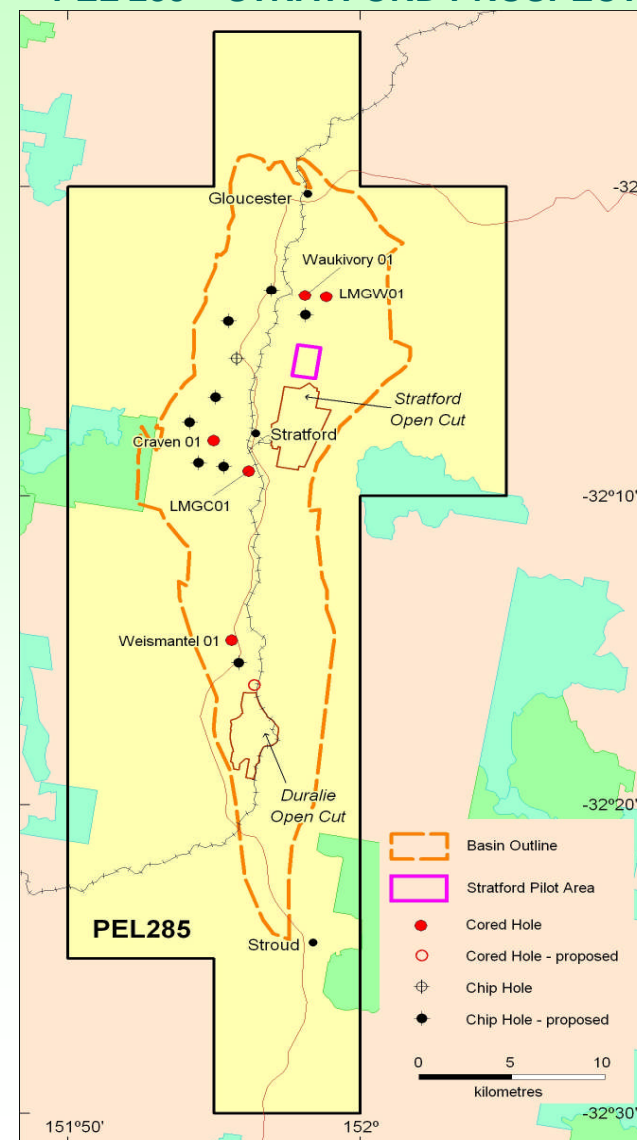




## CBM IN NSW - Gloucester Basin Summary – 30%

- Very thick coal sequence (30 to 60 meters) with high permeability generally greater than 20md at Stratford Prospect
- Measured gas contents often between 10m<sup>3</sup>/t up to 20m<sup>3</sup>/t.
- Nine CBM coreholes have been drilled within a 5km<sup>2</sup> area (estimated to contain 90PJ of gas-in-place)
- In total approximately 200km<sup>2</sup> of coal bearing strata.

### PEL 285 – STRATFORD PROSPECT





## CBM IN NSW - Gloucester Basin Summary

- Very encouraging initial results of in excess of 650,000cf/d
- Two cored holes recently completed adding to gas-in-place
- Two rigs currently on site
- 4 new production wells and up to 13 CBM coreholes are planned to delineate reserves - drilling underway
- Has the potential to add substantial value and cashflow to Molopo.



Figure 5: Fracking Operations



Figure 6: Seismic Operations

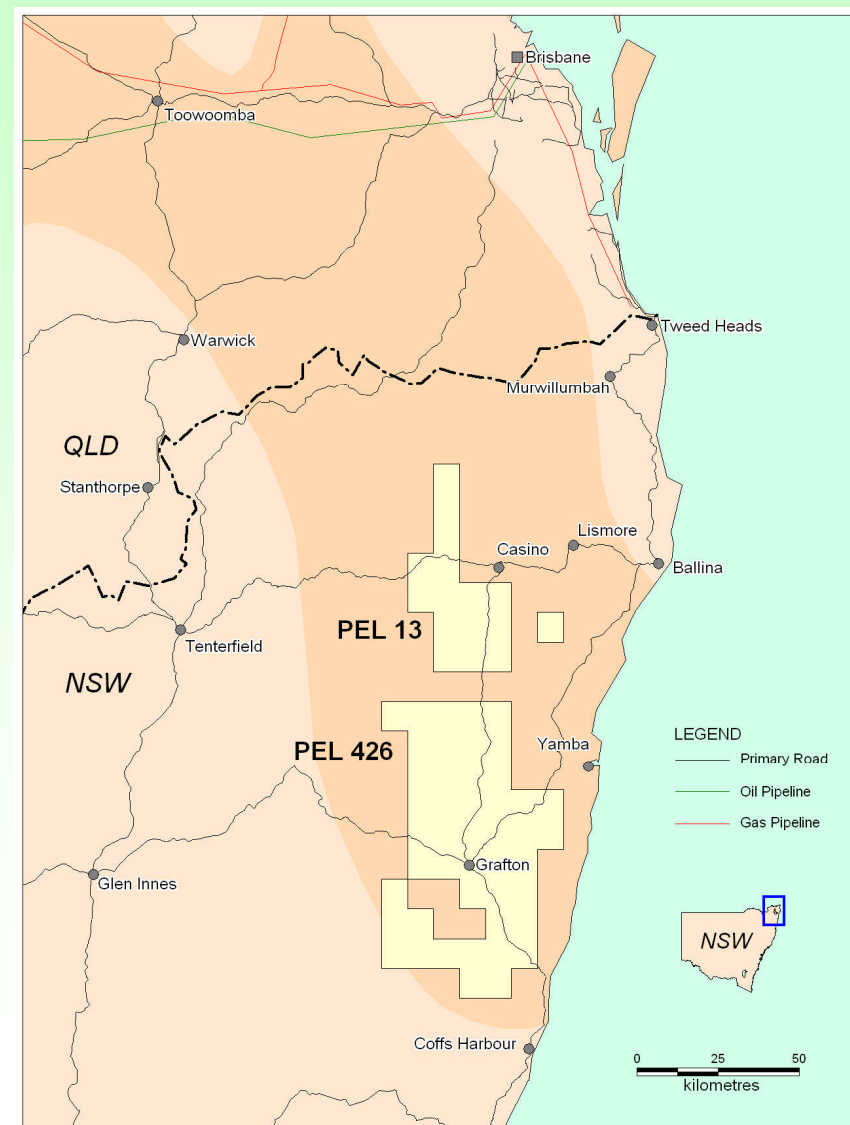




## CBM IN NSW PEL 13 & 426

- Combined area of ~4,650km<sup>2</sup>
- Prospective for CBM and conventional gas
- Metgasco is earning 50% of PEL426 by financing seismic and 1 well
- Metgasco also earning an interest in PEL 13 (50% of conventional and 75% of CBM). First cored well had thick gassy coal
- 21 Petroleum wells drilled to date. Best results have been:
  - Hogarth 2 & Picabooba – Both produced over 450mcf/d

### CLARENCE MORETON BASIN



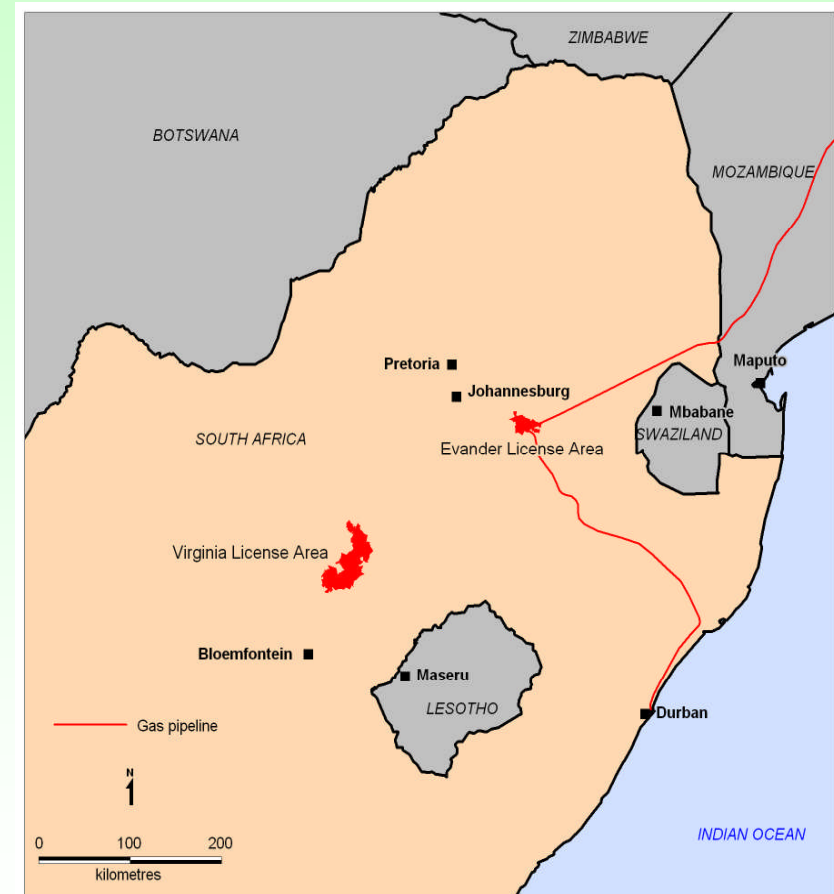




## GAS IN SOUTH AFRICA

- MPO has a 100% interest in two South African projects
- Free State Exploration Right is ~ 500,000 acres
- Mpumalanga Province Exploration Right is ~ 150,000 acres
- Both areas have a history of gas emissions from mineral exploration
- Over 70 gas emitting boreholes recently identified
- Over 2000 soil gas samples taken
- Six wells producing a combined total of 1,500,000cf/d
- Likely that significant carbon credits will be available.

### SOUTH AFRICAN APPLICATIONS





## GAS IN SOUTH AFRICA



Figure 7: Soilgas Sampling



Figure 8: Oil & Gas Infrastructure



Figure 9: New “blowers”



Figure 10: Old “blowers”

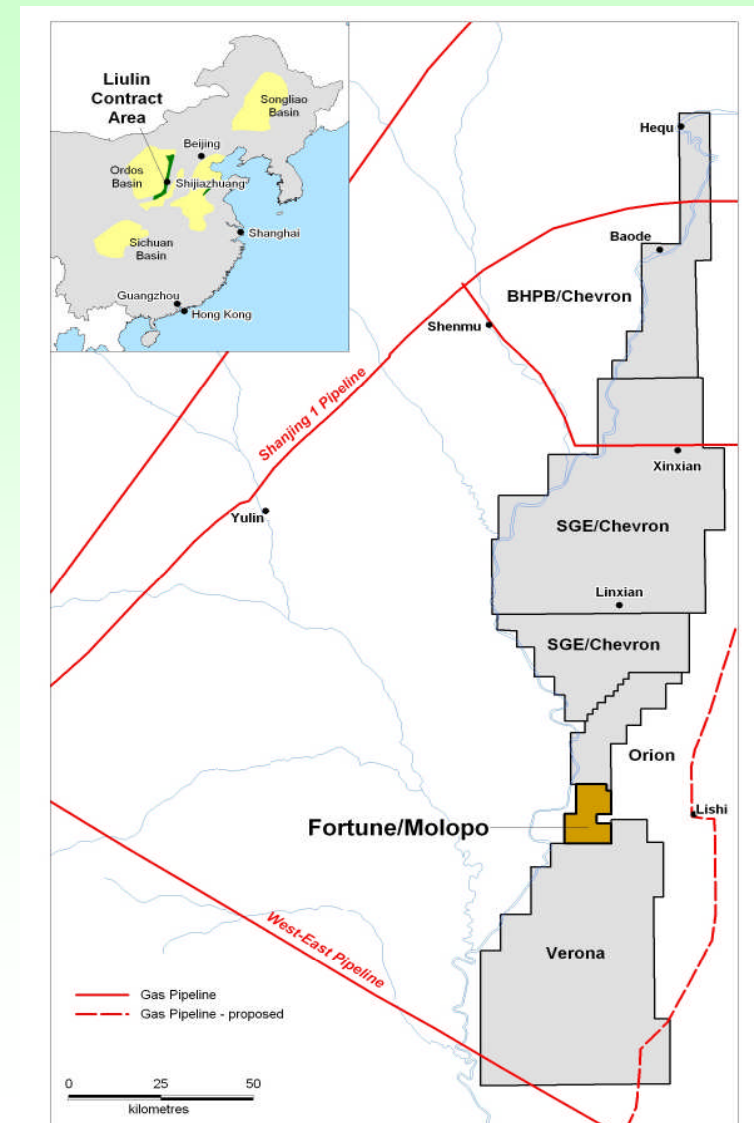




## CBM IN CHINA - Liulin Contract Area

- Thick coals (13m), high gas contents ( $14\text{m}^3/\text{t}$ ) and high permeability (up to 30 md) make Liulin an attractive project
- Resource estimate lifted from 800bcf to 1.2TCF
- Molopo has 40% (net 20%). Partner is Fortune Oil – LSE company specialising in energy in China
- Two new production test wells recently completed and on test
- Additional production and cored wells planned
- Molopo encouraging JVC to pursue laterals

### P.R. CHINA – LIULIN PROSPECT

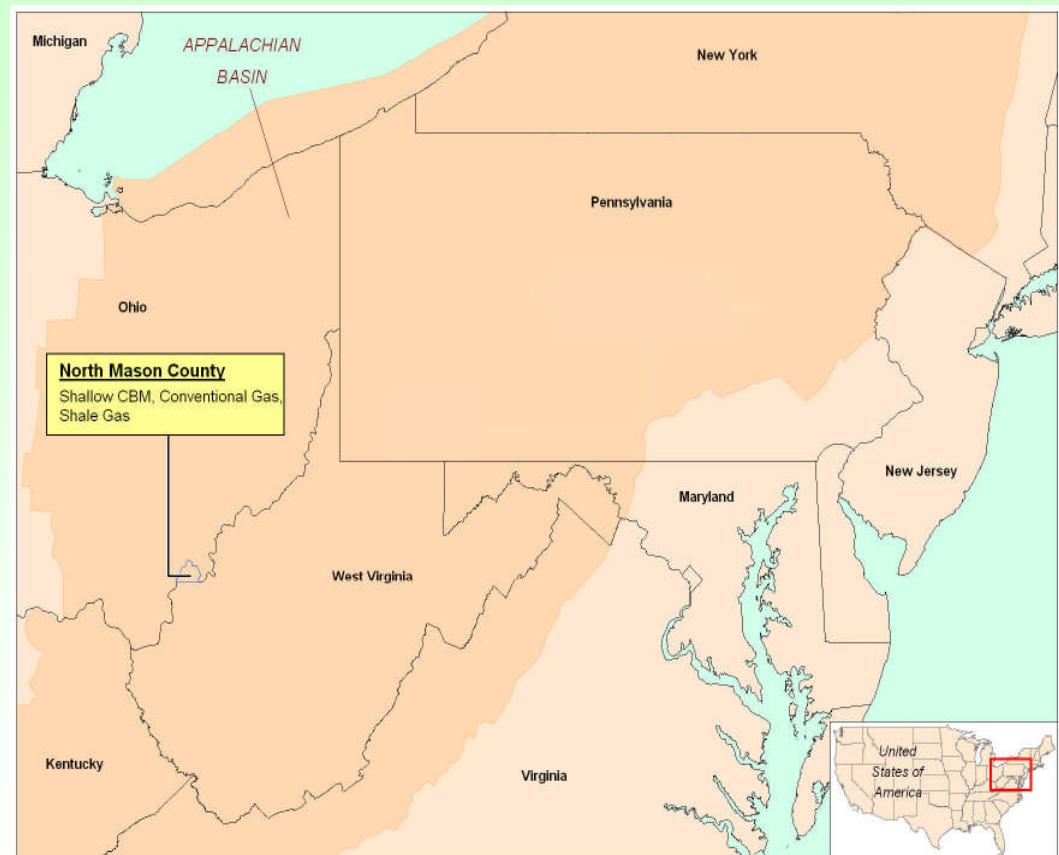




## CBM IN THE USA – West Virginia

- 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
- Close to infrastructure
- Strong partners.
- Significant shale activity by majors in the region (Cabot)
- US endeavours under review

### MASON COUNTY WEST VIRGINIA







# **2008 PROGRAMME & OBJECTIVES**



## 2008 INDICATIVE PROJECT TARGETS

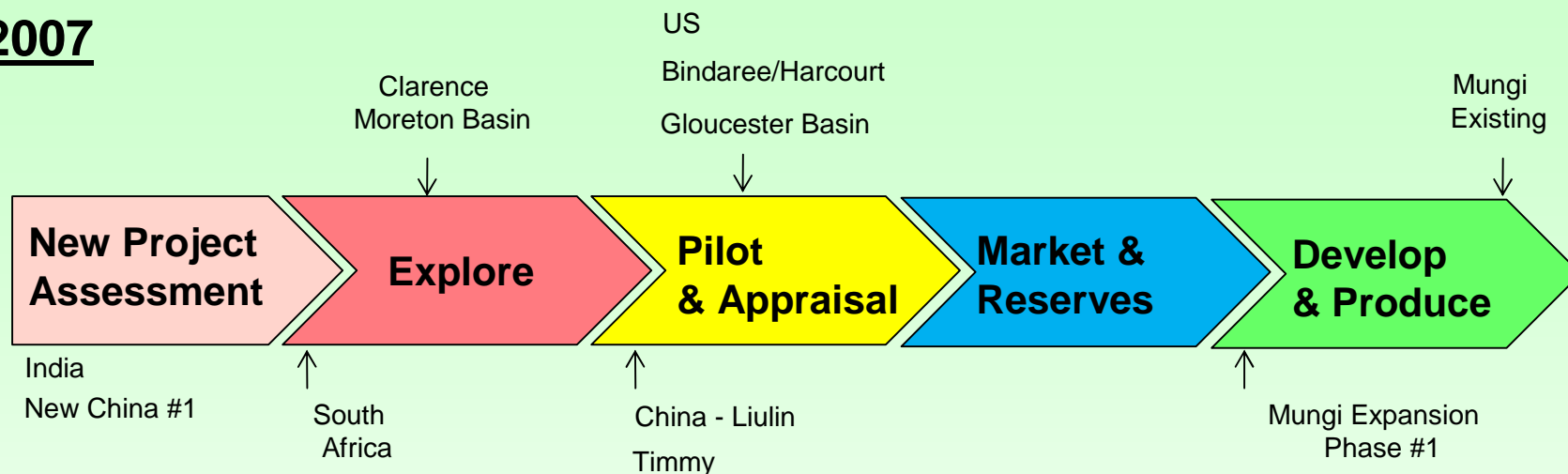
### PROJECTS:

MUNGI (QLD)	3+ new production wells, increased production, sales and reserves New sales contract
GLOUCESTER (NSW)	5 well production pilot, 3 cored holes, establish reserves
HARCOURT (QLD)	1 new production test well, confirm and expand reserves
TIMMY (QLD)	Complete production test, establish initial reserves
SOUTH AFRICA	Feasibility study on developing "blowers", soilgas testing, mapping, development decision, sales contract
CHINA	Production test existing wells, 3 new cored holes, lateral appraisal well(s), extend Production Sharing Contract
USA (WV)	1 production test well (shale)
CLARENCE MORETON (NSW)	Seismic reprocessing, new seismic, 1 cored CBM well

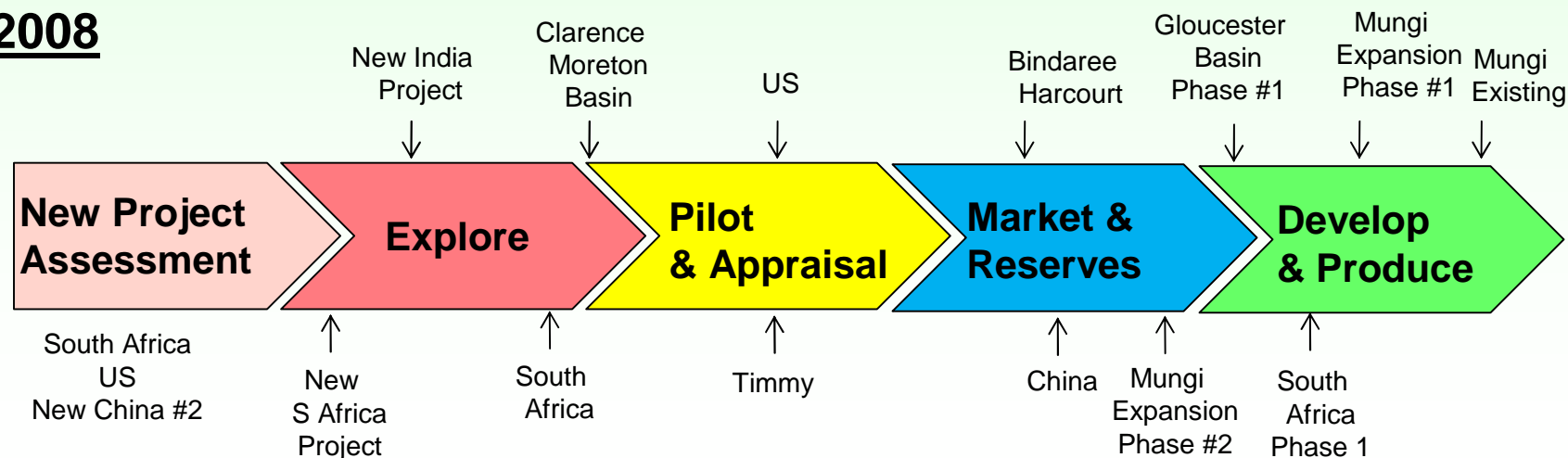


## Portfolio Maturation

### Mid 2007



### End 2008





## USE OF FUNDS – Next 12 months (\$million)

Region	Screening Capture	Exploration	Appraisal & Pilot	Development*
Queensland		1	1	5-15*
NSW		2	3	
China		1	3	
South Africa		1		4**
US		1.5		
New Projects	0.5			
Total	0.5	6.5	7	5-19

### Cash Summary

Cash on hand \$39m  
 Firm Commitments \$19m  
 Additional development \$14m  
 Closing Cash with dev. \$6m\*\*\*

### Notes:

\* Results contingent  
 \*\* Scope depends on ongoing gas testing  
 \*\*\*Excludes overheads of \$2 million and sales revenue





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