



ASX ANNOUNCEMENT

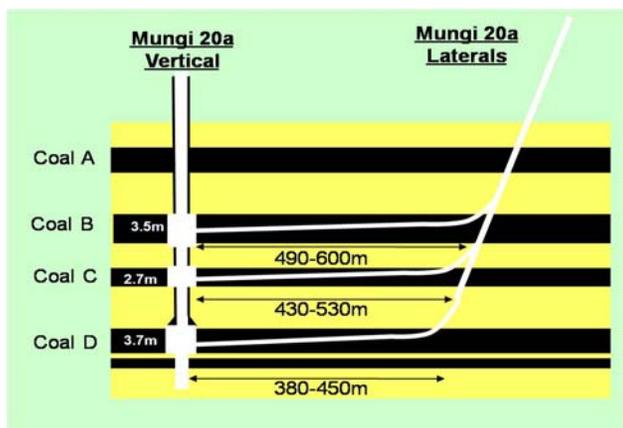
4th March 2009

MUNGI-20a HORIZONTAL WELL REACHES 1 MMSCF/D

- **Interim production rate of 1 MMscf/d achieved.**
- **Production rates still building.**
- **Gas being sold through existing contracts.**
- **Confirms viability of Molopo's innovative multi-lateral/multi-seam well design.**

Molopo announces encouraging interim production results for its second innovative multi-lateral coal seam gas trial well, Mungi-20a, at the Mungi field located in the Bowen Basin, Queensland, Australia. The well is still being dewatered and the pressure gradually reduced but gas production has now passed the 1MMscf/d (million standard cubic feet per day) milestone and is continuing to build.

Mungi-20a was drilled as the first triple seam, dual lateral horizontal well (total of six laterals) in Australia – see diagram below. The well was expected to produce approximately 1MMscf/d as a peak rate but is now anticipated to significantly exceed this level.



Chief Operating Officer of Molopo, Ian Gorman, said “We are very pleased to be able to demonstrate the inherent production capacity of the Mungi coals. Several drilling and production challenges have been presented to us over the last 12 months with our trial development programme and it is a credit to the technical team that these have been recognised, met and overcome. We expect even better results from our subsequent wells.”

The in-seam coal laterals employed in Mungi-20a are considered by Molopo to be relatively short at approximately 500m length with the well having a total in-seam coal completed length of 2800m.

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A new rig on the Mungi site has recently commenced drilling the next trial development well, Mungi-20b, which will target in seam coal lateral lengths of approximately 1000m and a total in-seam coal completed length of 5000m. Molopo believes this will lead to correspondingly higher production rates and reserves recovery. Depending on drilling results the next well in the Mungi trial programme will target a further extension of the lateral length.

The previously drilled Mungi-22 trial well reached an interim peak production level of just under 300Mscf/d (thousand standard cubic feet per day) before experiencing down hole problems that necessitate a work over. This well has a total in-seam coal completed length of 1100m. Molopo expects higher production rates to be achieved following the work over.

As the Mungi horizontal trial development well program is being conducted by Molopo on a sole risk basis, 100% of the gas produced from the trial wells is attributable to Molopo.

Molopo continues to pursue its horizontal well approach in the Mungi Field. Significant experience has now been gained from the first two trial wells (Mungi-22 and Mungi-20a) giving the Company confidence it can continue to grow both reserves and production capacity from the area.

Molopo's indicative forward drilling program is as follows:

Well	No. of Laterals	Coal Seams	Length Lined (m)	Status
Mungi-22	3	A & C	1100	Completed
Mungi-20a	6	B, C & D	2800	Completed
Mungi-20b	6	B, C & D	5000	Currently Drilling
Mungi-21	9	B, C & D	7000	To be drilled
Mungi-12	4	A & C	3000	To be drilled
Mungi-9/17	6	B, C & D	5000	To be drilled

Molopo's 2P and 3P net gas reserves in the Mungi/Harcourt area currently stand at 48bcf and 231bcf (billion cubic feet) respectively.

Molopo's has a 50% interest in the Mungi Gas Field (northern portion of PL-94), ATP-564P and ATP602. Molopo's joint venture partners are Anglo (25.5%) and Mitsui (24.5%). Anglo is the Operator for the permits but Molopo is the drilling operator for this trial development program which is being conducted by Molopo on a sole risk basis.

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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 50% interest in several gas fields located in the Bowen Basin, Queensland, a 50% interest in a US gas project, a 100% interest in a shale gas project in eastern Canada, 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 covering 250,000 hectares.