



MOLOPO ENERGY LIMITED

PROJECT UPDATE

August 2010

CANADIAN PROJECTS - UPDATE

CANADA – AN INCREASINGLY IMPORTANT PART OF THE PORTFOLIO

Molopo's growth strategy in Canada is based on three sizeable resource assets offering short term reserve and production growth from oil and long term exposure to natural gas



- **Manitoba (Spearfish):** onshore unconventional (tight) oil accumulation
- **Saskatchewan (Bakken):** onshore unconventional (tight) oil accumulation
- **Quebec:** 2.2 million acres of onshore shale/conventional gas potential



UPDATE CANADA OIL

On August 10th Molopo announced (ASX: 10 August 2010) oil reserves in Canada undertaken by GLJ Petroleum, one of Canada's most respected reserve evaluators.

Net Molopo share (Before Royalties)	1P or Low Estimate	2P or Best Estimate	3P or High Estimate
Reserves - MMstb	4.5	9.3	11.1
Contingent Resource - MMstb	0.7	8.8	21.0
Total - MMstb	5.2	17.9	32.1

Before Tax Value at 10%	1P or Low Estimate	2P or Best Estimate	3P or High Estimate
Reserves (C\$ million)	51	120	168
Contingent Resource (C\$ million)	9	104	268
Total Value (C\$ million)	60	224	436
Value per share (A\$)	0.26	0.95	1.86

UPDATE: CANADA OIL – SPEARFISH

Asset update

Reserves & Contingent Resources (net)

- 1P of 4.2MMstb
- 2P of 8.7MMstb
- 3P of 11.1MMstb
- Contingent resource (3C) 19.1MMstb

Production

- At acquisition of 58 b/d producing ~522 b/d at June 30, 2010 with some wells awaiting workovers

Growth Potential

- Targeting >20MMstb of recoverable oil (net)
- MPO ownership 79% (average)
- Land position 56 sections (gross) 35,840 acres



Spearfish overview

- Tight sand / siltstone stratigraphic trap formation in Manitoba Province, Canada
- Adjacent fields under development with multi-stage fractured horizontal wells
- Regional producers include Canadian Natural Resources, PennWest and EOG Resources
- Spearfish oil is a light sweet crude sold under the Edmonton Light crude classification



UPDATE: CANADA OIL – SPEARFISH

Targeted recovery – key assumptions

Core Areas (prospective)	~ 30 sections (gross)
OIIP per prospective section (average)	12 MMstb (gross)
Total OIIP (estimated)	~360MMstb (gross)
Recovery factors	10 –15%
Development Potential (12 wells/section)	360 wells (gross)
Total ultimate recovery	27-40 MMstb (net)
Estimated Cost/Well	~C\$1.8m
Estimated Oil Recoverable/well	~150,000 bbls
Average Initial Production Rate	150 bbls/day
1 st Year Production Decline (est)	~60%



UPDATE: CANADA OIL – SPEARFISH

Current Work Programme

- 3 rigs currently working
- Targeting 25 new production wells (gross) on pump by end of September 2010
- Evaluate results – then determine programme for remaining year (financial)
- Targeting towards 2,000 barrels day by end of December 2010 and 3,000/day by end of June 2011
- Will revise production forecast based on results of new wells (Oct/Nov)



UPDATE: CANADA OIL – BAKKEN

Asset update

Production (net)

- Currently producing ~ 55 b/d from 4 wells

Reserves and Contingent Resources (net)

- 1P 250,000bbls
- 2P 570,000bbls
- 3P 710,000bbls
- 3C 1,980,000bbls

Growth Potential

- 6 wells drilled in early 2010, 5 wells completed
- 82 sections (up from 66 originally acquired)
- Targeting 25 MMstb of total ultimate recoverable oil, with scope for increased recovery from future infill drilling

Key metrics

MPO ownership	100%
Land position	82 sections, 52,480 acres (net)
Prospectivity	Under review
OIIP per prospective section	4MMstb
Recovery factors	10 –15%

Bakken overview

- Regionally extensive shale / siltstone formation extending from Montana / Dakota, US to Saskatchewan Province, Canada
- Molopo leases located in three key areas – Estevan, Weyburn and Torquay
- Regional producers include PetroBakken, Connaught Oil, Legacy Oil & Gas, Nuloch Resources, Regent Oil & Gas
- Bakken oil is a light sweet crude sold under the Edmonton Light crude classification
- Six wells drilled to date – good oil shows in each
- Seismic acquisition and evaluation underway



UPDATE: CANADA GAS (QUEBEC)

Project overview:

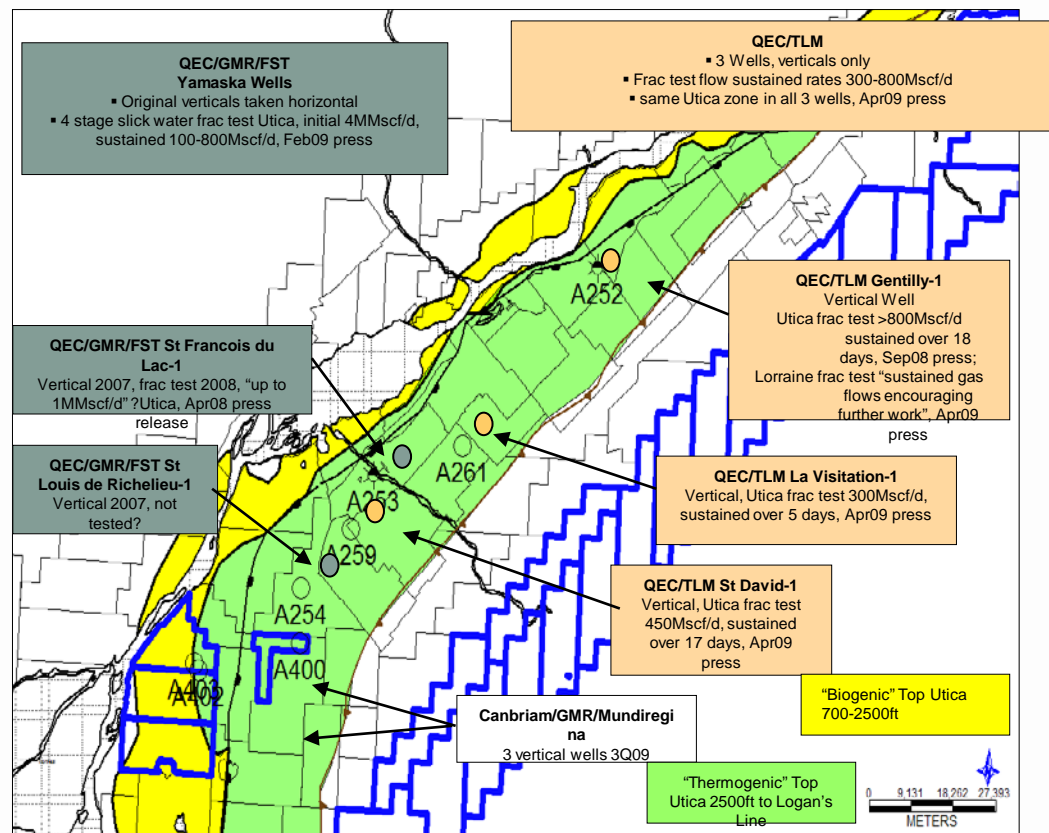
- 2.2 million acres (100% Molopo)
- Gas initially in place ("GIIP") potential of 40 trillion cubic feet ("TCF"), with potential recovery of 6TCF from highgraded acreage
- Shale and conventional gas targets – Utica (up to 2,500 ft thick) and Lorraine (up to 8,300 ft thick)
- Strong production test results from others (i.e. Talisman)

Project update:

- Seismic completed over Lyster, Richelieu and Quebec
- Drilling delayed due to permitting issues. Now planned for Q3 CY2010 at Richelieu – 1 vertical well

Commercialisation / growth options:

- Ready pipeline access serving the highly priced liquid North Eastern US spot gas market

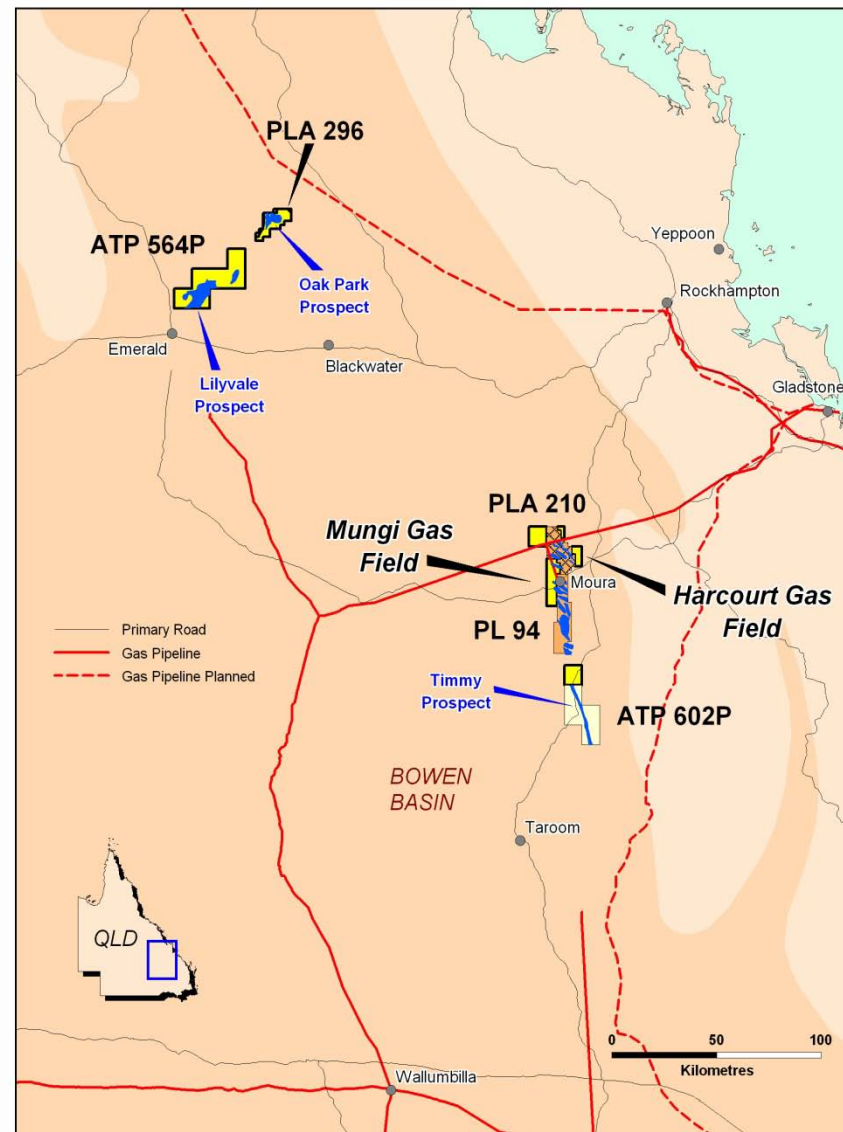


Molopo acreage outlined in blue

AUSTRALIAN PROJECTS - UPDATE

AUSTRALIAN (QUEENSLAND) COALBED METHANE ("QLD CBM")

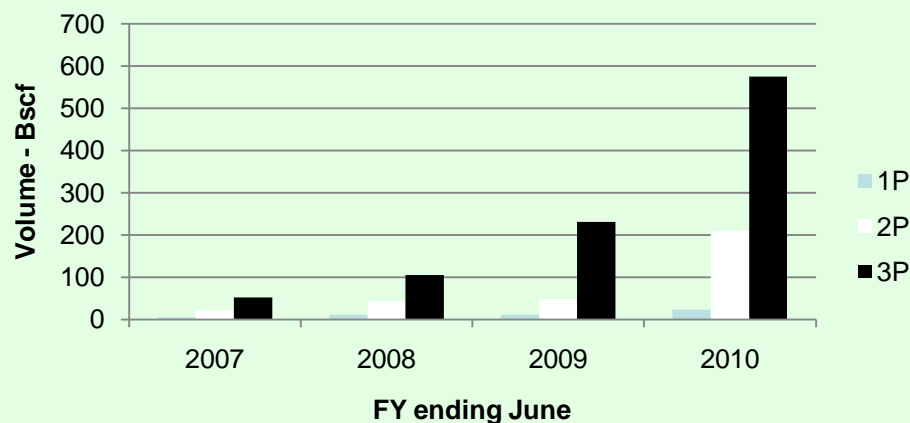
- Strategic assets
 - Large CBM reserve / resource base with production infrastructure and further growth potential
 - Mungi / Harcourt gas field located on gas pipeline infrastructure
 - Closest production to Gladstone (proposed LNG developments)
- Consolidation of Bowen Basin position via pre-emption over sale of Anglo Coal (Dawson) Ltd's ("Anglo") stake in the ATP564P and ATP602P joint ventures
 - Molopo is Operator and has a majority position in both ventures
 - 67.1% in ATP564P, 62.9% in ATP602P
- Mitsui holder of minority interest
- Resource supports range of commercialisation options
 - Gas currently sold to Anglo under contract
 - Feasibility study for 60MW gas to power generation project initiated (30MW initial stage)
 - Increasing demand for gas as LNG feedstock



UPDATE: QLD CBM RESERVES / RESOURCES GROWTH

QLD CBM Reserves Growth (net Bscf)

Queensland Reserves Growth



- Significant Mungi / Harcourt reserves upgrade as at March 2010 (after pre-emption):
 - Net 2P increased from 48Bscf to 168Bscf : up 256%
 - Net 3P increased from 230PJ to 422PJ: up 83%
- Lilyvale/Oak Park reserves upgrade as at April 2010 (after pre-emption):
 - Net 2P 41 Bscf
 - Net 3P 153 Bscf

QLD CBM Gas Reserves As at June, 2010	Net Reserves - Bscf			
	1P	2P	3P	Total Recovery
Mungi/Harcourt	23	168	422	952
Timmy	0	0	0	220
Lilyvale/Oak Park	0	41	153	258
Total	23	209	575	1430

Molopo has now exceeded its end CY2010 targeted net reserves position of 200Bscf 2P and 500Bscf 3P



UPDATE: QLD CBM PRODUCTION AND DRILLING

- Fifth and final well in Mungi sole risk trial development programme completed
 - Two wells, Mungi 20a and 20V, reached production peak rates of 1.1MMscf/d⁽¹⁾ and 1.8 MMscf/d respectively
 - Production results for Mungi 21 and Mungi 23 expected in 2H CY2010
 - Mungi 23 is the first triple seam / triple lateral well drilled in Australia – proof of concept for future drilling
- Evaluation of commercialisation options will depend on final trial development program results
- Drilling at Timmy and Harcourt fields (5 wells each) with objective of increasing QLD reserves late in 2010

Trial development program

Well	# laterals	Length lined m	Peak rate MMscf/d
Mn-22	3	1,100	0.4
Mn-20a	6	2,800	1.1
Mn-20V	6	5,300	1.8+
Mn-21	6	7,800	Dewatering
Mn-23	8	8,100	Dewatering

- Record Mungi production levels achieved in Q1 CY2010
- Total Mungi field production now at 2.3MMscf/d

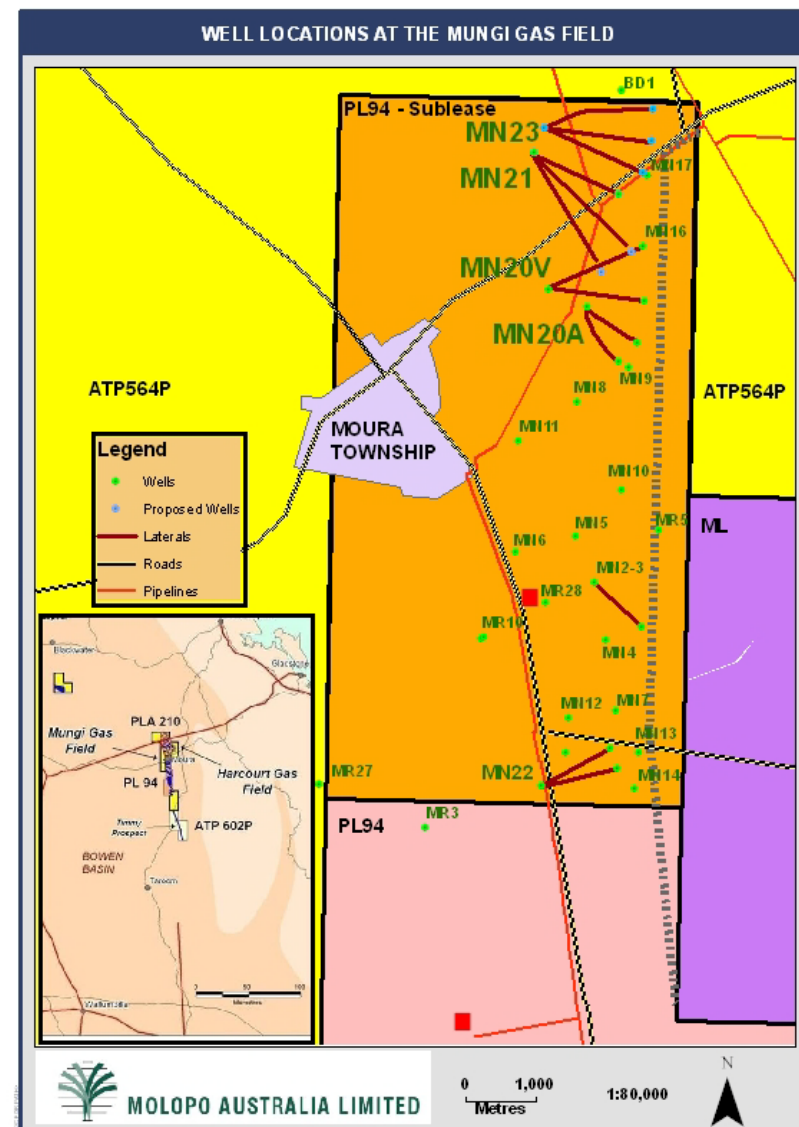
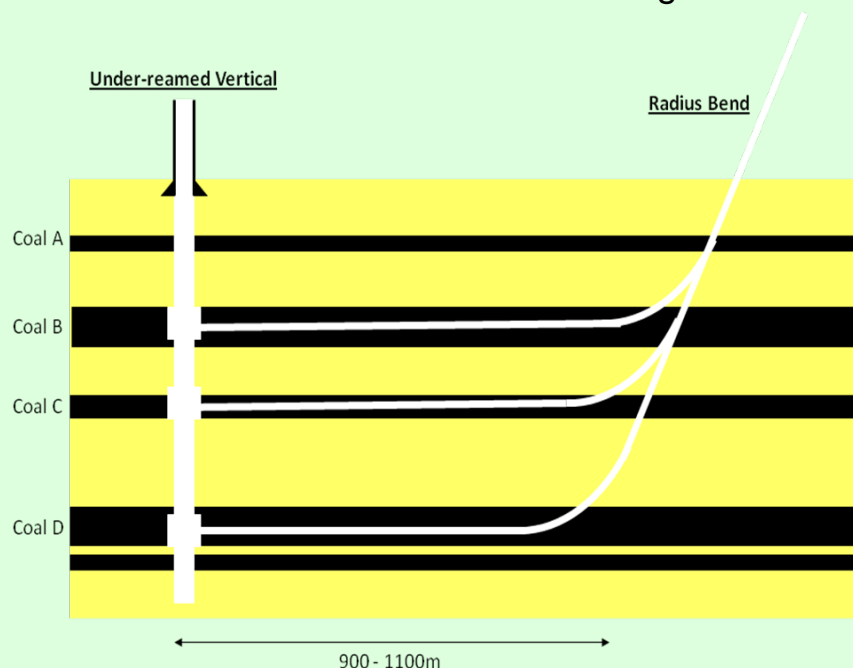
(1) Million standard cubic feet per day.



UPDATE: CBM HORIZONTAL WELL COMPLETION

- Cost (development) approximately \$0.75m/km of lined coal
- Production (target) IP 400,000scf/d/km of lined coal
- Targeted gas recovery of 0.75Bscf/km of lined coal

Indicative Horizontal Well Design



SOUTH AFRICAN PROJECTS - UPDATE

UPDATE: SOUTH AFRICA

Project overview:

- 100% interest in two South African projects
 - Virginia~ 750,000 acres
 - Evander ~ 150,000 acres

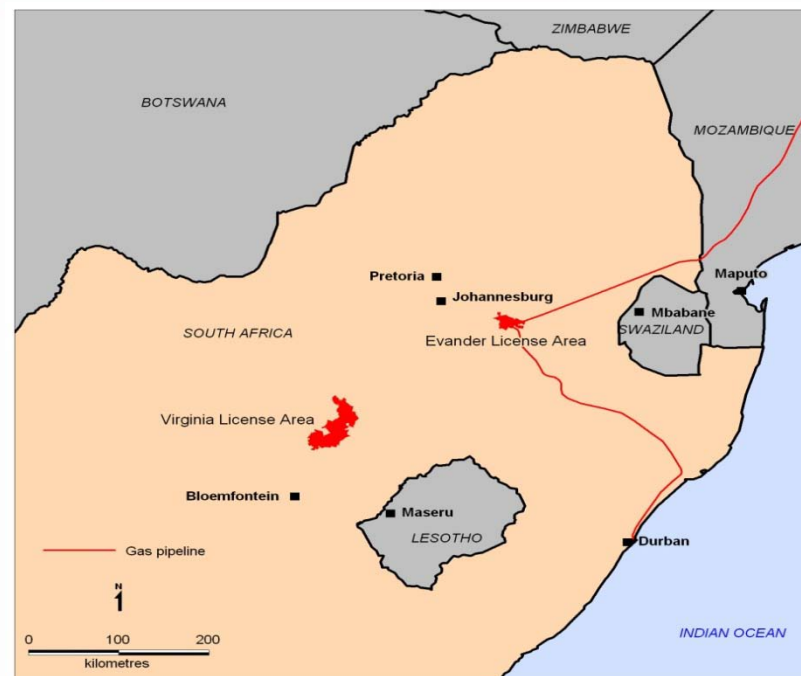
Both areas have a history of gas emissions from mineral exploration

Project update:

- 10 pilot wells stable after two years (~1 MMscf/d)
- Up to three appraisal wells and 10 intervention wells planned for 2H CY2010
- Expected spend ~ A\$3m

Commercialisation options:

- Production Right Application submitted to permit gas sales
- Partners being considered to meet South African regulatory requirement
- Gas sales agreement signed (initial volume 0.6TJ/d) with first delivery expected mid-2011



Old gold mining exploration borehole

MOLOPO RESERVE POSITION

		Net Reserves			Contingent Resource (2C)
Gas - Bscf	Equity - %	1P	2P	3P	
Queensland	62.9-71.8	23	209	575	855
South Africa	80*	0	28	90	652
Total - Bscf		23	237	664	1507
Oil- MMstb	Equity - %	1P	2P	3P	CR (2C)
Spearfish	75	4.2	8.7	10.3	7.3
Bakken	100	0.3	0.6	0.7	1.5
Total - MMstb		4.5	9.2	11.0	9

* Assumes 20% Government back-in exercised



MOLOPO 2010-11 ACTIVITY PLANS

Project Area	Focus	Activity ¹	Cost
Queensland - Mungi -Timmy -Harcourt	Production & Reserves Growth Establish Reserves, Production Licence Reserves Growth, Production Licence	Complete 5 well trial development 5 Cored CBM wells 5 Cored CBM wells	A\$3.3 A\$1.3 <u>A\$1.9</u> A\$6.5m
Canada – Spearfish	Production & Reserves Growth	~25 new horizontal wells Infrastructure	A\$36m ²
Canada – Bakken	Exploration, Production & Reserves	Complete existing well 1 New vertical well Seismic	A\$4.0m ²
Canada – Quebec	Exploration	Seek well permit 1 vertical well	A\$5.0m
South Africa	Appraisal, Production Licences, Gas Contracts	3 Exploration Wells 10 Intervention Wells Road Construction Evander Seismic Re-entry of core holes	A\$4.1m
TOTAL			A\$55.6m

1. Indicative work programme only – subject to change
2. Programme through to October 2010 – next stage to be determined after results are reviewed

CORPORATE OVERVIEW

MOLOPO SHARE PRICE



MOLOPO SUMMARY INFORMATION

Cash (Pro Forma 30/6/10) \$73 million

Debt Free

Share Information (as at August 2010)

High – 12 months \$1.14

Low – 12 months \$0.92

12-month Volume 211 million

Fully Paid Shares 226 million

Employee Options 7.5 million

No of Shareholders 8,605

Market Capitalisation (\$1.14) \$286 million

Top 20 / Issued Capital 31.83%

MOLOPO BOARD AND MANAGEMENT

Board:

- Donald Beard – Chairman
- Geoff Phillips – Non-Executive Director
- David Hobday – Non-Executive Director
- Stephen Mitchell – Managing Director
- Ian Gorman - Executive Director & Chief Operating Officer

Management:

- Monty Bowers – CEO/President MPO Canada
- Anthony Bishop - Chief Financial Officer and Company Secretary
- Ric Sotelo – Chief Commercial Officer

BROKER SUMMARY

Broker	Date of Report	12 Month Price Target
Baillieu	Aug 2010	\$2.25
Wilson HTM	Aug 2010	\$2.00
Credit Suisse	Aug 2010	\$1.65

MOLOPO ENERGY LIMITED

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