



**MOLOPO ENERGY LIMITED**

**September 2010**

# INVESTMENT HIGHLIGHTS

- ✓ A diversified, globally significant portfolio of unconventional oil and gas projects
- ✓ Existing 2P reserves of 9.3MMstb of oil and 245Bscf of gas
- ✓ Substantial land holdings in the leading tight oil and shale gas regions of North America obtained through early mover strategy and distressed asset sales
- ✓ Significant near term revenue, reserves and cash flow growth to be driven by active development programme in the Bakken and Spearfish plays in the Williston Basin
- ✓ Longer term value to be created through ongoing exploration, appraisal and development of gas assets in the portfolio
- ✓ Relatively low risk investment proposition
  - Targeting known oil and gas deposits
  - Low technology risk
  - Experienced management team
- ✓ Compelling value relative to Canadian and Australian peers



# CORPORATE OVERVIEW

## Share price performance



Source: Iress

## Analyst coverage

Credit Suisse  
Macquarie Equities

EL&C Baillieu  
Wilson HTM

## Summary information

Cash (30 June 2010) A\$73 million

Debt free

### Share information (22 September 2010)

High – 2010 YTD A\$1.45

Low – 2010 YTD A\$0.99

Fully paid shares 251 million

Employee options 7.4 million

No. shareholders 8,492

Market capitalisation (\$1.075) A\$270 million

Top 20 / Issued capital 34.10%

## Board / senior management

Donald Beard Chairman

Stephen Mitchell Managing Director

Geoff Phillips Non-Executive Director

David Hobday Non-Executive Director

Ian Gorman Executive Director and COO

Monty Bowers CEO / President MPO Canada

Anthony Bishop CFO and Company Secretary

Ric Sotelo Chief Commercial Officer

Scott Greenshields CFO MPO Canada

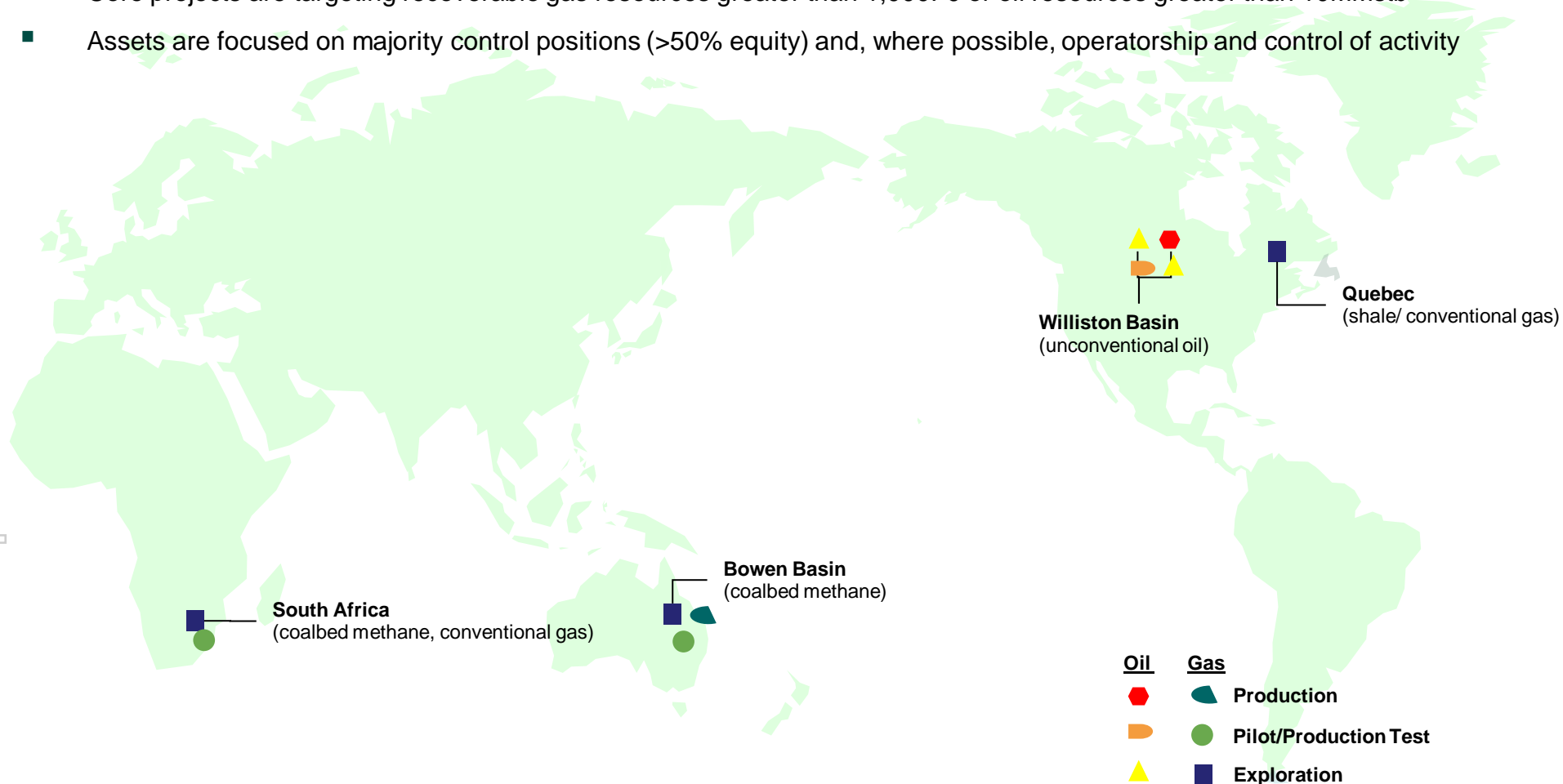
Lanny Fenwick Non-Executive Director Canada



MOLOPO ENERGY LIMITED

# STRATEGY – PROVING UP AND DEVELOPING KEY RESOURCES

- Build near term revenue and value based on oil production, drive longer term growth with exploration, appraisal and development of gas assets in the portfolio
- Core projects are targeting recoverable gas resources greater than 1,000PJ or oil resources greater than 10MMstb
- Assets are focused on majority control positions (>50% equity) and, where possible, operatorship and control of activity



# MOLOPO RESERVES / RESOURCES POSITION

	Net Reserves <sup>2,5</sup>			Net Contingent Resource <sup>1,3,5</sup>
	1P	2P	3P	
Gas (Bscf)				
Queensland	23	209	575	855
South Africa <sup>4</sup>	-	36	112	815
Total	23	245	687	1,670
Oil (MMstb)				
Canada – Spearfish	4.24	8.66	10.29	7.30
Canada – Bakken	0.25	0.57	0.71	1.50
Canada – Knopcik Gas	0.04	0.05	0.06	n/c
Total	4.5	9.3	11.1	8.8

1. Contingent resources at 2C level (Best Estimate)

2. Reserves independently certified

3. Contingent Resources independently certified with the exception of 220Bscf at Timmy

4. 100% equity excludes 20% Government back-in rights

5. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts





## CANADIAN PROJECTS



# CANADA – A KEY PORTFOLIO FOCUS

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



- **Manitoba (Spearfish):** unconventional (tight) oil accumulation, targeting over 20MMstb recoverable
- **Saskatchewan (Bakken):** unconventional (tight) oil accumulation, targeting over 25MMstb recoverable
- **Quebec (Utica):** 2.2 million acres of shale/conventional gas potential



## CANADA – RESERVES UPDATE

On 10 August 2010 Molopo announced an oil reserves upgrade in Canada – review undertaken by GLJ Petroleum, one of Canada's most respected reserves evaluators

	1P or Low Estimate	2P or Best Estimate	3P or High Estimate
<b>Net<sup>1</sup> MPO share of Reserves / Resources (before royalties) MMstb</b>			
Reserves	4.5	9.3	11.1
Contingent Resources	0.7	8.8	21.0
<b>Total</b>	<b>5.2</b>	<b>18.1</b>	<b>32.1</b>
<b>Net<sup>1</sup> MPO share of pre-tax value (10% discount rate) C\$m</b>			
Reserves	51	120	168
Contingent Resources	9	104	268
<b>Total</b>	<b>60</b>	<b>224</b>	<b>436</b>
<b>Total value per share A\$<sup>2</sup></b>	<b>0.26</b>	<b>0.95</b>	<b>1.86</b>

Note: Reserves certified at 30 June 2010 and do not take into account results from the current well programme

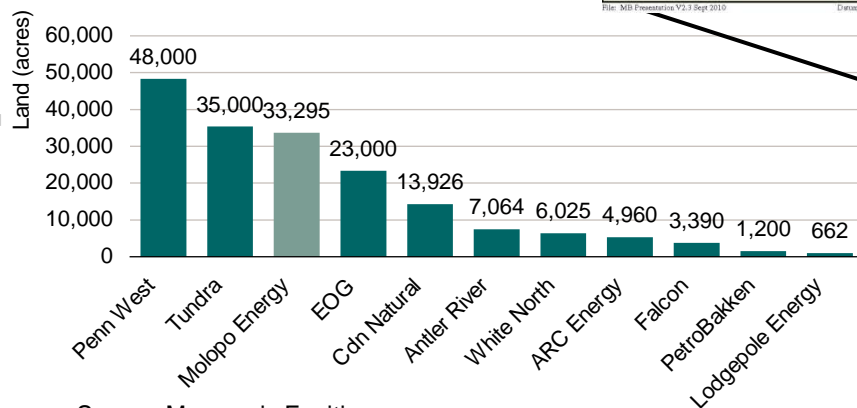
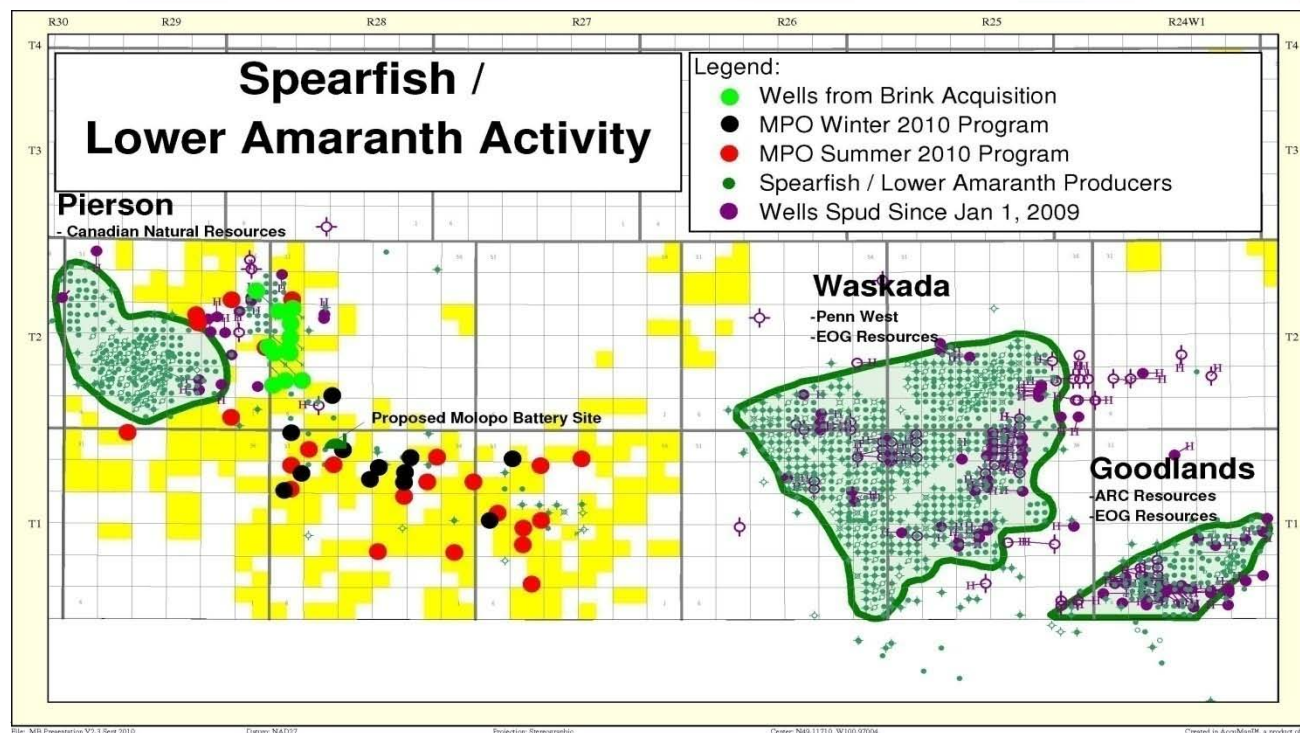
1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts
2. GLJ valuations converted at 1CAD = 1.066AUD



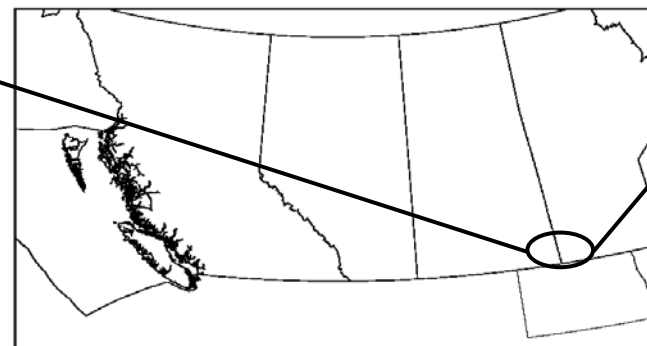


# SPEARFISH – REGIONAL OVERVIEW

- Estimated OIIP of 1 – 2bn stb in Manitoba trend
- Major players include: EOG Resources, CNRL, Penn West
- Molopo holds one of the largest land positions
- Petroleum rights are mostly locked up by a handful of E&P companies



Source: Macquarie Equities



# SPEARFISH – ASSET OVERVIEW

## Operational update

### Reserves and Contingent Resources (net<sup>1</sup>)

- 1P – 4.2MMstb
- 2P – 8.7MMstb
- 3P – 10.3MMstb
- Contingent Resources (3C) – 19.1MMstb

### Production

- Production growth from 58b/d at acquisition to 660b/d at mid-September 2010

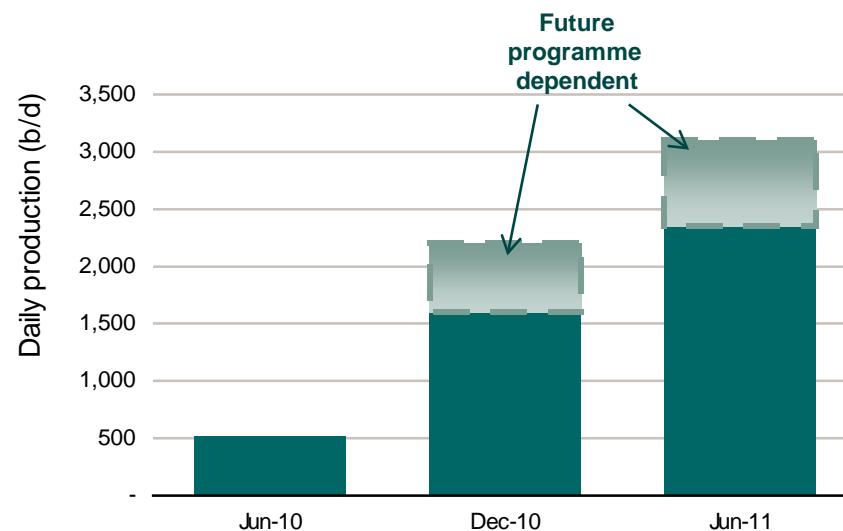
### Growth potential

- Targeting >20MMstb of recoverable oil (net<sup>1</sup>)
- MPO ownership 65% to 100%
- Land position 61 sections (gross); 39,252 acres (gross)

## Asset overview

- Tight sand / siltstone stratigraphic trap formation in Manitoba
  - Adjacent fields under development with multi-stage fractured horizontal wells
  - Spearfish oil is a light sweet crude that receives Edmonton Light crude pricing
1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts

## Target production profile (>95% from Spearfish)



# SPEARFISH – ACTIVITY PLAN AND TARGETED RECOVERY

## Activity pre-30 June 2010

- 7 horizontal wells and 5 vertical wells
- Average oil on flowback of Horizontal wells – 125 b/d (gross) – but constrained

## Activity plan – July to October 2010

- Two rig drilling campaign underway
- Targeting 15 – 25 new production wells (gross) on pump by the end of October 2010
- Anticipated incremental production of 750 – 1,100b/d (net<sup>1</sup>) from the programme
- Drilling programme and production forecasts will be reviewed based on results of new wells

1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts.

## Targeted recovery – key assumptions

Core areas (prospective)	30 sections (gross)
Additional exploration land	31 sections (gross)
OIIP per prospective section (average)	12MMstb (gross)
Total OIIP (estimated) – core acreage	~360MMstb (gross)
Recovery factors	10% – 15%
Development potential (12 wells/section) – core acreage	360 wells (gross)
Total ultimate recovery	23MMstb (net <sup>1</sup> ) – initial 35MMstb (net <sup>1</sup> ) – eventual
Estimated cost/well	~C\$1.5m – \$1.8m
Estimated oil recoverable/long horizontal well	~ 100,000bbl – initial (GLJ) ~ 150,000bbl (MPO long-term estimate)



# BAKKEN – ASSET OVERVIEW

## Operational update

### Reserves and Contingent Resources (net<sup>1</sup>)

- 1P – 0.25MMstb
- 2P – 0.57MMstb
- 3P – 0.71MMstb
- Contingent Resources (3C) – 1.98MMstb

### Production

- IPs ranged from 40 – 65b/d on four producing wells
- Current cumulative production from four wells is 55b/d
- Evaluating technical data (completion and seismic) to determine if the 110b/d IPs observed in offsetting wells are achievable

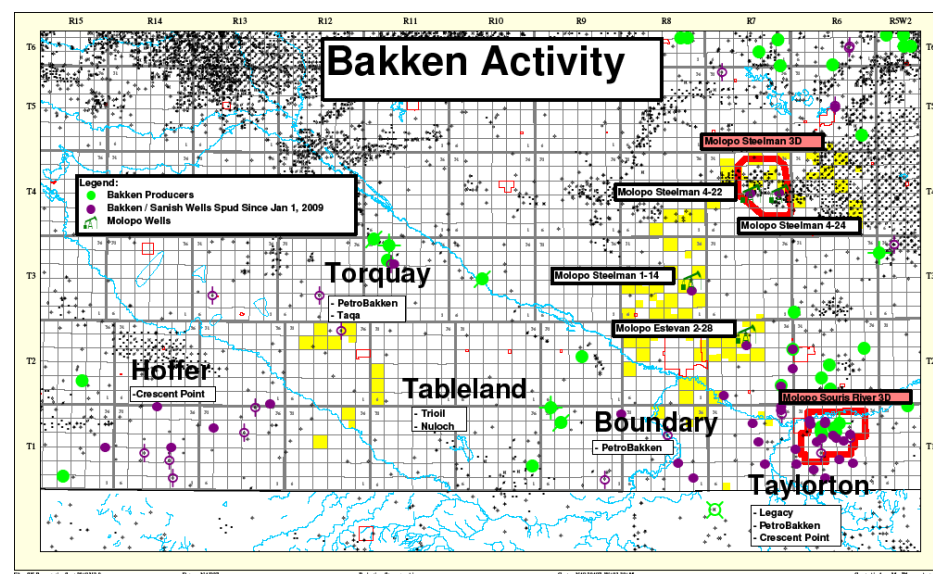
### Growth potential

- Targeting >25MMstb of recoverable oil, with scope for increased recovery from future infill drilling
- MPO ownership 100%
- Land position 82 sections; 52,480 acres owned or under option

1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts

## Asset overview

- Regionally extensive shale / siltstone formation extending from Montana / Dakota, to Saskatchewan
- Molopo leases located in three key areas – Estevan, Weyburn and Torquay
- Regional producers include PetroBakken, Crescent Point, Legacy Oil & Gas, Nuloch Resources, Cenovus, Taqa
- Bakken oil is a light sweet crude sold that receives Edmonton Light crude pricing



# BAKKEN – ACTIVITY PLAN AND TARGETED RECOVERY

## Activity plan – progress to date

- 6 horizontal wells drilled to date, completed farm-in obligations as part of initial acquisition
- Encouraging early well results, with all wells encountering oil shows

## Activity plan – next 6 months

- Seismic acquisition and evaluation underway
- 1 horizontal well planned



## Targeted recovery – key assumptions

Core areas (prospective)	82 sections, 60% prospective
OIIP per prospective section (average)	4 – 6MMstb
Total OIIP (estimated)	~197MMstb
Recovery factors	10% – 15%
Development potential (4 wells/section)	200 wells (gross)
Total ultimate recovery	>25MMstb (net <sup>1</sup> )
Estimated cost/well	~C\$2.3m
Estimated oil recoverable/well	~125,000bbl

1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts





# CANADA GAS (QUEBEC)

## Project overview:

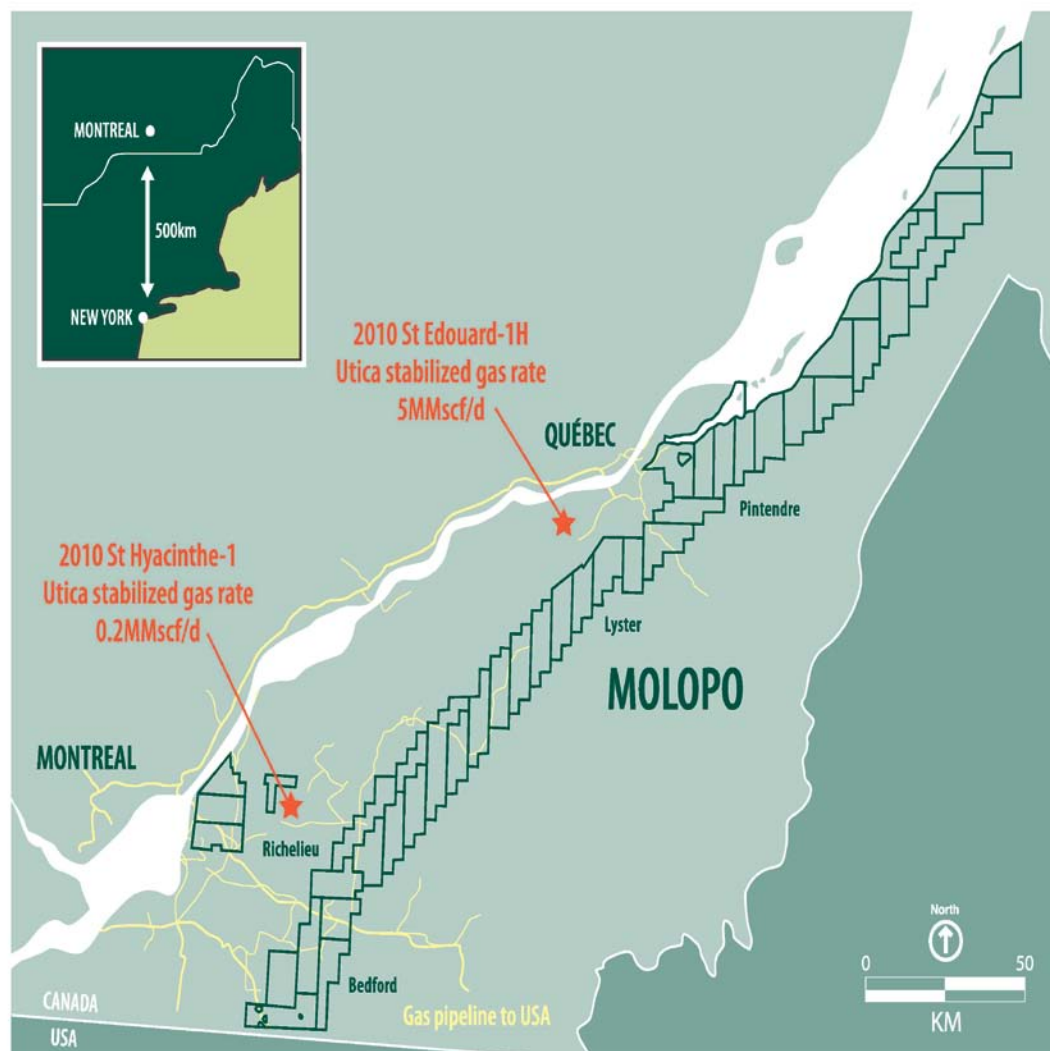
- 2.2 million acres (100% Molopo)
- GIIP potential of 40TCF with potential recovery of 6TCF from highgraded acreage
- Shale and conventional gas targets – Utica (up to 2,500ft thick) and Lorraine (up to 8,300ft thick)
- Strong production test results from others (i.e. Talisman)

## Project update:

- Seismic completed over Lyster, Richelieu and Quebec
- Drilling delayed due to permitting issues. Now planned for late CY2010 or early CY2011 at Richelieu – 1 vertical well

## Commercialisation / growth options:

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





## AUSTRALIAN PROJECTS



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

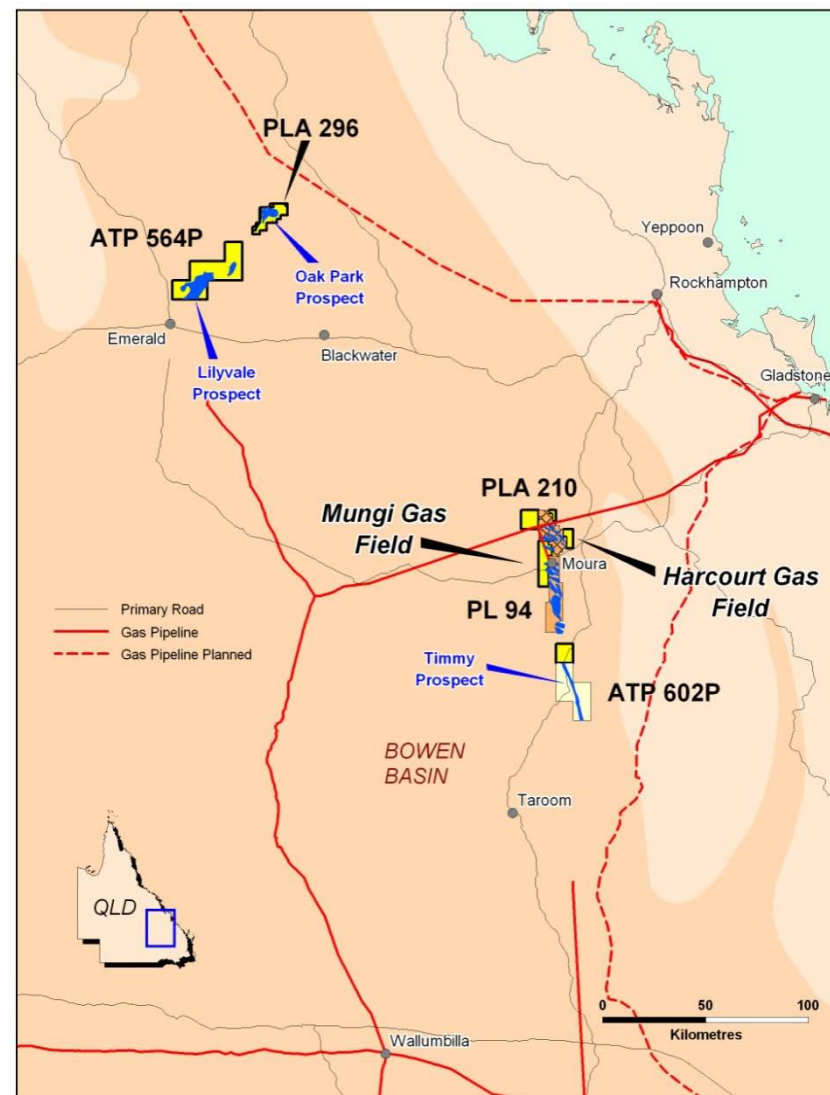
## ■ Strategic assets

- 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)
- Molopo is Operator and has a majority position in all ventures – 71.8% in Mungi, 67.1% in ATP564P, 62.9% in ATP602P

## ■ Mitsui holder of minority interest

## ■ Resource supports range of commercialisation options

- Gas currently sold under contract
- Feasibility study for 60MW gas to power generation project initiated (30MW initial stage)
- Increasing demand for gas as LNG feedstock



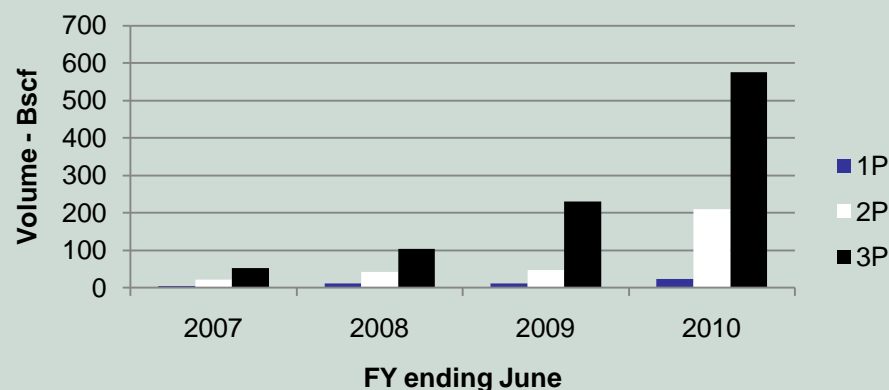


# QLD CBM – PRODUCTION AND DRILLING UPDATE

- Fifth and final well in Mungi sole risk trial development programme completed
- 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 / early 2011

## QLD CBM Reserves Growth (net<sup>1</sup> Bscf)

### Queensland Reserves Growth



## QLD CBM gas Reserves and Resources (Bscf net<sup>1</sup>)

As at June, 2010	1P	2P	3P	Total Recovery <sup>2</sup>
Mungi/Harcourt	23	168	422	952
Timmy	-	-	-	220
Lilyvale/Oak Park	-	41	153	258
<b>Total</b>	<b>23</b>	<b>209</b>	<b>575</b>	<b>1,430</b>

1. 'Net' is calculated as gross reserves or resources (as applicable) multiplied by Molopo's equity interest in the relevant permits, before the deduction of royalty amounts
2. Comprises 3P reserves plus contingent resources

## Trial development programme

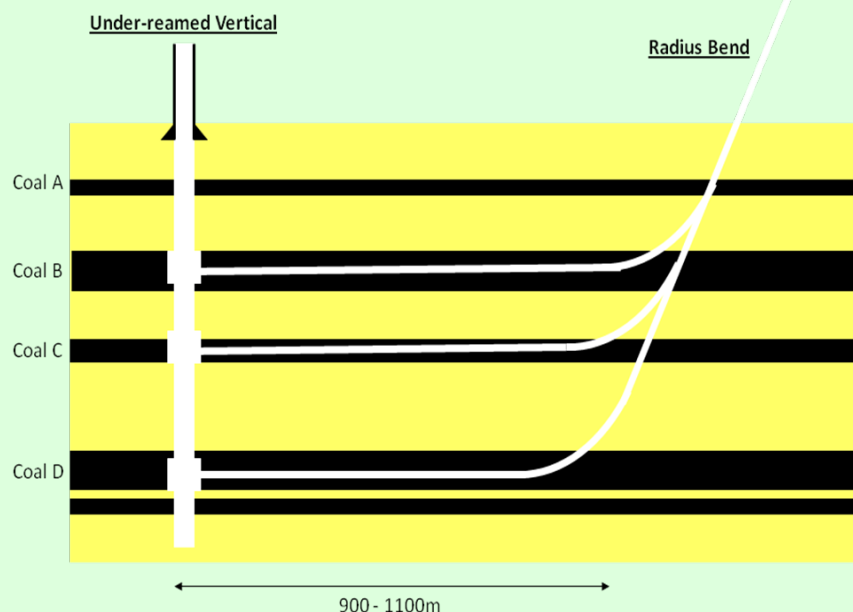
Well	# laterals	Length lined m	Peak rate MMscf/d
Mn-22	3	1,100	0.4
Mn-20a	6	2,800	1.1
Mn-20V	6	5,300	1.9
Mn-21	6	7,800	Dewatering
Mn-23	8	8,100	Dewatering



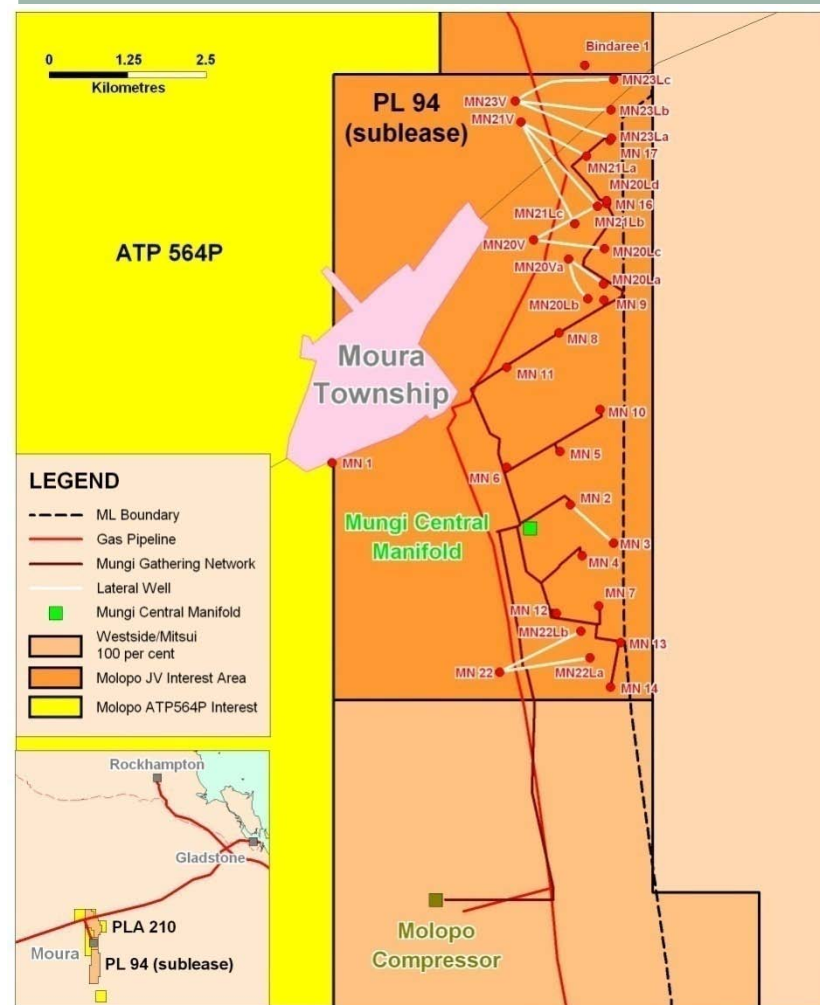
# QLD CBM – HORIZONTAL WELL COMPLETION

- 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



Well Locations at the Mungi Gas Field





## SOUTH AFRICAN PROJECTS



# 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 (~1MMscf/d)
- Up to three appraisal wells and 10 intervention wells planned for Q4 CY2010

## 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





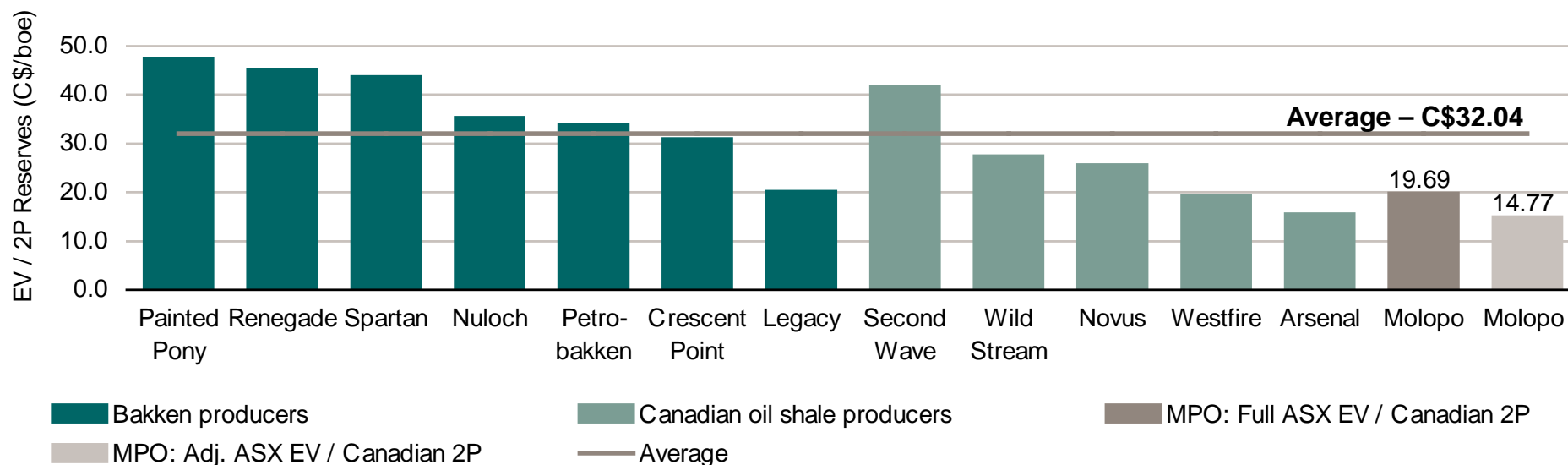
## SUMMARY



# MOLOPO UNDERVALUED RELATIVE TO KEY CANADIAN PEERS

- Based on Molopo's 2P Reserves volumes in Canada only (9.3MMstb), Molopo is trading at a discount to comparable Canadian unconventional oil focused producers

## Comparable Canadian public market 2P Reserves valuations



Source: Bloomberg and company filings

Note: Adj. ASX EV is 75% of Molopo full Enterprise Value, based on the mean percentage of value attributed to Canadian assets by broker research. Market data as at 21 September 2010

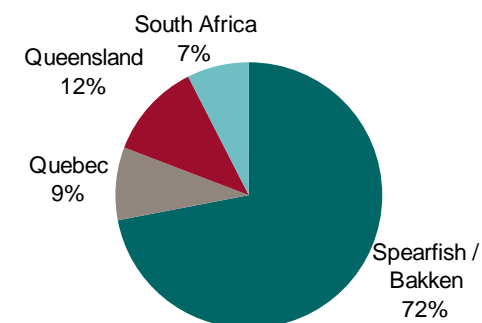


# MOLOPO 2010 / 11 – ACTIVITY PLANS

Project area	Focus	Activity <sup>1</sup>
<b>Canada – Spearfish<sup>2</sup></b>	Production & reserves growth	Up to 25 new horizontal wells on production Infrastructure
<b>Canada – Bakken<sup>2</sup></b>	Exploration, production & reserves	Complete existing well 1 new well 1 horizontal well Seismic
<b>Canada – Quebec</b>	Exploration	Seek well permit 1 vertical well
<b>Queensland</b> - 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
<b>South Africa</b>	Appraisal, production licences, gas contracts	3 exploration wells 10 intervention wells Evander seismic

Key activity focus

## Likely capex allocation<sup>2</sup>



1. Indicative work programme only – subject to change

2. Spearfish and Bakken programme through to October 2010 – next stage to be determined after results are reviewed



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