



Molopo increases 2012 capital investment budget to \$98 million

Molopo Energy Limited ("Molopo") (ASX:MPO) is pleased to announce that its Board of Directors has approved an increase in the 2012 capital investment programme to AUS\$98 million (previously AUS\$36 million). The forecasted end year production target has been increased to 2,300 boepd (85% oil and NGLs) (previously 730 boepd). This expanded investment program reflects the Company's increased confidence in the Wolfcamp play based on the results from Molopo's three recently completed wells in the Permian basin in West Texas. This revised budget is aligned with the Company's commitment to shareholders to review the 2012 program during the first half of the year once the potential of the play was better understood.

Molopo has contracted a rig in Texas to support this expanded drilling program and six new long horizontal wells (100% working interest ("WI")) will be drilled in Molopo's Permian Basin lands before the end of the calendar year. In Saskatchewan, one recompletion and two new horizontal wells will be drilled to test the emerging Midale play (100% WI), and two further non-Operated Bakken horizontal wells in the Taylorton area (25% and 50% WI) are anticipated. The Company has increased its annualised production target for 2012 to ~1,100 boepd (previously 680 boepd).

CEO and Managing Director Tim Granger commented, "Our first wells in the Fiesta project in West Texas have confirmed that we're in the oil window. We're now moving quickly to the next phase of development of this asset, where we are looking to achieve the higher initial production (IP) rates seen from long horizontal wells recently drilled by nearby Operators.

"We made the commitment in our strategy to become an oil producer. On the strength of our asset base and now with 100% ownership in our 26,000 acres in the Permian Basin, an exit rate for 2012 of 2,300 boepd will see us progressing aggressively along this path, with scope for significant growth in 2013 and beyond."

Based on current forecasts, the Company expects to exit 2012 with a cash balance of approximately \$25 million, excluding potential divestment proceeds. The 2012 capital program, which includes provisions for additional land acquisitions and seismic, will be fully funded by cash and internally generated funds.

The on-market share buyback has been halted in light of the expanded capital program and anticipated future funding requirements.

2012 summary	
Capital Expenditure	\$98 million
Volumes:	
Annual average:	1,100 boepd
Exit rate:	2,300 boepd
G&A	\$14 million ¹
Opex	\$7 million
Netback	\$45 /boe
Yearend cash	\$25 million

¹ Includes \$1.7 million of non-recurring items related to corporate restructuring. Steady-state G&A costs are anticipated to be ~ \$10 million (excluding consideration of potential divestments).

This budget is based upon a WTI price of US\$103/bbl and exchange rates of 0.97 US\$/A\$ and 1 US\$/C\$. All dollar amounts are Australian dollars unless otherwise stated. "2012" refers to calendar year 2012.

BOE CONVERSION

Throughout this press release, the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of six thousand cubic feet (mcf) of natural gas for one barrel of oil and is based on an energy equivalence conversion method. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalence conversion method primarily applicable at the burner tip and does not represent a value equivalence at the wellhead.

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Issued by:

Molopo Energy Limited

For further information contact:

Joanna Hughes, Investor Relations + 61 3 9618 8704

Molopo Energy Limited is an ASX-listed oil and gas exploration and production company. The company is focussed on the development of its unconventional tight oil assets in the Permian Basin, Texas, USA and the Williston Basin, Saskatchewan, Canada. The company has shale gas assets in Quebec, Canada, a coal bed methane project in Queensland, Australia and onshore gas projects in South Africa.