



MOLOPO ENERGY LIMITED

Quarterly Report

March 2012

Highlights

- Crude oil production was 215 barrels per day during the Quarter, an increase of 73% over the prior quarter due to production in the United States coming on-stream and increased production in Saskatchewan
- The first three Wolfcamp wells in the Fiesta project in Texas tested with encouraging initial oil rates, confirming that Molopo's acreage is in the oil window. Bottomhole pumps are being installed on all three wells and the wells are expected to be producing in May, allowing stabilised flow rates to be established in the next quarter
- The 09-22 well in the Estevan area in Saskatchewan, Canada showed encouraging hydrocarbon indications in the Midale and Alida intervals
- Subsequent to the end of the Quarter, Molopo:
 - acquired its partner's 22% interest in the Fiesta project in Texas; and
 - expanded its capital investment program for CY12 to \$98 million
- Cash on hand was \$90 million at the end of the Quarter, an increase of \$42 million during the Quarter, as a result of the cash received from the sale of its Legacy shares (\$67 million) more than offsetting capital and operating expenditures

Figures are Molopo net (accruals basis)	CANADA	USA	OTHER	Total Q3 FY12	Total Q2 FY12	Change %
Exploration & development highlights	3 wells drilled & 3 completed & brought onto production; 1 ready for completion in new interval	3 wells completed & on test to confirm oil rates	Minimal operational activity			
Exploration & development expenditure incurred (A\$000's)	\$6,497	\$10,679	\$460	\$17,636	\$20,793	(15)%
Sales Volume	16,242 Bbls	3,358 Bbls	-	19,600 Boe	11,346 Boe	73%
Sales Proceeds* (A\$000's)	\$1,500	\$299	-	\$1,799	\$1,073	68%

*Sales proceeds' is the gross amount from production before royalties and operating costs. As Molopo's operations are still considered to be in the exploration phase, generally accepted accounting principles requires net production revenue (i.e. sales proceeds less royalties & operating costs) to be capitalised.

About Molopo Energy Limited

Molopo Energy Limited is an ASX listed company actively engaged in exploration, development and production of crude oil and natural gas oil with a portfolio projects located in North America, Australia and South Africa.

North America

- Canada – Saskatchewan (oil), Quebec (shale gas)
- United States of America – Texas (oil and gas)

Australia

- Coal Bed Methane assets in Queensland

South Africa

- Evander & Virginia gas projects

ASX Code:	MPO
Share Price ¹ :	\$0.67
Market Cap ¹ :	\$165MM
Net Cash and equivalents ² :	\$90MM

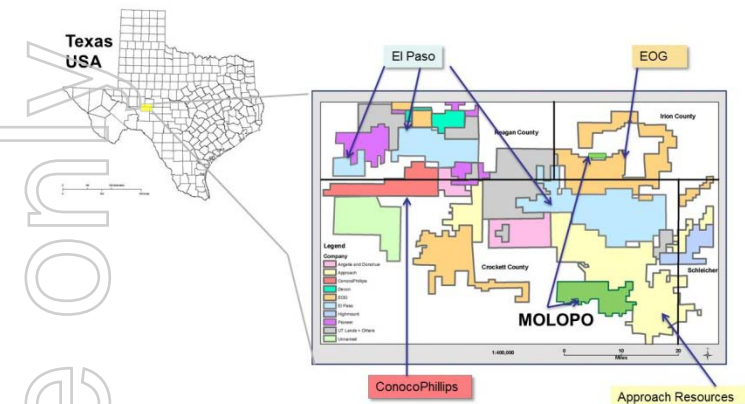
1. Market figures as at 25 April 2012

2. Balance sheet amounts as at 31 March 2012



PROJECT REVIEW

UNITED STATES OF AMERICA

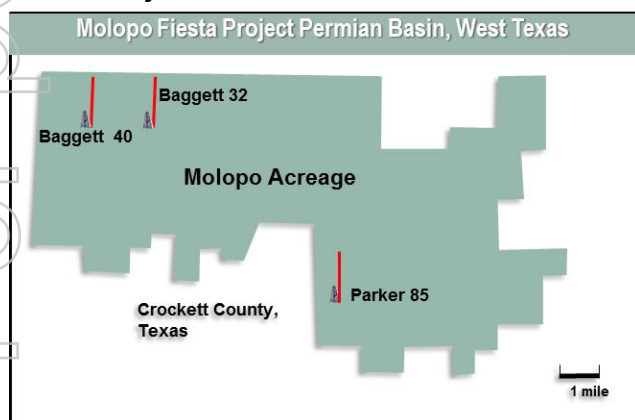


TEXAS TIGHT OIL - WOLFCAMP (100% initially, reducing to 80% after Partner back-in rights)

Molopo's Wolfcamp acreage is located in the Midland sub-basin of the Permian basin in West Texas. The Company holds approximately 26,000 gross acres in two project areas: the 24,600 acre "Fiesta" project located just south of Approach Resources' position in the Midland sub-basin and the 1,400 acre "Barnhart" project located adjacent to EOG operated lands. Molopo has a 100% working interest (WI) in both land positions with this interest reducing to 80% on each project at the point when Molopo reaches payout on a project basis.

Molopo is targeting the Wolfcamp formation at a vertical depth range of between 5,000 and 7,500 feet. Total gross thickness of the interval is expected to be approximately 1,200 feet and it is believed to contain multiple prospective horizons.

Fiesta Project



Three 5,000 foot horizontal test wells, drilled in the Wolfcamp interval, were completed during the Quarter with approximately 20 frac stages per well.

These test wells have confirmed the potential for oil production from Molopo's acreage, with initial flow rates during production testing of 300 boepd (Baggett 32), 230 boepd (Baggett 40) and 50 boepd (Parker 85). Subsequent to the end of the Quarter, Parker 85 has been put on pump. Baggett 32 and Baggett 40 are currently awaiting final equipping and tie in. Stabilised flow rates will be established on these wells during the next quarter.

A 3D seismic survey was initiated across Molopo's Fiesta lands during the Quarter and locations have been selected for drilling a further four horizontal wells in this project area during the remainder of CY2012.

Subsequent to the end of the Quarter, Molopo successfully negotiated the purchase of its partner's 22% interest Fiesta project, including their net interest in the current three wells. The transaction added 5,423 acres, or 8.5 sections, to Molopo's net acreage position in the Fiesta project at a competitive price. This represented a highly strategic purchase, enabling the Company to proceed with development of the asset in accordance with its preferred timetable.

Barnhart Project

The Barnhart land position, located to the North of Molopo's Fiesta project, was acquired in December 2011. Molopo holds 1,400 acres in this project which has offsetting production with IP rates averaging 910 boepd (77% liquids).

A 2D seismic survey across the acreage has been purchased. Based on an analysis of that survey, the first two well locations have been selected for drilling. These wells will be long horizontals with an anticipated length of approximately 1.5 miles targeting the Wolfcamp interval. Site preparation commenced during the Quarter for the first location which is due to spud in early May 2012.

CANADA

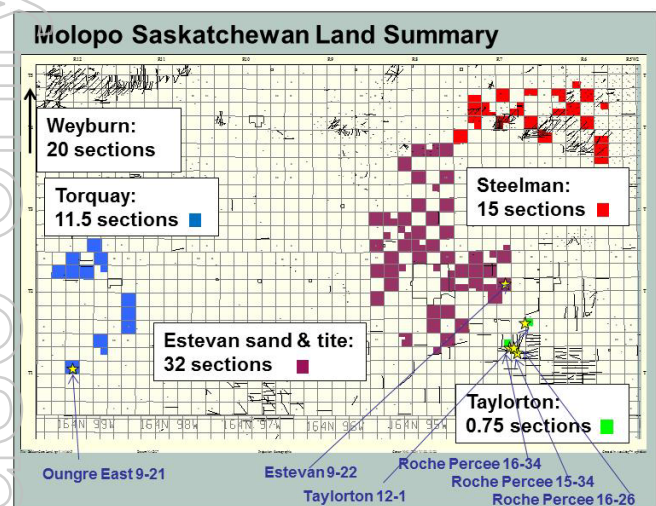
SASKATCHEWAN – MIDALE, ALIDA, BAKKEN ~100% WI (excluding pooled lands)

Molopo holds 47,000 net acres in South Eastern Saskatchewan with the geological targets being the Bakken and Alida/Midale formations.

The Taylorton area is considered a development play for Molopo and the Company has pooled its three quarter sections of land in this area with adjacent Operators to optimise efficiency. Drilling progressed with two new wells commencing oil



production from the Taylorton-Bakken interval during the Quarter. The Roche-Percee 15-34 well (non-operated, 25% WI) and the Taylorton 12-1 well (non-operated, 50% WI) were successfully drilled and completed and initial production rates for the first month of production were 218 bopd and 85 bopd, respectively.



Exploration activities progressed in the Company's Torquay and Estevan areas during the Quarter.

The Oungre 9-21 well (100% WI) at Torquay was completed in the Bakken interval and produced an average of 49 bopd in the first 30 days. The potential for contingent locations will be evaluated later in the year pending the longer term performance of the well.

The Estevan 9-22 well (100% WI) encountered a disappointing extent of Bakken sand, however excellent oil and gas shows were recorded in the uphole Alida and Midale intervals.

Plans are proceeding to test the economic potential of the Alida and Midale intervals in the 9-22 well. With successful results, two new horizontal wells will proceed in the Midale formation.

QUEBEC SHALE GAS (100% Working Interest)

Molopo holds approximately 1.4 million acres of exploration acreage targeting the Utica shale in the province of Quebec, Canada.

The moratorium on fracturing in Quebec continues as the industry works with the government to help establish a successful framework for the industry moving forward. In light of the moratorium, Molopo has no capital investment plans for the asset at this time. All lease spending obligations have been suspended and lease tenures have been extended for the duration of the moratorium.

AUSTRALIA - BOWEN BASIN, QUEENSLAND

Molopo's Bowen Basin Queensland asset sale negotiations are continuing with interested parties. Exploration activity in these projects is at a minimum while the asset sale progresses.

SOUTH AFRICA

Molopo has gas assets in the Virginia area in the Free State province and the Evander area southeast of Johannesburg. Negotiations for securing a Production Right with the South African authorities are continuing.

CORPORATE

New staff appointments

During the Quarter, the Company announced a number of new staff appointments.

Chief Operating Officer: Shannon Ouellette

Shannon has over 19 years of experience and she and her team bring to Molopo proven skills and a track record in successful development and operations, with a focus on cost optimisation of oil and gas assets in North America.

Chief Financial Officer: Paul Belliveau

Paul's appointment marks the transition of the CFO role from Melbourne to Calgary. Paul comes from a background spanning both large and small oil companies and he has both Canadian and international experience.

VP Land and Business Development: David Horn

David joins from a 25 year career in land and business development which includes over \$5 billion of M&A activity.

In line with the continued transition of key operations and personnel to the Company's Calgary office, a program of redundancies began in Australia during the Quarter.

Expanded capital investment program

Subsequent to the end of the Quarter Molopo announced it had increased its CY12 capital expenditure budget to \$98 million, from \$36 million. The 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 Fiesta Project in West Texas.

As a result of the increased investment plan, the Company also increased its forecast end calendar

year production target from 730 boepd to 2,300 boepd (85% oil and NGLs).

Cash and Debt

At the end of the Quarter, Molopo had approximately \$90 million cash and no debt, compared with \$47.6 million at the beginning of the Quarter.

The increase in cash during the Quarter was principally due to the January 2012 divestment of Molopo's 6.18 million shares in Legacy Oil + Gas Inc (TSX:LEG). These shares were acquired as part of the consideration for the sale of the Spearfish asset in Manitoba, Canada in March 2011. The price achieved for the sale was C\$71.7 million (A\$67.4 million) representing C\$11.60 per share which was close to a 12 month trading high in LEG's share price.

On-Market Buyback

On 23 April 2012, Molopo announced the cessation of the on-market buyback in light of the funds required to finance the Company's expanded capital investment program.

Legal Claim

The legal claim by a former joint venture partner is continuing in the ordinary course. No Court date has yet been set.

April Operations Update

Technical work undertaken in April 2012 was focused on the development of the updated drilling plan for Molopo's Texas and Saskatchewan assets. The Company contracted a rig in Texas to support this expanded drilling program. This contract ensures technical continuity with the drilling program and continued execution of the drilling program into CY13.

The 3D seismic program covering the Fiesta lands is progressing and will continue into May 2012. Results from the 3D seismic are expected in the quarter ending September 2012.

MOLOPO ENERGY LIMITED

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MOLOPO ENERGY LIMITED

ABN

79 003 152 154

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	1,548	2,827
1.2	Payments for (a) exploration & evaluation	(22,451)	(34,731)
	(b) development	(24)	(675)
	(c) production	(528)	(1,589)
	(d) administration	(5,097)	(11,836)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	225	840
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	-	(20,738)
1.7	Other (Joint venture recoveries)	33	155
Net Operating Cash Flows		(26,294)	(65,747)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(6,702)
	(b) equity investments	-	(511)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	(173)	1,759
	(b) equity investments		
	(c) other fixed assets	-	-
	(d) financial instruments	67,007	69,207
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (share buyback)	-	(878)
Net investing cash flows		66,834	63,753
1.13	Total operating and investing cash flows (carried forward)	40,540	(1,994)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	40,540	(1,994)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(878)
		-	(878)
	Net increase (decrease) in cash held	40,540	(2,872)
1.20	Cash at beginning of quarter/year to date	47,642	91,344
1.21	Exchange rate adjustments to item 1.20	1,630	1,340
1.22	Cash at end of quarter	89,812	89,812

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	337
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Per 1.23 Payments made to entities associated with a director pursuant to (i) payment of consulting fees, and (ii) payment of salaries & director's fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	None	None
3.2 Credit standby arrangements	None	None

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	21,100
4.2 Development	15
4.3 Production (net of sales proceeds)	(2,964)
4.4 Administration (net of interest received)	3,412
Total	21,563

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	88,052	45,874
5.2 Deposits at call		-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)	1,760	1,768
Total: cash at end of quarter (item 1.22)	89,812	47,642

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			

+ See chapter 19 for defined terms.

6.2 Interests in mining tenements acquired or increased	Nil			
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	245,579,810	245,579,810		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	Options (Unlisted mgmt incentive options)	Number on issue	Number quoted	Exercise price (A\$)	Expiry date
	MPOAW	250,000	-	\$1.29	25 June 2012
	MPOAB	100,000	-	\$1.60	17 December 2012
	MPOAB	150,000	-	\$1.46	17 December 2012
	MPOAD	100,000	-	\$1.45	25 March 2013
	MPOAG	35,000	-	\$1.21	1 April 2013
	MPOAH	175,000	-	\$1.50	28 February 2013
	MPOAB	150,000	-	\$1.63	21 December 2012
	MPOAB	55,000	-	\$1.46	18 April 2013
	MPOAB	175,000	-	\$1.23	31 May 2013
	MPOAB	95,000	-	\$1.22	28 July 2013
	MPOAB	160,000	-	\$1.17	6 December 2013
		300,000	-	\$0.70	1 October 2016
		1,745,000	-		
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	200,000		\$0.85	20 January 2012
		250,000		\$1.50	28 February 2013
		135,000		\$1.45	14 April 2013
		115,000		\$1.04	4 April 2014
		250,002		\$0.80	30 May 2016
		150,000		\$0.80	30 May 2016

+ See chapter 19 for defined terms.

7.11	Performance Share Rights	Number on issue			<i>Vesting date</i>
		197,769			30-June-2012
		18,729			04-July-2012
		53,512			18-July-2012
		59,800			15-August-2012
		300,284			31-December-2012
		23,155			01-January-2013
		83,333			03-January-2013
		194,937			01-March-2013
		7,500			05-March-2013
		225,618			30-June-2013
		18,728			04-July-2013
		53,512			18-July-2013
		59,800			15-August-2013
		300,278			31-December-2013
		23,155			01-January-2014
		83,333			03-January-2014
		194,937			01-March-2014
		7,500			05-March-2014
		225,607			30-June-2014
		18,728			04-July-2014
		53,511			18-July-2014
		59,800			15-August-2014
		312,006*			31-December-2014
		23,154			01-January-2015
		83,334			03-January-2015
		194,936			01-March-2015
		7,500			05-March-2015
		2,884,456*			
7.12	Vested during quarter	-			
7.13	Lapsed during quarter	136,806			
7.14	Debentures (totals only)	-			
	Unsecured notes (totals only)	-			

*Of which 11,738 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the **Corporations Act or other standards acceptable to ASX (see note 5)**.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 30 April 2012

Print name: Jessica Huberman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.