



SEPTEMBER 2012 OPERATIONAL UPDATE

Molopo Energy Limited (ASX: MPO) is pleased to announce its monthly operational update on our activities and progress achieved over the prior month.

OPERATIONAL HIGHLIGHTS – TEXAS

- **36-2H Linthicum Washington (Barnhart)** – As announced on 30 August, results from Molopo's first Barnhart well (36-2H) targeting Bench B were encouraging. The well was put on gas lift immediately, and a minor operational issue was addressed in mid-September. Since that time, the well has continued to flow back, and we are optimistic that as the well cleans up, rates will increase from current test rates of approximately 300 boepd (barrels of oil equivalent per day). We will provide further updates as rates stabilise.
- **Baggett 16-1H (Fiesta)** – The first of Molopo's long lateral wells drilled at 8,800 feet in Bench A in Fiesta (16-1H) was put on gas lift 25 days ago, and commenced flow back. Flow back rates for the past few weeks have averaged over 1,300 bbl/d of fluid with approximately 18% of the total load fluid utilised in fracing being recovered to date. Given the length of this well and the high volume of fluid used to frac it, it is not uncommon for the well to require extended flow back time to commence oil recovery. On 30 September 2012 (North America), the well showed oil staining, which combined with the high daily fluid volumes, is very encouraging and indicates effective fracing and system permeability. Once the well stabilises, further information about rates will be provided.
- **36-1H Linthicum Washington (Barnhart)** – Molopo's second Barnhart well (36-1H) was drilled with a lateral of approximately 7,500 feet, and was successfully completed. Flow back of the load fluid commenced on 28 September 2012 (North America), and consistent with the Baggett 16-1H well described above, the very large volumes of fluid that were utilised in the completion of this well are expected to require several weeks to extract. Due to this, well results with hydrocarbon indications are anticipated in November.
- **Baggett 40-2H (Fiesta)** – The second Fiesta well (40-2H) was drilled in Bench A for an approximate lateral length of 8,000 feet. Completion (fracing) of this well commenced on 24 September, with initial fluid flow back expected in mid-October and well results anticipated in late November.
- **Baggett 54-1H (Fiesta)** – Molopo's third new well in the Fiesta area (54-1H) is drilling and is the first of Molopo's Fiesta wells to target Bench B. The decision to add a Bench B target to the current drilling program was based on encouraging core work. It is anticipated that drilling of this well will conclude in mid-October with completion (fracing) expected to commence in early November. As drilling and completion progresses, updates regarding estimated timing for flow back and results will be provided.

OPERATIONAL HIGHLIGHTS – SASKATCHEWAN

- No new wells were drilled or completed in Saskatchewan during September, and Molopo's technical team continues to evaluate the potential of the Midale interval across the Company's acreage.

COMPANY PRODUCTION

- Corporate sales in August 2012 were 395 boepd, comprised of 272 boepd from Texas, and 124 bopd (barrels of oil per day) from Saskatchewan. Given that the 36-2H Linthicum Washington well in Barnhart did not come on stream until late in August, Molopo's August production rate is not indicative of the Company's go forward expected production rate. Molopo has 5 wells in Texas at various stages of drilling or completion, each of which are expected to produce hydrocarbon results before the end of calendar year 2012, and contribute to the year-end target exit rate of 2,300 boepd. As stable well results become available, the Company will continue to provide updates, as well as monthly operational updates as required by ASX.
- Sales for August by product were as follows: light, sweet crude oil: 70%; natural gas liquids: 19%; and natural gas: 11%.

CORPORATE HIGHLIGHTS:

- As announced on 12 September 2012, Molopo received confirmation from the purchaser of its Queensland asset that Australia's Foreign Investment Review Board ("FIRB") has no objections to the sale. The only remaining condition is the receipt of China's National Development and Reform Commission ("NDRC") approval. As announced 1 October 2012, Molopo agreed to a three week extension such that the condition must be satisfied on or before 23 October 2012. The purchaser has confirmed that the reason for the delay is administrative and they are not aware of any circumstances that would result in PetroChina not receiving NDRC approval. In light of the extension, settlement of the transaction will take place by November 7, 2012. Upon closing, Molopo will receive A\$41MM in cash plus a capital adjustment of A\$2.4MM.
- On 21 September 2012, Molopo confirmed it had been granted the first onshore production right in South Africa. Molopo's overall net interest in the project is 80% after Black Economic Empowerment ("BEE") and government participation. Capital requirements under the work plan are modest at A\$2.4MM in the first year, A\$3.5MM in the second year, and A\$8.5MM in the third year for a total of A\$14.9MM.

OUTLOOK

- Molopo continues to be well capitalised, and expects to exit calendar year 2012 with approximately \$65 million in cash (including proceeds from the Queensland sale), while still investing in its capital expenditure program focused in Texas.
- With 5 out of 6 budgeted wells drilled or in progress, Molopo is executing on its plan to drill one well per month. The technical team continues to evaluate each well and will move forward accordingly to ensure that opportunities are high-graded and capital is allocated to the region or Bench offering the highest prospectivity.
- Molopo is on target to meet its 2012 calendar year capital development plans for drilling 6 wells in Texas and 2 wells in Saskatchewan. Given the potential of the

Wolfcamp, the Company may re-allocate capital from Saskatchewan to Texas and drill an additional well in its Wolfcamp acreage before the end of 2012.

- In Texas, Molopo is seeking to license an additional 2 wells in Barnhart, targeting Bench B. Three additional wells have been licensed in Fiesta, with one well targeting Bench A and two wells targeting Bench B. These wells are expected to be drilled as part of Molopo's 2013 capital program, details of which will be communicated in late November.

This press release contains certain forward-looking statements. These statements relate to future events or future performance of the Company. When used in this press release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to a number of risks, uncertainties and assumptions. Many factors could cause Molopo's actual results, performance, or achievements to materially differ from those described in this press release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in other public disclosures made by the Company or this press release as intended, planned, anticipated, believed, estimated, or expected. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be produced profitably in the future. The forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary declaration. These statements speak only as of the date of this press release. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

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Molopo Energy Limited is an ASX-listed oil and gas exploration and production company. The company is focussed on the development of its shale oil resource play in the Permian Basin, Texas, USA. The company also has unconventional oil assets in the Williston Basin, Saskatchewan, Canada, shale gas assets in Quebec, Canada, a CBM project in Australia (under divestment) and onshore gas projects in South Africa.