



## MOLOPO ANNOUNCES 2013 CAPITAL BUDGET AND OUTLOOK

Molopo Energy Limited (ASX: "MPO") ("Molopo" or the "Company") today announces its 2013 capital expenditure budget and outlook. All dollar figures quoted herein are US dollars.

### Introduction

Following the appointment of Steve Cloutier as Managing Director and Chief Executive Officer in January, Molopo undertook a review of the execution of the Company's North American strategy. This process was implemented primarily to assess the optimal deployment of Molopo's remaining cash balances relative to the continued development of its Permian Basin lands in West Texas, where the Company holds an interest in approximately 26,000 net acres prospective in the Wolfcamp shale oil play. At March 31, 2013 the Company had approximately \$64 million in cash, which reflects payment of the remaining costs related to the Company's 2012 drilling and completions program.

Although capital investment in the Wolfcamp during calendar year 2012 resulted in a significant production increase relative to prior year-end levels, higher costs and lower initial production rates did not match estimates. Accordingly, while Molopo continues to believe that the Wolfcamp offers significant potential value for its shareholders, its board of directors has approved a capital expenditure budget for 2013 and a go-forward plan that reduces drilling activity and focuses on cash preservation. Concurrently, the Company will be retaining a financial adviser to assist it in the identification of potential strategies for maximizing the value of its Wolfcamp land and production for the benefit of its shareholders (the "Wolfcamp Value Maximization Process").

### Budget

Molopo's 2013 capital expenditures will be allocated predominantly to activities that preserve the Company's acreage and will be timed so that minimal capital will be spent while it moves forward with the Wolfcamp Value Maximization Process.

Highlights of the 2013 capital budget are as follows:

- Up to \$10.3 million allocated to lease-preservation initiatives in both Molopo's Barnhart and Fiesta areas. These include the potential drilling of a north-south well in Barnhart during the fourth quarter (estimated cost to drill, equip and tie-in of \$5.0 million); and extensions on Fiesta leases scheduled to reach the end of their primary terms between April 2013 and January 2014, in an estimated aggregate amount of \$5.3 million. As stated above, the Wolfcamp Value Maximization Process may result in some of these expenditures not being incurred by Molopo.
- Approximately \$1.5 million allocated to the drilling of two water disposal wells (one each at Fiesta and Barnhart) during the third quarter. Since these wells help reduce operating costs, it is anticipated that these operations will be conducted regardless of the outcome of the Wolfcamp Value Maximization Process.
- Approximately \$1.5 million to release the Wolfcamp drilling rig that Molopo had contracted in mid-2011 and into 2012, in contemplation of a more active capital program.
- Approximately \$0.5 million to conduct pressure work on existing Wolfcamp wells during the second quarter which will provide additional data to assist with the on-going calibration of the drilling and completions program.

Molopo does not anticipate allocating significant development capital during 2013 to its other operating areas. In that regard, the Company's plans are as follows:

- By way of joint venture, farm-out or sale, Molopo will be actively seeking the disposition of all or a portion of its lands at Weyburn, Estevan, Torquay, Taylorton, Macoun and Steelman in South East Saskatchewan, Canada (approximately 47,000 net undeveloped acres prospective for oil in the Midale formation), and at Virginia and Evander in the Republic of South Africa (approximately 900,000 net undeveloped acres prospective for gas).
- In Quebec, Canada (1.4 million acres in the St. Lawrence Lowlands Utica Shale), the Company will not be required to spend any capital until a moratorium on fracking is lifted by the provincial government. Accordingly, Molopo intends to retain its interests until further notice.

Given the foregoing activity level, the Company expects its 2013 production to average 700-750 barrels of oil equivalent ("boe") per day, comprised 30% of crude oil, 25% of natural gas liquids and 45% of natural gas (exit 2012 production was approximately 950 boe/d). This estimate does not take into account any of the business development processes listed above; but does assume that Molopo will drill one Wolfcamp well at Barnhart during the fourth quarter, as outlined above (with no impact on 2013 average production rates).

In conjunction with execution of the capital budget and consistent with the over-all goal of cash preservation, Molopo will be undertaking an initiative to reduce general and administrative expenses.

#### **Deployment of Remaining Cash Resources**

Molopo's cash resources represent a significant asset that Molopo is committed to allocating prudently. Pending the outcome of the above-noted initiatives, the cash could be considered for provision to Molopo's share of joint venture drilling in the Wolfcamp (if any); potential distribution to shareholders (in an amount and at a time yet to be determined); a share buy-back; or a combination of the foregoing. At this time, it is not anticipated that any capital will be deployed into acquisitions.

#### **Conference Call**

Steve Cloutier, Managing Director and Chief Executive Officer, will host a conference call to discuss the 2013 budget and outlook on April 9 (Australia) / April 8 (North America). The call will be open to analysts, investors, and all interested parties. Details to access the call follow:

| Location  | Date              | Time                       | Access Details  |
|---|-------------------|----------------------------|---|
| Australia/<br>New Zealand   | Tues 9 April 2013 | 9:30am EST /<br>7:30am WST | 0011-800-2787-2090 Toll free  |
| North<br>America  | Mon 8 April 2013  | 7:30pm ET /<br>5:30pm MT   | 1-877-440-9795 Toll free<br>+1 (416) 340-8530 Toronto local / International Dial-In |
| Internet access - live and recorded webcast<br>(available until Apr. 8, 2014) |                   |                            | <a href="http://www.gowebcasting.com/4245">http://www.gowebcasting.com/4245</a>     |

Participants in the U.K and most European countries may access the call by dialing **00-800-2787-2090**.

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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