MOLOPO AUSTRALIA LIMITED

ABN 79 003 152 154

ASX ANNOUNCEMENT **14th January 2009**

GAS DISCOVERY AT ORARA E1, CLARENCE MORETON BASIN, NSW

Attached is a release from Metgasco Ltd in relation to PEL 426 in which Molopo has a participating interest.

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Molopo Australia Limited is an ASX listed gas producer focused on the development of coalbed methane and other on-shore gas projects. Molopo holds a 50% interest in several gas fields located in the Bowen Basin, Queensland, a 50% interest in a US gas project, a 100% interest in a shale gas project in eastern Canada, a 50% interest in two permits in the Clarence Moreton Basin, NSW, an interest in the Liulin CBM project in China, and a 100% interest in two South African projects covering 250,000 hectares.

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GAS DISCOVERY AT ORARA E1 (PEL 426)

Metgasco (ASX:MEL) as Operator for the PEL 426 drilling program advises the Orara E1 exploration well in PEL 426 has been drilled to 680 metres in total depth.

The Orara E1 well is an exploration well designed to locate and evaluate the presence and thickness of the Walloon Coal Measures and the Heifer Creek sandstone below the coal measures in PEL 426. The Walloon Coal Measures and sand units of the Koukandowie Formation were observed during drilling. Orara E1 has been drilled on a structure identified from the recently completed 2D seismic acquisition program.

Free gas flows were observed during drilling. A production test has been completed with a gas flow to surface of approximately 119,000 scf/day through an 18/64 inch choke. The well is currently being logged and further evaluation of the well will be conducted once the logs are analysed. The well was air-drilled and no water production was observed during drilling.

David Johnson, the Managing Director of Metgasco said "This well is over 140 km from our recent exploration activity at Casino and is therefore a major step out from the recent focus of our activities. We are pleased to confirm the extension of the Walloon Coal Measures into the southern end of the Clarence Moreton basin. It is a very positive step forward in the evaluation of the gas supply potential of the basin. The production rates observed are also encouraging given that the well is a simple vertical completion at shallow depth."

The respective interests in PEL 426 are:

Metgasco Ltd (Operator)	50%
Molopo Australia Ltd	50%

Metgasco will earn an additional interest in PEL 426 through completion of this well.

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