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ASX RELEASE

PRODUCTION TESTING COMMENCES AT TIMMY COALBED METHANE PROSPECT IN QUEENSLAND

Molopo Australia Limited announces the commencement of production testing of the Timmy 1 CBM production well in Queensland's Bowen Basin.

The Timmy well is a horizontal completion well in which liners were recently run in two laterals. The vertical production well which the laterals intersect, was also worked over to allow production testing to resume.

Initial production testing of the unlined laterals at Timmy yielded significantly higher water production rates than either the Mungi or Harcourt horizontal wells. This is considered an encouraging sign of the likelihood of increased permeability and consequent higher gas flow rates.

Molopo recently announced strong production results from its Mungi 2 horizontal well, and the Company believes this completion technique should also be compatible with the coal reservoir at the Timmy Prospect.

The Timmy Prospect covers an area of approximately 17,000 acres and is located only 25km south of PL94 wherein Origin Energy operate the mature and commercially successful Dawson Valley field and where Molopo has existing production from the Mungi Field.

"The Timmy Prospect represents an advanced CBM appraisal project where earlier work by Conoco and others have demonstrated thick, gassy coal seams, prospective for CBM production" said Molopo Executive Director, Mr. David Casey.

"Testing by Conoco in the mid 1990s produced initial production rates of nearly 150,000 cubic feet/day using old stimulation techniques. This demonstrates the potential productivity of the Timmy field" he said.

No reserves have been established at Timmy, but the Joint Venture's most recent estimate suggests the prospect could contain recoverable gas volumes of up to 137 PJ.

The Timmy Prospect forms part of Molopo's substantial Queensland CBM portfolio where production from the Mungi Field has already commenced.

"Timmy represents an excellent target for Molopo as it is close to the pipeline and treatment infrastructure of PL94, and compliments our Mungi and Harcourt Fields, adding extra flexibility to our gas delivery options" Mr. Casey added.

The Timmy CBM Prospect is located in ATP602P in the Bowen Basin.

Interest holders in ATP602P are Origin Energy Limited (50%), Molopo (25%) and Helm Energy-Australia LLC (25%).

Yours faithfully,

Stephen Mitchell
Managing Director

Molopo Australia Limited is an ASX listed gas producer focused primarily on the development of coalbed methane. Molopo holds a 25% interest in several gas fields located in the Bowen Basin, Queensland, a 25% interest in CBM operations located in the Gloucester Basin (NSW), a 50% interest in a US gas project, a 15% interest in two permits in the Clarence Moreton Basin (NSW) and a 50% interest in the Liulin project in China.

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