



MOLOPO AUSTRALIA LIMITED

ABN 79 003 152 154

ASX ANNOUNCEMENT

17th December 2008

MOLOPO AGREES TO SELL GLOUCESTER TO AGL FOR \$111 MILLION

Molopo Australia Limited ("Molopo") announces that it has agreed to sell its non-operated 30% equity interest in PEL 285 ("the Gloucester Project") to AGL Energy ("AGL") for \$111m in cash as part of a sale of the entire Gloucester Project by the joint venture participants for \$370m in cash. Subject to finalisation of completion documentation, the sale is expected to settle by the end of the year.

Commenting on the sale Molopo's Managing Director, Stephen Mitchell, stated:

"The sale of the Gloucester Project is a pleasing result and is the culmination of many years of effort. The effect on Molopo will be significant in that it allows Molopo to concentrate its technical, managerial and financial resources on projects where Molopo has more meaningful equity and which offer significant value generation potential for shareholders".

"Importantly, in the current difficult equity market climate, the significant boost to Molopo's cash reserves will provide it with the funding necessary to achieve that goal"

Molopo's Executive Director and Chief Operating Officer, Mr. Ian Gorman, noted:

"We maintain that the assets that have the greatest upside in the Molopo portfolio are Canada, South Africa and Queensland. The sale of the Gloucester asset will allow the Company to pursue those assets where the greatest leverage exists and the greatest value can be generated".

Molopo's independently certified reserves and resources position, as previously disclosed to the ASX, post the sale of its Gloucester Project will be as follows:

Molopo Net Volumes (Bscf)						
	GIP	Reserves			Contingent Resource	Total Potential Recovery
		1P	2P	3P		
Queensland	3750	11	48	231	729	959
South Africa	0	0	36	112	815	927
China	240	0	0	6	126	132
Total*	3990	11	84	349	1670	2018

* Molopo had previously received a reserves certification under the old reserves standard for Lilyvale/Oak Park but these volumes are only included in the above reserve/resource estimates as contingent resources pending a revised certification under the new reserves guidelines.

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Molopo announced its intention to review its commercialisation options for the Gloucester Project in October this year as part of a wider portfolio review and rationalisation. At the time Molopo noted that it had received several unsolicited expressions of interest by parties wishing to either acquire or assist in the development of its interest. Given that interest, the fact that gas contracts would soon be entered into for the Gloucester Project (possibly reducing corporate interest) combined with the uncertain state of the equity markets, Molopo decided to test corporate interest in the asset.

Options to monetise other non core elements of the Company's broad portfolio remain under review and will be advised to the market if and when these mature.

Preliminary tax advice suggests that Molopo will be able to utilise existing tax losses of approximately \$35m when calculating capital gains tax on the Gloucester Project sale.

Lazard Carnegie Wylie acted as financial advisor to Molopo on this transaction.

Issued by: Molopo Australia Limited

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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.