



ASX ANNOUNCEMENT / MEDIA RELEASE

21 December 2012

MOLOPO ENERGY ANNOUNCES PRELIMINARY WELL RESULTS FROM 54-1H

Molopo Energy Limited (ASX: MPO) today announces preliminary results from our Baggett 54-1H well, the first Bench B well drilled in our Fiesta acreage, as well as our expected 2012 exit production rate.

The well has been on gas lift for 34 days, producing for a total of 800 hours. Through this period, the well has performed consistently with other wells drilled in the Fiesta area, and these results will contribute to Molopo's ongoing development strategy in Fiesta. Since flow back of the well commenced, the peak 24 hour hydrocarbon wellhead rate thus far is 431 boe/d, comprising approximately 87 bbl/d of crude oil, 175 bbl/d of NGLs and 1,015 mcf/d of natural gas. In general, the wells are tending to produce a higher proportion of natural gas and lower initial production rates but appear to exhibit a flatter decline curve than originally anticipated. Understanding each of these characteristics and the impact on our economics is key as we develop our 2013 capital and operating budget.

Although the well results from 54-1H are preliminary, the information obtained from this and the two other wells drilled in Fiesta in the latter half of calendar year 2012 provides valid well performance from both Bench A and Bench B. Having actual data from wells drilled on our acreage supplements data available from other operators' Wolfcamp wells, and enables Molopo to proceed with finalizing our budget.

Once production commences from Barnhart 24-2H, the final well drilled in calendar year 2012, we will incorporate data from all well results into the budget and have a program designed to achieve economic growth in production and reserves. The team is focused on driving overall program costs down to further enhance the overall economics of the play. We anticipate releasing details of this budget in early 2013 upon approval by the Board.

Early in 2012, Molopo set a projected exit production rate which was based on production contributions from all 6 wells to be drilled in the latter half of 2012, and also assumed well performance consistent with type curves originally seen in the area. Due to timing delays, as well as variability in well performance, Molopo now expects to exit the year with a production level of approximately 1,000 boe/d. This exit production level is an increase of approximately 650% from the prior year's exit rate, and positions the company well to continue pursuing production and reserves growth.

The Wolfcamp is an emerging resource play that is effectively still in its infancy. With only 2-3 years of development behind it, operators in the area continue working to understand the play and execute optimal strategies for economically developing the vast resource within it. Work done to date demonstrates that the Wolfcamp is not homogenous and that variability of results should be expected across different parts of the play, and even across different parts of the same land block. Our focus in the Wolfcamp will be to continue investing capital prudently, to increase our production, reserves and cash flow, and to position Molopo for long term growth. Based on results to date, we believe our Wolfcamp assets can deliver attractive rates of return to the Company and its shareholders.



MOLOPO ENERGY LIMITED

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Issued by: Molopo Energy Limited
Investor Relations contact: Cindy Gray, VP Capital Markets
+1.403.648.8026 / + 61 3 9618 8704 (Australia local)
investorrelations@molopo.com.au

Registered Office
Level 14, 31 Queen Street, Melbourne, Vic. 3000, Australia
GPO Box 223, Melbourne, Vic. 3001, Australia

Telephone: (61 3) 9618 8705 **Facsimile:** (61 3) 9620 2804
Website: www.molopo.com.au **Email:** investorrelations@molopo.com.au

Calgary Office
20th Floor, 500 – 4th Ave SW
Calgary, AB CANADA T2P 2V6

Telephone: +1 (403) 264-9778