



MOLOPO AUSTRALIA LIMITED

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MEDIA RELEASE

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COMMENCEMENT OF DRILLING FOR STRATFORD PILOT PRODUCTION IN THE GLOUCESTER BASIN

Molopo Australia Limited announces the commencement of drilling and the start of construction for the Stratford Pilot at the Company's coal seam gas prospect within PEL 285 at Gloucester Basin held in joint venture with Lucas Energy Pty Ltd, a wholly owned subsidiary of AJ Lucas Group Limited. This is the next stage of the previously announced exploration and appraisal programme.

The five well production pilot at Stratford includes the previously drilled LMG03, the completion of land access arrangements, and receipt of government approvals for drilling four new production wells. Drilling of the new wells is expected to commence on 4th September.

The pilot at Stratford and the current exploration drilling programme, comprising 4 part-cored and 9 stratigraphic chip holes, have been designed by the Gloucester JV to establish reserves across the Gloucester Basin, and to ascertain production capabilities prior to a development decision.

The implementation of the Stratford Pilot will be completed by the end of 2007 and includes:

- drilling and multi-seam fracture stimulations of four wells; and
- drilling a new pressure monitor hole and installing pressure monitoring equipment in two existing exploration holes.

The Stratford Pilot wells will be drilled between approximately 500m and 800m total depth, completed with 5½" production casing and perforated across selected major coal seams of the Gloucester Coal Measures, then fracture stimulated before being placed on test production for up to 12 months. A total coal thickness between 30m and 60m is expected in these wells.

The Gloucester Basin permit is located approximately 100km north of Newcastle, where gas prices are expected to exceed other major east coast markets such as Sydney and Brisbane. The permit covers an area of 1,050km², with over 200km² of prospective coal measure sequence. Molopo has a 30% interest in the permit. Molopo's joint venture partner in the Gloucester project is Lucas Energy Pty Ltd (70%), which is also the project's Operator.

Issued by:

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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 25% interest in several gas fields located in the Bowen Basin, Queensland, a 30% interest in CBM operations located in the Gloucester Basin (NSW), a 50% interest in a US gas project, 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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