



MOLOPO AUSTRALIA LIMITED

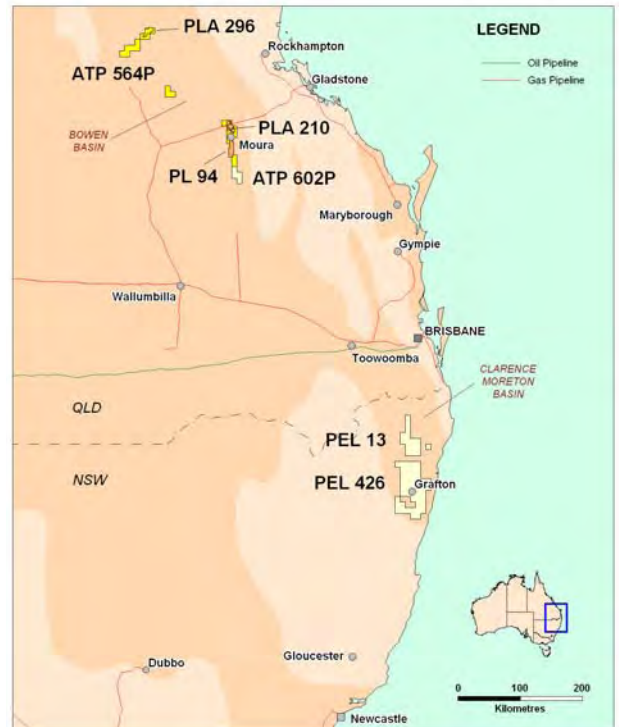
Quarterly Report

June 2009

Highlights

- Mungi 20V trial development gas well accesses 5,300m of lined coal.
- Mungi 21 trial development well commences drilling targeting eight-laterals and ~7,000m of lined coal.
- Planning underway for the core hole programmes at Timmy and Harcourt.
- 200km, 2D seismic survey underway in Canada.
- Drilling continues in South Africa.
- Cash reserves of \$109m at the end of the Quarter.
- Dr. David Hobday appointed a non-executive director of Molopo Australia Limited.

Molopo's Australian Permits



About Molopo Australia.

Molopo Australia Limited is an Australian based gas producer with a diversified portfolio of large scale gas projects in Australia, Canada, China, South Africa and the USA.

The Company has built a portfolio of gas projects where substantial gas accumulations have been identified. Molopo's portfolio now includes the following:

Australia

Queensland:

- PL94 (North, Sublease) – Mungi Gas Field
- PLA210 – Harcourt
- PLA 296 – Oak Park
- ATP602P - Timmy
- ATP564P – Lilyvale, Oak Park, Harcourt & Sirius

New South Wales:

- PELs 13 & 426 – Clarence Moreton Basin

International

- Canada - Quebec
- China - Liulin, Shanxi Province
- USA - Mason County, West Virginia
- South Africa - Evander & Virginia

The main focus of Molopo is the development of additional production, reserves and cash flow from its Queensland assets, the delineation and preparation of early drilling targets in its Canadian shale gas projects, proving reserves in China, assessing short-term cash flow possibilities from gas production in South Africa and the assessment of acquisition opportunities.

ASX Code:	MPO
Share Price:	A\$1.05
Market Cap:	\$192m
Cash Reserves:	\$ 109 million
Debt Free	

PROJECT REVIEW

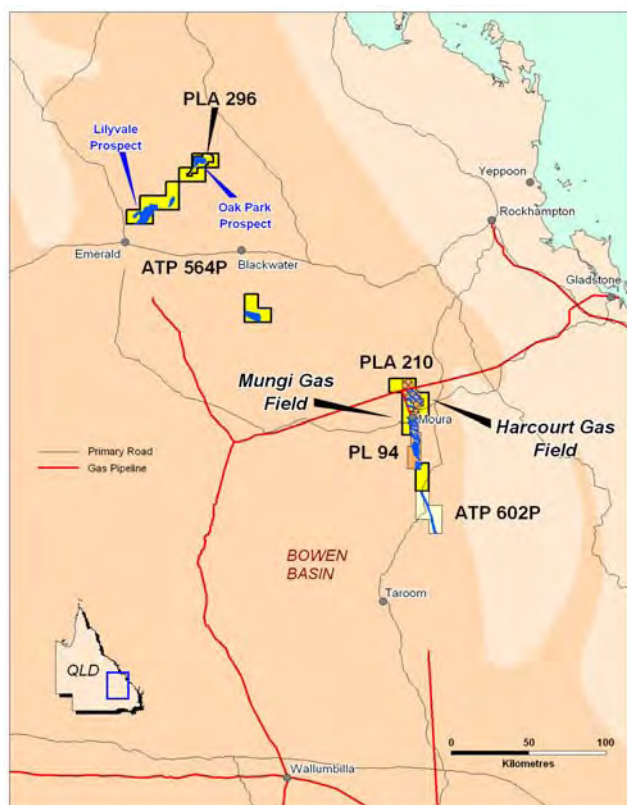
BOWEN BASIN, QUEENSLAND.

MUNGI GAS FIELD – PL94 (North, 50% interest)

During the Quarter Molopo achieved a major milestone with the completion of its third innovative multi-lateral trial development well, Mungi 20V (previously referred to as Mungi 20b). This well follows on from the successful Mungi 20a well completed last Quarter which flowed gas at an interim peak of over 1.1mmcf/d.

Mungi 20V has successfully accessed over 5,300 metres of lined coal for gas drainage in six laterals, involving three coal seams, significantly more than any other lateral drilled in Australia. Subsequent to Quarter end, the well had a pump installed and was being connected to the Mungi gas gathering system, with dewatering planned to commence in July.

Queensland Permits



Trial development drilling at Mungi (100% Molopo sole risk) continued during the quarter using the new rig contacted from Atlas Drilling. A fourth well in the current well programme, Mungi 21, commenced in May. Mungi 21 is targeting a total of 7000 metres of completed in seam coal length utilising laterals of 1,200 metres gross length and greater. At the end of the Quarter the drilling of the first lateral on the Mungi 21 was in progress.

Subsequent to period end, planning had commenced for the drilling of Mungi 23 located in the northern portion of the PL 94 sublease. The proposed well is based on a triple seam, triple lateral design and is expected to access 11,000 metres of lined coal.

During the Quarter planning for a sole risk seismic acquisition programme continued for the PL 94 sublease. The planned seismic will provide structural control for future development wells.

Molopo's share of production (excluding compressor gas consumption) and gas sales from the Mungi field for the Quarter were approximately 97TJ which represented a 4.8% increase on the previous quarter volume of approximately 92TJ. Molopo's share of revenue from gas sales for the Quarter was up 14% to \$264,699 compared with \$232,133 for the previous quarter.

HARCOURT/BINDAREE GAS PROSPECTS – PLA210/ATP564P (50% interest)

The JV commenced work on securing approvals and service agreements for the drilling and testing of three cored sole risk exploration wells over the Harcourt North area. Drilling of these wells is likely to commence early next year.

Discussions continued during the Quarter on agreeing terms for a co-development agreement with a coal company interested in developing an underground mine over part of the Harcourt South area.

TIMMY GAS PROSPECT – ATP602P (50% interest)

The JV commenced work on securing approvals and service agreements for the drilling and testing of three cored sole risk exploration wells over the Timmy prospect. Drilling is likely to commence in the first Quarter of 2010.

LILYVALE/OAK PARK PROSPECT – PLA296/ATP564P (50% interest)

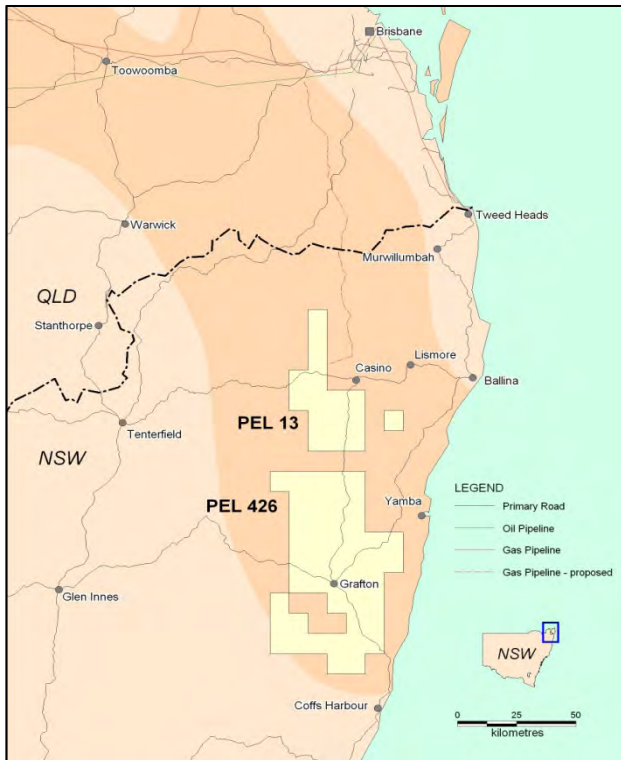
No field work was carried out during the Quarter. Co-development discussions continued with a coal company interested in developing an underground mine over part of the permit area.

CLARENCE–MORETON BASIN, NSW

PEL 426 (50% interest reducing to 43.4%)

During the Quarter the Operator, Metgasco Ltd, of PEL 426 progressed the annual permit work programme comprising the analysis of recently

Clarence-Moreton Basin Permits



acquired 2D seismic data and drilling data. The analysis is part of an overall prospectivity review that aims to establish an optimal forward exploration strategy and support an application for the renewal of PEL 426 in early 2010.

The Operator finalised an interpretation report for the PEL 426 MET08 2D seismic survey. The seismic survey was acquired in 2008 as part of Metgasco’s PEL 426 Farmin Work Programme obligations to Molopo. The report confirmed the recorded seismic was good to very good quality. The seismic matured the structural definition of several coalbed methane (CBM) and conventional gas leads in the permit.

PEL 13 (Interest: 50% of Conventional and 25% of CBM)

During the Quarter the Wyan E1 permit commitment CBM exploration well was successfully drilled to evaluate the presence and development of the Walloon Coal Measures in the western portion of PEL 13. The well reached the planned total depth 702 metres on the 4th June. The Walloon Coal Measures were intersected at predicted depths, but coal development was poor, comprising mainly of numerous thin and banded coal seams. Free gas shows were observed during drilling.

Two open-hole flow tests of about 8 hours duration each were conducted. The first flow

test was conducted over the interval from 402 to 456 metres in the upper portion of the Walloon Coal Measures containing the main target Richmond coal seam. A flow of approximately 120,000 standard cubic feet per day (scf/d) through a 24/64” choke was achieved. On reaching total depth, a second flow test over the entire Walloon Coal Measure interval achieved a flow of approximately 175,000scf/d at the end of the test period.

Well logging to total depth was prevented by a bridge at 547 metres. At the end of the Quarter the well remained suspended, pending decisions on completing the logging to total depth and possibly additional flow testing.

An application for the renewal of PEL 13 for a further term of 5 years was lodged with the State Government in April. During June the Operator worked on providing additional information requested by the Government to renew the permit.

A Molopo geophysical study based on interpretation and mapping of recently reprocessed seismic and new 2D seismic was expanded to assess the resources and drilling potential of other large conventional gas prospects in PEL 13.

The Operator finalised an interpretation report for the PEL 13 MET08 2D seismic survey. The seismic survey was acquired in 2008 as part of Metgasco’s PEL 13 Farmin Work Programme obligations to Molopo. The report confirmed the recorded seismic was good to very good quality. The seismic data provides a framework to assess whether two specific structures previously identified in the 2006 seismic reprocessing project can be considered mature as drillable prospects.

SOUTH AFRICA (100% interest)

During the Quarter coring operations continued on the three well exploration programme in the Virginia exploration area. Wireline logs are expected to be run during July at the completion of coring.

A core hole was spudded in the Evander exploration area in June jointly with Harmony Gold Ltd. This well will evaluate the Karoo Super Group CBM potential as well as evaluate the conventional sandstone reservoirs within the Karoo.

Pilot testing of the Virginia mineral core wells has continued during the quarter with production steady at approximately 0.9 MMscf/d. After over 21 months only a slight decline has been observed on these wells.

Commercialisation options being considered for the Virginia area include electricity generation, CNG and LNG. During the quarter Molopo met with representatives from a nearby mine to advance discussions on the supply of gas for use in power generation.

During the Quarter seven exploration right applications over Virginia and Evander were approved and lodged for registration with the State Mining Titles Office. A further three rights have been issued.

Supporting documentation was prepared for the production rights application being reviewed by PASA.

Discussions continued with potential farminees into the Virginia and Evander projects, which are being considered as a part of ongoing Black Economic Empowerment (BEE) considerations.

CANADA – Quebec Shale Gas (100% Working Interest, 80.0-87.5% NRI)

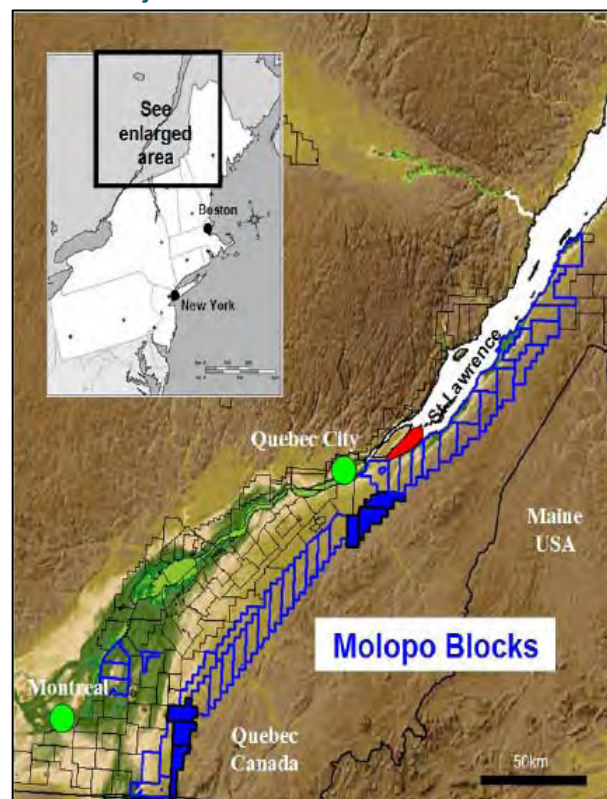
Molopo now controls 2.2 million acres of conventional (oil & gas) & unconventional (shale gas) exploration acreage in the province of Quebec, Canada having added 0.3 million acres in 2008/09 to the initial 1.9M acres purchased from Amque ULC in 2008.

Molopo completed interpretation of approximately 100km of 2D seismic acquired in October and November 2008 in the Richelieu area east of Montreal. Two drilling locations have been identified and drilling of the first well is likely to commence in the third Quarter of 2009. Detailed well planning, location permitting and rig sourcing activities are well advanced.

An additional 2D seismic acquisition programme totalling about 200km is currently underway in the Lyster and Pintendre areas which aims to maturing prospects for drilling later in 2009 or early 2010. Seismic is being acquired to follow up encouraging gas flows on tests of shales in a 1970's exploration well at Lyster and the excellent gas shows reported in shales in an untested 1970's well at Pintendre.

Positive flow test results were announced during the Quarter by Questerre Energy Corp. Michael Binnion, President and CEO said "The 3 well

Quebec Project Area



tests from a single Utica zone over our acreage have largely addressed our remaining technical concerns about this play. It has validated our belief that the Utica shale will be commercialised with horizontal wells. Early results from other zones in the Utica and shallower Lorraine were also very encouraging."

During the Quarter the Quebec Oil and Gas Association was formed to represent industry interests in the province. Molopo is represented on its board of directors.

Molopo announced the appointment of its first Canadian non-executive director for Molopo Canada Inc., Mr Lanny Fenwick, to provide strategic direction and guidance to the expansion of Molopo's Canadian operations.

CHINA – LIULIN PROJECT, SHANXI PROVINCE (34% gross, 17% net)

Production monitoring continued during the Quarter on the expanded CBM pilot project. Three wells within the pilot have maintained gas rates of approximately 35,000 scf/d and two wells were shut-in. Three wells await re-completion including EP-3, a well drilled by the

operator Fortune Oil and the suspended LW-L1 drilled by Molopo in 2000.

USA – MASON COUNTY, WEST VIRGINIA (50% Interest)

No field work was undertaken during the Quarter.

CORPORATE

At the end of the Quarter, Molopo had approximately \$109.5m of cash reserves and no debt.

During the Quarter Standard & Poors announced the addition on Molopo Australia Limited to the S&P/ASX200.

Molopo has appointed Dr. David Hobday as a non-executive director of Molopo Australia Ltd. Dr. Hobday has enjoyed a long association with Molopo and is a former director of the Company. Dr. Hobday is a geologist with diverse experience in the oil and gas industry as a geologist, company director, investment manager, corporate advisor and research scientist.

Yours faithfully,

MOLOPO AUSTRALIA LIMITED

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

MOLOPO AUSTRALIA LIMITED

ACN or ARBN

003 152 154

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	280	651
1.2 Payments for		
(a) exploration and evaluation	(1,716)	(8,992)
(b) development	(4,915)	(11,772)
(c) production	(138)	(600)
(d) administration	(900)	(2,757)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	434	2,100
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other	-	365
Net Operating Cash Flows	(6,955)	(21,006)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	(175)	109,697
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(175)	109,697
1.13 Total operating and investing cash flows (carried forward)	(7,130)	88,691

Cash flows related to financing activities			
1.14	Net Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(7,130)	88,691
1.20	Cash at beginning of quarter/year to date	116,629	20,808
1.21	Exchange rate adjustments to item 1.20	(2)	(2)
1.22	Cash at end of quarter	109,497	109,497

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	209
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Per 1.23 Payments made to entities associated with a director pursuant to (i) payment of consulting fees, and (ii) payment of salaries & director's fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

Non-cash financing and investing activities (continued)

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	None	None
3.2 Credit standby arrangements	None	None

Estimated cash outflows for next quarter

(Not committed)

	\$A'000
4.1 Exploration and evaluation (excludes JV partner contributions to project)	5,759
4.2 Development (excludes JV partner contributions to project)	6,560
Total	12,319

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	702	252
5.2 Deposits at call	108,345	116,035
5.3 Bank overdraft	-	-
5.4 Other (security deposit held by bank)	450	342
Total: cash at end of quarter (item 1.22)	109,497	116,629

Changes in interests in leases

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining leases relinquished, reduced or lapsed	NONE			
6.2 Interests in mining leases acquired or increased	Canada ~39,000 acres	License	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities * (fully paid)				
MPO	182,850,415	182,850,415	-	-
7.4 Changes during quarter (a) Increases through issues	-	-	-	-
(b) Decreases	-	-	-	-
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
(Unlisted mgmt incentive options)				
MPOAI	300,000	-	\$0.250	06 Nov 2009
MPOAQ	400,000	-	\$0.250	29 Apr 2010
MPOAS	500,000	-	\$0.375	14 Aug 2010
MPOAU	50,000	-	\$0.550	14 Aug 2010
MPOAO	400,000	-	\$0.250	30 Aug 2010
MPOAO	400,000	-	\$0.375	30 Aug 2010
MPOAM	100,000	-	\$0.375	10 Jul 2011
MPOAK	300,000	-	\$0.375	6 Nov 2011
MPOAY	50,000	-	\$1.25	20 Dec 2010
MPOAZ	300,000	-	\$1.25	21 Jan 2011
MPOAA	200,000	-	\$1.50	15 Jul 2010
MPOAB	420,000	-	\$1.25	21 April 2011
MPOAB	100,000	-	\$1.25	02 March 2011
MPOAB	200,000	-	\$1.50	09 July 2010
MPOAB	50,000	-	\$1.25	31 March 2011
MPOAB	75,000	-	\$1.25	10 March 2011
MPOAB	1,708,087	-	\$2.08	30 June 2011
MPOAB	800,000	-	\$1.88	3 July 2011
MPOAB	400,000	-	\$0.89	20 Jan 2012
	6,753,087	-		
7.8 Issued during quarter				
(Unlisted mgmt incentive options)				
	400,000		\$0.89	20 Jan 2012
	400,000	-		
7.9 Exercised during quarter	-	-	-	-
7.1 Expired during quarter	-	-	-	-

7.1 **Debentures**
1 (totals only)
7.1 **Unsecured notes**
2 (totals only)

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(CFO / Company Secretary)



Dated: 28th July 2009

Print name: Anthony Bishop

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.