



LETTER TO SHAREHOLDERS / ASX RELEASE

9 February 2011

CHAIRMAN'S LETTER TO SHAREHOLDERS REGARDING GENERAL MEETING

Dear Shareholder,

You may have recently received a letter / email concerning changes to the Molopo board proposed by Beck Corporation Pty Ltd and six other shareholders, which are to be voted on at the general meeting of the Company to be held on 15 February 2011 (the "Beck Letter").

The Beck Letter is headed "Molopo Energy Limited", but you should note that it was **not** issued by Molopo.

Your Board wishes to make the following points in respect of the comments in the Beck Letter:

1. Molopo's asset portfolio has not gone from "Down Under to All Over" as stated in the Beck Letter. Molopo listed on ASX with an international portfolio of assets and this has not changed.
2. Molopo's fundamental strategy has been very consistent - specifically, to acquire interests in areas prospective for large accumulations of unconventional oil and gas and to add value to these resources by using its technical expertise to establish reserves capable of generating large long-lived cash flows. This value can be realized by developing the asset to the production stage and/or by selling all or part of the asset. The sale of assets, where a sale provides a superior economic outcome to development, has always been a part of Molopo's strategy. In the past two years, sales of assets with a cost base of approximately \$95 million have yielded proceeds of approximately \$313 million.
3. The proposal in the Beck Letter to have Molopo immediately start drilling at its shale gas asset in Quebec reflects a total lack of understanding of the situation in Quebec. Drilling now, in the face of strident public opposition and when most companies in the shale gas industry in Canada are awaiting a detailed set of operating guidelines from the Quebec provincial government, would be unwise to say the least and would seriously compromise Molopo's reputation.
4. Comment in the Beck Letter that Mr. Beck and Mr. Lewin would seek to scrap a geographic management structure has unsettled Molopo senior management in Canada, putting the Company at risk of staff losses.
5. The Beck Letter states that the sale of the Spearfish asset (announced by Molopo on 2 February 2011) was an "about turn". The Molopo Board determined to proceed with the sale of the Spearfish asset, in preference to the previously announced initial public offering of the Canadian assets, because it considered that a sale provided the best outcome for Molopo and its shareholders. To suggest that Molopo should have prematurely disclosed commercially sensitive details of a strategy designed to

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maximize a return for Molopo, is to suggest a course that is not in the interests of Molopo and its shareholders.

6. Although the Beck Letter claims that Molopo's share price performance is well below its peers, aside from the last calendar year, Molopo's share price has equaled or outperformed the ASX300 Energy Index consistently when comparing calendar year returns over a 2, 3, 4 and 5 year timeframe. The decrease in the last 12 months is also reflected in the share prices of similar companies listed on the ASX. Many investors understand that developing and profiting from unconventional energy resources requires vision and long-term focus to unlock value. Focusing on short-term share price performance shows a lack of understanding of the life cycle of value creation in a business such as Molopo's.

Taking into account the matters referred to above and those set out in the Explanatory Notes accompanying the Notice of Meeting, Molopo directors **unanimously recommend** that shareholders vote **AGAINST** all resolutions to be considered at the General Meeting.

Notice of Meeting and Explanatory Notes

The Molopo Board encourages all shareholders to consider the issues set out in the Notice of Meeting, Explanatory Notes (available at www.molopo.com.au) and those referred to above, and to exercise their right to vote at the General Meeting.

Time for submission of proxy appointments

To be valid, completed proxy forms and appointments must be received no later than 10.00am (Melbourne time) on 13 February 2011.

Shareholders mailing their completed proxy forms, or delivering them by hand, should endeavour to return their proxy form by close of business on Friday, 11 February 2011.

Shareholders will be able to submit their proxy directions via the link on Molopo's homepage (www.molopo.com.au) at any time before 10.00 am (Melbourne time) on Sunday, 13 February 2011.

Proxy appointments and directions may be changed at any time up to 10.00 am (Melbourne time) on Sunday, 13 February 2011 by submitting a further proxy form or amending your proxy directions online.

Yours faithfully,

Mr. Geoff Phillips
Chairman
Molopo Energy Limited