



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 30 June 2017

Molopo Energy Limited (“Molopo” or the “Company”) presents its quarterly activities report for the three-month period ended 30 June 2017.

Capital:

The Company holds AU\$66.2M in cash reserves at the end of the quarter, earning interest revenues during the quarter of \$321K from treasury management of between AU\$41M and AU\$57M that were held on term deposit. Of the AU66.2M cash held, the company holds US\$12M and CAD\$8.3M to fund future investment options that the Board continue to consider. The Board has been careful to ensure that the Company conserves shareholder capital to maintain shareholder value.

Takeovers Panel proceedings:

Molopo made an application to the Takeovers Panel on 11 April 2017 which sought a declaration of unacceptable circumstances in relation to, amongst other things, the conduct of two of its substantial shareholders, Keybridge Capital Limited and Aurora Funds Management Limited. An application was also made by the Australian Securities and Investments Commission.

On 31 May 2017, the Takeovers Panel confirmed that the involvement of Mr Nicholas Bolton, or alternatively the involvement of Mr Nicholas Bolton together with Mr John Patton, in Keybridge and Aurora, gives rise to unacceptable circumstances in relation to the affairs of Molopo.

As no “association” between Keybridge and Aurora was found by the initial Panel, Molopo sought a review of the decision. Keybridge and Aurora also sought to review the decision on different grounds.

On 30 June 2017, the review Panel announced its decision that, by no later than 26 October 2016 an “association” arose between Keybridge and Aurora or, in the alternative: *“the actions of Mr Bolton and Mr Patton, combined with the material financial interests each had in Keybridge and Aurora, and the influence that each exerted over Aurora and to an extent over Keybridge, gives rise to a control effect in Molopo that is otherwise unacceptable...”*

For personal use only



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 30 June 2017

As a result of the “association”, each acquisition of Molopo shares by Keybridge and Aurora since 26 October 2016, which at that time aggregated to 22.49% of Molopo’s issued shares, has resulted in a contravention s 606 of the Corporations Act and the failure to disclose the association has been in contravention of s 671B of the Corporations Act.

On 10 July 2017, the review Panel made orders, the effect of which includes:

- 3,666,285 Molopo shares held by Keybridge and 39,540,910 Molopo shares held by Aurora (being the number of Molopo shares acquired by Keybridge and Aurora respectively since 10 August 2016) (Sale Shares) are to be vested in ASIC to sell (representing an aggregate 43,207,195 shares or 17.35% of the total Molopo shares on issue);
- none of Keybridge, Aurora or their respective associates may, directly or indirectly, acquire any of the Sale Shares;
- none of the Keybridge, Aurora or their respective associates may vote any Sale Shares;
- neither Keybridge, Aurora nor their associates may acquire any further shares in Molopo for six months and thereafter Keybridge and Aurora cannot take into account the shares to be vested in ASIC in determining whether they can rely on the ‘creep’ exception in item 9 of section 611 of the Corporations Act; and
- each of Keybridge and Aurora must make disclosure of their relevant interests and association by lodging substantial holding notices.

Molopo considers the finding of an “association” between Keybridge and Aurora to be the correct decision. Molopo expended a significant amount of management time and expense on the matter and is hopeful that this decision will bring an end to the Panel proceedings and will allow Molopo to turn its focus to finding quality assets to generate increased returns for all shareholders.

For personal use only



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 30 June 2017

AGM:

In March 2017, Molopo received a S249D requisition notice from a shareholder, Keybridge Capital Limited, calling for a general meeting of shareholder to seek removal of the board and appoint three nominees to the Molopo Board.

At the Company's AGM held on 20 June 2017, the Board of Directors in place at that time were re-elected by shareholders and the nominee Board put forward by Keybridge and Aurora Funds Management Limited were not elected to the Board.

Legal:

The Board continues to manage the legal action in Canada concerning the Company and Molopo Energy Canada Ltd. ("MECL"), a wholly owned subsidiary of the Company. During the quarter, the company sought to mediate the action, however all attempts to agree an alternate resolution to this matter with the Plaintiff have, to date, not been successful.

Company Strategy:

Molopo continues to assess investment opportunities in the oil & gas sector. During the quarter, the Company undertook extensive due diligence on two oil & gas opportunities located in North America where the company has previously operated and which were considered by the Board to be within the Company's main undertaking. The strategic aim of the Board is to review global investment opportunities with a view to invest into assets in low political and economic risk environments.

After seeking a trading halt and subsequently a voluntary suspension of the Company's securities in June 2017, Molopo withdrew from an investment opportunity in Canada, and continued due diligence on an investment opportunity in USA. Following the review Panel proceedings, and following consultation with the ASX, Molopo sought that the suspension of trading of Molopo shares be lifted effective Monday 3rd July 2017.

As announced on 7 June 2017, ASX advised the Company that it requires Molopo to demonstrate, by 31 July 2017, a level of oil and gas operations sufficient, in ASX's opinion, to warrant the continued quotation

For personal use only



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 30 June 2017

of its securities. In the event the level of Molopo's operations is not sufficient to warrant the continued quotations of its securities by 31 July 2017, Molopo's shares will be placed into suspension, until such time that the ASX is satisfied that Molopo has completed an acquisition or investment to meet the ASX Listing Rule requirements (i.e. so that Molopo is no longer considered a 'cash box').

Further and prior to the Company completing any material acquisition or investment it will need to consult with ASX so that the ASX may advise whether it considers ASX Listing Rule 11.1 should apply (i.e. whether shareholder approval must be obtained for the acquisition or investment or whether Molopo needs to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules).

MOLOPO ENERGY LIMITED

For further information, please contact:

Andrew Metcalfe, Company Secretary

Telephone: +61 (0) 3 9867 7199

enquiries@molopoenergy.com

www.molopoenergy.com

This media release contains certain forward-looking statements. These statements relate to future events or future performance of the Company. When used in this media release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to a number of risks, uncertainties and assumptions. Many factors could cause Molopo's actual results, performance, or achievements to materially differ from those described in this media release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in other public disclosures made by the Company or this media release as intended, planned, anticipated, believed, estimated, or expected. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be produced profitably in the future. The forward-looking statements contained in this media release are expressly qualified in their entirety by this cautionary declaration. These statements speak only as of the date of this media release. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

For personal use only