

ASX MARKET ANNOUNCEMENT

Tuesday, 30 May 2017

ASX Codes : KBC; KBCPA

UPDATE ON INVESTMENT IN MOLOPO ENERGY LIMITED

Keybridge Capital Limited (ASX:[KBC](#)) (**Keybridge**) has a significant \$7 million investment¹ in Molopo Energy Limited (ASX:[MPO](#)) (**Molopo**) and is currently the equal largest shareholder with 19.95% of Molopo.

Keybridge notes Molopo has recently requested a trading halt '*pending the announcement of a strategic investment*'.²

Keybridge is concerned that Molopo may be seeking to complete a strategic investment prior to its upcoming (postponed) AGM without seeking shareholder approval, in circumstances where the current directors of Molopo are seeking re-election at the AGM.

Keybridge therefore wishes to inform its shareholders of the steps it is taking to protect its investment in Molopo.

Keybridge's investment in Molopo

Keybridge has been a substantial shareholder of Molopo since 27 October 2014 and currently holds approximately 19.95% of Molopo.

In the period from December 2014 until December 2016 Keybridge had one representative on the Molopo Board, Mr Antony Sormann. Mr Sormann resigned as Managing Director of Keybridge in October 2016 and also as a Director of Molopo in December 2016. Despite a request from Keybridge, Molopo chose not to appoint a new Keybridge nominee to its Board.

On 13 March 2017 Keybridge requisitioned a meeting of Molopo shareholders pursuant to [section 249D](#) of the Corporations Act including resolutions for the removal of all the then Directors of Molopo as well as the appointment of three nominees of Keybridge³. Molopo did not comply with the statutory obligation to call to the meeting but instead included a number (but not all) of the section 249D resolutions on its Notice of Annual General Meeting which was due to be held today, 30 May 2017⁴.

Molopo's AGM has now been postponed to 20 June 2017⁵ (more than three months after the section 249D requisition).

1 As at 30 April 2017; refer Keybridge's ASX announcement dated [15 May 2017: Net Asset Backing – April 2017](#)

2 Refer Molopo's ASX announcement dated [29 May 2017: Trading Halt](#)

3 Refer Keybridge's ASX announcement dated [14 March 2017: Composition of Board of Molopo Energy Limited](#) and Keybridge's Media Release dated 14 March 2017: Composition of Board of MPO; available on the Keybridge website: www.keybridge.com.au

4 Refer Molopo's ASX announcement dated [28 April 2017: Notice of Annual General Meeting, Explanatory Notes and Proxy Form](#)

5 Refer Molopo's ASX announcement dated [26 May 2017: Extension of Time to Hold Annual General Meeting](#)

Molopo's prior ASX announcements concerning investments requiring prior shareholder approval

For a number of years Molopo's only asset has been a significant holding of cash. Molopo's latest [2016 Annual Report](#) disclosed a cash balance of \$67,486,000 out of total assets of \$67,540,000 in its Consolidated Statement of Financial Position as at 31 December 2016 and Molopo's [March 2017 Quarterly Report](#) disclosed a cash balance of \$66,883,000 as at 31 March 2017.

In the period April 2013 to February 2015 Molopo disposed of all of its assets other than its cash. On 13 February 2015 Molopo announced to ASX the [sale of its Fiesta assets](#) in Texas and that announcement concluded:

'The sale concludes the asset maximisation program initiated in April 2013.'

Since that time, Molopo has made a number of announcements to ASX in relation to its future direction. On at least five occasions Molopo has confirmed that any material investment would be submitted to Molopo shareholders for approval. For example:

On 6 November 2015 in its announcement headed '[Clarification on forward direction](#)' Molopo stated (at page 1):

'Any material investment in the oil and gas sector or any other sector will require careful consideration of the Board prior to seeking shareholder approval.'

On 29 January 2016 in its [Quarterly Report ending 31 December 2015](#) Molopo stated (at page 2):

'Any material investment in the oil and gas sector or any other sector will require careful consideration of the Board prior to seeking shareholder approval.'

On 31 March 2016 in its [Annual Report for year ending 31 December 2015](#) Molopo stated (at page 3):

'Any major transaction is likely to require shareholder approval.'

On 30 May 2016 in its [Chairman's Address – Annual General Meeting 30 May 2016](#) Molopo stated (at page 2):

'Oil and Gas Opportunities – consistent with the announced strategic direction, Brent Bonadeo has reviewed over 50 opportunities. Any transaction would be subject to shareholder approval....The Board will either continue to review oil and gas opportunities or look to a change of direction. Any change of direction would requires both ASX and shareholder approval.'

On 29 July 2016 in its [Quarterly Report ending 30 June 2016](#) Molopo stated (at page 1):

'Whilst those discussions are ongoing, the Directors are mindful that any material investment in the oil and gas sector or any other sector will require careful consideration of the Board prior to seeking shareholder approval.'

Molopo has not made any subsequent announcement retracting any of these statements.

Keybridge's concerns

Keybridge is concerned that Molopo may be seeking to complete a strategic investment prior to its postponed AGM without seeking shareholder approval, in circumstances where at the Molopo AGM shareholders will have the chance to choose between eight candidates for directors.

On the basis of the matters outlined above, Keybridge requested an undertaking from Molopo that it will not enter into any strategic investment without first obtaining approval from Molopo shareholders in general meeting for such investment but Molopo has not provided this undertaking sought by Keybridge.

Keybridge has also requested ASX to exercise its discretion under the ASX Listing Rules to require Molopo to seek shareholder approval.

Keybridge will continue to monitor developments in relation to its investment in Molopo and will take such further steps to protect its investment as it considers are warranted including if necessary seeking an urgent injunction from the Court.

FOR FURTHER INFORMATION:

William Johnson
Director
Tel: +61 8 9214 9767
Email: wjohnson@keybridge.com.au

Victor Ho
Company Secretary
Tel: +61 8 9214 9767
Email: cosec@keybridge.com.au

ABOUT [KEYBRIDGE CAPITAL LIMITED](#) (ASX: [KBC](#))

KBC is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets including in the solar (Spain), private equity (US), life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX: [HHY](#)), Molopo Energy Limited (ASX: [MPO](#)), Metgasco Limited (ASX: [MEL](#)) and PTB Group Limited (ASX: [PTB](#)).