



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 31 December 2017

Molopo Energy Limited (“Molopo” or the “Company”) presents its quarterly activities report for the three-month period ended 31 December 2017.

Capital and operating expenses:

The Company held AU\$48M in cash at the end of the quarter. The Company’s most significant payment in the quarter was of circa US\$4.5M (circa. AU\$6M) advanced to its 50% owned Orient FRC Limited (**Orient**), a BVI registered company, that holds rights over oil & gas exploration leases in south-west Florida (USA) with Kerogen Florida Energy Company LP. Other expenses in the quarter related to exploration lease payments, insurance, taxation, legal and general operating expenses.

Corporate matters:

On 30 June 2017, the review Panel announced its decision that, by no later than 26 October 2016 an “association” arose between Keybridge Capital Limited (**Keybridge**) and Aurora Funds Management Limited (**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...”*

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 of 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 the following orders:

- found that Aurora and Keybridge acted in concert and are associates in relation to Molopo;
- found that Aurora and Keybridge contravened Chapters 6 and 6C of the Corporations Act;
- ordered that none of Aurora and Keybridge or their respective associates may, directly or indirectly, acquire any shares in Molopo before the date that is 6 months after the date of the Panel’s Orders made on 7 July 2017; and
- ordered that 3,666,285 shares in Molopo (1.5% of Molopo’s shares) held by Keybridge and 39,540,910 shares in Molopo (15.9% of Molopo’s shares) held by Aurora are vested in the Commonwealth and that these shares be sold by ASIC in accordance with the Panel’s orders.

On 18 September 2017, Molopo announced an update to its top 20 shareholders, reporting that 3,666,285 Molopo shares held by Keybridge and 39,540,910 Molopo shares held by Aurora were vested with the Commonwealth of Australia for sale pursuant to the orders issued by the review Panel.



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Legal actions:

During the quarter, the Board continued to manage the legal action in Canada concerning the Company and Molopo Energy Canada Ltd. ("MECL"), a wholly owned subsidiary of the Company.

On 27 November 2017 Aurora applied to the Takeovers Panel, seeking an order to prevent the Company from meeting its funding commitments to Orient, or requiring the Company to obtain prior shareholder approval before meeting its funding commitments to Orient.

On 8 December 2017, the Panel determined that it would not make any declaration of unacceptable circumstances against Molopo, with the result that it did not make the orders sought by Aurora.

WAM Capital off-market takeover bid

On November 8 WAM Capital announced a proposed an off market bid for Molopo Energy Limited. Since 31 December 2017, this proposal has been withdrawn.

Aurora's Bid

On 14 November 2017 Aurora dispatched the bidder's statement for its off market takeover bid for the Company.

The terms of the bid are set out in the bidder's statement, a copy of which was released on the ASX announcement platform on 26 October 2017.

The Company released its target's statement in respect of the Aurora bid on 28 November 2017. The target's statement set out the unanimous recommendation of the Company's directors that shareholders reject Aurora's offer, and the reasons for that recommendation.

General Meeting of Shareholders:

During the prior quarter, Keybridge requisitioned a General Meeting of the Company. The General Meeting was held on 10 November 2017. Alexandre Gabovich, the company's Managing Director and Interim Chairman was removed. The resolution proposed by Keybridge to appoint, Mr William Johnson to the board was rejected by the Company's shareholders.

Company Strategy:

As Molopo has announced since 2015, the primary strategy of the Company is to actively pursue oil and gas investment opportunities.



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On 7 June 2017, Molopo announced that ASX has 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 of its securities.

On 27 July 2017 the Company's shares were placed in voluntary suspension from trading on ASX. On 22 August 2017, the Company announced that its acquisition of 50% of Orient did not satisfy ASX's requirement for a sufficient level of oil and gas operations. The Company's shares therefore remain in suspension from trading on ASX

the ASX is Appointment of Director(s)

During the quarter, Mr Matthew Cudmore joined the Board of Molopo as a Non Executive Director. Mr Baljit Johal joined as an Executive Director and was subsequently elected to the role of Chairman of the board of directors, and Mr Richard Matthews joined as an Executive Director and company secretary.

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For further information, please contact:

Richard Matthews, Company Secretary

enquiries@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.