

Aurora Absolute Return Fund

Aurora Funds Management Limited (“Aurora”) provides an update regarding Aurora Fortitude Absolute Return Fund (“AFARF”), which impacts the Aurora Absolute Return Fund.

Further information

If you have any queries or concerns, please contact us.

Telephone: 1300 553 431

Email: enquiries@aurorafunds.com.au

Aurora Funds Management Limited | ABN 69 092 626 885 | AFSL No. 222110

14 May 2018

14 May 2018

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

AURORA
FUNDS MANAGEMENT

A.B.N. 69 092 626 885
AFSL No. 222110

PO Box 33281
Melbourne VIC 3004

Telephone: 1300 553 431
Email : enquiries@aurorafunds.com.au

**AURORA FORTITUDE ABSOLUTE RETURN FUND (AFARF) – MOLOPO ENERGY LIMITED (ASX: MPO)
TAKEOVER BID UPDATE**

Aurora Funds Management Limited ACN 092 626 885 (**Aurora**), in its capacity as responsible entity for the Aurora Fortitude Absolute Return Fund (**AFARF**), notes and welcomes the announcement made by the ASX in respect of Molopo Energy Limited (**Molopo**) on 11 May 2018, requiring Molopo to retrospectively obtain shareholder approval or unwind its various investments in the British Virgin Islands (Orient Transactions). The ASX also noted that Molopo has committed serious breaches of the ASX listing rules and may have committed other offences under the Corporations Act. ASX have accordingly referred the matter to ASIC for investigation.

Aurora has long held the view that Molopo required shareholder approval pursuant to ASX Listing Rule 11.1 before making an investment. This is consistent with the previous representations made by the Company, upon which Aurora relied before making its investment in Molopo.

Separately, on 11 May 2018, Aurora made an application to the Takeovers Panel seeking, amongst other things, a declaration of unacceptable circumstance in relation to effect of the Orient Transactions on the takeover offer by the Aurora Fortitude Absolute Return Fund (Aurora Bid). Aurora considers that the steps taken by Molopo are in contravention of the conditions of the Aurora Bid.

Aurora also highlights the following concerns:

- the circumstances in which Ms Samantha Tough, the former Chairman of Molopo, received a payment of circa \$150,000 (now revealed in Molopo's annual report), and the ensuing change of control of the Molopo Board to representatives of Ion Limited (a Gibraltar company). These representatives thereafter exerted control over the Board, resulting in Molopo committing to the Orient Transaction, in contravention of the ASX Listing Rules;
- the uncommercial basis upon which Ion Limited acquired its interest in Molopo. Ion Limited paid a circa 12% premium to the then net asset backing of Molopo (representing a circa 70% premium to the then market price) for a non-controlling (at that time) 19.9% interest, when Molopo was a cashbox with no operating business. Aurora is concerned that the rationale for making such an uncommercial investment was to obtain control over Molopo for the benefit of Ion;
- in its previous applications to the Takeovers Panel, Molopo may have been misleading and may have acted for a collateral purpose, including preservation of the undisclosed control of Molopo by Ion; and
- the Orient Transactions were neither commercial nor conducted in the best interests of Shareholders.

Aurora will continue to keep the market informed of any material developments in this matter, and is also considering the impact to the AFARF Takeover Bid, and will provide an update in due course.

Yours faithfully

Aurora Funds Management Limited
as responsible entity for
Aurora Absolute Return Fund



Adrian Martin
Company Secretary