MOLOPO ENERGY LIMITED

ASX ANNOUNCEMENT (ASX:MPO)

28 May 2018

Further details of projects in South East Texas Gulf Coast, Onshore ("Safari Onshore Project")

We refer to Molopo's ASX announcement of 8 May 2018 (**Molopo Update Announcement**).

The Safari Onshore Project referenced in this announcement is the project referred to as "South East Texas Gulf Coast, Onshore" in the Molopo Update Announcement.

1. INDEPENDENT EVALUATION

Molopo is pleased to provide further details on an independent evaluation report prepared by Dynamic Upstream E&P Consultants LLC (**DUEPC**) for Orient FRC, Ltd. (**Orient**) in relation to the Safari Onshore Project dated 17 April 2018 (**DUEPC Report**).

The project area lies in the Expanded Yegua producing trend of the Texas Gulf Coastal Plain in Liberty, Hardin and Chambers Counties, Texas, and consist of the following 12 prospects being developed by Drawbridge Energy Holdings Ltd (**Drawbridge Holdings**):

- three prospects which have licensed 3D-seismic data and in respect of which DUEPC was able to provide an independent evaluation of the geologic risks, probabilistic volumetrics, and economics of these Prospects (**Addax, Bongo and Leopard Prospects**);

- eight other prospects which are in the Yegua trend which, due to Drawbridge Energy not yet having 3D-seismic data licensed, DUEPC reviewed and analyzed these prospects using a "proxy prospect" in a portfolio sense (**Other Yegua Trend Prospects**); and

- an additional deeper prospect in the Cook Mountain area has also been identified and mapped but DUEPC could not review it at this time (**Cook Mountain Prospect**).

2. METHODOLOGY OVERVIEW

The downdip Yegua play has been explored by the industry for more than 40 years. Thus it is a mature play with many wells and abundant data (well logs, tests, production, etc.). DE is focusing on the Yegua in stratigraphic traps in a sand-rich fairway using 3D-seismic – using Direct Hydrocarbon Indicators (DHIs) - and nearby well control. The Yegua is expected at depths of 8500 to 13,000 feet MD. The objectives are sandstones (informally termed "sands") 20 to 100 feet+ thick with good porosity and permeability. They are expected to be gas bearing with good condensate yields.

In relation to the Addax, Bongo and Leopard Prospects, data evaluated includes the nearby wells and 3D-seismic data licensed from Seitel and reprocessed by eSeis. The latter work focuses on using DHI (i.e. direct hydrocarbon indicator) technology – in this case, AVO (i.e. Amplitude vs. Offset) (**AVO**) – to identify and characterize the potential gas-bearing sands. Data was of high quality and abundant. From DUEPC's review of the seismic interpretation on these three prospects – a major element in the

exploration play and DUEPC's evaluation – DUEPC was of the view that there was good quality data and sound interpretations. For each prospect, DUEPC identified reasonable minimum, most likely, and reasonable maximum areas of the Yegua reservoirs based on the seismic images. This was critical input into its probabilistic volume estimates.

The Other Yegua Trend Prospects have been mapped by Drawbridge Holdings' operating entity, Drawbridge Energy Operations and Management, LLC (**Drawbridge Energy**), but seismic data has not been licensed as yet. These were reviewed by DUEPC using Drawbridge Energy's most likely areas for volumetric calculations. Other volumetric inputs used were from the Addax, Bongo and Leopard Prospects as they are nearby and at similar depths. DUEPC used the average P_g (probability of geologic success) from the three evaluated prospects for these eight mapped prospects.

Very little data was available on a deeper Cook Mountain prospect and that has not been reviewed or included in DUEPC's economic evaluation of the entire exploration portfolio. DUEPC identified this twelfth prospect as "upside potential" but give it no value at this time.

3. INDUSTRY ACTIVITY ANALYSIS

The Yegua trend is a very mature and prolific play in onshore Texas, Louisiana, and Mississippi.

As background, there are three portions (fairways) of the trend: (i) the "updip" sandstone-rich region that has produced since the 1930s; (ii) the "mid-dip" region where sandstones are scarce; and (iii) the "downdip" sandstone-rich region that is slightly to moderately geopressured.

The downdip fairway is the focus of the current exploration play. DUEPC note that significant data (wells, seismic, production, etc.) are available in the project area.

DUEPC's industry activity analysis was restricted to the play area defined by Drawbridge Energy (red box of four plus counties as shown in Figure 2 below). This subset is representative of industry activity within the downdip fairway. As shown in Figure 1 below, the downdip fairway had significant activity in the early 2000s. With the oil price collapse in 2007, industry activity rapidly declined. Most of these operators were small independents that have not returned to the area, as investor funding in the US has primarily focused on onshore shale drilling since circa 2012.

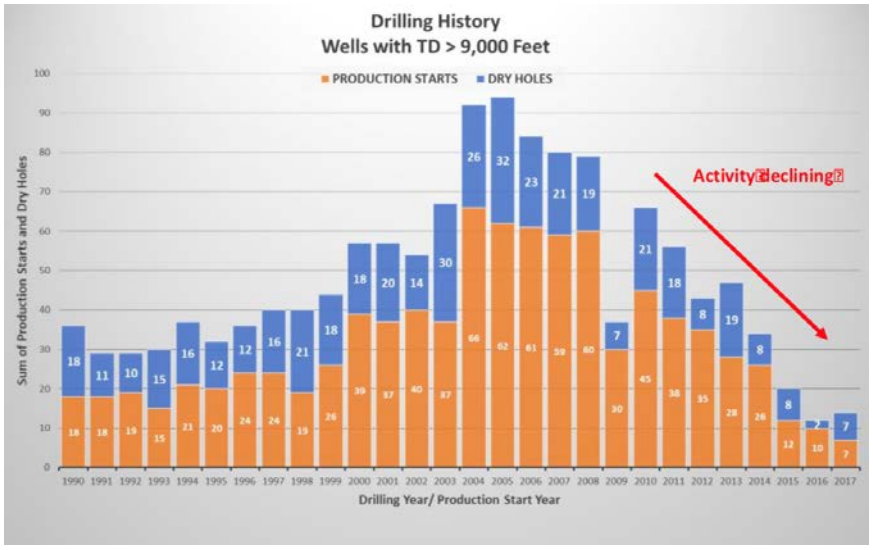

Figure 1: Graph of drilling activity in the downdip Yegua in Drawbridge Energy's project area

The DUEPC Report indicates that there is a lack of industry activity in the project area as reflected by (i) the current drilling activity in the project area as shown in Figure 2; and (ii) the number of well drilling permits.

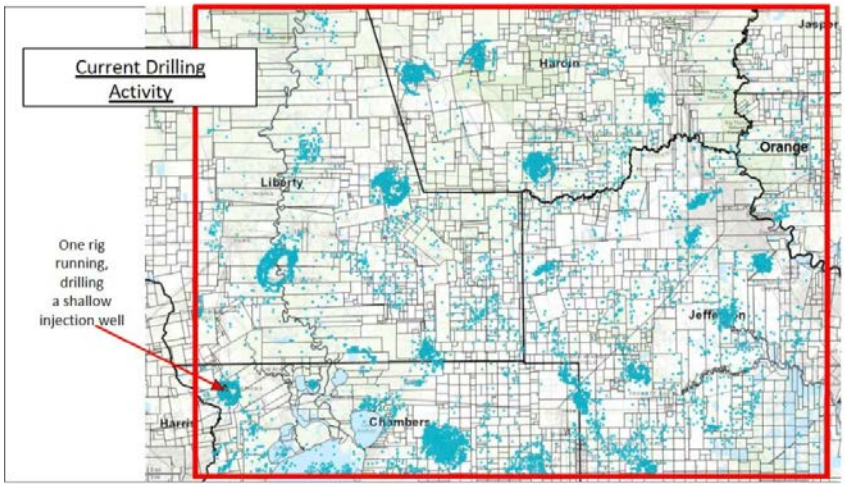

Figure 2: Current drilling activity in the project area. The areas marked in blue are existing oil and gas fields.

The DUEPC Report also indicates that the project area has had significant production (see Figure 3).

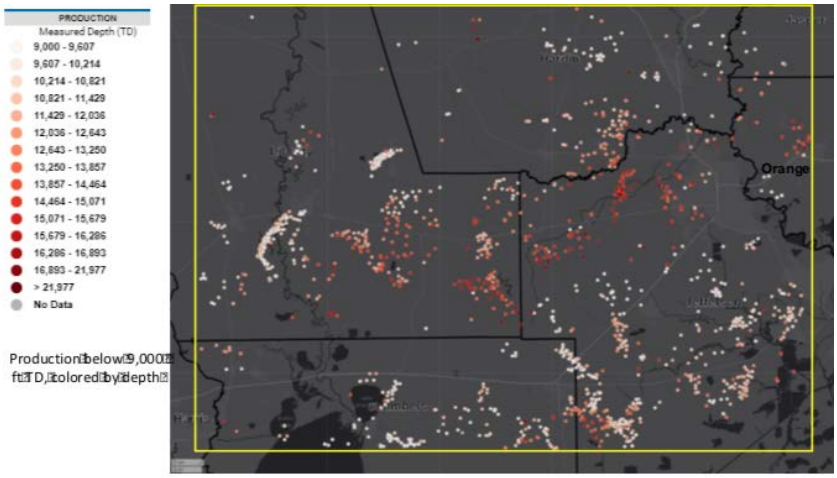

Figure 3: Production in the project area by depth. Most that is shown is from the downdip Yegua (9000-13,000') – the objective of the Safari Onshore Project.

The DUEPC Report observes that:

- although the area has been heavily explored and produced, opportunities are still present, especially with the use of modern AVO technology and integration of all nearby data by Drawbridge Energy;

- the abandonment of the play by industry provides Drawbridge Energy with good leasing opportunities (most acreage is available (unleased)) and leasing is expected to be at favorable terms, as mineral owners have not seen industry activity for about 10 years; and

- accordingly, Drawbridge Energy has developed a favorable ground floor entry via its staff's experience and use of the latest AVO technology.

4. PROSPECT EVALUATIONS - ADDAX, BONGO AND LEOPARD PROSPECTS

Leopard Prospect

The Leopard Prospect is a southwest to northeast-trending AVO anomaly that is bounded to the southeast by a fault. The northwest, southwest, and northeast flanks of the prospect form apparent stratigraphic traps. The reasonable minimum, most likely, and reasonable maximum pay areas (P90, P50, and P10) are defined on the map in Figure 4.

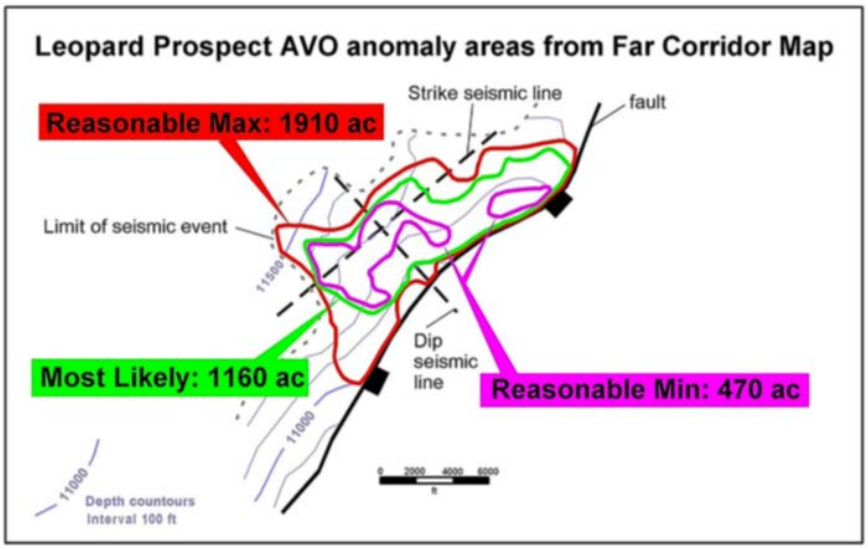

Figure 4: Line drawing of Leopard AVO anomaly size range (reasonable min, most likely and reasonable max) superimposed on depth structure contours and showing location of strike and dip seismic line drawings[1]

Bongo Prospect

The Bongo Prospect is a southwest to northeast-trending AVO anomaly that is bounded to the northwest and southeast by faults. To the northeast and southwest, the AVO anomaly appears to have stratigraphic limits. The reasonable minimum, most likely, and reasonable maximum pay areas (P90, P50, and P10) are defined on this map in Figure 5.

[1] Please note that line sketches created from seismic images are used as Figures 4, 5 and 6 as the licensing agreement between Drawbridge Energy and the seismic vendor precludes direct use and publication of the seismic images.

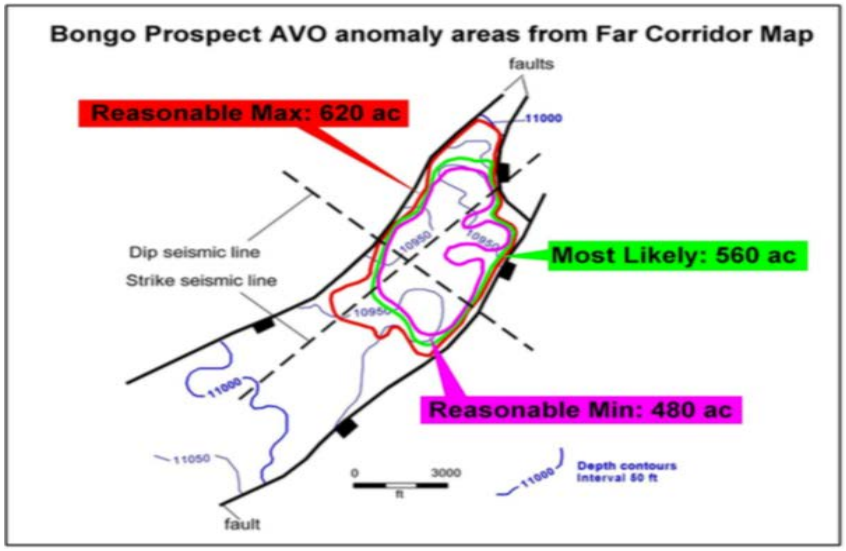

Figure 5: Line drawing of Bongo Prospect AVO anomaly size range (reasonable min, most likely and reasonable max) superimposed on depth structure contours and showing location of strike and dip seismic line drawings.

Addax Prospect

The Addax Prospect sits between two faults in a structural low – the northeast and southwest boundaries of the trap are purely stratigraphic. The thin polygon on the south side is not a fault but a clear stratigraphic feature, likely a clay-filled channel. The reasonable minimum, most likely, and reasonable maximum pay areas (P90, P50, and P10) are defined on the map in Figure 6.

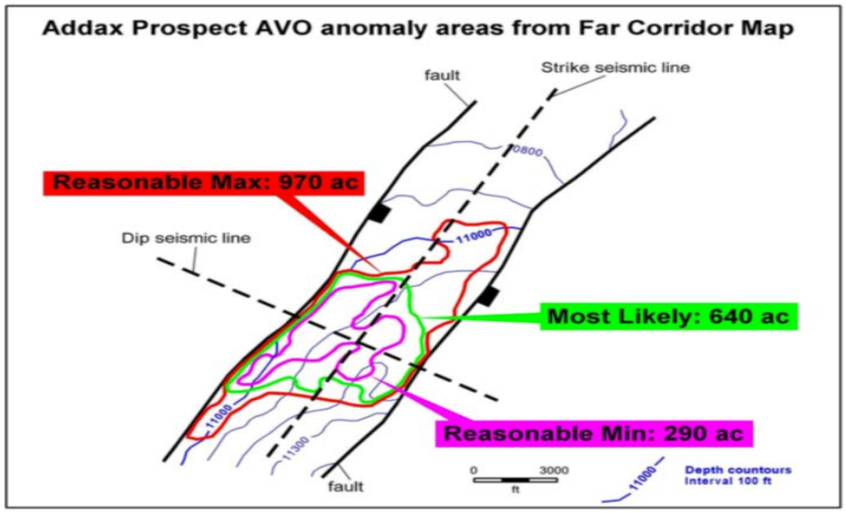

Figure 6: Line drawing of Addax Prospect AVO anomaly size range (reasonable min, most likely and reasonable max) superimposed on depth structure contours and showing location of strike and dip seismic line drawings.

Geologic Risks of Addax, Bongo and Leopard Prospects

DUEPC considers the Addax, Bongo and Leopard Prospects to be low-risk (high probability of occurring) opportunities. The probability of geologic success (P_g), i.e., the chance of finding moveable hydrocarbons (getting on the hydrocarbon distribution at the P99 volume), is probable to most probable. The risk factors involved in calculating P_g and DUEPC's assessment of P_g for each prospect is shown in Figure 7.

SAFARI - PHASE 1: Yegua						
	Prospect Addax		Prospect Bongo		Prospect Leopard	
Risk factors	Risk	Comments	Risk	Comments	Risk	Comments
Reservoir quality rock	85%	not all are reservoir quality in area	85%	not all are reservoir quality in area	85%	not all are reservoir quality in area
Seal	95%	good top and base	95%	good top and base	95%	good top and base
Trap	75%	purely stratigraphic	90%	structural rollover	80%	purely stratigraphic
Source	100%	nearby Yegua producers	100%	nearby Yegua producers	100%	nearby Yegua producers
Timing/migration	100%	nearby Yegua producers	100%	nearby Yegua producers	100%	nearby Yegua producers
Pg	**61%**		**73%**		**65%**	

Risk factor	Outcome	Data	
		Quantity	Quality
100%	Virtually to absolutely certain	Significant	Excellent
90%			
80%	Most probable	Good	Good
70%			
60%	Probable	Fair	Fair
50%			
40%	Possible	Poor	Poor
30%			
20%	Virtually to absolutely impossible	Significant	Excellent
10%			

Figure 7: Calculation of the probability of geologic success P_g for the Addax, Bongo and Leopard Prospects.

5. PROSPECT EVALUATIONS - OTHER YEGUA TREND PROSPECTS AND COOK MOUNTAIN PROSPECT

As mentioned above, Drawbridge Energy has identified and earlier mapped nine other prospects in the project area. However, as Drawbridge Energy has not yet licensed the 3D-seismic data, DUEPC could not do an evaluation similar to the three prospects already discussed on the same basis at this time. However, DUEPC have reviewed these other prospects and provided pro forma portfolio review including the three evaluated prospects giving various economic evaluations on this 11-prospect portfolio. The area of interest for the project area is shown in Figure 8 below.

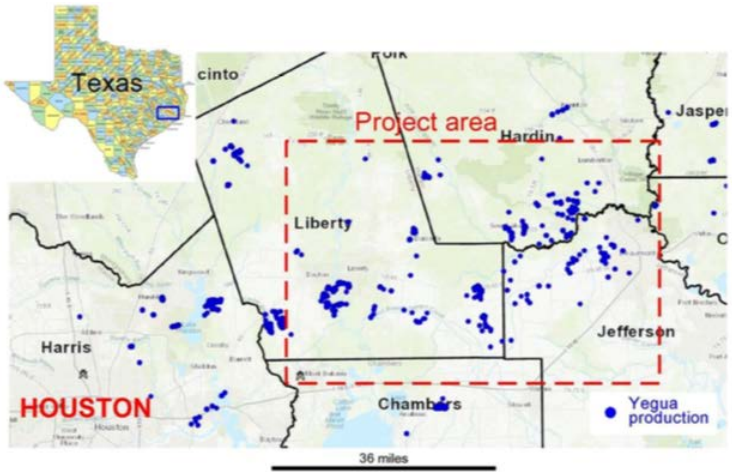

Figure 8: Index map showing the Safari Onshore project area.

DUEPC provided its 11-prospect portfolio analysis on the basis that it believes it is reasonable to make a Yegua "proxy" prospect for the Other Yegua Trend Prospects to use in a portfolio analysis as:

- the Other Yegua Trend Prospects have similar characteristics to the evaluated Addax, Bongo and Leopard Prospects, namely objectives and depths (see Figure 9); and

- the Other Yegua Trend Prospects are also in the same geologic setting and sediment fairway and within 40 miles of the evaluated Addax, Bongo and Leopard Prospects.

	3 evaluated prospects	8 mapped prospects	1 mapped prospect
Objective	Downdip Yegua	Downdip Yegua	Cook Mountain
Depths			
Range	9950' – 11350'	8500' – 12600'	18000'
Average	10800'	10680'	N/A
Most likely areas (acres)			
Range	560 - 1160	170 - 520	850
Average	790	340	N/A

Figure 9: Comparison of Other Yegua Trend Prospects and Cook Mountain Prospect (without seismic) and the evaluated Addax, Bongo and Leopard Prospects

The Yegua proxy prospect has been assumed to have the same volumetric inputs as the average of evaluated Addax, Bongo and Leopard Prospects except at ~50% of the size (most likely area). DUEPC has evaluated the portfolio using DUEPC's average geologic risk of the three evaluated Addax, Bongo and Leopard Prospects and assumed each mapped prospect is independent (see Figure 10).

Case	Pg	Comment
1	66%	Same as average by DUEPC for 3 evaluated prospects. DUEPC success case.

Figure 10: Geologic risk for Yegua proxy prospect (representing eight mapped prospects lacking seismic at this time).

The Cook Mountain Prospect cannot be reviewed by DUEPC at this time as there is very limited data and this prospect is a different objective at a much deeper depth. DUEPC however believes this should be considered as "potential upside" but cannot be included in its evaluation.

6. PROSPECTIVE RESOURCES ESTIMATES

In accordance with industry guidelines (i.e. the Society of Petroleum Engineers and others, 2011), all potential hydrocarbons identified by Drawbridge Energy are classified by DUEPC as "prospective resources" as they are undiscovered. As DUEPC was evaluating the expected success case in the DUEPC Report, it has used the term "reserves" in the DUEPC Report.

It should be noted that DUEPC evaluated the eleven Yegua Trend prospects for resource potential and project economics. The first three prospects – Addax, Bongo, and Leopard Prospects– were analysed in detail. The remaining eight prospects were analyzed in much less detail using only average parameters from the first three prospects and the areas provided by Drawbridge Energy as most likely. DUEPC applied the average geologic risk of the three evaluated prospects on a *pro forma* basis as from the available information, these other eight prospects are very similar geologically and depth-wise and very nearby. A twelfth prospect was not evaluated as although it is in the project area it is much deeper and different geologically. It was given no value and has been identified only as "upside potential". The twelfth prospect can be evaluated when the seismic data is licensed.

To account for the uncertainty in reservoir size and geologic risk, a risked Monte Carlo volumetric methodology was used. This analysis yields a risked mean resources size that was used for the economic projections. This risking accounts for cases where one or more of the prospects could be unsuccessful

(dry holes). Based on DUEPC's review of the geologic risk factors, there is a very low chance that all three of the first set of prospects will be unsuccessful.

For the purposes of the economic evaluation, DUEPC has assumed that:

- spud of first well will occur on 1 January 2019; and
- production will commence on 1 March 2019.

Prospective Resources Estimates

Using the information set out in the DUEPC Report, the estimated Prospective Resources in respect of the Safari Onshore Project are set out in Table 1 below. Table 1 includes the assessed 11-prospect portfolio only and excludes the twelfth prospect which has been given no value.

Table 1

Prospective Resources Net to Molopo	**Low Estimate**	**Best Estimate**	**High Estimate**
Billion Cubic Feet of Gas (**"BCF"**)	20.76	25.72	30.42
Million Barrels of Oil (**"MMBO"**)	0.95	1.14	1.33

Notes

1. Prospective Resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) that relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

2. The estimates in Table 1 have been prepared:

    a. based on information from the DUEPC Report dated 17 April 2018, which utilised a future evaluation date of 1 July 2018, as activity (other than leasehold investment costs) will only commence when money is spent on drilling activity;

    b. in accordance with the SPE-PRMS reserve and resource definitions and ASX Listing Rules Chapter 5; and

    c. using the probabilistic method. This method is an industry standard methodology used to compare and rank projects, such as the drilling of wells, which is often more representative than decision tree or deterministic approaches. As opposed to traditional deterministic methods, probabilistic analysis gives decision-makers ranges of outcomes with associated probabilities of occurrence.

3. The estimates in Table 1 have been calculated:

    a. according to Molopo's economic interest in the Prospective Resources as set out in Table 1 above, taking into account, Molopo's 30% interest at such time in Drawbridge Holding's participation of (i) 100% working interest and 72.5% revenue interest on each well until the project cashflow reached payout plus eight (8.00%) percent interest on outstanding investments; and (ii) after the payout date, 85% working interest and 61.625% revenue interest in each well; and (iii) after the payout date, 65% working interest and 47.13%

revenue interest in each well (assuming the entire portfolio of investments has also met the 8% interest on outstanding investments). Molopo's interest is a result of it owning 100% of the issued share capital in Orient FRC Ltd, which in turn holds 30% of the issued share capital in Drawbridge Holdings; and

b. Discounts to Gross Production were applied for the royalties payable to landowners (to arrive at the 72.5% net revenue interest) which assumption is based on the terms of the deal inclusive of royalties commonly found to be paid in this region of the United States.

4. The following assumptions were applied in the estimates in Table 1:
    a. Forecasted oil and gas prices applied are published forward pricing (Nymex Strip Prices) as of April 2017 and result in average annual prices utilized over the life of the project of $3.03/mmbtu of natural gas and $52.18/barrel of oil.
    b. Forecasted drilling and operating costs for individual wells are based on market rates including data reported to the Texas Railroad Commission and as noted in the DUEPC report “deemed reasonable.”
    c. Applicable Production and Ad Valorem taxes applied according to published rates.

5. Additional information in relation to the estimates in Table 1, which is required to be disclosed pursuant to ASX Listing Rules Chapter 5 is set out in Appendix 1 of this announcement.

Appendix 1

Additional information required under Listing Rule 5.35 in relation to estimates of prospective resources

Listing Rule 5.35.1 - Types of permits held by Molopo in respect of the reported estimates of prospective resources

Molopo does not hold, and will not, hold any permits and understands that the relevant permits will be filed and held by Drawbridge Energy and such permits are likely to consist of permits issued by the Texas Railroad Commission for the upstream oil and gas activities (e.g., drilling, completing, producing, abandoning (plugging), etc.) that Drawbridge Energy will be engaging in.

At present, Drawbridge Energy holds leases with rights to explore, develop, operate and prepare the prospects for drilling. Drawbridge Energy does not hold, nor has yet applied for, any drilling permits from the Texas Railroad Commission as the spudding of the first well will likely only begin in January 2019. Drawbridge Energy intends to apply for drilling permits to engage in its planned exploration drilling activities in the fall of 2018. It is likely that Drawbridge Energy will apply for well drilling permits involving wells at the Addax, Bongo, and Leopard Prospects on or around the same time.

In relation to the application process for the relevant permits, Molopo understands that Drawbridge Energy intends to have all of the relevant surface well locations surveyed, prior to filing a letter of credit and the relevant permit applications with the Texas Railroad Commission to drill and produce the wells. Molopo further understands that the approval of permit applications by the Texas Railroad Commission is a routine process and does not anticipate that Drawbridge Energy will have an issue obtaining the relevant permits. By way of example, it is noted that the Texas Railroad Commission issued (approved) 1,188 drilling permits in January 2018 (see http://www.rrc.state.tx.us/all-news/020918a/).

Listing Rule 5.35.2 - Brief description of (a) the basis on which the prospective resources are estimated; and (b) any further exploration activities, including studies, further data acquisition and evaluation work, and exploration drilling to be undertaken and the expected timing of those exploration activities.

The prospective resources were estimated by review of technical work done by Drawbridge Energy staff using their proprietary data and public domain data by a team of experienced upstream professionals (see Section 2 **"Methodology"** for more details). As the project area has been heavily explored and produced (see further discussion on this at Section 3 **"Industry Activity Analysis"**), there are many nearby analogs to use. For example, the AVO anomaly at the Addax Prospect could be compared to AVO anomalies on the same 3D-seismic survey where successful wells (producing or logged pay was encountered) versus unsuccessful (dry holes) wells were present.

No new data is expected unless some other operator drills a well nearby. DUEPC expects this to be highly unlikely as there is a lack of industry activity in the project area (see further discussion on this at Section 3 **"Industry Activity Analysis"**).

Further exploration activity for each well at the Addax, Bongo, and Leopard Prospects will involve the following:

1. deciding on the surface and bottom hole well location and its depth;
2. surveying the surface location;
3. filing the well drilling permit with the Texas Railroad Commission;
4. engineering the design of the well – casing sizes and depths, mud weights, evaluation program, etc;
5. placing bids for well construction services – drilling rig, wireline logs, muds, etc; and
6. spudding of well.

Items 1 to 5 of the exploration activities detailed above are expected to occur between July 2018 to December 2018 and the spudding of the first well is expected to take place in January 2019.

Listing Rule 5.35.3 - Molopo's assessment of the chance of discovery and the chance of development associated with the reported estimates of prospective resources

DUEPC has evaluated the 11-prospect portfolio using DUEPC's average geologic risk of the three evaluated Addax, Bongo and Leopard Prospects (see section 5 **"Prospect Evaluations - Other Yegua Trend Prospects and Cook Mountain Prospect"** and section 6 **"Prospective Resources Estimates"** for more details).

DUEPC considers the Addax, Bongo and Leopard Prospects to be low-risk (high probability of occurring) opportunities. The probability of geologic success (P_g), i.e., the chance of finding moveable hydrocarbons (getting on the hydrocarbon distribution at the P99 volume), is probable to most probable (see sub-section **"Geologic Risks of Addax, Bongo and Leopard Prospects"** under section 4 **"Prospect Evaluations - Addax, Bongo And Leopard Prospects"** for more details). There is however a risk that exploration will not result in sufficient volumes of oil and/or for commercial development.

Listing Rule 5.35.4 - If risked estimates of prospective resources are reported, an explanation of how the estimates were adjusted for risk

The estimates of prospective resources includes the assessed 11-prospect portfolio only (i.e. the Addax, Bongo and Leopard Prospects and the Other Yegua Trend Prospects) and excludes the Cook Mountain Prospect which has been given no value.

For the Addax, Bongo and Leopard Prospects that could be fully evaluated as seismic data has been licensed, risked prospective resources were estimated by applying a geologic risk assessed for each prospect.

For the other eight Other Yegua Trend Prospects that do not have seismic date licensed yet, DUEPC applied the average geologic risk of the three evaluated prospects on a pro forma basis as from the available information, these other prospects are very similar geologically and depth-wise and very nearby.

(See section 6 **"Prospective Resources Estimates"** for more details.)

Appendix 2

Qualified Petroleum Resources Evaluator Statement

The Prospective Resources in this presentation are based on and fairly represent information and supporting documentation prepared by and under the supervision of a qualified petroleum reserves and resource evaluator. Mr. Joseph Studlick is a member of the American Association of Petroleum Geologists (AAPG Certified Geologist No. 3309), a member of the Society of Petroleum Engineers (SPE), and a member of the American Institute of Professional Geologists (Certified No. 6233). Mr. Kurt Mire is a qualified petroleum reserves and resources evaluator that complies with Australian JORC SPE-PRMS reporting requirements, and is a member of the Society of Petroleum Engineers (SPE) and Texas Board of Professional Engineers (TBPE) licensed member 115886. The other study members include a geologist who is a member of AAPG (Certified Petroleum Geologist No. 6763) and a geophysicist who is a member of the Society of Exploration Geophysicists (SEG) and AAPG.

DUEPC is a consultancy formed in 2012 to bring together veteran oil and gas professionals from geoscience and engineering disciplines with wide-ranging experience in all facets of the upstream petroleum industry. Between 2007 and 2012, DUEPC was doing business as Dynamic Global Advisors.

DUEPC's services include exploration, field studies, resource and reserve estimates, M&A evaluations, and economic evaluations. Projects have been completed in many oil and gas basins around the world including the United States, Canada, Mexico, Australia, Brazil, Colombia, Eastern Mediterranean, Europe, West Africa, East Africa, the Middle East, North Sea and Venezuela.

In accordance with ASX Listing Rules, any hydrocarbon reserves/resources and/or drilling information and/or other technical information in relation to the Prospect and all references to DUEPC and Messrs Studlick and Mire in this Announcement have been reviewed and signed off by DUEPC. Messrs Studlick and Mire have 39 years' and 34 years' experience in the sector respectively. Messrs Studlick and Mire and DUEPC each consent to the inclusion of the information in the form and context in which it appears in this Announcement.

DUEPC declares:

Neither we nor any of our employees have any ownership interest in the subject properties and neither the engagement to make this study nor the compensation is contingent upon our evaluation conclusions concerning this Project.

Forward Looking Statements

This document has been prepared by Molopo Energy Ltd ("**Molopo**"). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Molopo's operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements, including native title arrangements.

Although Molopo believes that the expectations raised in this document are reasonable there can be no certainty that the events or operations described in this document will occur in the timeframe or order presented or at all.

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