

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.

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Company Announcements
ASX Limited
Level 6, Exchange Centre
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SYDNEY NSW 2000

MOLOPO ENERGY UPDATE AND FUND REDEMPTIONS

Aurora Funds Management Limited (**Aurora**), in its capacity as responsible entity for the Aurora Fortitude Absolute Return Fund (**AFARF** or **Fund**), provides unitholders with an update in relation to the Fund's investment in Molopo Energy Limited (**MPO**).

Molopo Energy Limited's unacceptable circumstances and breach of ASX Listing Rules

In response to an application made by Aurora to the Takeovers Panel (Panel), the Panel made a declaration of unacceptable circumstances¹ against MPO following a series of transactions it announced on 8 May 2018². These transactions were determined to be frustrating actions in relation to AFARF's takeover bid and Molopo's Target Statements were deemed to contain omissions and misleading and deceptive information. This follows a finding by the ASX on 11 May 2018³ that stated MPO had breached ASX Listing Rules and may have also breached various sections of the Corporations Act for making misleading disclosures to the ASX.

Impact on MPO value, Fund NAV and AFARF's current takeover offer

Aurora has formed the view that if these transactions are not capable of being unwound, with the cash value returned to MPO, the value of this investment, which represents 44% of the Fund's Net Asset Value (NAV), will need to be written down. It follows that any such write-down would have a material effect on the Fund's NAV. Aurora will await the outcome of the Panel orders prior to determining whether to write down the value of its MPO investment and whether to exercise its right to withdraw AFARF's current takeover offer.

Impact on Redemptions

Aurora considers it prudent to delay redemptions until such time that it receives final orders from the Panel and subsequently forms a considered view on the appropriate carrying value of the Fund's investment in MPO.

Yours faithfully

Aurora Funds Management Limited



Adrian Martin
Company Secretary

¹ http://takeovers.gov.au/content/DisplayDoc.aspx?doc=media_releases/2018/042.htm&pageID=&Year=

² <https://www.asx.com.au/asxpdf/20180508/pdf/43tw99kx293l17.pdf>

³ <https://www.asx.com.au/asxpdf/20180511/pdf/43tyv8fjdbr74g.pdf>