



ASX ANNOUNCEMENT (ASX: MPO)

9 June 2020

CLARIFICATION OF CHAIRMAN'S REPORT TO SHAREHOLDERS DATED 25 MAY 2020

Molopo Energy Limited provides an update to the Chairman's Report to Shareholders dated 25 May 2020 given at the 2020 Annual General Meeting and published as an ASX announcement on 25 May 2020.

In the first paragraph on page 1 of the report, reference is made to the involvement of former directors of Molopo committing the Company to a series of investments in transactions between July 2017 and March 2018 referred to as the Orient/Drawbridge Transactions. Molopo wishes to clarify the involvement of each former director in the various transactions.

Molopo has commenced proceedings in the Supreme Court of Victoria against the named former directors and alleges to the extent they approved or were involved in approving the various transactions they did so in breach of their duties as directors of Molopo.

Molopo has commenced a proceeding against Mr Johal, Mr Matthews, Mr Cudmore and Mr Rosengart. That proceeding has progressed to the stage where the defendants are to file their lay evidence. Molopo has also commenced separate proceedings against Mr Gabovich and the Executor of the Estate of Mr Belzberg and is in the process of serving those defendants in accordance with the requirements to serve judicial documents abroad.

For the sake of clarity, below is a list of the allegations made by Molopo in the proceedings against each of the former directors, namely:

1. Mr Rosengart breached his duties as a director by:
 - a. voting in favour of the Orient Transaction, which was an investment of US\$7 million (Orient Transaction); and
 - b. approving and executing the entry by Molopo into a Deed of Variation, which resulted in Molopo assuming an obligation to advance funds to Orient FRC Ltd (Orient) without receiving any benefit (Deed of Variation).
2. Mr Gabovich breached his duties as a director by:



- a. voting in favour of the Orient Transaction; and
 - b. approving and executing the Deed of Variation.
3. Mr Johal breached his duties as a director by:
- a. approving the purchase of the other issued share in Orient for US\$7 million (Redemption);
 - b. approving the transfer of a total of US\$28 million from Molopo and its subsidiaries to Orient (Orient Advances);
 - c. approving the transfer of the right, title and interest of Orient (a wholly owned subsidiary of Molopo following the Redemption) in the Orient project to Drawbridge Energy Holdings Ltd (Drawbridge) in exchange for being allocated a 30% non-voting interest in Drawbridge (Drawbridge Transaction); and
 - d. ratifying the Orient Advances, the Redemption and the Drawbridge Transaction at a Board meeting held on 4 April 2018.
4. Mr Matthews breached his duties as a director by:
- a. approving the Redemption;
 - b. approving the Orient Advances;
 - c. approving the Drawbridge Transaction; and
 - d. ratifying the Orient Advances, the Redemption and the Drawbridge Transaction at a Board meeting held on 4 April 2018.
5. Mr Cudmore breached his duties as a director by:
- a. approving the Redemption;
 - b. approving the Orient Advances;
 - c. approving the Drawbridge Transaction; and
 - d. ratifying the Orient Advances, the Redemption and the Drawbridge Transaction at a Board meeting held on 4 April 2018.
6. Mr Belzberg breached his duties as a director by:
- a. approving the Redemption; and
 - b. approving the transfer of a total of US\$10 million from Molopo and its subsidiary to Orient.



MOLOPO ENERGY LIMITED

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This announcement was approved by the Board of the Company.

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