



# MOLOPO ENERGY LIMITED

## Quarterly Report

For the 3 months ended 31 March 2014

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Molopo Energy Limited (“Molopo” or the “Company”) is pleased to present its quarterly report for the three months ended 31 March 2014.

At the end of the period, the Company had US\$60.9 million of cash. Molopo continues to identify and evaluate oil and gas opportunities in Western Canada and will provide updates on such initiatives from time-to-time as circumstances develop.

Subsequent to 31 March 2014, Molopo closed the previously announced sale of its South African assets. Consideration came via an entitlement to receive 36% of the annual distributable profits for ten and one-half years up to a maximum of Rand 50 million (approximately US\$4.8 million). In addition, Molopo received a closing adjustment of Rand 5.2 million (US\$0.5 million) as well as the release of a guarantee in the amount of Rand 2.7 million (US\$0.3 million).

First quarter administration expenses included cash charges for annual services related to Molopo’s audit and engineering report. Also related to administration, the Company continued to rationalize its human resources with the further retirement of two positions, including that of Ms. Shannon Ouellette, Molopo’s Chief Operating Officer, who has left the Company to pursue other opportunities. The Board of Directors wish to thank Ms. Ouellette for her services. Responsibilities for her functions have been reassigned within the Company.

Following the completion of asset sales during the fourth quarter of 2013, the Company’s production operations derived exclusively from six wells at Fiesta, in Crockett County, Texas. Production during the first quarter of 2014 averaged 223 barrels of oil equivalent per day (“boe/d”), comprised 55% of oil and natural gas liquids and 45% of natural gas. Production was constrained due to local third-party infrastructure issues during almost the entire quarter, which Molopo now understands have largely been resolved. Production during the last week of March peaked at 380 boe/d immediately following the resolution of those issues and has now settled into the 300 boe/d range. The Company’s 2014 capital expenditures in Texas will be allocated exclusively to the installation of pumps on up to four of the six Fiesta wells to improve productive efficiency and mitigate down-time as a result of wells loading up with fluid. Initially, two pumps will be installed by early May and will be monitored. The remaining two would be installed during the summer, assuming the first operations demonstrate success. Should all four pumps be installed, the aggregate cost will be \$0.5 million.

The legal claims by former joint venture partners are continuing in the ordinary course. No Court dates have yet been set.

As previously noted, the Company has made a strategic decision to not re-lease any lands in Texas and, during the first quarter, allowed approximately 3,000 acres to expire. At 31 March 2014, Molopo’s land holdings in Texas amounted to 16,600 net acres.

## Annual General Meeting

Molopo's annual general meeting will be held at 10:00 AM on 28 May 2014 in the Wine Room at the Westin Hotel in Melbourne. Materials relating to the meeting have been mailed to shareholders.

### MOLOPO ENERGY LIMITED

*For further information please contact:*

#### DIRECT IN CANADA

**Steve Cloutier, Managing Director & CEO**  
Telephone: 1.403.648.3594

**Paul Belliveau, CFO**  
Telephone: 1.403.648.3596

#### AUSTRALIA LOCAL

61 3 9618 8704  
[investorrelations@molopo.com.au](mailto:investorrelations@molopo.com.au)  
[www.molopo.com.au](http://www.molopo.com.au)

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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MOLOPO ENERGY LIMITED

ABN

79 003 152 154

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

	Current quarter \$USD'000	Year to date (3 months) \$USD'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	1,013	1,013
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	(269)	(269)
(c) production	(904)	(904)
(d) administration	(1,196)	(1,196)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	127	127
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes recovery	13	13
1.7 Other - Joint venture recoveries	-	-
<b>Net Operating Cash Flows</b>	<b>(1,216)</b>	<b>(1,216)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) financial instruments	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (share buyback)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,216)</b>	<b>(1,216)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,216)	(1,216)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
		-	-
	<b>Net increase (decrease) in cash held</b>	(1,216)	(1,216)
1.20	Cash at beginning of quarter/year to date	62,021	62,021
1.21	Exchange rate adjustments to item 1.20	127	127
1.22	<b>Cash at end of quarter</b>	60,932	60,932

**Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$USD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	67
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$ USD'000	Amount used \$USD'000
3.1 Loan facilities	None	None
3.2 Credit standby arrangements	None	None

### Estimated cash outflows for next quarter

	\$USD'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production (net of sales proceeds)	(500)
4.4 Administration (net of interest received)	1,400
<b>Total</b>	900

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$USD'000	Previous quarter \$USD'000
5.1 Cash on hand and at bank	60,796	61,726
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)	136	295
<b>Total: cash at end of quarter</b> (item 1.22)	60,932	62,021

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Texas, USA	Licence	19,647 acres	16,600 acres
6.2	Interests in mining tenements acquired or increased	Nil			

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference *securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	247,275,840	247,275,840	
7.4	Changes during quarter			
	(a) Increases through issues	551,749	551,749	
	(b) Decreases through returns of capital, buy-backs			
7.5	<b>*Convertible debt securities</b>			
	<i>(description)</i>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			
7.7	Options (Unlisted mgmt incentive options)		<i>Exercise price (A\$)</i>	<i>Expiry date</i>
7.8	Issued during quarter			

Appendix 5B  
Mining exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Share Rights	Number on issue			<i>Vesting date</i>
		20,714			1-May-2014
		24,612			28-May-2014
		203,123			30-June-2014
		18,728			04-July-2014
		53,511			18-July-2014
		59,800			15-August-2014
		518,226 <sup>(a)</sup>			31-December-2014
		23,154			01-January-2015
		166,667			17-January-2015
		194,936			01-March-2015
		20,714			1-May-2015
		24,612			28-May-2015
		247,753 <sup>(b)</sup>			31-December-2015
		166,667			17-January-2016
		1,743,217			

(a) Of which 14,162 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(b) Of which 24,081 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

7.12	Issued during quarter				
7.13	Vested during quarter	504,077			31-December-2013
		23,155			1-January-2014
		166,667			17-January-2014
		194,937			01-March-2014
7.14	Lapsed during quarter	850			31-December-2014
		3,372			31-December-2015
7.15	Debentures (totals only)	-			
	Unsecured notes (totals only)	-			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the **Corporations Act or other standards acceptable to ASX (see note 5)**.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  
(Company Secretary)

Date: 30 April 2014

Print name: Andrew Metcalfe

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Rule 5.3