



# MOLOPO ENERGY LIMITED

## Quarterly Report

For the 3 months ended 31 March 2015

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Molopo Energy Limited (“Molopo” or the “Company”) presents its quarterly report for the three months ended 31 March 2015.

The Molopo Board, in place since 29 December 2014, has undertaken to address residual matters within the Company structure so that focus is on understanding the main liability of the Company, being the litigation, followed by a determination on the use of the Company's assets, being its cash reserves.

During the quarter, the Company completed the sale of its Fiesta assets located in Crockett County, Texas for proceeds of US\$1 million (A\$1.3 million). The Fiesta asset was the Company's last producing asset and the sale completed the value maximization process initiated in the second quarter of 2013.

The Company also surrendered its exploration permits located in the Province of Quebec that were subject to a Provincial government imposed moratorium.

The Equity Incentive Scheme that delivered STIP and LTIP to executives was considered inappropriate for the Company and has been terminated. All pre-existing rights and entitlements under that Scheme remain until August 2015.

At the end of the period, Molopo had cash in the bank of AUD\$68.2 million, an increase of AUD\$0.8 million from the end of the previous quarter, as the proceeds from the Fiesta sale more than offset administration expenditures.

As at 31 March 2015, the Company held 62% of its cash in Australian dollars, 24% in Canadian dollars and 14% in US dollars. However, subsequent to the end of the quarter, the mix changed as the Company converted US\$7.2 million and C\$7.2 million into AUD\$. As at the date of this report, the Company held 86% of its cash in Australian dollars, 13% in Canadian dollars and 1% in US dollars.

Since their appointment, the current directors have made it a priority to obtain a clear understanding of the legal actions in Canada concerning the Company, Molopo Energy Canada Ltd. (“MECL”) - a wholly owned subsidiary of the Company, and select former employees of MECL (collectively “the Group”). During the Quarter, the Board conducted an extensive review, which included meetings in Canada by David Sanders and Antony Sormann with the relevant parties to the proceedings, including:

- the claimant, (3105682 Nova Scotia ULC – “310”), a former 25% joint venture partner in certain oil and gas assets and land rights;
- Legacy Oil + Gas Inc., the purchaser of MECL's 75% interests in those oil and gas assets and land rights, and which is a party to a separate claim by 310; and

- the former employees of MECL, who are the subject of an additional separate claim by 310.

The Directors consider they now have a much clearer understanding of the facts and circumstances surrounding the disputes and the legal issues in question.

The Company's directors continue to believe that the Group has a strong defence to each of the cases in question and the Company remains comfortable that the provision reflected in the Company's 31 December 2014 financial statements is adequate to reflect any potential loss to the Company in the event that the claims proceed to trial. The directors continue to believe that earlier settlement of the litigation would be beneficial to the Company and a negotiated outcome remains a priority.

During the June quarter, the Board will turn its focus to the future use of Molopo's assets and Board composition.

The Company has its AGM scheduled for Friday 29 May 2015 and some preliminary comments will be made at that time.

## **MOLOPO ENERGY LIMITED**

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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

1<sup>st</sup> Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

	Current quarter AUD'000	Year to date (3 months) AUD'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	417	417
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(551)	(551)
(d) administration	(659)	(659)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	232	232
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes recovery	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(561)</b>	<b>(561)</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	1,258	1,258
(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>1,258</b>	<b>1,258</b>
1.13 Total operating and investing cash flows (carried forward)	697	697

1.13	Total operating and investing cash flows (brought forward)	697	697
	<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)	(69)	(69)
		(69)	(69)
	<b>Net increase (decrease) in cash held</b>	628	628
1.20	Cash at beginning of quarter/year to date	67,465	67,465
1.21	Exchange rate adjustments to item 1.20	96	96
1.22	<b>Cash at end of quarter</b>	68,189	68,189

**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 AUD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	82
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-executive 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 AUD'000	Amount used AUD'000
3.1 Loan facilities	None	None
3.2 Credit standby arrangements	None	None

### Estimated cash outflows for next quarter

	AUD'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production (net of sales proceeds from Fiesta operations)	50
4.4 Administration (net of interest received)	500
<b>Total</b>	<b>550</b>

### 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 AUD'000	Previous quarter AUD'000
5.1 Cash on hand and at bank	68,189	67,306
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)		159
<b>Total: cash at end of quarter (item 1.22)</b>	<b>68,189</b>	<b>67,465</b>

### 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 Quebec, Canada	Licence License	7,600 acres 1,381,178 acres	Nil Nil
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>	248,869,398	248,869,398	
7.4	Changes during quarter (a) Increases through issues from vested PSR's net of tax (b) Decreases through returns of capital, buy-backs	163,668	163,668	Nil Fully paid
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				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Share Rights ("PSR's")	Number on issue 453,893 <sup>(a)</sup> 166,667 423,571 <sup>(b)</sup>			<i>Vesting date</i> 31-December-2015 17-January-2016 31-December-2016
		1,044,131			

(a) Of which 16,877 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(b) Of which 15,957 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 Performance Share Rights ("PSR's") during quarter relating to 'good leavers' of the Company	166,667 60,000 16,215 13,963			17-January-2015 01-March-2015 29-January-2015 29-January-2015
7.14	Lapsed during quarter				
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: 29 April 2015

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