MOLOPO ENERGY LIMITED

A.B.N. 79 003 152 154

INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2013

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Directors' Report

Corporate Directory

Directors

G. Lewin (Chairman)
S. Cloutier (Managing Director and CEO)
G. Cameron (Non-Executive Director)
D. Engle (Non-Executive Director)
G. Ross (Non-Executive Director)
B. Straub (Non-Executive Director)
J. Schwarz (Non-Executive Director)

Company Secretary

A. Metcalfe

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Website and Email

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Melbourne, VIC 3000
Australia

Engineers

Sproule Associates Ltd.
900, 4th Avenue SW,
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Canada

Bankers

National Australia Bank Limited
330 Collins Street,
Melbourne, VIC 3000
Australia

National Bank of Canada
301 – 6th Avenue,
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Canada

Share Registry

Computershare Investor Services Pty Ltd
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Stock Exchange Listing

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525 Collins Street,
Melbourne, VIC 3000
Australia

(ASX code: MPO)

Directors' Report

The Directors present their report on the consolidated entity (the "Group") consisting of Molopo Energy Limited ("Molopo" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 30 June 2013.

Directors

The names of the Directors in office at any time during the half-year and up to the date of this report are:

Name of Director	Position	Office Date Change
Gregory Lewin	Chairman and Non-executive Director	
Steven Cloutier	Chief Executive Officer and Managing Director	Appointed Chief Executive Officer and Managing Director 17 January 2013
Maxwell Beck	Non-executive Director	Retired 23 May 2013
Garry Cameron	Non-executive Director	
Don Engle	Non-executive Director	
Glenn Ross	Non-executive Director	
Brian Straub	Non-executive Director	
Jeffrey Schwarz	Non-executive Director	Appointed 15 March 2013
Tim Granger	Chief Executive Officer and Managing Director	Ceased as Chief Executive Officer and Managing Director 17 January 2013

Principal Activities

The principal activity of the Group during the period was oil and gas exploration, development and production in the United States and Canada. No significant change in the nature of this activity occurred during the period.

Financial Review

The result of the Group for the financial half-year ended 30 June 2013 was an after tax loss of $46.2 million (30 June 2012: loss of $59.3 million). No dividend was declared for the period.

Revenue from the sale of oil and gas was $1.3 million for the half-year ended 30 June 2013 (30 June 2012: nil). Cash has been received from the production of exploration wells located in West Texas and, in accordance with accounting standards, is not recorded as revenue. Instead it is netted off against the carrying value of the asset.

For the half-year ended 30 June 2013, the gross profit from continuing operations (sales revenue less cost of goods sold) was $0.8 million (30 June 2012: nil).

Corporate

On 17 January 2013, the Board appointed Mr. Steven Cloutier as Molopo's Chief Executive Officer and Managing Director, replacing Mr. Tim Granger.

Effective 31 December 2012, the Company changed Molopo's year end from 30 June to 31 December. At that time, the Company also changed its presentation currency from Australian dollars to U.S. dollars to enable reporting in the same currency as the majority of its revenue and expenditures.

Although the Company's presentation currency is U.S. dollars, it maintains a significant portion of its funds in the parent company in Australian dollars. Between 1 January and 30 June 2013, the U.S. dollar strengthened by approximately 12% versus the Australian which created a negative translation adjustment to cash of approximately $3 million.

Directors' Report

In April 2013, Molopo began a general and administrative cost reduction initiative. Since the beginning of the fiscal year, there has been a 56% reduction in Calgary office personnel and Non-Executive Director fees have been reduced by 30%.

Legal Dispute

As described in Note 7, the Company was served a statement of claim ("Claim") in March 2011 by a former joint venture partner ("JV Partner") that specified damages of Canadian ("C") $36 million plus further unquantified damages.

Based upon an extensive review of the transactions that gave rise to the Claim, the Company has determined that a provision of C$5.0 million is prudent. However, the Company intends to vigorously defend the statement of claim. The matter is continuing in the ordinary course with the Court of Queen's Bench of Alberta, Canada. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

South Africa – Biogenic Gas

On 9 September 2013, the Company entered into an agreement for the sale of its biogenic gas assets located in the Republic of South Africa to a South African consortium. The sale, which is subject to regulatory review, is expected to close in the fourth quarter of 2013.

The eventual proceeds are dependent upon the ability of the local consortium to successfully develop the assets, which includes a Production Right granted in November 2012. No future funding is required and the Company will be entitled to be paid 36% of the annual distributable profits each year for ten years and six months up to a maximum of Rand 50 million (approximately US$5 million at current exchange rates).

Operational Review

West Texas, USA

Molopo's Wolfcamp interests are located in the Midland basin of the Permian basin in West Texas and include approximately 1,400 acres in the Barnhart area, which is located amidst existing developments, and approximately 24,600 acres in the Fiesta area, which is one of the southern-most positions in the Wolfcamp play. Through late 2011 and 2012, the Company has drilled three wells in the Barnhart area and six wells in the Fiesta area.

Results from the Company's drilling in West Texas have demonstrated that the Wolfcamp is an emerging resource play still in its infancy. Following the drilling of the third Barnhart well in late 2012, a decision was made to suspend the drilling program and to limit operational capital to the amounts required to maintain existing wells and production and to retain expiring acreage.

In January 2013 the Company announced a leadership change, along with a review of the tactical execution of its strategy, including its 2013 capital budget. The outcome of this review, announced in April, was that the Company was seeking ways to maximize the value of its West Texas assets by way of a joint venture, farm-out or sale.

To-date, Molopo has retained Canaccord Genuity as its exclusive advisor with respect to a potential joint venture, farm-out or sale and the process to engage and share information with interested parties has been initiated. As at the date of this report, this process is ongoing. It is expected to be finalized in the fourth quarter of 2013.

Saskatchewan, Canada

Molopo has an interest in approximately 46,000 acres located in the Williston basin in South Eastern Saskatchewan section of the province.

As part of the Company's tactical review of strategic execution, an optimal future development strategy for the Company's acreage in Saskatchewan was also undertaken. As a result, the Company has retained Peters & Co. to conduct a similar process as above with respect to its Williston Basin assets. As at the date of this report, this process is ongoing and is expected to be finalized in the fourth quarter of 2013.

Directors' Report

Corporate Production

For the six month period ended 30 June 2013, the Company's corporate production averaged 675 boe/d, weighted 64% to liquids. The wells in Texas contributed 590 boe/d or 87% of the total, with 85 boe/d attributable to the wells in Saskatchewan.

Rounding of amounts

The Company is of the kind referred to in ASIC class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7.

Signed in accordance with a resolution of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Garry Cameron
Director

13 September 2013
Melbourne

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Molopo Energy Limited
Level 4, 468 St Kilda Road
Melbourne, Victoria 3004 Australia

13 September 2013

Dear Board Members

Molopo Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Molopo Energy Limited.

As lead audit partner for the review of the financial statements of Molopo Energy Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Jovic
Partner
Chartered Accountant

Condensed Consolidated Statement of Financial Position
As at 30 June 2013

	Note	Consolidated 30 June 2013 US$000	Consolidated 31 December 2012 US$000
CURRENT ASSETS			
Cash and cash equivalents		**54,833**	70,974
Trade and other receivables		**1,720**	7,930
TOTAL CURRENT ASSETS		**56,553**	78,904
NON-CURRENT ASSETS			
Investments		**235**	310
Plant and equipment		**405**	565
Exploration and evaluation assets	**4**	**17,377**	54,617
Oil and gas properties	**5**	**7,066**	8,099
TOTAL NON-CURRENT ASSETS		**25,083**	63,591
TOTAL ASSETS		**81,636**	142,495
CURRENT LIABILITIES			
Trade and other payables	**6**	**5,940**	21,341
TOTAL CURRENT LIABILITIES		**5,940**	21,341
NON-CURRENT LIABILITIES			
Provisions	**7**	**5,709**	978
TOTAL NON-CURRENT LIABILITIES		**5,709**	978
TOTAL LIABILITIES		**11,649**	22,319
NET ASSETS		**69,987**	120,176
EQUITY			
Share capital	**8**	**165,304**	164,942
Reserves		**(59,673)**	(55,299)
Retained profits		**(35,644)**	10,533
TOTAL EQUITY		**69,987**	120,176

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2013

	Note	Consolidated Six Months Ended 30 June 2013 US$000	Consolidated Six Months Ended 30 June 2012 US$000
Continuing operations			
Revenue from the sale of gas and oil produced	3	1,285	-
Cost of sales from revenue producing operations			
Operating and transportation costs		(490)	-
Gross profit from continuing operations		795	-
Interest and other revenue	3	333	1,316
Loss on sale of assets		-	(4,598)
Administration expenses		(1,333)	(2,142)
Impairment of assets and depletion	4&5	(41,141)	(36,885)
Depreciation expense		(54)	(60)
Salary and employee benefits expense		(3,366)	(4,314)
Legal, management and consulting fees		(693)	(779)
Operating lease expense		(531)	(271)
Restoration (finance) costs		(14)	(69)
Share based payments		(11)	(1,649)
Other expenses		(162)	346
LOSS BEFORE INCOME TAX		(46,177)	(49,105)
Income tax benefit from continuing operations		-	6,461
LOSS FROM CONTINUING OPERATIONS		(46,177)	(42,644)
Discontinued operation			
Loss from discontinued operation net of income tax		-	(16,629)
LOSS FOR THE PERIOD		(46,177)	(59,273)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX			
Foreign currency translation		(3,910)	269
Investment fluctuation reserve		(38)	6,773
Total other comprehensive income/(loss)		(3,948)	7,042
TOTAL COMPREHENSIVE LOSS		(50,125)	(52,231)
Basic loss per share (cents per share)		(0.19)	(0.24)
Diluted loss per share (cents per share)		(0.19)	(0.24)
Loss Per Share from continuing operations			
Basic loss per share (cents per share)		(0.19)	(0.17)
Diluted loss per share (cents per share)		(0.19)	(0.17)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity
For the half-year ended 30 June 2013

	Ordinary shares (US$000)	Share based payment reserve (US$000)	Foreign currency translation reserve (US$000)	Investment fluctuation reserve (US$000)	Retained Profits/ (Accumulated losses) (US$000)	Total equity (US$000)
At 1 January 2013	**164,942**	**2,432**	**(26,900)**	**(30,831)**	**10,533**	**120,176**
Loss for the period	**-**	**-**	**-**	**-**	**(46,177)**	**(46,177)**
Other comprehensive income/(loss)	**-**	**-**	**(3,910)**	**(38)**	**-**	**(3,948)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(3,910)**	**(38)**	**(46,177)**	**(50,125)**
Transactions with owners in their capacity as owners						
Share based payments	**-**	**11**	**-**	**-**	**-**	**11**
Share based payment transferred in/(out)	**362**	**(437)**	**-**	**-**	**-**	**(75)**
Balance at 30 June 2013	**165,304**	**2,006**	**(30,810)**	**(30,869)**	**(35,644)**	**69,987**
At 1 January 2012	164,071	1,729	(30,037)	(37,688)	133,959	232,034
Loss for the period	-	-	-	-	(59,273)	(59,273)
Other comprehensive income/(loss)	-	-	269	6,773	-	7,042
Total comprehensive income/(loss) for the period	-	-	269	6,773	(59,273)	(52,231)
Transactions with owners in their capacity as owners						
Issue of share capital	49	(49)	-	-	-	-
Cancellation of share capital	(75)	-	-	-	-	(75)
Share based payments	-	1,649	-	-	-	1,649
Share based payment transferred in/(out)	802	(802)	-	-	-	-
Balance at 30 June 2012	164,847	2,527	(29,768)	(30,915)	74,686	181,377

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2013

	Consolidated	
	Six Months Ended 30 June 2013 US$000	Six Months Ended 30 June 2012 US$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**6,169**	-
Payments to suppliers and employees	**(9,837)**	(8,640)
Interest received	**348**	422
Interest paid	**-**	34
Joint venture recovery	**3,497**	-
Income tax recovered (paid)	**5,729**	(204)
NET CASH FROM OPERATING ACTIVITIES	**5,906**	(8,388)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of plant and equipment	**48**	(78)
Payment for exploration, evaluation and oil and gas properties	**(19,518)**	(44,265)
Proceeds from sale of equity investments	**-**	71,450
NET CASH FROM INVESTING ACTIVITIES	**(19,470)**	27,107
CASH FLOW FROM FINANCING ACTIVITIES		
Payment for share buyback	**-**	(27)
Capital raising costs	**-**	1
NET CASH FROM FINANCING ACTIVITIES	**-**	(26)
NET INCREASE/(DECREASE) IN CASH HELD	**(13,564)**	18,693
OPENING CASH AND CASH EQUIVALENTS	**70,974**	49,166
Effect of exchange rate changes	**(2,577)**	(833)
CLOSING CASH AND CASH EQUIVALENTS	**54,833**	67,026

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

Molopo Energy Limited ("Molopo" or the "Company") is a company incorporated and domiciled in Australia. The condensed consolidated financial report of the Company as at and for the half-year ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

Operations and Principal Activities

The Group's principal activities during the year continued to be petroleum production and investment in exploration, appraisal, development & production of oil and gas.

Registered Office and Principal Place of Business

Level 4, 468 St Kilda Road, Melbourne, Victoria 3004 Australia

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

The Company is of the kind referred to in ASIC class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts are rounded off to the nearest thousand dollars, unless otherwise indicated.

The condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial report as at 31 December 2012, together with any public announcements made by the Company during the half-year ended 30 June 2013, in accordance with its continuous disclosure obligations.

The accounting policies adopted are consistent with those of the previous financial period. All references in this report are to US dollars unless otherwise stated.

The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective.

Adoption of New and Revised Accounting Standards

The significant accounting policies are the same as those set out in the Company's December 31, 2012 audited consolidated financial statements and have been consistently applied to all the periods presented in these financial statements, other than as follows:

AASB 10 - Consolidated financial statements, AASB 11 - Joint arrangements, AASB 12 - Disclosure of interests in other entities and AASB 13 - Fair value measurement were issued in May 2011. They replaced parts of AASB 127 – Consolidated and separate financial statements and AASB 128 - Investments in associates and joint ventures and relate to the accounting and disclosure for interests in other entities. AASB 13 provides guidance on how to measure assets and liabilities at fair value as well as the disclosure required to explain management's assumptions to the reader. These standards did not have a significant impact on the consolidated condensed interim financial statements or disclosures.

Notes to the Condensed Consolidated Financial Statements (continued)

3. REVENUE AND OTHER INCOME

	Consolidated	
	Six Months Ended 30 June 2013 US$000	Six Months Ended 30 June 2012 US$000
Revenue from operating activities		
Proceeds from the sale of gas produced[1]	**14**	-
Proceeds from the sale of oil produced[1]	**1,271**	-
	1,285	-
Other revenue		
Interest revenue	**333**	435
Sundry income	**-**	82
Unrealised foreign exchange gain	**-**	799
	333	1,316
Total revenues	**1,618**	1,316

1. During the six months ended 30 June 2013, net production revenue (production revenue less royalties and operating costs), of $2.9 million was applied against exploration and evaluation expenditures as the properties in Texas were still in the evaluation stage.

4. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	30 June 2013 US$000	31 December 2012 US$000
Carrying amount at beginning of period	**54,617**	78,976
Additions	**4,051**	45,159
Impairment	**(40,583)**	(61,891)
Assets transferred to Oil and Gas Properties	-	(8,341)
Net exchange difference	**(708)**	714
Carrying amount at end of period	**17,377**	54,617

The ultimate recoupment of costs carried forward for exploration and evaluation activities is dependent on the successful development and commercial exploitation or sale of the respective area.

At 30 June 2013, the Company performed assessments as to whether any exploration and evaluation assets had indicators of impairment. When indicators of impairment are identified, Molopo assesses the recoverable amount of the asset which is based on the estimated fair value, less cost to sell, as at the reporting date. The estimated fair value, less costs to sell, takes into account the most recent commodity price forecasts, expected future production and estimated costs of development.

For the six months ended 30 June 2013, the Company recorded an impairment charge of $31.2 million related to its Wolfcamp shale oil play located in west Texas and an impairment charge of $9.4 million related to its Bakken unconventional oil play located in south east Saskatchewan.

The impairment charges resulted from an updated evaluation of the Company’s undeveloped acreage in both Texas and Saskatchewan that indicated a deterioration in the per acre values since the prior reporting period.

Notes to the Condensed Consolidated Financial Statements (continued)

5. OIL AND GAS PROPERTIES	Consolidated	
	30 June 2013 US$000	31 December 2012 US$000
Cost	**8,715**	9,256
Accumulated depletion and impairment	**(1,649)**	(1,157)
	7,066	8,099
Carrying amount at beginning of period	**8,099**	-
Assets transferred from Exploration and Evaluation	**-**	8,341
Net additions/(disposals)	**(60)**	743
Depletion charge	**(558)**	(1,157)
Net exchange difference	**(415)**	172
Carrying amount at end of period	**7,066**	8,099

6. TRADE AND OTHER PAYABLES	Consolidated	
	30 June 2013 US$000	31 December 2012 US$000
Trade creditors	**225**	7,673
Other creditors & accruals	**5,705**	7,957
Provision for legal claim (Note 7)	**-**	5,016
GST & withholding tax payable	**10**	695
	5,940	21,341

Terms & Conditions:
Trade creditors are non-interest bearing and are normally settled on 30 day terms.

7. PROVISIONS	Consolidated	
	30 June 2013 US$000	31 December 2012 US$000
NON-CURRENT		
Provision for legal claim	**4,750**	-
Provision for restoration	**959**	978
	5,709	978

Provision for Legal Claim

In March 2011, Molopo Energy Canada Ltd ("MECL"), a wholly owned subsidiary of Molopo was served with a statement of claim ("Claim") by a joint venture partner ("JV Partner") in the Spearfish project that was sold in March, 2011. The JV Partner is seeking various court orders, declarations and specified damages of C$36 million plus further un-quantified damages. MECL had previously issued a notice of default to the JV Partner. On 8 April 2011, MECL filed a statement of defence and a counterclaim in respect of the above matter with the Court of Queen's Bench of Alberta, Canada, defending its position against the JV Partner.

Subsequent to the filing of the statement of defence, the Company undertook an extensive examination of the transactions that gave rise to the amounts in dispute. This examination revealed that an amount was likely owing to the JV Partner for certain exploration lands that were acquired and subsequently sold by the Company that

Notes to the Condensed Consolidated Financial Statements (continued)

contractually should have been offered to the JV Partner. As a result, a provision of C$5.0 million was reflected in the accounts; however it was not specifically disclosed as negotiations with the JV Partner were in progress.

As at 31 December 2012, it was anticipated that settlement would occur during 2013 and the amount was considered a current liability. However, based upon the progress to-date in 2013, indications are that a lengthy litigation process is probable and settlement of the Claim is unlikely to occur within the next year. The matter is continuing in the ordinary course with the Court of Queen's Bench of Alberta, Canada. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

8. SHARE CAPITAL

	Consolidated	
	30 June 2013 US$000	31 December 2012 US$000
(a) Issued and paid-up capital		
Ordinary shares fully paid	**165,304**	164,942
(b) Movements in shares on issue		
Balance at beginning of period	**164,942**	164,847
Performance Share Rights ("PSR") vested and issued	**362**	95
	165,304	164,942
(c) Share Capital Movement (Number of Shares)		
On Issue at beginning of period	**245,849,711**	245,579,810
PSRs vested and issued	**549,832**	269,901
On Issue at end of period	**246,399,543**	245,849,711

Notes to the Condensed Consolidated Financial Statements (continued)

9. SEGMENT INFORMATION

Identification of reportable segments

The predominant activity of the Group is petroleum exploration, appraisal, development and production. Geographically, the Group operates in two countries. The head office and management activities of the Group take place predominantly in Canada. Exploration, appraisal, development and production activities for petroleum predominantly take place in Canada and the USA.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Board of Directors and the Executive Management Team (the chief operating decision makers).

The following reportable segments have been identified:

- Australia
- Canada
- USA
- South Africa

Information about reportable segments

Six months ended 30 June 2013	Australia US$000	Canada US$000	USA US$000	South Africa US$000	Total US$000
External revenues	**-**	**1,285**	**-**	**-**	**1,285**
Reportable segment loss after tax	**(986)**	**(13,195)**	**(31,713)**	**(283)**	**(46,177)**
Reportable segment assets	**35,813**	**26,138**	**19,558**	**127**	**81,636**
Other material non-cash items					
Impairment (Note 4)	**-**	**(9,393)**	**(31,190)**	**-**	**(40,583)**
Six months ended 30 June 2012					
External revenues	-	-	-	-	-
Reportable segment loss after tax	(24,484)	(34,429)	(14)	(346)	(59,273)
Reportable segment assets [1]	44,614	48,971	48,599	311	142,495
Other material non-cash items					
Impairment	(23,809)	(36,885)	-	-	(60,694)

1 - As at 31 December 2012

10. CONTINGENCIES AND COMMITMENTS

As indicated in Note 7, in March 2011, MECL was served with a Claim in the amount of C$36 million by a JV Partner in the Spearfish project that was sold in March 2011 and the Company has recognized a provision in the amount of C$5.0 (US$4.7) million.

Although a provision has been recorded as it is more likely than not that damages will be awarded, the Company intends to vigorously defend the Claim. The matter is continuing in the ordinary course with the Court of Queen's Bench of Alberta, Canada. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

On 12 March 2013, the Company became aware that the JV Partner had filed a statement of claim ("Purchaser

Notes to the Condensed Consolidated Financial Statements (continued)

Claim") in the Court of Queen's Bench of Alberta naming the purchaser of the Spearfish project ("Purchaser") as a defendant. The Purchaser Claim seeks several forms of relief, including punitive and aggravated damages of C$1 million and general damages of C$90 million. The Purchaser advised MECL that they would seek indemnity from MECL should the JV Partner advance the claim in accordance with various agreements related to the sale of the Spearfish project.

As at 13 September 2013, the Purchaser Claim had not been served on the Purchaser and no action is required until it is served.

Should the Purchaser Claim be served and indemnification from the Purchaser be requested, the Company believes it is without merit and will vigorously defend the action. Additionally, the Company believes that the filing of this claim is of no consequence as the amount claimed grossly exaggerates the value of any amount that would be awarded in the circumstances.

11. SUBSEQUENT EVENTS

On 9 September 2013, the Company entered into an agreement for the sale of its biogenic gas assets located in the Republic of South Africa to a South African consortium. The sale, which is subject to regulatory review, is expected to close in the fourth quarter of 2013.

The eventual proceeds are dependent upon the ability of the local consortium to successfully develop the assets, which includes a Production Right granted in November 2012. No future funding is required and the Company will be entitled to be paid 36% of the annual distributable profits each year for ten years and six months up to a maximum of Rand 50 million (approximately US$5 million at current exchange rates).

DIRECTORS' DECLARATION

The Directors declare that:

(a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the financial position as at 30 June 2013 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Director

13 September 2013
Melbourne

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the Members of Molopo Energy Limited

We have reviewed the accompanying half-year financial report of Molopo Energy Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of Molopo Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Molopo Energy Limited's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Molopo Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Molopo Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Molopo Energy Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of Molopo Energy Limited's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Peter Jovic
Partner
Chartered Accountants
Melbourne, 13 September 2013