MOLOPO ENERGY LIMITED

A.B.N. 79 003 152 154

ANNUAL REPORT

For the year ended 31 December 2014

TABLE OF CONTENTS

Corporate Directory

Directors

S. Tough (Independent Interim Chairman)
A. Sormann (Non-Executive Director)
D. Sanders (Non-Executive Director)

Company Secretary

A. Metcalfe

Registered Office

C/- Accosec & Associates
Level 2, 470 Collins Street
Melbourne, Victoria, 3000 Australia
Telephone: (61 3) 9867 7199
Facsimile: (61 3) 9867 8587
Postal Address: PO Box 255, Seddon, Victoria 3011

Canadian Office

Suite 2000,
500 4th Ave. SW,
Calgary, AB T2P 2V6
Canada
Telephone: (403)264-9778
Facsimile: (403)264-9903

Website and Email

www.molopoenergy.com

investorrelations@molopoenergy.com

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne, Victoria 3000
Australia

Bankers

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

National Bank of Canada
301 6th Avenue SW
Calgary, AB T2P 4M9

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Australia
Telephone: (61 3) 9415 4000

Stock Exchange Listing

Australian Securities Exchange Limited
Level 4, North Tower
525 Collins Street,
Melbourne, Victoria, 3000
Australia

(ASX code: MPO)

Directors' Report

Your Directors present their report (the "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 year ended 31 December 2014.

Directors

The following persons were Directors of Molopo during the year and remain Directors as of the date of this Report:

- Samantha Tough[1]
- Antony Sormann[2]
- David Sanders[2]

The following persons were Directors during the year but are no longer Directors as of the date of this Report:

- Jeffrey Schwarz[3]
- Don Engle[4]
- Glenn Ross[4]
- Christopher Ryan[5]
- Gregory Smith[6]
- Brian Straub[7]
- Garry Cameron[8]
- Steve Cloutier[9]

1. Appointed as a Non-Executive Director by the Board on 29 December 2014 and subsequently appointed Independent Interim Chairman.
2. Appointed as a Non-Executive Director by the Board on 29 December 2014
3. Retired as Chairman and Non-Executive Director on 29 December 2014.
4. Retired as Non-Executive Director on 29 December 2014.
5. Appointed as a Non-Executive Director by the Board on 8 April 2014. Retired as Non-Executive Director on 29 December 2014.
6. Appointed as a Non-Executive Director by the Board on 18 June 2014. Retired as Non-Executive Director on 29 December 2014.
7. Retired as Non-Executive Director on 18 June 2014.
8. Retired as Non-Executive Director on 28 May 2014.
9. Ceased as Chief Executive Officer and Managing Director on 2 September 2014.

Director Information

Samantha Tough
Independent Interim Chairman, Non-Executive Director

Ms. Tough is an independent Director with extensive experience as a Company Director and Chairman of public companies. Ms Tough has considerable experience in the oil and gas sectors including four years as General Manager of the North West Shelf Project. Her executive experience also spans roles as Senior Vice President, Strategic Counsel Natural Resources for Commonwealth Bank of Australia (ASX:CBA), Project Director of the Pilbara Power Project and Director Strategy of Hardman Resources Limited. (ASX:HDR)

Ms. Tough is currently Chairman of Aerison Pty Ltd (mining and oil and gas services) and a Director of Synergy (WA's largest gas and electricity provider) and a number of listed companies, Saracen Mineral

Holdings Limited (ASX:SAR), Strike Resources Limited (ASX:SRK), Cape Plc. (LSE:CIU) (with effect from 1 January 2015) and Deputy Chairman of the Western Australian Academy of Performing Arts.

She is a former Director of Co-Operative Bulk Handling Limited (CBH Group), Enerji Ltd (ASX:ERJ), Murchison Metals Ltd (ASX:MMX), Southern Cross Goldfields Ltd (ASX:SXG) and the National Ports Corporation.

Antony Sormann
Non-Executive Director

Mr. Sormann is an executive Director of Keybridge Capital Limited and joins the Molopo Board as its representative.

Mr. Sormann has over 18 years' experience in investment banking including nine years as a Director of SLM Corporate and six years working in the investment banking division of NM Rothschild & Sons (Australia) Limited of which two years were as an executive in the Rothschild Group's New York office. He holds bachelor degrees in law and economics from Monash University and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia.

David Sanders
Non-Executive Director

Mr. Sanders joins the Board as the representative of Molopo's largest shareholder, Bentley Capital Limited.

Mr. Sanders is a principal of the corporate and commercial law firm of Bennett and Co and has extensive experience in corporate and resources law. He holds bachelor degrees in law and commerce from the University of Western Australia and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia. Mr. Sanders advises numerous ASX listed companies and private companies on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance. He is a Non-Executive Director of Marenica Energy Ltd, Tungsten Mining NL and Quickflix Ltd and Chairman of Murlpirmarra Connection Ltd.

Jeffrey Schwarz
Former Chairman, Non-Executive Director
Member of the Board of Directors from 15 March 2013 to 29 December 2014

Mr. Schwarz was appointed by the Board as a Non-Executive Director of Molopo on 15 March 2013 and elected as a Director by shareholders at the Annual General Meeting ("AGM") on 23 May 2013. He was appointed Chairman of Molopo Energy Limited on 25 September 2013.

Mr. Schwarz is a Senior Advisor to Metropolitan Capital Advisors, Inc. ("MCA"), a New York-based investment management firm, which he co-founded in 1992. He has more than thirty years of experience in funds management employing value and event investing strategies. From its inception until 2012, Mr. Schwarz served as Chief Investment Officer of MCA, during which time he directed the commitment of significant capital to the energy sector. He holds degrees from the University of Pennsylvania's Wharton School (summa cum laude graduate with a B.S. in Economics; and an MBA with a concentration in Finance).

Brian Straub, B.Sc.
Former Non-Executive Director
Member of the Board of Directors from 17 March 2011 to 18 June 2014

Mr. Straub was appointed by the Board as a Non-Executive Director of Molopo on 17 March 2011. Mr. Straub was elected as a Director by the shareholders at the 2011 AGM.

Mr. Straub retired as President - Shell Canada Limited and Canada Country Chair - Royal Dutch Shell in late 2009. With over 32 years of diverse Canadian and Global Oil and Gas experience, his previous executive responsibilities have included the Oil Sands, Exploration & Production, Major Construction and Technology Development/Application.

During his career with Shell he gained broad exploration and production experience, holding positions in key technical functions including Drilling, Production Operations and HSE as well as critical business functions such as Marketing, Joint Ventures and New Business Development for both major onshore and offshore developments.

Garry Cameron PSM,
B.Bus (A/c), B.Eco. (Hons.), M.Eco, FAICD, FCPA
Former Non-Executive Director
Member of the Board of Directors from 30 March 2011 to 28 May 2014

Mr. Cameron was appointed by the Board as a Non-Executive Director of Molopo on 30 March 2011. Mr. Cameron was elected as a Director by the shareholders at the 2011 AGM.

Mr. Cameron currently holds non-executive Directorships with various companies, including ANZ Specialised Asset Management Ltd, ANZ Business Equity Fund Ltd and Heemskirk Consolidated Limited. He previously held the position of Managing Director and CEO of an ASX listed property trust for 10 years, and prior to that held a number of senior executive roles including Executive Director, Finance, with Telecom/Telstra and Deputy Managing Director of Treasury Corporation Victoria. He was also recognised in 1992 on the Australia Day Honours list for his contribution to finance and telecommunications. Mr. Cameron has been a non-executive Director of Heemskirk Consolidated Limited (ASX:HSK) since 24 February 2011.

Donald Engle
Former Non-Executive Director
Member of the Board of Directors from 22 November 2012 to 29 December 2014

Mr. Engle was elected by the shareholders as a Non-Executive Director of Molopo on 22 November 2012. Prior to his election, he had been a Non-Executive Director since 20 January 2012, when he assumed the role as a result of a Board appointment.

Mr. Engle brings with him a wealth of experience in North American oil and gas. His work in the sector spans more than 36 years, including as a Founder and President of several companies including Grey Wolf Exploration, an oil and gas company listed on the TSX. He was Chairman of the Board of APF Energy Inc., a Director of Canscot Resources Ltd., Churchill Energy Inc. and Brompton Financial Limited, a private merchant bank. Most recently he was the Executive Chairman, CEO and President of TriWestern Energy Inc., a private oil and gas company.

Glenn Ross
Former Non-Executive Director
Member of the Board of Directors from 22 November 2012 to 29 December 2014

Mr. Ross was elected by the shareholders as a Non-Executive Director of Molopo on 22 November 2012. Prior to his election, he was an alternate Director for Mr. Beck since 15 February 2011.

Mr. Ross currently manages the non-property investments for Beck Corporation Pty Ltd.

Mr. Ross' background is in commodity trading, having worked with Cargill in Australia and Japan covering both soft commodities and metals and minerals. More recently, Mr. Ross has had experience in sales and marketing of industrial minerals including a role with RioTinto Minerals. Other than Molopo, Mr. Ross has not held Directorships in publicly listed companies during the past three years.

Steve Cloutier, BA, J.D.
Former Chief Executive Officer and Managing Director
Member of the Board of Directors from 17 January 2013 to 2 September 2014

Mr. Cloutier was appointed Chief Executive Officer ("CEO") and Managing Director on 17 January 2013.

Mr. Cloutier has more than 23 years' experience in commercial legal practice and oil and gas. He was the President and a co-founder of APF Energy Trust from 1996 to 2005 and Rockyview Energy Inc. from 2005 to 2008, both listed on the Toronto Stock Exchange. From 2009 until his appointment as the Chief Executive Officer and Managing Director of Molopo, Mr. Cloutier was the President & Chief Executive Officer of Skyridge Capital Corporation, a private company that provides corporate finance and merger and acquisition advisory services with a particular emphasis on the upstream energy sector.

He has been a Director of Kallisto Energy Corporation (TSX.V:KEC) since 12 October 2012 and has sat on the Boards of a number of exploration and production companies, including Millennium Energy Inc., Star Point Energy Trust, Cumberland Oil & Gas Ltd., and Ki Exploration Inc. He holds a Bachelor of Arts from McGill University and a Juris Doctor (Bachelor of Laws) from the University of Victoria (Canada).

Company Secretary

Mr. Andrew Metcalfe was appointed Company Secretary on 15 April 2013.

Mr. Metcalfe is a qualified accountant, experienced company secretary and governance advisor.

Mr. Metcalfe is a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and a Member of the Australian Institute of Company Directors. Mr. Metcalfe provides company secretarial services and advises on corporate governance matters for a number of ASX listed, public and private companies and not for profit organisations. Mr. Metcalfe manages the regulatory function of Molopo in Australia. He was Company Secretary and CFO for Molopo between 1997 and 2005.

Dividends

The Directors do not propose to pay a dividend in respect of the current year (Year ended 31 December 2013: $Nil).

Principal Activities

The Group's principal activities during the year continued to be delivery of the asset maximisation program whilst managing the company's operations in North America including oil and gas exploration, development, production, appraisal and acquisition.

Significant Changes in State of Affairs

Corporate

On 2 September 2014, the Board appointed Mr. Don Engle as Acting Chief Executive Officer following the resignation of Mr. Steven Cloutier as Chief Executive Officer and Managing Director. On 12 February 2015, Mr. Don Engle's contract as Acting Chief Executive Officer was not extended. As at the date of this report, the Board has elected not to appoint a CEO or Acting CEO, however they will revisit this decision when appropriate.

On 29 December 2014, the Company announced the reconstitution of its Board, which resulted in the resignation of all Directors and the appointment of three new Directors; Ms. Samantha Tough, Mr. Antony Sormann and Mr. David Sanders. Ms. Samantha Tough was subsequently appointed Independent Interim Chairman.

During April 2013, the Company announced that it was embarking on a value maximization initiative in respect of its Texas and Saskatchewan properties. In late 2013, the Company completed the sale of all of its assets located in Saskatchewan and its Barnhart assets located in Irion County, Texas. The sale of the Fiesta assets located in Crockett County, Texas was completed on 13 February 2015 for proceeds of US$1.0 million (A$1.3 million). The Fiesta asset was the Group's last producing asset and completes the value maximization process.

On 11 April 2014, the Group completed the sale of its South African assets. The eventual proceeds are dependent upon the ability of the local consortium purchaser to successfully develop the assets, which includes a production right granted in November 2012. Molopo will be entitled to receive 36% of the annual distributable profits for ten and one-half years up to a maximum of Rand 50 million (approximately A$5.0 million). In addition, Molopo received a closing adjustment of Rand 5.2 million (A$0.5 million) as well as the release of a guarantee in the amount of Rand 2.7 million (A$0.3 million).

During the year, the Group continued to rationalize its human resources with the elimination of five additional positions, including the Chief Operating Officer and Controller. As at 31 December 2014, the Group's sole employee was the Chief Financial Officer. The remaining staffing requirements, including the CEO role, were and continue to be performed by contractors on an as required basis.

During the fourth quarter of 2014, the Group determined that it is not economical to pay annual rental costs related to its exploration permits located in the Province of Quebec. A sale process was initiated however it was unsuccessful. Subsequent to the 2008 acquisition of these permits, the Quebec Provincial government imposed a moratorium on hydraulic fracture stimulation in the area, thereby precluding future development. The lifting of this moratorium is not anticipated in the foreseeable future and the Group surrendered the permits in the first quarter of 2015.

As Molopo has essentially exited all of its North American operations, the Group has changed its presentation currency of its financial information from US$ to Australian dollars. As a result, this annual report for the year ended 31 December 2014 and all reports thereafter will be presented in Australian dollars.

The Group has initiated the process to transition the corporate headquarters from Calgary, Canada to Melbourne, Australia. This process is expected to be completed in the second quarter of 2015.

Legal Disputes

There are currently a series of legal actions in Canada concerning the Company and Molopo Energy Canada Ltd. ("MECL"), a wholly owned subsidiary of the Company, all of which relate to the sale by MECL of its interests in various oil and gas assets on 1 March 2011.

The current status of the legal actions is summarised as follows:

1. One of MECL's former joint venture partners (3105682 Nova Scotia ULC ("310 ULC")) commenced legal action in 2011 against MECL claiming MECL breached various agreements relating to the relevant joint venture, including breach of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C$35 (A$36.8) million general damages, C$1 (A$1.1) million punitive and aggravated damages, interest, GST and indemnity costs.

   Molopo itself is not a party to these proceedings.

   Whilst the litigation commenced in 2011 it is still at an early stage and the matter is not likely to proceed to trial until 2016 at the earliest.

   The Group has made a C$8.4 (A$8.8) million provision in these financial statements in relation to this litigation in Note 15.

2. 310 ULC also commenced legal action in 2013 against the purchaser of MECL's interests in the assets, (Legacy Oil & Gas Inc. ("Legacy"), as successor in title to MECL, claiming that Legacy continued some breaches allegedly committed by MECL and committed further breaches of the agreements relating to the relevant joint venture, including breaches of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C$90 (A$94.9) million general damages, C$1 (A$1.1) million punitive and aggravated damages, interest, GST and indemnity costs.

   Legacy has issued a third party notice to both MECL and Molopo on the basis of indemnities provided by MECL to Legacy in the sale agreement between MECL and Legacy, and a guarantee provided by Molopo to Legacy in relation to MECL's obligations under the sale agreement.

   This litigation is also at an early stage and MECL and Molopo have not yet been required to file defences to the third party claim.

3. 310 ULC commenced legal action in 2013 against three former MECL employees, claiming they induced MECL to breach the joint venture agreements the subject of the proceedings referred to in point 1 above. 310 ULC has sought against each employee special damages, C$65 (A$68.5) million general damages, C$2 (A$2.1) million punitive damages, interest, GST and indemnity costs. Molopo's D&O insurers have been notified of the claim and are paying the legal expenses of the former employees.

   Neither Molopo nor MECL are parties to these proceedings.

4. 310 ULC commenced legal action against Molopo in December 2014 claiming that Molopo is liable to 310 ULC for inducing a breach of contract and inducing breaches of other duties by MECL in relation to the joint venture agreements, the subject of the proceedings referred to in point 1 above. 310 ULC unsuccessfully sought an injunction against Molopo in December 2014 in these proceedings to restrict Molopo dealing with its assets.

   Whilst MOLOPO has only just been served with these proceedings, Molopo's preliminary view is that the proceedings are without merit and accordingly Molopo intends to seek to have the proceedings summarily dismissed.

5. Another of MECL's former joint venture partners (Shallow Gas Drilling Corp. ("Shallow Gas")) commenced legal action in 2014 against MECL and Legacy claiming that MECL and Legacy breached the joint venture agreement with Shallow Gas in relation to the drilling of test wells. Shallow Gas also made related claims of negligence and breach of fiduciary duties, and an alternate unjust enrichment claim. Shallow Gas sought, jointly and severally against MECL and Legacy, C$6 (A$6.3) million damages, special damages, accounting, C$1.05 (A$1.1) million restitution, specific performance declarations and interest. These proceedings were summarily dismissed on 26 September 2014 at Legacy's instigation. Shallow Gas has appealed this decision.

   Molopo is not a party to these proceedings.

The Board considers that it is a priority for MPO to seek to resolve the litigation with regard to the provisions made in MECL's accounts, although there is no assurance that this will be possible.

Corporate Production

For the year ended 31 December 2014, the Group's corporate production, which was derived exclusively from the six wells at Fiesta, in Crockett County, Texas, averaged 200 barrels of oil equivalent per day (boe/d), weighted 63% to liquids.

Performance Share Rights

During the year ended 31 December 2014, the Board approved the early vesting of 1,606,117 Performance Share Rights ("PSR") for thirty-two ex-employees who had been designated as a 'good leaver'. The vesting of these PSRs resulted in 1,230,096 of the Company's shares being issued as Canadian employees are subject to income tax withholdings. In accordance with the rules of the Equity Incentive, if a Canadian employee does not fund the tax withholdings, the Company is required to reduce the issuance by the value of the taxes it is obligated to pay. PSRs held by a 'good leaver' are not subject to a performance test and would have automatically vested with time.

Financial Review

The net result attributable to the Group, after income tax expense, for the year ended 31 December 2014 was a loss of A$6.2 million (year ended 31 December 2013: A$57.0 million). As at 31 December 2014, the Group's net asset position was A$59.2 million (31 December 2013: A$64.9 million), and cash reserves were A$67.4 million (31 December 2013: A$69.8 million). Profit/(Loss), Earnings per share ("EPS"), dividends and the share price at 31 December and for the last four reporting periods is summarised below:

	Year ended 31 December		Six Months ended 31 December	Year ended 30 June	
	2014	**2013**	**2012**	**2012**	**2011**
Net Profit/(Loss) after Income Tax (A$000)	**(6,211)**	**(56,950)**	(61,754)	(63,659)	84,418
Basic Earnings/(Loss) per share (A$)	**(0.03)**	**(0.23)**	(0.25)	(0.26)	0.34
Diluted Earnings/(Loss) per share (A$)	**(0.03)**	**(0.23)**	(0.25)	(0.26)	0.33
Dividend per share (A$)	**-**	**-**	-	-	-
Share price at 30 June *	**n/a**	**n/a**	n/a	0.545	0.760
Share price at 31 December *	**0.16**	**0.18**	0.28	n/a	n/a

* Share price is in Australian dollars.

Business strategies and prospects for future financial years

The Group's business strategies and future developments are to principally address the litigation matters reported above and review options available to the company with respect to utilisation of its available cash reserves.

Health, Safety and Environment

The Company expects excellence in health, safety and environmental performance and is committed to conducting all operations in a safe manner which minimises environmental impact, while meeting regulatory requirements and corporate standards. There have been no significant environmental spills, releases or incidents with any material financial impact, no legal actions due to any environmental or safety events or incidents and no known material environmental contamination associated with historical practices or operations. The Group does not anticipate making extraordinary material expenditures for environmental compliance during 2015.

Subsequent Events

On 13 February 2015, the sale of the Fiesta assets located in Crockett County, Texas was completed for proceeds of US$1.0 million (A$1.3 million).

On 8 February 2015, the Board determined that the current STIP and LTIP scheme will continue until the expiration of the existing employee contract terms which is presently 9 August 2015, at which time the scheme will terminate. For the period until 9 August 2015, the Board have set KPIs that will determine any incentives. After 9 August and depending on the circumstances of the Company, the Board will look to contract the necessary skills required to run the Company.

Share Options

Unissued shares

As at 31 December 2014, there were no unissued ordinary shares under options (Nil as at 31 December 2013).

Shares issued as a result of the exercise of options

During the period, employees and executives did not exercise any options to acquire shares in Molopo.

Performance Share Rights

The Board approves the offering of performance share rights and performance rights to employees and executives in accordance with the rules of the Company's Employee Incentive Scheme. Each Performance Share Right ("PSR") entitles the holder to one ordinary share upon the satisfaction of specified performance criteria. Each Performance Right ("PR") entitles the holder to up to 100 ordinary shares upon the satisfaction of specified performance criteria. PSR and PR holders do not have any right, by virtue of the performance share right, to participate in any share issue of Molopo or any related body corporate.

There were 2,242,146 PSRs granted during the year ended 31 December 2014.

The following table discloses the number, nature and status of the PSRs granted and outstanding during the year ended 31 December 2014:

	PSRs Outstanding 1 January 2014	PSRs Granted	PSRs Vested[1]	PSRs Expired or Cancelled	PSRs Outstanding 31 December 2014
Transitional	203,123	-	(203,123)	-	-
Sign-on	1,158,874	-	(724,112)	(41,428)	393,334
Deferred Short Term Incentive					
2013		2,242,146	(747,024)	(230,391)	1,264,731
2012	671,035	-	(580,971)	(26,756)	63,308
2011	560,778	-	(560,778)	-	-
Total	2,593,810	2,242,146	(2,816,008)	(298,575)	1,721,373

1. Excludes 453,231 PSRs that were performance tested at the close of business on 31 December 2014. 421,577 of the PSRs were granted for 2013 Deferred Short Term Incentive and 31,654 of the PSRs were granted for 2012 Deferred Short Term Incentive.

There were 47,641 PRs granted to employees during the year ended 31 December 2014.

The following table discloses the number, nature and status of the PRs granted and outstanding during the year ended 31 December 2014:

	PRs Outstanding 1 January 2014	PRs Granted	PRs Vested	PRs Expired or Cancelled	PRs Outstanding 31 December 2014
Long Term Incentive					
2014		47,641		(31,684)	15,957
2013	27,453	-	-	(10,576)	16,877
2012	15,012	-	-	(15,012)	-
Total	42,465	47,641	-	(57,272)	32,834

The following table discloses the number, nature and status of the PSRs granted and outstanding during the year ended 31 December 2013:

	PSRs Outstanding 1 January 2013	PSRs Granted	PSRs Vested[1]	PSRs Expired or Cancelled	PSRs Outstanding 31 December 2013
Transitional	416,995	-	(208,502)	(5,370)	203,123
Sign-on	1,413,747	500,001	(598,597)	(156,277)	1,158,874
Deferred Short Term Incentive					
2012	-	756,434	-	(85,399)	671,035
2011	859,494	-	(286,505)	(12,211)	560,778
Total	2,690,236	1,256,435	(1,093,604)	(259,257)	2,593,810

1. Excludes 504,077 PSRs that were performance tested at the close of business on 31 December 2013. 223,684 of the PSRs were granted for 2012 Deferred Short Term Incentive and 280,393 of the PSRs were granted for 2011 Deferred Short Term Incentive.

The following table discloses the number, nature and status of the PRs granted and outstanding during the year ended 31 December 2013:

	PRs Outstanding 1 January 2013	PRs Granted	PSRs Vested[1]	PRs Expired or Cancelled	PRs Outstanding 31 December 2013
Long Term Incentive					
2013	-	48,656	-	(21,203)	27,453
2012	29,761	-	-	(14,749)	15,012
Total	29,761	48,656	-	(35,952)	42,465

Transitional PSRs

On 30 June 2011, the Board approved the offering of PSRs to all employees and executives as a one off award to bridge the gap created in adopting a new employee incentive scheme, in light of the fact that any long term incentive would not vest for three years. One third of the PSRs awarded to each employee or executive vested on 30 June 2012, one third vested on 30 June 2013 and the remaining Transitional PSRs vested on 30 June 2014.

Sign-on PSRs

The Board has approved sign-on PSRs to certain new employees and executives. One third of the PSRs awarded will vest every 12 months from each employee's or executive's sign-on date provided they remain an employee or are otherwise deemed to be a 'good leaver'.

Deferred Short Term PSRs

During the year ended 31 December 2014, the Board approved 2,242,146 PSRs for employees and executives in accordance with the short term portion of the Employee Incentive Scheme related to 2013 performance. One third of the PSR's awarded to each employee have vested on 31 December 2014. Another one third will vest on 31 December 2015 and the remaining 2013 Deferred Short Term PSRs will vest 31 December 2016 provided the relevant employee or executive meets certain performance criteria in respect of each tranche and either remains an employee of the Group or is otherwise deemed to be a 'good leaver'.

Long Term Incentive PRs

During the year ended 31 December 2014, the Board approved 47,641 PRs for employees and executives in accordance with the 2014 long term portion of the Employee Incentive Scheme. These PRs will vest on 31 December 2016 provided the Company and the relevant employee or executive meets certain performance criteria in respect of each tranche, and remains an employee of the Group. Where an employee is a 'good leaver'; their award will be pro-rated based upon time employed during the performance period.

On 31 December 2014, 13,084 Performance Rights (PR") issued in early 2013 were performance tested against the established parameters and a performance measure of nil was determined. As a result, no vesting occurred and the PRs expired.

Indemnification of Officers and Auditor

During the financial year, the Group paid premiums to insure the Directors, Secretary of Molopo, and the officers of the Group. The policies prohibit the Company disclosing premiums.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a deliberately fraudulent or wilful breach of duty by the officer or are otherwise prohibited by the Corporations Act 2001.

The Company has entered into Deeds of Access, Insurance and Indemnity for all Directors of Molopo as well as Deeds of Insurance and Indemnity for executives that act as Directors or officers of a Group Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the year ended 31 December 2014, and the number of meetings attended by each Director (while they were a Director or committee member).

	Board of Directors	Audit and Risk Committee	Remuneration and Nomination Committee	HSE & Technical Committee
Number of meetings held:	13	1	1	1
Number of meetings attended:				
J. Schwarz[B]	12	1		
S. Cloutier[C]	3			
G. Cameron [D,FE]	2	1[A]	1	
D. Engle[B]	12	1	1[A]	1
G. Ross[B]	12		1	1
C. Ryan[D]	11			
G. Smith[F,FE]	9			
B. Straub[G]	3	1		1[A]

A. Committee Chair
B. 12 of 13 Board meetings prior to cessation
C. 3 of 3 Board meetings prior to cessation
D. 2 of 2 Board meetings prior to cessation
E. 11 of 11 Board meetings since appointment and prior to cessation
F. 9 of 9 Board meetings since appointment and prior to cessation
G. 3 of 3 Board meetings prior to cessation
FE. Financial expert as defined by the Board

The Board Committees were disbanded and their responsibilities were assumed by the Board on 19 August 2014.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 follows this Directors Report.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the year, by the Auditor Deloitte Touche Tohmatsu (or by another person or firm on the Auditor's behalf) is compatible with the general standard of independence imposed by the Corporations Act 2001.

The Directors' reasons for being satisfied that the provision of those non-audit services did not compromise the auditor independence requirements of the Act are:

- All non-audit services were subject to the corporate governance procedures adopted by Molopo and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the Auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor

independence as set out in the Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for Molopo, acting as an advocate for Molopo or jointly sharing risks and rewards.

During the period, the following fees were paid or payable for non-audit services provided by the auditor of Molopo.

	Year Ended 31 December 2014 A$	Restated Year Ended 31 December 2013 A$
Non-Audit Services:		
Tax	**26,870**	62,000
Other	**-**	17,000
	26,870	79,000

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.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

Remuneration Report (audited)

Contents

About this Report

This report is prepared in accordance with section 300A of the Australian Corporations Act 2001 and corporate governance guidance in Australia. Australian legislation requires disclosures in respect of Key Management Personnel ("KMP") which is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. For the purposes of this report and for the year ended 31 December 204, the Key Management Personnel comprise the non-Executive Directors (the "NEDs"), the Chief Executive Officer and Managing Director (the "CEO"), the Chief Financial Officer ("CFO"), and the Chief Operating Officer ("COO") of Molopo Energy (together, the CEO, CFO and COO are defined as the "Officers").

In this report, the remuneration and benefits reported have been presented in Australian dollars as a result of the Company's change in presentational currency from US to Australian effective 1 January 2013.

Compensation for the NEDs is paid in Australian dollars ("A$"). Compensation for the Officers was paid in Canadian dollars ("C$") and, for reporting purposes, converted to A$ based on the average exchange rate for the applicable period. The rate applied to the C$ compensation and equity awards for the year ended 31 December 2014 was 1.0042 and for the year ended 31 December 2013 was 1.0031.

Quoted prices and volume weighted average price of shares are expressed in A$.

As at the date of this report, the Group's sole employee and Officer is the Chief Financial Officer. In the first quarter of 2014, the Chief Operating Officer position was eliminated and in the third quarter of 2014, the Chief Executive Officer resigned and was replaced by a consultant, who was retained until February 2015.

The Board has determined that the existing employment contracts and incentive schemes are not reflective of the current business requirements of the Company. As a result the Board has decided to discontinue the Short Term Incentive Plan ("STIP") and LTIP Long Term Incentive Plan ("LTIP") for all future employees of the Group.

Key Remuneration Principles

On 8 February 2015, the Board determined that the current STIP and LTIP scheme will continue until the expiration of the existing employee contract terms which is presently 9 August 2015. For the period until 9 August 2015, the Board have set KPIs that will determine any incentives. After 9 August and depending on the circumstances of the Company, the Board will look to contract the necessary skills required to run the Company.

The key remuneration principles discussed below were in place during 2013 and 2014.

The Company reviewed its remuneration practices and introduced a new Employee Incentive Scheme ("Incentive Scheme") during 2011. Remuneration levels of all roles throughout the Group were benchmarked. The objective of the Incentive Scheme is to provide sufficient incentives to attract and retain high caliber personnel and to promote a performance-driven culture throughout the organisation, in the best interests of the Company and its shareholders. The Incentive Scheme was approved by Shareholders at the 2011 Annual General Meeting.

Following the shift of Molopo's strategy to focus on North American oil and gas, as communicated to Shareholders in April 2011, all of the Molopo staff were located in its Calgary, Alberta corporate office. The remuneration policies and practices therefore reflect a balance between the market practice in Canada where the Molopo employees reside, and the norms and practices in Australia, where the Group is domiciled.

All employees were eligible for participation in the Incentive Scheme, which has both short and long term components. Consultants and NEDs are not eligible.

The Incentive Scheme has short and long term components:

Component	Elements	Award type	Award/Vesting Schedule
Short Term Incentive Plan ("STIP")	Cash STIP	Cash	Performance period: 1 January to 31 December of the relevant year. Award is paid during the Jan-Mar Quarter post assessment.
	Deferred Equity STIP	Equity in the form of "Performance Share Rights" ("PSRs")	Performance period: 1 January – 31 December of the relevant year. Deferred STIP PSRs are issued in the subsequent Jan-Mar Quarter. Deferred STIP PSRs vest in three equal tranches at one, two and three years after the close of the respective STIP performance period.
Long Term Incentive Plan ("LTIP")	LTIP	Equity in the form of "Performance Rights" ("PRs")	Performance period: 36 months from 1 January to 31 December. LTIP PRs are issued at the start of the 36 month LTIP performance period. LTIP PRs are tested and are eligible for vesting in the three months post the close of the LTIP performance period.

Under the STIP, employees have the ability to earn an annual bonus representing a fixed percentage of their base salary dependent on their performance against key performance indicators ("KPIs"). The maximum bonus percentage available for each employee varies according to the level of seniority of the employee. The STIP award comprises two components: Cash and Deferred Equity in the form of Performance Share Rights ("PSRs").

The intention of the LTIP is to encourage employees to focus on longer term Company performance in alignment with shareholders' interests. A key principle of this scheme is that employees at all levels have the ability to influence the overall company performance, to varying degrees dependent on the role. The purpose of the LTIP is also to aid in retention of employees, to further align the interests of employees and the Company and its shareholders, and finally to deliver a competitive remuneration package in line with the Company's target market position.

The LTIP award will be in the form of Performance Rights ("PRs") and the performance period will be thirty six months commencing on January 1 of the year it is initially awarded. The PRs are performance tested and vest at the end of this thirty six month period. No re-testing is permitted. Where an employee commences after 1 January in a particular year, an LTIP award is granted upon the commencement of employment for the relevant employee on a pro-rata basis to ensure that all employees are aligned in achieving common goals from commencement. The initial allocation of LTIP PRs to a participating employee will represent the maximum possible number of shares that the employee could receive at the end of the performance period. However, the number of PRs that vest at the end of the performance period will be determined according to future business performance. Each LTIP PR is eligible for vesting into between 0 and 100 shares, dependent upon the extent of satisfaction of performance criteria. The maximum LTIP available for each employee varies according to the level of seniority of employment.

Termination

Where an employee resigns or is terminated for any reason, they will retain all equity which has already vested.

Where an employee is terminated as a result of redundancy, death or disability or any other reason determined by the Board to be exceptional (deemed to be "Good Leaver"):

- In respect of any unvested sign-on, transitional and/or STIP PSRs, the employee will retain that unvested equity which will continue to be subject to the terms of the award, including the vesting periods and performance conditions (other than any performance condition that requires the participant to remain an employee); and
- In respect of LTIP PRs, the number of unvested LTIP PRs outstanding will be pro-rated to reflect the number of months that the participant was employed by the Group during the vesting period. The balance of the unvested LTIP PRs will be cancelled. The remaining unvested LTIP PRs will continue to be subject to the terms of the initial award, including with respect to the vesting periods and performance conditions.

Notwithstanding the above, as approved by shareholders, the Board may accelerate the vesting of some or all unvested PSRs whether or not the performance conditions have been met. Such discretion is not expected to be routinely exercised, and has not been exercised by the Board in respect of any employees.

Where an employee resigns from the Group, or is terminated and is not considered to be a Good Leaver, all unvested equity will be cancelled.

Clawback of unvested equity

The Board, in its absolute discretion, may cancel any unvested equity of an employee in the event that the employee has engaged in fraud or wilful misconduct which results in or contributes to, a material restatement of Molopo's reserves or financial results.

Dilution limits

The Employee Incentive Scheme contains a 5% dilution limit, which mirrors the ASIC Class Order 03/184. However, the exceptions under this Class Order mean that Molopo is unlikely to ever reach the 5% limit, due to its employees being outside of Australia. As a result, Molopo has also introduced a 10% limit on total unvested equity outstanding under the Employee Incentive Scheme compared with the number of shares on issue, with no exceptions to this limit. This limit reflects market practice in North America, where the proportion of remuneration which is paid in equity is significantly higher than market practice in Australia.

Executive KMP: Performance related components in Total Remuneration

The Officers were located in Calgary, Canada and the Performance Related component of their Total Remuneration is shown in the table below.

		FIXED	PERFORMANCE RELATED			Fixed	Performance Related
		Base Salary	STIP Cash	STIP PSRs	LTIP PRs		
CEO	**Based on achieving "On Target"**	34%	15%	25.5%	25.5%	**34%**	**66%**
	Based on achieving "Outstanding" (maximum)	25%	17%	29%	29%	**25%**	**75%**
COO & CFO	**Based on achieving "On Target"**	43%	17%	20%	20%	**43%**	**57%**
	Based on achieving "Outstanding" (maximum)	34%	20%	23%	23%	**34%**	**66%**

There are no individual incentive limits beyond the maximum bonus potential shown in the table above.

Performance Related Pay FY2014

No performance related pay for the calendar year 2014 has been included in the Remuneration Tables that follow as the amounts were not determined or paid prior to 31 December 2014.

STIP Targets (Calendar Year 2015) and LTIP Targets (January 2015 - December 2017)

On 8 February 2015, the Board determined that the current STIP and LTIP scheme will continue until the expiration of the existing employee contract terms which is presently 9 August 2015, at which time the scheme will terminate. For the period until 9 August 2015, the Board have set KPIs that will determine any incentives. After 9 August and depending on the circumstances of the Company, the Board will look to contract the necessary skills required to run the Company.

LTIP Targets January 2014 - December 2016

The assessment for the LTIP performance period ending December 2016 will be based on Relative Total Shareholder Returns as compared to peers.

Relative Total Shareholder Returns

Company's TSR relative to the TSR of the Comparator Group over the performance period	**Performance Measure**
<50th percentile	0
50th percentile	0.50
51st - 74th percentile	0.51 to 0.99 on a pro-rata basis
>= 75th percentile	1.0[1]

[1]Note that 1.0 represents outstanding performance (maximum vesting of this portion of LTIP).

Relative TSR Comparator Group

The criteria for the selection of the peer group is at least 20 comparator companies listed on the ASX and/or the TSX which are in the same size range as Molopo and have as comparable assets and geography focus to Molopo as possible.

Where companies in the peer group cease to exist or are no longer peers of Molopo, the Board retains discretion to change the peer group to reflect an appropriate comparison.

For the performance period ending 31 December 2016, the peer group has been determined as:

1. Antares Energy (ASX:AZZ)	11. Storm Resources (TSX:SRX)
2. Austex Oil Limited (ASX:AOK)	12. Austin Exploration (ASX:AKK)
3. DeeThree Exploration (TSX:DTX)	13. Elk Petroleum (ASX:ELK)
4. Red Fork Energy (ASX:RFE)	14. Terra Energy Corp (TSX:TT)
5. Maverick Drilling (ASX:MAD)	15. Exall Energy Corporation (TSX:EE)
6. Nimin Energy Corp (TSX:NNN)	16. Santonia Energy (TSX:STE)
7. Samson Oil & Gas (ASX:SSN)	17. Crocotta Energy Inc (TSX:CTA)
8. Renegade Petroleum (TSX:RPL)	18. Entek Energy (ASX:ETE)
9. Rock Energy Inc (TSX:RE)	19. Challenger Energy Inc (ASX:CEL)
10. Sundance Energy (ASX:SEA)	20. Artek Exploration Ltd (TSX:RTK)

Executive Remuneration

Executive remuneration packages contain the following key elements:
- (a) Primary benefits – salary / fees, bonuses and non-monetary benefits;
- (b) Post-employment benefits including superannuation;
- (c) Equity including share options and performance share rights granted under employee incentive plans; and
- (d) Other benefits.

Bonuses included in Remuneration

During the year ended 31 December 2014, bonuses were paid to certain employees of Molopo for the 2013 calendar year performance period. The recommendation for the payment of the bonuses and the determination of the amount paid to the employees were approved by the Board at that time and payment was made in February 2014.

During the year ended 31 December 2013, bonuses were paid to certain employees of Molopo for the 2012 calendar year performance period. The recommendation for the payment of the bonuses and the determination of the amount paid to the employees were approved by the Board at that time and payment was made in February 2013.

Remuneration Table

The following table discloses the remuneration of the key management personnel of the Group during the year ended 31 December 2014:

Year ended 31 December 2014	Short-term benefits			Post-employment benefits		Termination benefits	Share-based payments		
							Equity-settled[12]		
	Salary & fees	Bonus	Other Benefits[14]	Super - annuation	Other		Shares & units	Performance Share Rights	Total
	$	$	$	$	$	$	$	$	$
Non-Executive Directors									
S. Tough[1]	-	-	-	-	-	-	-	-	-
A. Sormann[1]	-	-	-	-	-	-	-	-	-
D. Sanders[1]	-	-	-	-	-	-	-	-	-
J. Schwarz[2]	75,000	-	-	-	-	-	-	-	75,000
G. Ross[3]	50,960	-	-	5,040	-	-	-	-	56,000
B. Straub[4]	28,000	-	-	-	-	-	-	-	28,000
G. Cameron[5]	21,233	-	-	2,100	-	-	-	-	23,333
D. Engle[3,7]	37,333	-	-	-	-	-	-	-	37,333
C. Ryan[6]	42,000	-	-	-	-	-	-	-	42,000
G. Smith[7]	28,000	-	-	-	-	-	-	-	28,000
	282,526	-	-	7,140	-	-	-	-	289,666
Executive Director									
S. Cloutier[8,11]	322,181	94,897	19,711	-	-	-	-	165,784	602,573
Officers									
D. Engle[9]	100,420	-	-	-	-	75,315	-	-	175,735
P. Belliveau[11]	261,092	62,662	26,715	-	-	-	-	73,893	424,362
S. Ouellette[10,11]	65,273	52,218	9,469	-	-	182,764	-	61,577	371,301
	748,966	209,777	55,895	-	-	258,079	-	301,254	1,573,971
Total	1,031,492	209,777	55,895	7,140	-	258,079	-	301,254	1,863,637

1. S. Tough, A. Sormann and D. Sanders appointed Directors on 29 December 2014.
2. J. Schwarz retired as Chairman and Director on 29 December 2014.
3. G. Ross and D. Engle retired as Directors on 29 December 2014.
4. B. Straub retired as a Director on 18 June 2014.
5. G. Cameron retired as a Director on 28 May 2014.
6. C. Ryan was appointed as a Director on 8 April 2014 and retired 29 December 2014.
7. G. Smith was appointed as a Director on 18 June 2014 and retired 29 December 2014.
8. S. Cloutier ceased as Managing Director and CEO on 2 September 2014.
9. D. Engle was appointed Acting CEO on 2 September 2014. While Acting CEO, no Director Fee was paid.
10. S. Ouellette ceased as Chief Operating Officer on 31 March 2014.
11. PSRs were issued as a deferred short term incentive related to 2013 to S. Cloutier, P. Belliveau and S. Ouellette. These PSRs will vest at the rate of one-third every 12 months beginning 31 December 2014.
12. The value of the PSRs was determined at grant date based upon the 20 day volume weighted average price of the shares prior to the grant.
13. PRs were issued under the long term incentive program will be performance tested at December 31, 2016 and will only vest at that time if certain performance thresholds are achieved. Given the uncertainty of meeting performance thresholds, no value has been assigned at this time.
14. Other Benefits include a perquisite allowance, car parking and mandatory payments required to be made on behalf of Canadian employees.

The following table discloses the remuneration of the key management personnel of the Group during the year ended 31 December 2013:

Year ended 31 December 2013	Short-term benefits			Post-employment benefits		Termi-nation benefits	Share-based payments Equity-settled[9]		Total
	Salary & fees	Bonus	Other Benefits[11]	Super - annuation	Other		Shares & units	Performance Share Rights	
	$	$	$	$	$	$	$	$	$
Non-Executive Directors									
J. Schwarz[1]	**42,083**	-	-	-	-	-	-	-	**42,083**
G. Ross	**56,420**	-	-	**5,580**	-	-	-	-	**62,000**
B. Straub	**62,000**	-	-	-	-	-	-	-	**62,000**
G. Cameron	**56,420**	-	-	**5,580**	-	-	-	-	**62,000**
D. Engle	**62,000**	-	-	-	-	-	-	-	**62,000**
G. Lewin[2]	**109,200**	-	-	**10,800**	-	-	-	-	**120,000**
M. Beck[3]	-	-	-	-	-	-	-	-	-
	388,123	-	-	**21,960**	-	-	-	-	**410,083**
Executive Director									
S. Cloutier[4,7]	**336,456**	-	**25,661**	-	-	-	-	**155,481**	**517,597**
T. Granger[5,6]	**14,629**	**18,051**	-	-	-	**175,543**	-	**(52,856)**	**155,365**
Officers									
P. Belliveau[8]	**259,134**	**30,093**	**26,321**	-	-	-	-	**32,737**	**348,285**
S. Ouellette[8]	**259,134**	**30,093**	**26,321**	-	-	-	-	**32,737**	**348,285**
	869,353	**78,237**	**78,303**	-	-	**175,543**	-	**168,099**	**1,369,533**
Total	**1,257,476**	**78,237**	**78,303**	**21,960**	-	**175,543**	-	**168,099**	**1,779,617**

1. J. Schwarz was appointed Director on 18 March 2013 and Chairman on 25 September 2013.
2. G. Lewin retired as Chairman and Director on 25 September 2013.
3. M. Beck retired as a Director on 23 May 2013. He was entitled to be paid a Director fee however chose not to receive this payment.
4. S. Cloutier was appointed Managing Director and CEO on 17 January 2013.
5. T. Granger ceased as Managing Director and CEO on 17 January 2013.
6. Upon departure, one third of the Performance Share Rights (PSRs) granted to T. Granger in 2012 were revoked.
7. PSRs were issued as a sign-on bonus to S. Cloutier, who joined the Group during the year. These PSRs will vest at the rate of one-third every 12 months from the date granted.
8. PSRs were issued as a deferred short term incentive related to 2012 to P. Belliveau and S. Ouellette. These PSRs will vest at the rate of one-third every 12 months beginning 31 December 2013.
9. The value of the PSRs was determined at grant date based upon the 20 day volume weighted average price of the shares prior to the grant.
10. PRs were issued under the long term incentive program will be performance tested at December 31, 2015 and will only vest at that time if certain performance thresholds are achieved. Given the uncertainty of meeting performance thresholds, no value has been assigned at this time.
11. Other Benefits include a perquisite allowance, car parking and mandatory payments required to be made on behalf of Canadian employees.

Performance Share Rights, Performance Rights and Options granted to Key Management Personnel

The following table discloses the Performance Share Rights and Performance Rights issued to the key management personnel of the Group during the year ended 31 December 2014:

	Time Vested		Performance & Time Vested			
	Original Number of PSRs Granted (Quantity)	Original Value of PSRs Granted $	Original Number of PRs Granted (Quantity)	PRs Cancelled	Minumum Value of PRs Granted $	Maximum Value of PRs Granted $
S. Cloutier	845,839	165,785	21,146	(16,447)	-	74,714
P. Belliveau	377,003	73,893	9,425	-	-	149,858
S. Ouellette	314,169	61,577	9,425	(8,640)	-	12,482

The following table discloses the Performance Share Rights and Performance Rights issued to the key management personnel of the Group during the year ended 31 December 2013:

	Time Vested		Performance & Time Vested			
	Original Number of PSRs Granted (Quantity)	Original Value of PSRs Granted $	Original Number of PRs Granted (Quantity)	PRs Cancelled	Minumum Value of PRs Granted $	Maximum Value of PRs Granted $
S. Cloutier	500,001	146,500	10,291	-	-	350,923
T. Granger	(83,333)	(52,856)	6,435	(6,435)	-	-
P. Belliveau	88,206	30,078	4,410	-	-	150,381
S. Ouellette	88,206	30,078	4,410	-	-	150,381

Contracts of Employment

Mr. Paul Belliveau
Chief Financial Officer

Mr. Belliveau's contract is an evergreen contract, and provides that the Group may terminate Mr. Belliveau's employment for cause at any time without notice or any severance payment. The Group may terminate Mr. Belliveau's employment without cause by giving a six month notice of termination or in the alternative, by payment of a lump sum amount equivalent to six months base salary plus 20% of base salary. He is required to give the Group one month notice of resignation.

As other Executive Key Management Personnel noted in the Remuneration Table are no longer employed at the date of this report, summaries of their employment contracts are not provided.

Non-Executive Director Remuneration Structure

Non-executive Director remuneration consists of base fees, other payments for additional services outside the scope of Board and Committee duties, and statutory superannuation contributions. Non-executive Directors do not earn retirement benefits other than superannuation for Australian Directors, are not entitled to any form of performance-related remuneration and do not participate in the employee incentive scheme.

The remuneration table on page 22 shows the fees paid to non-executive Directors during the year ended 31 December 2014. In addition to these fees, non-executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committees and shareholders, or while engaged on Molopo business. Non-executive Directors are not entitled to compensation on termination of their Directorships.

Molopo's Non-Executive Director fee cap is A$650,000 as approved by shareholders at the 2010 AGM.

Executive & Director Shareholdings

Directors, officers, employees and their related parties must not enter into transactions in products associated with shares or options in the Company that operate to limit the economic risk of holding the shares or options in the Company during a Prohibited Period, and must not enter into transactions in products associated with shares or options in the Company that operate to limit the economic risk of holding any unvested shares or options in the Company at any time.

Directors, officers, employees and their related parties must not trade in any securities of the Company (including shares, options, contracts for difference, warrants, or derivatives) for speculative reasons or short-term gain.

Directors' Shareholdings

The following table sets out each current Director's relevant interest in shares, debentures, and rights or options in shares or debentures of Molopo or a related body corporate as at the date of this report:

	Ordinary shares issued No.	Options over ordinary shares No.	PSRs No.	Maximum LTI PR Shares[1] No.
S. Tough	-	-	-	-
A. Sormann	-	-	-	-
D. Sanders	-	-	-	-

Executive KMP's Personal Shareholdings (excluding CEO)

The following table sets out each Executive KMP's (excluding the CEO) current relevant interest in shares, debentures, and rights or options in shares or debentures of Molopo or a related body corporate as at the date of this report:

	Ordinary shares issued No.	Options over ordinary shares No.	PSRs No.	Maximum LTI PR Shares[1] No.
P. Belliveau	314,234	-	280,737	1,383,500

1) 13,835 PRs were issued to the Executive KMP that will vest if certain performance thresholds are achieved over a three year period. The number of shares ultimately issued could be nil to the maximum number.

Key Management Personnel Share Holdings

The following table sets out the share holdings of key management personnel of the Group during the year ended 31 December 2014:

Fully paid ordinary shares of Molopo Energy Limited

31 December 2014	Balance at 1 January 2014 No.	Granted No.	Issued on vesting of PSRs No.	Purchase No.	Sales No.	Other No.	Balance at 31 December 2014 No.
J. Schwarz[1]	5,648,400	-	-	-	-	(5,648,400)	N/A
S. Cloutier[2]	346,300	-	-	-	-	(346,300)	N/A
G. Ross[1]	37,143	-	-	-	-	(37,143)	N/A
B. Straub[3]	50,000	-	-	-	-	(50,000)	N/A
G. Cameron[4]	45,000	-	-	-	-	(45,000)	N/A
D. Engle[1]	80,000	-	-	-	-	(80,000)	N/A
S. Tough[7]	-	-	-	-	-	-	-
A. Sormann[7]	-	-	-	-	-	-	-
D. Sanders[7]	-	-	-	-	-	-	-
Officers							
D. Engle[5]	-	-	-	-	-	80,000	80,000
P. Belliveau	131,600	-	54,535	-	(3,094)	-	183,041
S. Ouellette[6]	36,600	-	318,649	-	-	(355,249)	N/A
Total	6,375,043	-	373,184	-	(3,094)	(6,482,092)	263,041

Notes:

1. J. Schwarz, G. Ross and D. Engle resigned as Non-Executive Directors on 29 December 2014.
2. S. Cloutier ceased as Managing Director and CEO on 2 September 2014.
3. B. Straub resigned as Non-Executive Director on 18 June 2014.
4. G. Cameron resigned as Non-Executive Director on 28 May 2014.
5. D. Engle was appointed Acting CEO on 2 September 2014.
6. S. Ouellette ceased as COO on 31 March 2014.
7. S. Tough, A, Sormann and D. Sanders appointed Non-Executive Directors on 29 December 2014.

The following table sets out the share holdings of key management personnel of the Group during the year ended 31 December 2013:

Fully paid ordinary shares of Molopo Energy Limited

31 December 2013	Balance at 1 January 2013 No.	Granted No.	Issued on vesting of PSRs No.	Purchase No.	Sales No.	Other No.	Balance at 31 December 2013 No.
J. Schwarz[1]	N/A	-	-	5,648,400	-	-	5,648,400
S. Cloutier[2]	N/A	-	-	346,300	-	-	346,300
G. Ross	37,143	-	-	-	-	-	37,143
B. Straub	50,000	-	-	-	-	-	50,000
G. Cameron	45,000	-	-	-	-	-	45,000
D. Engle	80,000	-	-	-	-	-	80,000
G.Lewin[3]	110,000	-	-	-	-	(110,000)	N/A
T.Granger[4]	350,000	-	-	-	-	(350,000)	N/A
M.Beck[5]	8,403,952	-	-	-	-	(8,403,952)	N/A
Officers							
P. Belliveau	95,000	-	36,600	-	-	-	131,600
S. Ouellette	-	-	36,600	-	-	-	36,600
Total	9,171,095	-	73,200	5,994,700	-	(8,863,952)	6,375,043

Notes:

1. J. Schwarz was appointed Non-Executive Director on 15 March 2013.
2. S. Cloutier was appointed Managing Director and CEO on 17 January 2013.

3. G. Lewin ceased as Chairman and Non-Executive Director on 25 September 2013.
4. T. Granger ceased as Managing Director and CEO on 3 January 2013.
5. M. Beck ceased as Non-Executive Director on 23 May 2013.

Key management personnel options holdings

As of 31 December 2014, no Directors or officers hold any unlisted options of Molopo Energy Limited.

Use of Remuneration Consultants

The Board periodically uses external consultants to provide advice on matters relating to remuneration. However, no external consultants were utilised during the year ended 31 December 2014 or the year ended 31 December 2013.

Signed in accordance with a resolution of the Directors.

Antony Sormann
Director

13 March 2015
Melbourne

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
Molopo Energy Limited
Level 2
470 Collins Street
Melbourne, Victoria, 3000
Australia

16 March 2015

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 audit of the financial statements of Molopo Energy Limited for the financial year ended 31 December 2014, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock

BJ Pollock
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report
to the members of Molopo Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Molopo Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of loss and other comprehensive income or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out in pages 31 to 77.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Molopo Energy Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 27 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Molopo Energy Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock

BJ Pollock
Partner
Chartered Accountants
Melbourne, 16 March 2015

Consolidated Statement of Financial Position
As at 31 December 2014

	Note	Consolidated 31 December 2014 A$000	Restated 31 December 2013 A$000	Restated[1] 1 January 2013 A$000
CURRENT ASSETS				
Cash and cash equivalents	**18(a)**	**67,385**	69,781	68,435
Trade and other receivables	**8**	**410**	1,387	7,646
Assets held for sale	**9**	**1,611**	-	-
TOTAL CURRENT ASSETS		**69,406**	71,168	76,081
NON-CURRENT ASSETS				
Investments	**28(f)**	**-**	-	299
Plant and equipment	**10**	**-**	62	545
Exploration and evaluation assets	**11**	**-**	-	52,661
Oil and gas properties	**12**	**-**	5,296	7,809
TOTAL NON-CURRENT ASSETS		**-**	5,358	61,314
TOTAL ASSETS		**69,406**	76,526	137,395
CURRENT LIABILITIES				
Trade and other payables	**14**	**991**	6,643	20,577
Liabilities associated with assets held for		**-**	-	-
sale	**15**	**343**	-	-
TOTAL CURRENT LIABILITIES		**1,334**	6,643	20,577
NON-CURRENT LIABILITIES				
Provisions	**15**	**8,824**	4,983	943
TOTAL NON-CURRENT LIABILITIES		**8,824**	4,983	943
TOTAL LIABILITIES		**10,158**	11,626	21,520
NET ASSETS		**59,248**	64,900	115,875
EQUITY				
Share capital	**16**	**157,271**	156,322	155,726
Reserves	**17**	**(41,950)**	(41,560)	(46,939)
Retained profits (deficit)		**(56,073)**	(49,862)	7,088
TOTAL EQUITY		**59,248**	64,900	115,875

(1) With effect from 1 January 2014, the Directors of Molopo Energy Limited determined that the presentation currency of the Company will be Australian dollars (See Note 1(c)). As such, a third Consolidated Statement of Financial Position has been presented.

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

Consolidated Statement of (Loss) and Other Comprehensive Income/(Loss)
For the period ended 31 December 2014

	Note	Consolidated Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
Continuing operations			
Revenue from the sale of gas and oil produced	4	3,489	3,938
Cost of sales from revenue producing operations			
Operating and transportation costs		(2,039)	(2,065)
Gross profit from continuing operations		1,450	1,873
Interest and other revenue	4	1,707	3,486
Loss on sale of assets	5	-	(2,399)
Administration expenses		(1,109)	(2,033)
Impairment of assets and depletion expense	5	(3,948)	(37,452)
Depreciation expense	5	(62)	(83)
Salary and employee benefits expense	5	(1,889)	(4,769)
Legal, management and consulting fees		(1,434)	(1,054)
Operating lease expense		(177)	(1,822)
Restoration (finance) costs		(7)	(27)
Share based payments	19(c)	(590)	(108)
Other expenses		(146)	(190)
LOSS BEFORE INCOME TAX		(6,205)	(44,578)
Income tax benefit from continuing operations	7	-	-
LOSS FROM CONTINUING OPERATIONS		(6,205)	(44,578)
Discontinued operations			
Profit/(loss) from discontinued operations net of income tax	6	(6)	(12,372)
LOSS FOR THE PERIOD		(6,211)	(56,950)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX			
Foreign currency translation	17	(31)	6,126
Investment fluctuation reserve	17	-	(259)
Total other comprehensive income/(loss)		(31)	5,867
TOTAL COMPREHENSIVE LOSS		(6,242)	(51,083)
Basic loss per share (cents per share)	25	(0.03)	(0.23)
Diluted loss per share (cents per share)	25	(0.03)	(0.23)
Loss Per Share from continuing operations			
Basic loss per share (cents per share)	25	(0.03)	(0.18)
Diluted loss per share (cents per share)	25	(0.03)	(0.18)
Loss Per Share from discontinued operations			
Basic loss per share (cents per share)	25	(0.00)	(0.05)
Diluted loss per share (cents per share)	25	(0.00)	(0.05)

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

Consolidated Statement of Changes in Equity
For the period ended 31 December 2014

	Ordinary shares A$000	Share based payment reserve A$000	Foreign currency translation reserve A$000	Investment fluctuation reserve A$000	Retained profits/ (deficit) A$000	Total equity A$000
At 1 January 2014	**156,322**	**1,792**	**(13,999)**	**(29,353)**	**(49,862)**	**64,900**
Loss for the period	**-**	**-**	**-**	**-**	**(6,211)**	**(6,211)**
Other comprehensive income/(loss)	**-**	**-**	**(31)**	**-**	**-**	**(31)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(31)**	**-**	**(6,211)**	**(6,242)**
Transactions with owners in their capacity as owners						
Share based payments	**-**	**590**	**-**	**-**	**-**	**590**
Share based payment transferred in/(out)	**949**	**(949)**	**-**	**-**	**-**	**-**
Balance at 31 December 2014	**157,271**	**1,433**	**(14,030)**	**(29,353)**	**(56,073)**	**59,248**
At 1 January 2013, Restated[1]	155,726	2,280	(20,125)	(29,094)	7,088	115,875
Loss for the period	-	-	-	-	(56,950)	(56,950)
Other comprehensive income/(loss)	-	-	6,126	(259)	-	5,867
Total comprehensive income/(loss) for the period	-	-	6,126	(259)	(56,950)	(51,083)
Transactions with owners in their capacity as owners						
Share based payments	-	108	-	-	-	108
Share based payment transferred in/(out)	596	(596)	-	-	-	-
Balance at 31 December 2013	156,322	1,792	(13,999)	(29,353)	(49,862)	64,900

(1) With effect from 1 January 2014, the Directors of Molopo Energy Limited determined that the presentation currency of the Company will be Australian dollars. See Note 1(c).

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

Consolidated Statement of Cash Flows
For the period ended 31 December 2014

	Note	Consolidated Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**3,565**	11,801
Payments to suppliers and employees		**(8,541)**	(15,809)
Interest received		**548**	790
Joint venture recovery		**-**	3,445
Income tax recovered		**68**	5,641
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**18(b)**	**(4,360)**	5,868
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of plant and equipment		**-**	(38)
Payment for exploration, evaluation and oil and gas properties		**-**	(23,062)
Proceeds from disposal of oil and gas properties	**5**	**-**	4,698
Proceeds from disposal of discontinued operations	**6**	**622**	7,378
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**622**	(11,024)
CASH FLOW FROM FINANCING ACTIVITIES		**-**	-
NET CASH FROM FINANCING ACTIVITIES		**-**	**-**
NET DECREASE IN CASH AND EQUIVALENTS		**(3,738)**	(5,156)
OPENING CASH AND CASH EQUIVALENTS		**69,781**	68,435
Effect of exchange rate changes		**1,342**	6,502
CLOSING CASH AND CASH EQUIVALENTS	**18(a)**	**67,385**	69,781

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

Molopo Energy Limited ("Molopo" or the "Company") is a company incorporated and domiciled in Australia and listed on the Australian Securities Exchange ("ASX"). The consolidated financial report of the Company as at and for the year ended 31 December 2014 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 and production of oil and gas.

Registered Office and Principal Place of Business

Level 2, 470 Collins Street, Melbourne, Victoria 3000 Australia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (including Australian Accounting Interpretations) and other pronouncements of the Australian Accounting Standards Board ("AASB"). The consolidated Financial Report of the Group complies with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report was authorised for issue on the date of signing the Directors' Declaration.

(b) Basis of measurement

The financial report has been prepared on a historical cost basis, except for available for sale non-financial assets and investments, which have been measured at fair value.

The financial report is presented in Australian ("A") dollars and rounded to the nearest one thousand dollars.

(c) Changes in accounting policy and disclosures

The Company announced on 29 January 2015 that it had elected to change its presentational currency from US dollars to Australian dollars effective 1 January 2014. The Company has completed the value maximization process announced in the second quarter of 2013 and has essentially exited North America. As a result, the Board considers that the change in presentational currency will provide shareholders with a more consistent and meaningful reflection of the Company's underlying performance.

(d) New and revised Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current year as follows:

New and Revised Standard	Requirements and impact assessment
AASB 1031 Materiality (December 2013)	Revised AASB 1031 is an interim standard that cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amends AASB 124 Related Party Disclosures to remove the individual key management personnel disclosures required by Australian specific paragraphs. Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.
AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation. Clarifies the meaning of 'currently has a legally enforceable right to set-off' and 'simultaneous realisation and settlement'.
AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	Narrow scope amendments to AASB 136 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting	Amends AASB 139 Financial Instruments: Recognitions and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
AASB 2013-9 Amendments to Australian Accounting Standards (Part B Materiality)	Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and minor editorial amendments to various standards.

The adoption of the requirements of the amendments above has not had any significant impact on the amounts reported in this financial report but may affect the accounting for future transactions or arrangements.

(e) Significant Judgments and Key Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following:

- ***Impairment of Non-Financial Assets***
  The Group assesses whether there are indicators of impairment for each cash-generating unit on a half-yearly basis. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future operating development and sustaining capital requirements and operating performance. The carrying values are disclosed in Notes 9, 10, 11 and 12.

- ***Unit-of-Production Method of Depreciation/Amortisation***
  The Group uses the unit-of-production basis when depreciating/amortising oil and gas property assets, as described in Note 3, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of well production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the producing well. These calculations require the use of estimates and assumptions.

- ***Capitalisation of Exploration and Evaluation Costs***
  The application of the Group's accounting policy for exploration and evaluation assets, as described in Note 3, requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. As new information becomes available, any such estimates and assumptions may change.

- ***Share Based Payments***
  The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the twenty day volume weighted average price at the time of grant for performance share rights.

- ***Provision for Restoration***
  Significant judgement is required in determining the provision for restoration as there are many factors that will affect the ultimate liability payable to rehabilitate wells. Factors that will affect this liability include future disturbances caused by the drilling of further wells, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the provision for restoration in the period in which they change or become known.

- ***Taxation***
  Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

  Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Profit or (Loss) and Other Comprehensive Income/(Loss).

(f) New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the financial report, the following Australian Accounting Standards and Interpretations relevant to the Group have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the year ended 31 December 2014.

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' o Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016

The Directors' anticipate that the above standards and interpretations will not have a material impact on the financial report of the Group in the year of initial application.

(g) Corporations Act 2001 Amendments

During the year ended 31 December 2014 there have been no material amendments to the Corporations Act 2001 that the Group was required to adopt.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Molopo Energy Limited (the parent entity) and all subsidiaries that Molopo Energy Limited controlled for the year ended 31 December 2014.

Subsidiaries are all those entities over which the Company has control. Control is achieved when the company has power over the entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to use its power to affect those returns. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The accounts of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intercompany balances, transactions, and unrealised profits arising from intra-consolidated entity transactions, have been eliminated in full. Full details pertaining to all subsidiaries are provided in Note 26.

The acquisition of subsidiaries or a group of assets meeting the definition of a business are accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the structure of the joint arrangement. The group has assessed the nature of its joint arrangements and determined that they comprise investments in joint operations.

The group has accounted for its direct rights and obligations by recognising its share of jointly held assets, liabilities, revenues and expenses of each joint operation. These have been incorporated in the financial statements under the appropriate headings.

(b) Segment Reporting

The Group determines and presents operating segments (refer to Note 24) based on the information that is internally provided to the Board of Directors and the Executive Management Team (the chief operating decision makers).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the Group’s other components) whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category called “all other segments”.

(c) Foreign Currency Translation

(i) Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the parent entity is Australian dollars. For the purpose of consolidated financial statements, the results and financial position of each entity in the group are expressed in Australian dollars, which is the presentation currency for the consolidated financial statements.

Transactions in foreign currencies on initial recognition in the functional currency are recorded by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

At each statement of financial position date:

- Foreign currency monetary items are reported using the closing exchange rate;
- Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items which are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Exchange rate differences arising on the settlement of monetary items or on translating monetary items at exchange rates different from those at which they were initially translated during the period, or in previous financial statements, are recognised in profit or loss in the period in which they arise, with the exception of exchange rate differences arising on a monetary item that forms part of the net investment in a foreign operation which are recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

(ii) Foreign operations

The following procedures are used in translating the results and financial position of foreign operations from their respective functional currencies to the Group's presentation currency (Australian dollars):

- Assets and liabilities at the closing rate at the balance sheet date;
- Income and expense items at average monthly exchange rates; and
- Exchange rate variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and Other Receivables

Trade receivables are recognised initially at fair value (original invoice amount), less allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(f) Investments and Other Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

ii. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

iii. Financial assets at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.
A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Group has designated all investments in equity instruments that are not held for trading as FVTOCI on initial application of AASB 9.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with AASB 118 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'investment income' line item.

iv. Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held for trading as FVTOCI on initial recognition (see above).

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the 'other comprehensive income and losses' line item (Note 16) in the Consolidated Statement of Profit or (Loss) and Other Comprehensive Income/(Loss).

Interest income on debt instruments as at FVTPL is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with AASB 118 *Revenue* and is included in the net gain or loss described above.

v. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as FVTPL, the foreign exchange component is recognised in profit or loss; and
- for financial assets that designated as FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the Consolidated Statement of Profit or (Loss) and Other Comprehensive Income/(Loss).

vi. Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

vii. Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

(g) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided on a straight line basis on all field plant and equipment at rates calculated to allocate the cost or valuation, less estimated residual value at the end of the useful lives of the assets, over those estimated useful lives. Office equipment and furniture & fixtures are provided on a diminishing value basis.

The estimated useful lives for the current and comparative periods are as follows:

Plant & equipment	15 - 20 years
Office equipment	3 - 8 years
Furniture and fixtures	3 - 8 years
Motor Vehicles	5 - 8 years

(h) Oil and Gas Properties

Oil and gas properties include oil and gas assets in development and predominantly in the production stage. Costs capitalised into this asset category include all costs directly associated with the drilling and completion of production wells. Costs arising from oil and gas property assets relating to an area of interest are carried forward to the extent that such costs, together with any costs arising from exploration and evaluation carried forward in respect of the area of interest, are expected to be recouped through successful exploitation of the area of interest, or alternatively, by its sale. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation of oil and gas properties is provided using the units-of-production method. The basis of amortisation adopted is applied consistently from financial period to financial period. The rate of amortisation does not lag behind the rate of depletion of the economically recoverable reserves in the area of interest. In calculating amortisation charges, economically recoverable reserves and any development costs still to be incurred are reassessed annually. Amortisation charges are treated as forming part of the cost of production. To the extent that costs carried forward have been fully amortised and relate to facilities physically abandoned or of no further use, those costs and the related accumulated amortisation are written off in the appropriate asset and accumulated amortisation accounts.

(i) Exploration and Evaluation Assets

Costs arising from exploration and evaluation activities are carried forward as an asset, when they are incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which:

a. The costs are expected to be recouped through the successful development and exploitation of economically-recoverable reserves, or alternatively, through the sale of the area of interest; or

b. Exploration activities in the areas have not reached a stage that permits an assessment of the existence or otherwise of economically recoverable reserves, and significant operations in, or in relation to, the areas are continuing.

Included within exploration and evaluation assets are intangible exploration rights, which comprise identifiable exploration and evaluation assets acquired as part of a business combination and are recognised at fair value at the date of acquisition. Exploration rights are attributable to specific areas of interest.

When a decision is made to develop and produce from an area of interest, all past exploration and evaluation expenditure in respect of that area of interest is transferred to oil and gas property assets, where it is amortised over the life of the area of interest to which they relate on a unit-of-production basis.

When an area of interest is abandoned or is not commercial viable, any accumulated costs in respect of that area are written off in the year the decision is made. The accumulated costs of each area of interest is reviewed at the end of each reporting period and upon transfer from exploration and evaluation assets to oil and gas property assets and accumulated costs are written off to the extent they are not expected to be recoverable in the future (i.e. considered impaired).

(j) Leased Assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases in terms of which the Group assumes substantially all the risk and reward of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognised in the Group's Consolidated Statement of Financial Position.

(k) Trade and Other Payables

Liabilities for trade creditors and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the consolidated entity. Due to their short term nature they are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

Payables to related parties are recognised and carried at the nominal amount. Interest is not taken up as income on any related party payables.

(l) Employee Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution superannuation plan

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the periods during which the services are rendered by employees.

(iv) Share based payments

The Group provides benefits to employees (including the Executive Director) in the form of share based compensation, whereby employees render services in exchange for rights over shares.

The Remuneration and Nomination Committee has approved the grant of options, performance share rights and performance rights as incentives to attract executives and to maintain their long term commitment to the Company. These benefits were awarded at the discretion of the Board (equity-settled transactions).

The costs of these equity-settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance share rights granted is determined using the twenty day volume weighted average price ("VWAP") of the Company's shares immediately prior to grant date. The fair value of options granted is determined by using a Black-Scholes option pricing technique.

The fair value of performance rights granted is also determined using the VWAP of the Company's shares immediately prior to grant date. However, since a performance right can ultimately vest into nil to 100 shares, an additional consideration is the current best estimate of the number of shares that will ultimately vest in three years based on performance factors.

The costs of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the "Vesting Period"), ending on the date on which the relevant employees become fully entitled to the equity instrument ("Vesting Date").

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the Vesting Period and the likelihood of non-market performance conditions being met and (iii) the expired portion of the Vesting Period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

The dilutive effect, if any, of outstanding options and performance share rights and performance rights is reflected as additional share dilution in the computation of diluted earnings per share.

(m) Provision for Restoration

The Group recognises the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. Typically the obligation arises when the ground/environment is disturbed at the well location and is calculated on a site by site basis with reference to the actual work required.

When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related oil and gas property asset. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the profit and loss section of the Consolidated Statement of Profit or Loss and Other Comprehensive Income/Loss.The carrying amount capitalised as a part of oil and gas properties is depreciated/ amortised over the life of the related well.

(n) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Oil

Sales of oil relate to on-shore oil production in North America. Emulsion (water and oil) is produced directly from the oil wells and until the emulsion is treated at a battery, there is no saleable product. Once the emulsion is treated, the oil is trucked and sold to third parties at the oil plant. Revenue from oil sales is recognised when title and the risk and reward of ownership have been transferred to the customer at the oil plant.

(ii) Sales of Gas and Natural Gas Liquids ("NGL's")

Sales of gas and NGL's are recognised when title and the risk and reward of ownership have been transferred to a third party's pipeline.

(iii) Interest

Interest revenue is recognised on an accrual basis using the effective interest rate method.

(p) Income Tax

Income tax expense is comprised of current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and carry-forward unused tax losses and unused tax credits, to the extent that it is probable that taxable amounts will be available against which the deductible temporary differences, carry-forward unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable amounts will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets may be subsequently recognised or past reductions reversed to the extent that it becomes probable that there will be sufficient taxable amounts to utilise the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(q) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

i. where the GST incurred on a purchase of goods is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as an expense item as applicable; and

ii. receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options, Performance Share Rights and Performance Rights granted to employees.

(s) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is an indicator of impairment. The Group conducts an annual internal review of asset values at each reporting period, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected economic conditions, are also monitored to assess for indicators of impairment.

If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units, "CGU").

An impairment loss is recognised for the amount by which the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income/Loss. Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro-rata basis. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(t) Rounding of amounts

The Company is of the kind referred to in ASIC Class Order 98-0100, issued by the Australian Securities and Investment Commission, and in accordance with that Class Order amounts in the financial statements are rounded to the nearest thousand dollars, unless otherwise indicated.

4. REVENUE AND OTHER INCOME

	Consolidated Year Ended 31 December 2014 A$000	Consolidated Restated Year Ended 31 December 2013 A$000
Revenue from operating activities		
Proceeds from the sale of gas produced[1]	**617**	722
Proceeds from the sale of oil and NGLs produced[1]	**2,872**	3,216
	3,489	3,938
Other revenue		
Interest	**545**	768
Unrealised foreign exchange gain	**1,162**	2,718
	1,707	3,486
Total revenues	**5,196**	7,424

Notes:
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. In July 2013, the Texas properties were moved from Exploration and Evaluation assets to Oil and Gas properties.

5. EXPENSES AND LOSSES

	Consolidated Year Ended 31 December 2014 A$000	Consolidated Restated Year Ended 31 December 2013 A$000
Expenses		
Depletion	**833**	1,535
Impairment - exploration assets	**3,115**	35,917
	3,948	37,452
Depreciation of non-current assets:		
- Office furniture & equipment	**62**	83
Director and employee benefits expenses:		
Salaries and wages	**1,566**	3,725
Superannuation	**11**	51
Payments on cessation of employment	**312**	993
	1,889	4,769
Share based payments	**590**	108
Total director and employee benefits expenses	**2,479**	4,877
Losses		
Sales proceeds	**-**	4,698
Net carrying value	**-**	7,240
Net exchange difference	**-**	(143)
Net loss on sale assets	**-**	(2,399)

At 31 December 2014 and 31 December 2013, the Company performed assessments as to whether any petroleum and natural gas 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 year ended 31 December 2014, the Company recorded an impairment charge of $3.2 million related to its Wolfcamp shale oil play located in West Texas. The impairment charge was determined based on the sale of the Fiesta assets, which was completed on 13 February 2015 for US$1.0 (A$1.3) million.

For the year ended 31 December 2013, the Company recorded an impairment charge of $35.9 million related to its Wolfcamp shale oil play located in West Texas. The impairment charges resulted from an updated evaluation of the Company's undeveloped acreage in Texas that indicated a deterioration in the per acre values since the prior reporting period.

On 30 December 2013, the Company completed the sale of its assets located in Barnhart, Irion County, Texas for gross proceeds of $5.0 million. A loss on sale of asset of $2.4 million was recorded for the year ended 31 December 2013.

6. DISCONTINUED OPERATIONS

On 20 November 2013, the Company sold its assets located in Saskatchewan, Canada and effective 1 July 2012 is presented as a discontinued operation.

	Consolidated	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
Results of discontinued operation		
Revenue	**-**	2,074
Expenses	**-**	(931)
Depletion	**-**	(874)
Impairment	**-**	(9,583)
Profit (loss) from operating activities	**-**	(9,314)
Income tax benefit from discontinued operation	**-**	-
Loss on sale of discontinued operation	**(6)**	(3,058)
Profit (loss) for the period	**(6)**	(12,372)
Losses		
Sales proceeds	**-**	7,378
Net carrying value	**6**	10,642
Net exchange difference	**-**	206
Net loss on sale assets	**(6)**	(3,058)
Cash flows used in discontinued operations		
Net cash provided by operating activities	**-**	1,441
Net cash provided by (used in) investing activities	**622**	5,937
Net cash used in financing activities	**-**	-
Net cash flows for the period	**622**	7,378

For the year ended 31 December 2013, the Company recorded an impairment charge of $9.6 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 Saskatchewan that indicated a deterioration in the per acre values since the prior reporting period.

On 11 April 2014, the Company completed the sale of its assets South African assets and received a closing adjustment for working capital of Rand 5.2 million (A$0.5 million).

On 20 November 2013, the Company completed the sale of its assets located in South East Saskatchewan for net proceeds of $7.4 million. A loss on sale of asset of $3.1 million was recorded for the year ended 31 December 2013.

7. INCOME TAX

	Consolidated	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
(a) Income Tax Benefit		
Current income tax benefit	**-**	-
Deferred tax expense	**-**	-
Total Income Tax Benefit	**-**	-
Attributable to:		
Income tax benefit from continuing operations	**-**	-
Income tax benefit from discontinued operations	**-**	-
Total Income Tax Benefit	**-**	-
(b) Reconciliation between tax (benefit)/expense and pre-tax accounting loss		
Loss from continuing operation	**(6,205)**	(44,578)
Loss from discontinued operation	**(6)**	(12,372)
Loss before income tax	**(6,211)**	(56,950)
Prima facie tax benefit on loss at 30%	**(1,863)**	(17,085)
Tax effect of items which are not deductible/(taxable) for income tax purposes:		
- Non deductible expenses	**177**	-
Recognition of previously unrecognised tax losses	**-**	-
Effect of change in unrecognised deferred taxes	**1,686**	17,085
Income tax benefit	**-**	-

The Company has accumulated unused income tax losses of $24 million in its Canadian entities and $100 million in its United States subsidiary for which no deferred tax asset has been recognized.

8. TRADE AND OTHER RECEIVABLES

	Consolidated		
		Restated	Restated
	31 December	31 December	1 January
	2014	2013	2013
	A$000	A$000	A$000
Trade receivables	**252**	491	1,300
Income taxes receivable	**32**	-	5,735
Cash calls receivable from joint venture partners	**-**	-	42
Interest and other receivables	**-**	478	6
Prepayments	**126**	368	486
GST and VAT credits	**-**	50	77
	410	1,387	7,646

The Group's exposure to credit and currency risk and impairment losses to trade and other receivables are disclosed in Note 28.

9. ASSETS HELD FOR SALE

On 13 February 2015, the Company completed the sale of its Fiesta assets located in West Texas for $1.3 million. The net carrying value of the Fiesta assets was $4.4 million, and accordingly as at 31 December 2014, the assets were impaired by $3.1 million.

	Consolidated	
		Restated
	31 December	31 December
	2014	2013
	A$000	A$000
Assets held for sale		
Oil and gas properties	**4,726**	-
Impairment expense	**(3,115)**	-
	1,611	

10. PLANT AND EQUIPMENT

	Consolidated	
		Restated
	31 December	31 December
	2014	2013
	A$000	A$000
Cost	**657**	657
Accumulated depletion and impairment	**(657)**	(595)
	-	62
Carrying amount at beginning of period	**62**	637
Net additions/(disposals)	**-**	(516)
Depreciation charge	**(62)**	(90)
Net exchange difference	-	31
Carrying amount at end of period	**-**	62

11. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
		Restated
	31 December	31 December
	2014	2013
	A$000	A$000
Carrying amount at beginning of period	**-**	52,661
Net additions	**-**	936
Impairment - continuing operations	**-**	(35,917)
Impairment - discontinued operation	**-**	(9,583)
Assets transferred to Oil and Gas Properties	**-**	(12,687)
Net exchange difference	**-**	4,590
Carrying amount at end of period	**-**	-

For the year ended 31 December 2013, the Company recorded an impairment charge of $35.9 million related to its Wolfcamp shale oil play located in West Texas and an impairment charge of $9.6 million related to its Bakken unconventional oil play located in south east Saskatchewan. In July 2013, the Company transferred the Wolfcamp shale oil assets from Exploration and Evaluation assets to Oil and Gas properties. 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.

12. OIL AND GAS PROPERTIES

	Consolidated	
		Restated
	31 December	31 December
	2014	2013
	A$000	A$000
Cost	**8,354**	8,274
Accumulated depletion and impairment	**(3,628)**	(2,978)
	4,726	5,296
Carrying amount at beginning of period	**5,296**	7,809
Assets transferred from Exploration and Evaluation	**-**	12,687
Net additions/(disposals)	**80**	(13,850)
Depletion charge	**(833)**	(1,535)
Transferred to assets held for sale	**(4,726)**	-
Net exchange difference	**183**	185
Carrying amount at end of period	**-**	5,296

13. DEFERRED TAX ASSETS AND LIABILITIES

The Company has no deferred tax assets or liabilities.

Unrecognised deferred tax assets

In relation to foreign subsidiaries in Canada and USA, deferred tax assets arising from tax losses have not been recognised.

Franking account	**Consolidated**	
		Restated
	31 December 2014	31 December 2013
	A$000	A$000
The balance of the Company's franking account is a franking credit balance of:	**14,706**	14,779

14. TRADE AND OTHER PAYABLES

	Consolidated		
		Restated	Restated
	31 December 2014	31 December 2013	1 January 2013
	A$000	A$000	A$000
Trade creditors	**208**	3,218	7,400
Other creditors & accruals	**783**	3,375	7,671
Provision for legal claim (Note 15)	**-**	-	4,836
GST & withholding tax payable	**-**	50	670
	991	6,643	20,577

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

15. PROVISIONS

	Consolidated		
		Restated	Restated
	31 December 2014	31 December 2013	1 January 2013
	A$000	A$000	A$000
NON-CURRENT			
Provision for legal claim	**8,824**	4,675	-
Provision for restoration	**-**	308	943
	8,824	4,983	943
Provision for restoration (Non-Current)			
Opening balance	**308**	943	700
Additional restoration provision	**-**	-	232
Accretion	**7**	25	11
Well rehabilitation disposed	**-**	(649)	-
Classified as current - related to assets held for sale	**(343)**	-	-
Net exchange difference	**28**	(11)	-
Closing balance	**-**	308	943

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") that had been filed with the Court of Queen's Bench of Alberta, Canada ("Court") 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 (A$37.9) million plus further un-quantified damages. On 8 April 2011, MECL filed a statement of defence and a counterclaim in respect of the above matter with the Court.

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 contractually should have been offered to the JV Partner. As a result, a provision was reflected in the accounts.

The original provision reflected in the accounts in 2012 was a net C$5.0 (A$5.3) million. In early 2013, the JV Partner essentially settled the counterclaim by making a payment of C$3.4 (A$3.6) million to the Company, which increased the provision to C$8.4 (A$8.6) million.

During 2013, the Company specifically disclosed C$5.0 (A$5.3) million of the C$8.4 (A$8.8) million reflected in the accounts as negotiations were in progress with the JV Partner. These negotiations have been unsuccessful and it appears that a lengthy litigation process is probable.

The matter is continuing in the ordinary course with the Court. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

Provision for Restoration

The provision for restoration costs are specific estimates of costs the Group is likely to incur on a per well basis. The nature of restoration costs anticipated to be incurred include rig hire costs, cement costs for plugging wells, earthworks and general landscaping costs. The estimated costs of rehabilitating each well are indexed for inflation over the projected life of each well. The resultant estimates are then discounted back to their present value using a discount rate specific to the liability. These estimates take into account the depths of each individual well drilled to date.

Subsequent to balance date and following the sale of the Fiesta asset in Texas, there are no lands that require restoration, and hence no provision has been raised or recorded in the financial accounts.

16. SHARE CAPITAL	**Consolidated**	
		Restated
	31 December 2014 A$000	31 December 2013 A$000
(a) Issued and paid-up capital		
Ordinary shares fully paid	**157,271**	156,322
(b) Movements in shares on issue		
Balance at beginning of period	**156,322**	155,726
Performance Share Rights ("PSRs") vested and issued	**949**	596
	157,271	156,322
(c) Share Capital Movement (Number of Shares)		
On Issue at beginning of period	**246,724,091**	245,849,711
PSRs vested and issued	**1,981,639**	874,380
On Issue at end of period	**248,705,730**	246,724,091

(d) Terms and conditions of contributed equity

Ordinary shares - There are 248,705,730 ordinary fully paid shares on issue (31 December 2013: 246,724,091). The Company has unlimited authorised capital with no par value. Ordinary shares entitle the holder to the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(e) Share Options and Performance Share Rights

In relation to share options and performance share rights over ordinary shares refer to Note 19 for full details of the unlisted Employee Incentive Options, Performance Share Rights and Performance Rights ("PR") held at the end of the financial period.

17. RESERVES

	Share based payment reserve A$000	Foreign currency translation reserve A$000	Investment fluctuation reserve A$000	Total A$000
At 1 January 2014	**1,792**	**(13,999)**	**(29,353)**	**(41,560)**
Other comprehensive income/(loss)	**-**	**(31)**	**-**	**(31)**
Share based payments	**590**	**-**	**-**	**590**
Share based payment reserve transferred out	**(949)**	**-**	**-**	**(949)**
Balance at 31 December 2014	**1,433**	**(14,030)**	**(29,353)**	**(41,950)**
At 1 January 2013, Restated	2,280	(20,125)	(29,094)	(46,939)
Other comprehensive income/(loss)	-	6,126	(259)	5,867
Share based payment reserve transferred out	(488)	-	-	(488)
Balance at 31 December 2013	1,792	(13,999)	(29,353)	(41,560)

Share Based Payment Reserve

The share based payment reserve comprises all vested but unexercised options and an amortised portion of the PSRs and PRs granted.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences, net of any tax, arising from the translation of the financial statements of foreign operations. During the year ended 31 December 2014, variations between the Australian dollar and the US and Canadian dollars caused an increase in the foreign currency translation reserve.

Investment Fluctuation Reserve

The investment fluctuation reserve comprises both market and currency movements and all present impairments or gains and losses on investments in equity instruments that are not held for trading. Dividends earned from such investments are recognised in profit or loss unless dividends clearly represent a recovery of part of the cost of the investment. During the year ended 31 December 2013, the Company recognized impairment of $0.2 million for two investments in Mako Hydrocarbons Ltd. and Tamaska Oil and Gas Ltd.

For the year ended 31 December 2014

	Opening Balance A$000	Change in Value Note 28(f) A$000	Ending Balance A$000
Shares held in Legacy Oil + Gas Inc.[1]	**(28,303)**	**-**	**(28,303)**
Other investments	**(1,050)**	**-**	**(1,050)**
	(29,353)	**-**	**(29,353)**

For the year ended 31 December 2013, Restated

	Opening Balance A$000	Change in Value Note 28(f) A$000	Ending Balance A$000
Shares held in Legacy Oil + Gas Inc.[1]	(28,303)	-	(28,303)
Other investments	(791)	(259)	(1,050)
	(29,094)	(259)	(29,353)

(1) The Company disposed of its shares of Legacy Oil + Gas Inc. in February 2011.

18. CASH FLOW STATEMENT

	Consolidated Year Ended 31 December 2014 A$000	Consolidated Restated Year Ended 31 December 2013 A$000
(a) Reconciliation of cash		
Cash balance comprises:		
- Cash at bank	**67,226**	69,509
- Short-term deposits	**159**	272
Closing cash balance	**67,385**	69,781
(b) Reconciliation of the operating profit after tax to the net cash flows from operations		
Loss after tax	**(6,211)**	(56,950)
Non-Cash Items		
Loss on sale of oil and gas properties	**-**	2,399
Amortisation of oil and gas properties	**833**	2,409
Impairment expense of exploration assets	**3,115**	35,917
Depreciation expense	**62**	83
Unrealised foreign exchange gain	**(1,162)**	(2,718)
Loss on sale of discontinued operations	**6**	3,058
Impairment expense of discontinued operations	**-**	9,583
Share based payments	**590**	108
Adjust for changes in assets and liabilities		
(Increase)/decrease in trade and sundry debtors	**678**	10,036
(Increase)/decrease in prepayments	**241**	12
Increase/(decrease) in trade and sundry creditors	**(2,960)**	7,877
Increase/(decrease) in accruals	**(2,650)**	(4,550)
Increase/(decrease) in employee entitlements	**-**	(34)
Increase/(decrease) in restoration	**35**	(614)
Effect of exchange rate changes	**3,063**	(748)
Net cash flows used in operating activities	**(4,360)**	5,868

19. SHARE BASED PAYMENTS

(a) Employee Performance Share Rights and Performance Rights Scheme

The Group has an ownership-based compensation scheme for employees. In accordance with the provisions of the scheme, the consolidated entity's employees may be awarded Performance Share Rights ("PSRs) and Performance Rights ("PRs") in accordance with the rules of the Company's Employee Incentive Scheme. Each PSR entitles the holder to one ordinary share upon the satisfaction of specified performance criteria. Each PR entitles the holder to up to 100 ordinary shares upon the satisfaction of specified performance criteria. PSR and PR holders do not have any right, by virtue of the performance share right, to participate in any share issue of Molopo or any related body corporate.

Performance Share Rights

There were 2,242,146 PSRs granted during the year ended 31 December 2014. The following table discloses the number, nature and status of the PSRs granted and outstanding during the year ended 31 December 2014:

	PSRs Outstanding 1 January 2014	PSRs Granted	PSRs Vested[1]	PSRs Expired or Cancelled	PSRs Outstanding 31 December 2014
Transitional	203,123	-	(203,123)	-	-
Sign-on	1,158,874	-	(724,112)	(41,428)	393,334
Deferred Short Term Incentive					
2013		2,242,146	(747,024)	(230,391)	1,264,731
2012	671,035	-	(580,971)	(26,756)	63,308
2011	560,778	-	(560,778)	-	-
Total	2,593,810	2,242,146	(2,816,008)	(298,575)	1,721,373

There were 1,256,435 PSRs granted during the year ended 31 December 2013. The following table discloses the number, nature and status of the PSRs granted and outstanding during the year ended 31 December 2013:

	PSRs Outstanding 1 January 2013	PSRs Granted	PSRs Vested[1]	PSRs Expired or Cancelled	PSRs Outstanding 31 December 2013
Transitional	416,995	-	(208,502)	(5,370)	203,123
Sign-on	1,413,747	500,001	(598,597)	(156,277)	1,158,874
Deferred Short Term Incentive					
2012	-	756,434	-	(85,399)	671,035
2011	859,494	-	(286,505)	(12,211)	560,778
Total	2,690,236	1,256,435	(1,093,604)	(259,257)	2,593,810

Transitional PSRs

On 30 June 2011 the Board approved the offering of PSRs to all employees and executives as a one off award to bridge the gap created in adopting a new employee incentive scheme, in light of the fact that any long term incentive would not vest for three years. One third of the PSRs awarded to each employee or executive vested on 30 June 2012, another on 30 June 2013, and the remaining on 30 June 2014.

Sign-on PSRs

The Board has approved sign-on PSRs to certain new employees and executives. One third of the PSRs awarded will vest every 12 months from each employee's or executive's sign-on date provided they remain an employee or are otherwise deemed to be a 'good leaver'.

Deferred Short Term PSRs

During the year ended 31 December 2014 the Board approved 2,242,146 PSRs for employees and executives in accordance with the short term portion of the Employee Incentive Scheme related to 2013 performance. One third of the PSR's awarded vest on each of 31 December 2014, 31 December 2015 and 31 December 2016 provided the relevant employee or executive meets certain performance criteria in respect of each tranche and either remains an employee of the Company or is otherwise deemed to be a 'good leaver'.

The following PSR-based transactions occurred during the period ended 31 December 2014:

31 December 2014	Date Granted	Vesting Date	Opening Balance	Number Granted	Number Vested	Number Forefeited /Expired	Closing Balance (Number)	Fair Value at Grant Date A$
Key Management Personnel								
S. Cloutier	15/01/2013	17/01/2014	**166,667**	**-**	**166,667**	**-**	**-**	**0.29**
	15/01/2013	17/01/2015	**166,667**	**-**	**-**	**-**	**166,667**	**0.29**
	15/01/2013	17/01/2016	**166,667**	**-**	**-**	**-**	**166,667**	**0.29**
	01/01/2014	31/12/2014	**-**	**281,946**	**-**	**-**	**281,946**	**0.20**
	01/01/2014	31/12/2015	**-**	**281,946**	**-**	**-**	**281,946**	**0.20**
	01/01/2014	31/12/2016	**-**	**281,947**	**-**	**-**	**281,947**	**0.20**
P. Belliveau	05/03/2012	05/03/2014	**60,000**	**-**	**60,000**	**-**	**-**	**0.72**
	05/03/2012	05/03/2015	**60,000**	**-**	**-**	**-**	**60,000**	**0.72**
	01/01/2013	31/12/2013	**29,402**	**-**	**29,402**	**-**	**-**	**0.34**
	01/01/2013	31/12/2014	**29,402**	**-**	**-**	**-**	**29,402**	**0.34**
	01/01/2013	31/12/2015	**29,402**	**-**	**-**	**-**	**29,402**	**0.34**
	01/01/2014	31/12/2014	**-**	**125,668**	**-**	**-**	**125,668**	**0.20**
	01/01/2014	31/12/2015	**-**	**125,668**	**-**	**-**	**125,668**	**0.20**
	01/01/2014	31/12/2016	**-**	**125,667**	**-**	**-**	**125,667**	**0.20**
S. Ouellette	01/03/2012	01/03/2014	**60,000**	**-**	**60,000**	**-**	**-**	**0.72**
	01/03/2012	01/03/2015	**60,000**	**-**	**60,000**	**-**	**-**	**0.72**
	01/01/2013	31/12/2013	**29,402**	**-**	**29,402**	**-**	**-**	**0.34**
	01/01/2013	31/12/2014	**29,402**	**-**	**29,402**	**-**	**-**	**0.34**
	01/01/2013	31/12/2015	**29,402**	**-**	**29,402**	**-**	**-**	**0.34**
	01/01/2014	31/12/2014	**-**	**104,723**	**104,723**	**-**	**-**	**0.20**
	01/01/2014	31/12/2015	**-**	**104,723**	**104,723**	**-**	**-**	**0.20**
	01/01/2014	31/12/2016	**-**	**104,723**	**104,723**	**-**	**-**	**0.20**
I. Gorman	30/06/2011	30/06/2014	**71,820**	**-**	**71,820**	**-**	**-**	**0.77**
	31/12/2011	31/12/2013	**46,999**	**-**	**46,999**	**-**	**-**	**0.61**
	31/12/2011	31/12/2014	**46,999**	**-**	**46,999**	**-**	**-**	**0.61**
S.Arrowsmith	15/08/2011	15/08/2014	**59,800**	**-**	**59,800**	**-**	**-**	**0.68**
	31/12/2011	31/12/2013	**17,067**	**-**	**17,067**	**-**	**-**	**0.61**
	31/12/2011	31/12/2014	**17,066**	**-**	**17,066**	**-**	**-**	**0.61**
			1,176,164	**1,537,011**	**1,038,195**	**-**	**1,674,980**	

Other Personnel								
	01/07/2011	30/06/2014	**131,303**	**-**	**131,303**	**-**	**-**	**0.77**
	01/07/2011	04/07/2014	**18,728**	**-**	**18,728**	**-**	**-**	**0.77**
	18/07/2011	18/07/2014	**53,511**	**-**	**53,511**	**-**	**-**	**0.76**
	31/12/2011	31/12/2013	**216,327**	**-**	**216,327**	**-**	**-**	**0.61**
	31/12/2011	31/12/2014	**216,320**	**-**	**216,320**	**-**	**-**	**0.61**
	01/01/2012	01/01/2014	**23,155**	**-**	**23,155**	**-**	**-**	**0.61**
	01/01/2012	01/01/2015	**23,154**	**-**	**23,154**	**-**	**-**	**0.61**
	01/03/2012	01/03/2014	**74,937**	**-**	**74,937**	**-**	**-**	**0.72**
	01/03/2012	01/03/2015	**74,936**	**-**	**74,936**	**-**	**-**	**0.72**
	28/05/2012	28/05/2014	**45,326**	**-**	**24,612**	**20,714**	**-**	**0.58**
	28/05/2012	28/05/2015	**45,326**	**-**	**24,612**	**20,714**	**-**	**0.58**
	01/01/2013	31/12/2013	**164,880**	**-**	**164,880**	**-**	**-**	**0.34**
	01/01/2013	31/12/2014	**164,875**	**-**	**149,245**	**13,378**	**2,252**	**0.34**
	01/01/2013	31/12/2015	**164,868**	**-**	**149,238**	**13,378**	**2,252**	**0.34**
	01/01/2014	31/12/2014	**-**	**235,045**	**144,285**	**76,797**	**13,963**	**0.20**
	01/01/2014	31/12/2015	**-**	**235,045**	**144,285**	**76,797**	**13,963**	**0.20**
	01/01/2014	31/12/2016	**-**	**235,045**	**144,285**	**76,797**	**13,963**	**0.20**
Total Other Personnel			**1,417,646**	**705,135**	**1,777,813**	**298,575**	**46,393**	
Total All Personnel			**2,593,810**	**2,242,146**	**2,816,008**	**298,575**	**1,721,373**	

The following PSR-based transactions occurred during the period ended 31 December 2013:

31 December 2013	Date Granted	Vesting Date	Opening Balance	Number Granted	Number Vested	Number Forefeited /Expired	Closing Balance (Number)	Fair Value at Grant Date A$
Key Management Personnel								
S. Cloutier	15/01/2013	17/01/2014	-	166,667	-	-	166,667	0.29
	15/01/2013	17/01/2015	-	166,667	-	-	166,667	0.29
	15/01/2013	17/01/2016	-	166,667	-	-	166,667	0.29
T. Granger	03/01/2012	03/01/2013	83,333	-	83,333	-	-	0.61
	03/01/2012	03/01/2014	83,333	-	83,333	-	-	0.61
	03/01/2012	03/01/2015	83,334	-	-	83,334	-	0.61
P. Belliveau	05/03/2012	05/03/2013	60,000	-	60,000	-	-	0.72
	05/03/2012	05/03/2014	60,000	-	-	-	60,000	0.72
	05/03/2012	05/03/2015	60,000	-	-	-	60,000	0.72
	01/01/2013	31/12/2013	-	29,402	-	-	29,402	0.34
	01/01/2013	31/12/2014	-	29,402	-	-	29,402	0.34
	01/01/2013	31/12/2015	-	29,402	-	-	29,402	0.34
S. Ouellette	01/03/2012	01/03/2013	60,000	-	60,000	-	-	0.72
	01/03/2012	01/03/2014	60,000	-	-	-	60,000	0.72
	01/03/2012	01/03/2015	60,000	-	-	-	60,000	0.72
	01/01/2013	31/12/2013	-	29,402	-	-	29,402	0.34
	01/01/2013	31/12/2014	-	29,402	-	-	29,402	0.34
	01/01/2013	31/12/2015	-	29,402	-	-	29,402	0.34
I. Gorman	30/06/2011	30/06/2013	71,820	-	71,820	-	-	0.77
	30/06/2011	30/06/2014	71,820	-	-	-	71,820	0.77
	31/12/2011	31/12/2012	47,000	-	47,000	-	-	0.61
	31/12/2011	31/12/2013	46,999	-	-	-	46,999	0.61
	31/12/2011	31/12/2014	46,999	-	-	-	46,999	0.61
S.Arrowsmith	15/08/2011	15/08/2013	59,800	-	59,800	-	-	0.68
	15/08/2011	15/08/2014	59,800	-	-	-	59,800	0.68
	31/12/2011	31/12/2012	17,067	-	17,067	-	-	0.61
	31/12/2011	31/12/2013	17,067	-	-	-	17,067	0.61
	31/12/2011	31/12/2014	17,066	-	-	-	17,066	0.61
			1,065,438	676,413	482,353	83,334	1,176,164	

Other Personnel							
01/07/2011	30/06/2013	136,682	-	136,682	-	-	0.77
01/07/2011	30/06/2014	136,673	-	-	5,370	131,303	0.77
01/07/2011	04/07/2013	18,728	-	18,728	-	-	0.77
01/07/2011	04/07/2014	18,728	-	-	-	18,728	0.77
18/07/2011	18/07/2013	53,512	-	53,512	-	-	0.76
18/07/2011	18/07/2014	53,511	-	-	-	53,511	0.76
31/12/2011	31/12/2012	222,438	-	222,438	-	-	0.61
31/12/2011	31/12/2013	222,433	-	-	6,106	216,327	0.61
31/12/2011	31/12/2014	222,425	-	-	6,105	216,320	0.61
01/01/2012	01/01/2013	23,155	-	23,155	-	-	0.61
01/01/2012	01/01/2014	23,155	-	-	-	23,155	0.61
01/01/2012	01/01/2015	23,154	-	-	-	23,154	0.61
01/03/2012	01/03/2013	111,410	-	111,410	-	-	0.72
01/03/2012	01/03/2014	111,409	-	-	36,472	74,937	0.72
01/03/2012	01/03/2015	111,407	-	-	36,471	74,936	0.72
28/05/2012	28/05/2013	45,326	-	45,326	-	-	0.58
28/05/2012	28/05/2014	45,326	-	-	-	45,326	0.58
28/05/2012	28/05/2015	45,326	-	-	-	45,326	0.58
01/01/2013	31/12/2013	-	193,349	-	28,469	164,880	0.34
01/01/2013	31/12/2014	-	193,341	-	28,466	164,875	0.34
01/01/2013	31/12/2015	-	193,332	-	28,464	164,868	0.34
Total Other Personnel		1,624,798	580,022	611,251	175,923	1,417,646	
Total All Personnel		2,690,236	1,256,435	1,093,604	259,257	2,593,810	

Performance Rights

During the year ended 31 December 2014 the Board approved 47,641 PRs for employees and executives in accordance with the 2014 long term portion of the Employee Incentive Scheme. These PRs will vest on 31 December 2016 provided the Company and the relevant employee or executive meets certain performance criteria in respect of each tranche, and remains an employee of the Company or is a ‘good leaver’.

The following table discloses the number, nature and status of the PRs granted and outstanding during the year ended 31 December 2014:

	PRs Outstanding 1 January 2014	PRs Granted	PRs Vested	PRs Expired or Cancelled	PRs Outstanding 31 December 2014
Long Term Incentive					
2014		47,641		(31,684)	15,957
2013	27,453	-	-	(10,576)	16,877
2012	15,012	-	-	(15,012)	-
Total	42,465	47,641	-	(57,272)	32,834

During the year ended 31 December 2013 the Board approved 48,656 PRs for employees and executives in accordance with the 2013 long term portion of the Employee Incentive Scheme. These PRs will vest on 31 December 2015 provided the Company and the relevant employee or executive meets certain performance criteria in respect of each tranche, and remains an employee of the Company or is a ‘good leaver’.

The following table discloses the number, nature and status of the PRs granted and outstanding during the year ended 31 December 2013:

	PRs Outstanding 1 January 2013	PRs Granted	PSRs Vested[1]	PRs Expired or Cancelled	PRs Outstanding 31 December 2013
Long Term Incentive					
2013	-	48,656	-	(21,203)	27,453
2012	29,761	-	-	(14,749)	15,012
Total	29,761	48,656	-	(35,952)	42,465

The following table discloses the number, nature and status of the PRs, included in the above table, granted to Key Management Personnel during the year ended 31 December 2014:

	PRs Outstanding 1 January 2014	PRs Granted	PRs Expired or Cancelled	Minimum Value of PRs Granted $	Maximum Value of PRs Granted $
S. Cloutier	10,291	21,146	(21,021)	-	414,462
P. Belliveau	7,168	9,425	(2,758)	-	184,730
S. Ouellette	7,168	9,425	(13,970)	-	184,730

The following table discloses the number, nature and status of PR, included in the above table, granted to Key Management Personnel during the year ended 31 December 2013:

	PRs Outstanding 1 January 2013	PRs Granted	PRs Expired or Cancelled	Minimum Value of PRs Granted $	Maximum Value of PRs Granted $
T. Granger	6,435	-	(6,435)	-	-
S. Cloutier	-	10,291	-	-	350,923
P. Belliveau	2,758	4,410	-	-	309,910
S. Ouellette	2,758	4,410	-	-	309,910

(c) Expenses arising from option and share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of Director and employee benefit expenses are detailed below:

	Consolidated	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
(i) Option premium reserve		
Total equity-settled options based payments recognised as an expense during the period	**-**	-
(ii) Share-based payments		
Total equity-settled share-based payments recognised as an expense during the period	**590**	108
Total option and share-based payments recognised as an expense during the year	**590**	108

20. PARENT ENTITY

As at, and throughout, the year ended 31 December 2014, the parent company of the Group was Molopo Energy Limited. The results and financial position of the parent entity are detailed below:

	Parent	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
Result of the parent entity		
Profit (Loss) for the period	**195**	10,478
Other comprehensive income/(loss)	**96**	769
Total comprehensive loss for the period	**291**	11,247
Financial position of the parent entity at year end		
Current assets	**58,964**	60,518
Non-current assets	**-**	-
Total assets	**58,964**	60,518
Current liabilities	**363**	29
Non-current liabilities	**-**	-
Total liabilities	**363**	29
Total equity of the parent entity comprising of:		
Share capital	**157,271**	157,271
Retained profits/(deficit)	**(98,670)**	(96,782)
Total equity	**58,601**	60,489
Operating expenditure commitments		
Within one year	**-**	-
One year or later and no later than five years	**-**	-
Greater than five years	**-**	-
	-	-

Parent entity contingencies and commitments

The parent entity has no contingent liabilities or commitments at 31 December 2014.

21. CONTROLLED ENTITIES

The following table lists the details of controlled entities as at 31 December 2014:

Name of controlled entity	Country of incorporation	Class of share	Percentage Holding	
			31 Dec 2014	31 Dec 2013
Molopo Energy Limited (parent entity)	Australia	Ordinary		
Molopo USA LLC	USA	Ordinary	**100**	100
Molopo Energy Texas LLC	USA	Ordinary	**100**	100
Molopo Energy Holdings Ltd	Canada	Ordinary	**100**	100
Molopo Energy Canada Ltd	Canada	Ordinary	**100**	100
Molopo Canada Callco Ltd	Canada	Ordinary	**100**	100

22. CONTINGENT LIABILITIES

Spearfish JV Partner Lawsuits

As indicated in Note 14, in March 2011, MECL was served with a Claim in the amount of C$36 ($37.9) 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$8.4 (A$8.8) million for the exploration lands that were acquired and subsequently sold by the Company that contractually should have been offered to the JV Partner.

On 12 March 2013, the Company became aware that the JV Partner had filed a statement of claim ("Purchaser Claim") in the Court naming the purchaser of the Spearfish project ("Purchaser") as a defendant and on 24 February 2014, the Company became aware that the Purchaser Claim had been served on the Purchaser. The Purchaser Claim seeks several forms of relief, including punitive and aggravated damages of C$1.0 ($A1.1) million and general damages of C$90.0 (A$94.9) million. The Purchaser has filed a third party claim seeking indemnity from MECL should the JV Partner be successful in the ultimate outcome of the Purchaser Claim, in accordance with various agreements related to the sale of the Spearfish project.

The JV Partner alleges, in both the Claim and the Purchaser Claim, that the Company improperly placed the JV Partner in default in early 2011 for non-payment of amounts it owed MECL. The Company's extensive examination of the transactions that gave rise to this portion of the Claim and Purchaser Claim indicates that the Company actions were fully in accordance with the governing agreements.

During 2013, the Company became aware that the JV Partner had also served a statement of claim ("Ex-employee Claim") in the Court naming three ex-employees of MECL as defendants. The Ex-employee Claim seeks several forms of relief, including general and punitive damages of C$67.0 (A$70.6) million each. Although not named in the lawsuit, MECL may have a duty to indemnify in accordance with the Alberta Business Corporations Act unless it is determined that the ex-employees did not act honestly and in good faith. The Company has engaged its Directors' and officers' insurers and has secured legal counsel for the ex-employees as it believes this claim is without merit and will assist the ex-employees to vigorously defend the action.

In addition to the Company believing that Purchaser Claim and Ex-employee Claim are frivolous as the amounts sought grossly exaggerate any amount that would be awarded in the circumstances, if damages are established in any of the multiple lawsuits brought by the JV Partner, such damages can only be recovered one time.

The above matters are continuing in the ordinary course with the Court. No court dates have been set and the standard preparatory litigation processes are being undertaken.

Spearfish Farm-in Lawsuit

On 4 February 2014, MECL along with the purchaser of the Spearfish project, were served with a statement of claim in the amount of C$6.0 (A$6.3) million by a company that had participated in a 2009 farm-in agreement with a MECL predecessor company for the drilling of three test wells into an area that was in the Spearfish project ("Farm-in Claim"). The Farm-in Claim was dismissed on 26 September 2014, however the claimant has appealed this decision.

The Company believes that the Farm-in Claim is without merit and intends to vigorously defend the statement of claim.

23. EXPENDITURE COMMITMENTS

The following table represents the expenditure commitments as at 31 December 2014:

	Consolidated	
		Restated
	31 December 2014 A$000	31 December 2013 A$000
Exploration and Development Expenditure Commitments		
Within one year	-	-
One year or later and no later than five years	-	-
Greater than five years	-	-
	-	-
Operating Lease Commitments		
Within one year[1]	**47**	153
One year or later and no later than five years	-	-
Greater than five years	-	-
	47	153

1. Operating lease commitments relate to an office lease in Canada.

24. SEGMENT INFORMATION

Identification of reportable segments

The predominant activity of the Group is petroleum exploration, appraisal, development and production. As at 31 December 2014, the head office and management activities of the Group take place in Canada and petroleum production activities take place the USA.

The operating assets in Australia and Canada were sold during 2012 and 2013 and the South African assets were sold in 2014. The operating assets in the United States were sold in late 2013 (Barnhart, Texas) and early 2015 (Fiesta, Texas).

Segment information is prepared in conformity with the consolidated entity's policies described in Note 3. There were no inter-segment sales.

Year ended 31 December 2014	Australia A$000	Canada A$000	USA A$000	South Africa A$000	Total A$000
External revenues	-	-	3,489	-	3,489
Interest revenue	517	29	-	-	545
Depreciation and amortisation	-	62	833	-	895
Income tax benefit	-	-	-	-	-
Reportable segment profit (loss)	(195)	3,720	2,686	-	(6,211)
Reportable segment assets	58,964	7,142	3,300	-	69,406
Reportable segment liabilities	363	9,092	703	-	10,158
Capital expenditure	-	-	80	-	80
Other material non-cash items					
Impairment (Note 5 and 6)	-	-	(3,115)	-	(3,115)

Year ended 31 December 2013	Australia A$000	Canada A$000	USA A$000	South Africa A$000	Total A$000
External revenues	-	2,074	3,938	-	6,012
Interest revenue	455	248	65	-	768
Depreciation and amortisation	3	1,319	1,541	-	2,863
Income tax benefit	-	-	-	-	0
Reportable segment profit (loss)[1]	1,635	(20,107)	(38,289)	(189)	(56,950)
Reportable segment assets	44,614	48,971	48,599	-	142,184
Reportable segment liabilities	225	6,764	15,299	-	22,288
Capital expenditure	2	836	21,411	432	22,681
Other material non-cash items					
Impairment	(259)	(9,617)	(36,046)	-	(45,922)

1. The Canada profit (loss) for the year ended 31 December 2013 includes loss from discontinued operation net of tax of $12,372 as a result of the sale of its assets in Saskatchewan.

Product segments

Information is also reported to the chief operating decision makers based on a commodity basis, being oil versus gas. For revenue, oil and gas follow the geographic basis disclosed above (i.e. all sales revenue from USA is oil and gas, Canada is for oil). In the USA and Canada, of the segment assets, all of them are associated with oil and gas operations. Segment liabilities in Canada and the United States are associated with oil and gas operations.

Major customers

The Group has a number of customers to which it provides products. In relation to revenue from the sale of gas and NGLs, sales to one customer account for essentially 100% of external revenue (2013: four customers accounted for 100%). In relation to revenue from the sale of oil, sales to one customer account for essentially 100% of external revenue (2013: two customers accounted for 100%).

25. EARNINGS PER SHARE

	Consolidated	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
The following reflects the loss and share data used in the calculation of basic and diluted loss per share:		
Net loss	**(6,211)**	(56,950)
Net loss from continued operations	**(6,205)**	(44,578)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share:	**248,142,427**	246,492,225
Effect of Dilution		
Share options and Performance Share Rights - dilutive	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**248,142,427**	246,492,225
Basic loss per share (dollars per share)	**(0.03)**	(0.23)
Diluted loss per share (dollars per share)	**(0.03)**	(0.23)
Earnings Per Share from continuing operations		
Basic loss per share (dollars per share)	**(0.03)**	(0.18)
Diluted loss per share (dollars per share)	**(0.03)**	(0.18)

In the year ended 31 December 2014 and the year ended 31 December 2013, stock options, PSRs and PRs have not been included in dilutive loss per share as they are anti-dilutive in nature.

Apart from as mentioned above, there have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

26. RELATED PARTY INFORMATION

(a) Key management personnel

Details of key management personnel

The key management personnel of the Group during the financial year were:

- S. Tough (Interim Chairman, Non-Executive) appointed Non-Executive Director and Independent Interim Chairman on 29 December 2014;
- A. Sormann (Non-Executive Director) appointed on 29 December 2014;
- D. Sanders (Non-Executive Director) appointed on 29 December 2014;
- J. Schwarz retired as Chairman, Non-Executive Director on 29 December 2014;
- D. Engle retired as Non-Executive Director on 29 December 2014;
- G. Ross retired as Non-Executive Director on 29 December 2014;
- C. Ryan appointed Non-Executive Director on 8 April 2014, retired as Non-Executive Director on 29 December 2014;
- G. Smith appointed Non-Executive Director on 18 June 2014, retired as Non-Executive Director on 29 December 2014;
- S. Cloutier ceased as Chief Executive Officer and Managing Director on 2 September 2014;
- B. Straub retired as Non-Executive Director 18 June 2014;
- G. Cameron retired as Non-Executive Director on 28 May 2014;
- P. Belliveau (Chief Financial Officer); and
- S. Ouellette ceased as Chief Operating Officer on 31 March 2014.

Key management personnel compensation

The aggregate compensation of the Group's key management personnel is set out below.

	Consolidated	
	Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
Short-term employee benefits	**1,297**	1,414
Post-employment benefits	**7**	22
Other long-term benefits	**-**	-
Cessation of employment benefits	**258**	176
Share-based payments	**301**	168
	1,863	1,779

Loans with key management personnel (and their related parties)

During the financial year there have been no loans by the Group to key management personnel.

(b) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 21.

(c) Wholly owned group transactions

During the year ended 31 December 2014:

The transactions with controlled entities consisted of movements in the respective inter-company loan accounts.

As at 31 December 2014, Molopo Energy Limited loan balances with its subsidiary companies were: Molopo Energy Texas LLC $50,911,504 (31 December 2013: $44,115,337); Molopo Energy Holdings Ltd $1,269,845 (31 December 2013: $19,023,564); and Molopo Energy Canada Ltd $2,062,272 payable (31 December 2013: $26,745,499 payable); for costs in relation to operation of the respective areas. These balances have been eliminated in the consolidated entity.

During the year, no amounts (31 December 2013: $Nil) were charged by the parent entity to the subsidiary companies for services provided.

All loans have been provided on an interest free basis and have no fixed repayment date.

27. AUDITORS REMUNERATION

	Consolidated	
	Year Ended 31 December 2014 A$	Restated Year Ended 31 December 2013 A$
Audit Services:		
- audit or review of financial report	**91,200**	97,000
	91,200	97,000
Non-Audit Services:		
Tax compliance services	**26,870**	62,000
Other services	**-**	17,000
	26,870	79,000

28. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, market risk (including interest rate risk, commodity price risk, equity price risk and currency risk), credit risk and liquidity risk. This note presents information about the Group’s exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

Risk management framework

To manage and limit the effects of financial risks the Board of Directors has approved the Risk Management Policy. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group at present does not use derivative financial instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange, and ageing analysis for credit risk. The policies approved at balance date are outlined below.

Financial risk management is carried out by the Corporate Secretary and Chief Financial Officer under policies approved by the Board of Directors. The Chief Financial Officer identifies, evaluates and manages the financial risks of the Company. The Board provides written policies which also cover specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, such as interest rates, commodity prices, equity prices and foreign exchange rates.

(i) Interest rate risk

The Group does not have any borrowings and therefore no significant exposure to interest rate risk. No interest is currently charged in relation to receivables or payables balances.

(ii) Price risk

Commodity price risk

The Group's revenue is exposed to commodity price fluctuations, in particular to gas and oil prices. In relation to oil prices and gas prices, the Group is exposed to price fluctuations as sales are at spot prices. In relation to financial assets and liabilities held at balance sheet date, the price risk is immaterial in terms of a possible impact on profit and loss and as such a sensitivity analysis has not been completed.

(iii) Currency risk

The Group undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group has exposure to the Canadian Dollar, US dollar and the South African Rand.

Measuring the exposure to foreign exchange risk is achieved by monitoring and performing sensitivity analysis on the Group's financial position.

Currency risk exposure

The carrying amounts of the Group's foreign currency denominated financial assets and liabilities in entities which do not have the corresponding functional currency at the reporting date are as follows:

	CAD(000)	USD(000)
31 December 2014		
Cash and cash equivalents	**10,289**	**6,716**
31 December 2013		
Cash and cash equivalents	16,285	19,710

Sensitivity Analysis

A 10 percent change of the Australian dollar against the USD and the CAD at 31 December 2014 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Impact on Post Tax Profit		Other Comprehensive Income	
	Higher/(Lower)		Higher/(Lower)	
	31 December 2014 A$000	31 December 2013 A$000	**31 December 2013 US$000**	31 December 2012 US$000
AUD/CAD +10%	0	1,628	0	1,628
AUD/CAD -10%	0	(1,628)	0	(1,628)
AUD/USD +10%	672	1,971	672	1,971
AUD/USD -10%	(672)	(1,971)	(672)	(1,971)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last five years historical movements.
- The reasonably possible movement of 10% was calculated by taking the foreign currency spot rates as at balance date, moving this spot rate by 10% and then re-converting the foreign currency into AUD with the “new spot-rate”. This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The sensitivity analysis includes only the impact on the balance of financial assets and financial liabilities at balance date.

(b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity.

Credit risk is managed on a Group basis. The credit risk of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, available-for-sale financial assets, as well as credit exposure to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor’s credit rating of A (or equivalent) are accepted.

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

	Consolidated	
	31 December 2014 A$000	31 December 2013 A$000
Terms & Conditions:		
Trade receivables are non-interest bearing and generally on 30-day terms.		
The ageing of these receivables is as follows:		
0 - 30 days	**252**	1,348
31 - 60 days (PDNI)	**-**	-
61 - 90 days (PDNI)	**-**	-
+ 90 days (PDNI)	**-**	-
	252	1,348

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to settle transactions on the due date. The Group does not have any borrowings and therefore does not have any exposure to meeting external borrowing commitments. Management monitors rolling cash forecasts to ensure it can meet operational and investment requirements.

(d) Net Fair Values

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level	Valuation method
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Financial asset or liability	Fair value method
Cash, cash equivalents and short-term deposits	The carrying amount approximates fair value because of their short-term to maturity (Level: n/a).
Receivables and Payables	The carrying amounts approximate fair value (Level: n/a).
Investments	The fair value is calculated using quoted prices in active markets (Level 1).

(e) Capital Management

The Group's objectives when managing capital are to maintain a strong capital base capable of withstanding significant cash flow variability, whilst providing the flexibility to pursue its growth aspirations. The Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. The capital structure of the Group currently consists of cash and cash equivalents and equity.

The Group will balance its overall capital structure through the issue of new shares, or the issue of new debt where considered appropriate.

The Group is not subject to any externally imposed capital requirements.

(f) Equity investments – fair value

In relation to the equity investments, the table below discloses the cost, and fair value of the investments and how the fair value movement has been accounted for:

	Consolidated Year Ended 31 December 2014 A$000	Restated Year Ended 31 December 2013 A$000
Equity investments at cost	-	550
Fair value movement	-	(550)
Carrying amount	-	-
Fair value movement consists of:		
Balance at beginning of period	-	299
Change in fair value: other comprehensive income	-	(259)
Effect of exchange rate changes	-	(40)
Balance at end of period	-	-

29. SUBSEQUENT EVENTS

a) On 13 February 2015, the Company completed the sale of the Fiesta assets located in Crockett County, West Texas, for proceeds of US$1.0 (A$1.3) million.

b) On 8 February 2015, the Board determined that the current STIP and LTIP scheme will continue until the expiration of the existing employee contract terms which is presently 9 August 2015, at which time the scheme will terminate. For the period until 9 August 2015, the Board have set KPIs that will determine any incentives. After 9 August and depending on the circumstances of the Company, the Board will look to contract the necessary skills required to run the Company.

Directors' Declaration

The Directors of Molopo Energy Limited declare that:

a) In the Director's opinion the financial statements and notes and the Remuneration report in the Director's Report set out on pages 16 to 26 are in accordance with the Corporations Act 2001, including:

   i) Giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, for the financial year ended on that date; and

   ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*;

b) The financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 2; and

c) There are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Corporate Secretary and Chief Financial Officer for the year ended 31 December 2014.

Signed in accordance with a resolution of the Directors.

Dated at Melbourne this 13th day of March 2015.

Antony Sormann
Director

Corporate Governance Statement

The Board of Directors ("Board") is committed to maintaining high standards of safety, performance and corporate governance for Molopo Energy Limited ("Company" or "Molopo") and the entities it controls ("Group" or "Molopo Group"). Good corporate governance is about having a set of core values and behaviours that underpin the Group's activities and ensure transparency, accountability, fair dealing and protecting the interests of stakeholders – including shareholders, personnel, suppliers and communities in which the Group operates. The Board supports the Corporate Governance Principles and Recommendations (ASX Recommendations) developed by the ASX Corporate Governance Council (Council).

The Corporate Governance page of the Molopo website contains most of the charters, codes and policies which are referred to in this Corporate Governance Statement at the following URL:
http://www.molopoenergy.com/about-molopo/governance-documents-policies.

The Company's practices are largely consistent with the ASX Recommendations. The Board considers that the implementation of a small number of ASX Recommendations is not appropriate, for the reasons set out below in relation to the items concerned. The Board uses its best endeavours to ensure that exceptions to the ASX Recommendations do not have a negative impact on the Company and the best interests of shareholders as a whole.

As required by the ASX Listing Rules, this Corporate Governance Statement (CGS) discloses the extent to which the Company has followed the 2010 ASX Recommendations during the Reporting Period, as summarised below:

ASX Corporate Governance Principles and Recommendations	CGS Reference
Principle 1 – Lay solid foundations for management and oversight	1.1 - 1.3
Principle 2 – Structure the Board to add value	2.1 - 2.6
Principle 3 – Promote ethical and responsible decision making	3.1 – 3.5
Principle 4 – Safeguard integrity in corporate reporting	4.1 - 4.4
Principle 5 – Make timely and balanced disclosure	5.1 – 5.2
Principle 6 – Respect the rights of share holders	6.1 - 6.2
Principle 7 – Recognise and manage risk	7.1 - 7.4
Principle 8 – Remunerate fairly and responsibly	8.1 - 8.4

Principle 1:

The Board remains primarily responsible for the strategic direction and financial stability of the Group, whilst delegating responsibilities to the senior management team (Recommendation 1.1). In the absence of a CEO, as permitted under the Company's Constitution, the Board has delegated limited authority to the CFO for the day to day financial management of the Group. The Board will review the Delegation Policy regularly and at least annually to ensure the delegations remain appropriate to the organisational structure and operations of the Company.

The Board aims to fulfil its responsibilities by creating value for all stakeholders that is sustainable and beneficial. Stakeholders include shareholders, employees, customers, the community and the environment. The Board has adopted a Charter ("Board Charter") which includes, amongst other items, the specific roles and responsibilities of the Board. Without limiting the Board's function, its specific responsibilities include:

- Approving objectives, strategies and financial plans and monitoring Molopo's performance against these plans;
- Appointment of a Chief Executive Officer and reviewing his performance and remuneration;
- Establishing the responsibilities of the Chief Executive Officer and Chief Financial Officer;
- Monitoring compliance with regulatory requirements, and ensuring all Group employees act with integrity and diligence in the interests of the Group and stakeholders; and
- Reviewing and approving all significant policies and procedures across the Group.

Principle 2:

As at 31 December 2014, the Board comprised three non-executive Directors, one of whom is an independent non-executive Director.

The structure of the Board met the following Recommendations in Principle 2 for the year ended 31 December 2014: the Chairman is an independent Director (Recommendation 2.2), and the roles of Chairman and Chief Executive Officer are not exercised by the same individual (Recommendation 2.3). For the majority of the financial year to 29 December 2014, a majority of the Board were independent Directors, thereby meeting Recommendation 2.1. The current three member Board were appointed on 29 December 2014 with two Board members appointed as shareholder nominees, therefore a majority of the Board are not independent Directors. The Board intends to review its membership during the course of the 2015 financial year. In August 2014 the Board agreed that a Remuneration and Nomination Committee would be best managed by the Board as a whole, and that the Board would follow the committee charter in carrying out its functions; with the re-establishment of a Committee reviewed on an on-going basis (Recommendation 2.4).

Name & Qualifications	Position	Term in Office
Samantha Tough, BJuris, LLB	Non-Executive Interim Chairman; Independent	Appointed 29 December 2104, less than 1 year.
Antony Sormann, LLB and BEc.	Non-Executive Director	Appointed 29 December 2104, less than 1 year.
David Sanders, B Comm, B Juris, LLB (Hons).	Non-Executive Director	Appointed 29 December 2104, less than 1 year.

The Board regularly reviews the skills and experience of Directors, and appoints as Directors persons who possess and can apply those skills and experience. The experience of Directors is recorded in the Directors' Report. The Board considers the present composition, size and balance in respect of qualifications and experience of the Board to be appropriate and effective for the control and direction of the Group's business. Each Director is expected to bring to the Company their experience and skills in the respective fields in particular their considerable industry experience, to add value to the performance of the Company.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties as a Director of Molopo or which would affect their independence.

In accordance with the Recommendations, the Board has met the guideline that no independent Director holds more than 5% of the total shares on issue.

The Board has reviewed the position of all current Directors in light of Molopo's adopted definition of independence. This definition is consistent with the guidelines provided by the Recommendations.

Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at Molopo's expense. The request must first be discussed with the Chairman who will facilitate obtaining the advice.

Non-Executive Directors are responsible for reviewing the performance of the Chairman. It is the responsibility of the Chairman to assess the performance of each of the Non-Executive Directors. The Board has a formal performance review process which involves open and constructive dialogue between the respective parties, taking into account the objectives and measurable results that have been achieved. The policy ensures that Molopo complies with Recommendations 1.2 and 2.5.

During the 2014 financial year no performance evaluations were carried out of the Board, the Chairman, Directors and Executive Key Management Personnel, as the CEO and the entire Board resigned from the Company during the course of the year.

The Board's function is to address issues in their broadest context. It is through a Board committee structure that specific areas of detail are examined. In August 2014 the Board agreed that all committees, Audit and Risk Committee, Remuneration and Nomination Committee, and HSE & Technical Committee, would be best managed by the Board as a whole, and that the Board would follow each of the committee charter in carrying out its functions; with the re-establishment of a committee reviewed on an on-going basis.

Principle 3:

A summary of Molopo's key policies and procedures is located at Molopo's website at the following URL: http://www.molopoenergy.com/about-molopo/governance-documents-policies and is summarised below:

Molopo's Code of Conduct Policy is compliant with Recommendation 3.1 and sets out the ethical standards that govern the conduct of all Directors, officers and employees. Molopo recognises the interests of all stakeholders in the community and their role in creating shareholder value. Every Director and employee is required, at all times, to conduct themselves in a manner consistent with the principles of honesty and integrity.

The Code requires Directors, officers and employees, amongst other things, to comply with the law, to disclose relevant interests that they may have and avoid interests which conflict with the Company's, and to act in the best interests of the Group. The Code also covers confidentiality of information, respect of privacy, whistleblowing (for which the Board have adopted a separate policy), discrimination & harassment, ensuring accuracy of the Company's records and reporting, insider trading (for which the Company has a separate policy), and protection and proper use of the Company's assets.

The Company recognises that diversity drives the Company's ability to attract, retain, motivate and develop talent, create an engaged workforce, deliver the highest quality of service to its customers and continue growth to the business.

Molopo's Diversity Policy recognises that given the industry in which Molopo operates, together with the small number of employees within Molopo, it is difficult to provide meaningful percentage targets for female participation and where this can be done, it is further recognised that the departure or hire of as little as one staff member may have a significant impact on the gender balance.

In accordance with Recommendation 3.3, Molopo has one female Director on the Board, and one female accountant employed on a part-time contract arrangement. In relation to senior management gender diversity, Molopo aims to have 25% female representation at the senior executive level over the longer term, recognising that there may be fluctuations at times. The Company also aims for the proportion of females in Molopo as a whole to be greater than 30%.

As required by Recommendation 3.4, Molopo highlights that as at 31 December 2014, 33% of the Board comprised of a female. The Company therefore exceeds its target in relation to female representation at the organisational level.

Principle 4:

In August 2014 the Board agreed that the functions of the Audit & Risk Committee would be best managed by the Board as a whole, and that the Board would follow the committee charter in carrying out its functions; with the re-establishment of a Committee reviewed on an on-going basis.

In order to ensure that the Board is able to discharge the responsibilities under the Audit & Risk Committee charter effectively, a majority of members of the Board have accounting and financial expertise to safeguard the integrity of financial reporting in the Company.

Under the Audit & Risk Committee charter, the appointment, reappointment, replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence is undertaken on an annual basis. The external auditor is assessed based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

In assessing the independence of the external auditor, the external auditor is required to provide:-

- a report which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.
- a declaration on a half yearly and annually basis, testifying to its independence in respect of the financial period in question. Further, the external auditor will have continuing obligation to notify the committee, via Company Secretary, of any new information it believes may be material to reviewing independence.

The external audit engagement partner is required to rotate at least once every 5 years.

Principle 5:

The Company recognises the importance of timely disclosure of the Group's activities to shareholders and the market, in accordance with its legal and regulatory obligations.

The Company's Continuous Disclosure and Communication Policy sets out the principles that guide Molopo in fulfilling its responsibilities to act with integrity, to satisfy the disclosure and effective communication requirements of the ASX and the Corporations Act. The policy meets the requirements of Recommendations 5.1 and 6.1. It requires communication with shareholders and provides that Molopo must update its website on a regular basis to provide all material announcements and information. In addition, Molopo attempts to respond to shareholder queries as soon as practicable when such queries are raised.

Principle 6:

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. The Company also has in place an investor relations program to facilitate communication with investors.

One of the Company's key communication tools is its website http://www.molopoenergy.com where all up-to-date important information about the Company is published.

Information is communicated to shareholders and other stakeholders regularly through a range of forums and publications, including the following:

- Notice of meetings and explanatory material are available on the Company's website. The Company encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders via email;
- The Company encourage full participation of shareholders at its AGM each year. For those shareholders who are unable to attend in person, the Company provides full transcript of the Chairman's and CEO's speech on its website. Shareholders are encouraged to lodge direct votes or proxies electronically.
- The Company's annual report is available on the Company's website and contains important information about the Company's activities and results for the previous financial year. Shareholders can elect to receive the Company's annual report on concise report as an electronic copy or in hard copy through mail.
- All ASX announcements including annual and half yearly financial results, are posted on the Company's website as soon as they have been released by ASX. The Company's reports and ASX announcements may also be viewed and downloaded the ASX website: www.asx.com.au under ASX code "MPO".
- Copies of all media releases made by the Company are posted on the Company's website.
- Copies of all investor presentations made to analysts and media briefing are posted on the Company's website, and where appropriate the Company uses webcasting or teleconferencing of these presentations and briefings.
- Company provides a telephone and facsimile helpline facility to assist shareholders with any queries on investor relations.

The ownership and shareholder information are available on the Company's website. Information on the Company's share registry can be found at https://www-au.computershare.com/investor/

Principle 7:

The Board oversees the establishment, implementation, and annual review of Molopo's Risk Management System. Management has established a Risk Management System for assessing, monitoring and managing all risk, including material business risks for the Group (including sustainability risk), in line with Recommendation 7.1. In accordance with Recommendation 7.3, the CEO and CFO, or in the absence of the CEO, the CFO and Company Secretary have provided an assurance, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. Pursuant to Recommendations 7.2 and 7.4, the operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

Material business risks for Molopo may arise from such matters as actions by competitors, Federal and State government policy changes, inherent risks associated with petroleum exploration and development, impact of price changes of oil and gas, inherent risks in estimating quantities of reserves, environment, occupational health and safety, property, financial reporting and the use of information systems.

Risks are continually assessed, monitored and managed at management level. Any areas of significant risk are dealt with at the Board level.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

To manage Molopo's risk profile, the Board has established an internal control framework as follows:

- Financial reporting accuracy and compliance with the financial reporting regulatory framework;
- Limits of authority specifying delegated authority and limits of authority in areas of operational and capital expenditure;
- Monitoring and review of occupational health and safety standards in order to achieve high standards of performance and compliance with regulations;
- Authorisation of business transactions to ensure proper execution; and
- Monitoring and review of environmental performance to ensure compliance with environmental regulations (refer to Directors' report).

Principle 8:

The Company has established an equity incentive scheme that involves a mix of fixed and incentive remuneration, reflecting short and long term performance objectives appropriate to the Company's circumstances and goals.

The Company complies with Recommendation 8.3 as Non-Executive Directors are not entitled to participate in Molopo's incentive scheme. The Board have determined that the current Short Term Incentive Plan (STIP) and Long Term Incentive Plan (LTIP) scheme will continue until the expiration of the existing employee contract terms which is presently 9 August 2015, at which time the scheme will terminate.

ASX Additional Information

Additional information required by the Listing Rules of the Australian Stock Exchange Limited and which is not disclosed elsewhere in the Annual Report is as follows. The information is as at 28 February 2015.

Shareholder Distribution

The number of investors holding less than a marketable parcel of 4,167 shares (at $0.12 on 28/02/2015) is 2,063 and they hold 3,725,474 securities.

Category (number of securities)	**Ordinary Shares (listed)**		
	Number of holders	Number of Shares	Percentage (%)
1 -1,000	701	386,692	0%
1,001 - 5,000	1,680	4,840,729	2%
5,001 -10,000	812	6,329,132	3%
10,001 -100,000	1,380	43,487,481	17%
100,001 - and over	190	193,788,764	78%
Total	**4,763**	**248,832,798**	**100%**

Twenty Largest Shareholders as at 28 February 2015

The names of the 20 largest holders of quoted shares are:	**Listed Ordinary Shares**	
Shareholder	**Number**	**Percentage**
Bentley Capital Limited	49,687,332	19.97%
Citicorp Nominees Pty Limited	41,160,089	16.54%
Keybridge Capital Limited	12,998,801	5.22%
ABN AMRO Clearing Sydney Nominees Pty Ltd	5,204,019	2.09%
HSBC Custody Nominees (Australia) Limited GSCO ECA	4,930,386	1.98%
UBS Nominees PTY Ltd	4,382,076	1.76%
J P Morgan Nominees Australia Limited	3,517,335	1.41%
Hochlunch Pty Ltd	3,425,000	1.38%
HSBC Custody Nominees (Australia) Limited	3,325,103	1.34%
Rubi Holdings Pty Ltd	3,100,000	1.25%
Brispot Nomineees PTY Ltd.	2,625,195	1.06%
Merrill Lynch (Australia) Nominees Pty Limited	2,118,834	0.85%
R & R Corbett Pty ltd	1,657,715	0.67%
National Nominees Limited	1,628,990	0.65%
Beta Gamma Pty Ltd	1,300,000	0.52%
Pakasoluto PTY Limited	1,286,658	0.52%
Mr. Sean Dennehy	1,195,000	0.48%
Gibralt Capital Corporation	1,188,526	0.48%
BHL Pension Pty Ltd	1,000,000	0.40%
Mr John Jeffers Harrison	1,000,000	0.40%
Total	**146,731,059**	**58.97%**

Substantial Holders

Bentley Capital Limited is a substantial holder in the Company, with a holding of 49,687,332 shares.

Gibralt Capital is a substantial holder in the Company, with a holding of 22,600,016 shares.

Keybridge Capital Limited a substantial holder in the Company, with a holding of 15,723,719 shares.

Scoggin LLC is a substantial holder in the Company, with a holding of 14,421,849 shares.

Voting Rights

On a show of hands every shareholder present in person or by proxy holding ordinary shares in the Company shall have one vote and upon a poll each share shall have one vote. There are no voting rights attached to the options, performance share rights or performance rights.

Number of Restricted Securities

As at 28 February 2015, there were no restricted securities.

Incentive Options

As at 28 February 2015, the Group had nil Incentive Options on issue under the Molopo Energy Limited Employee Incentive Scheme, which are not quoted on the Australian Securities Exchange.

Performance Share Rights

As at 28 February 2015, the Group had 1,071,297 Performance Share Rights on issue under the Molopo Energy Limited Employee Incentive Scheme, which are not quoted on the Australian Securities Exchange. These Performance Share Rights are held by 2 holders.

Performance Share Rights Distribution

Category (number of securities)	**Unquoted Performance Share Rights**		
	Number of holders	Number of PSRs	Percentage (%)
1 -1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 -10,000	-	-	-
10,001 -100,000	-	-	-
100,001 - and over	2	1,071,297	100%
Total	**2**	**1,071,297**	**100%**

Performance Rights

As at 28 February 2015, the Group had 32,834 Performance Rights on issue under the Molopo Energy Limited Employee Incentive Scheme, which are not quoted on the Australian Securities Exchange. These Performance Rights are held by 26 holders.

Performance Rights Distribution

Category (number of securities)	Unquoted Performance Rights			
	Number of holders	Number of PRs	Maximum Number of Shares	Percentage (%)
1 -1,000	-	-	-	
1,001 - 5,000	1	16	1,600	0%
5,001 -10,000	-	-	-	0%
10,001 -100,000	21	4,517	451,700	14%
100,001 - and over	4	28,301	2,830,100	86%
Total	**26**	**32,834**	**3,283,400**	**100%**

Molopo Energy Limited

www.molopoenergy.com