



MOLOPO ENERGY LIMITED

ABN 79 003 152 154

NOTICE OF GENERAL MEETING, EXPLANATORY NOTES AND PROXY FORM

General Meeting to be held at 10am (AEDT) on Friday, 10 November 2017

at the offices of

BDO East Coast Partnership, Boardroom, Collins Square, Tower 4, Level 18, 727
Collins Street, Melbourne, Victoria, Australia

YOUR MOLOPO DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU:

VOTE AGAINST RESOLUTIONS 1 and 2

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether, or not, to vote in favour of any resolutions at the General Meeting. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser. If you have recently sold your Molopo Shares, please disregard this document.

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Letter from all the Directors of Molopo

Dear Shareholder,

MOLOPO ENERGY LIMITED – SECTION 249D MEETING REQUISITION

My letter to you comes at an extremely critical time for Molopo Energy Limited (**Molopo**).

Your vote at this general meeting of shareholders (**GM**) will determine the leadership of the management of your Company and your investment in Molopo.

You will recall that in March 2017, pursuant to section 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**), Keybridge Capital Limited (**Keybridge**) had previously requested the directors of Molopo to convene a general meeting in respect of which Keybridge had proposed resolutions for the removal of all the directors of Molopo and the appointment of Keybridge's nominees, including Mr William Johnson, as directors of Molopo (**Previous Requisition**).

At Molopo's recent Annual General Meeting held on 20 June 2017, Molopo shareholders rejected all the resolutions proposed by Keybridge under the Previous Requisition, including the appointment of Mr William Johnson as a director of Molopo (**AGM**).

Pursuant to a notice dated 11 September 2017, and received by Molopo on 13 September 2017, given pursuant to section 249D of the *Corporations Act 2001* (Cth), Keybridge has again requested the directors of Molopo to convene a general meeting in respect of which Keybridge has proposed resolutions for the removal of myself, Managing Director and Interim Chairman, as a director of Molopo and the appointment of Keybridge director and nominee, Mr William Johnson, as a director of Molopo (**Requisition**). Accordingly, this GM is convened as a consequence of that Requisition.

As noted earlier, these two resolutions, amongst other resolutions, were proposed by Keybridge in its Previous Requisition and voted against by Molopo shareholders at the recent AGM.

In your Molopo Directors' opinion, Keybridge's repeated proposed resolutions in its Requisition, show a lack of good faith by Keybridge and a continual disregard for the wishes of Molopo shareholders.

Molopo's Directors consider that Keybridge has intentionally timed its Requisition so as to align with its two recent legal actions against Molopo, the second proposed takeover bid for 100% of Molopo by Aurora Funds Management Limited (**Aurora**) as responsible entity of Aurora Fortitude Absolute Return Fund (**AFARF**), and Aurora's application for judicial review of the decision of the Takeovers Panel in the Federal Court.

All these recent actions by Keybridge and Aurora with respect to Molopo occurred in the same week.

In the Molopo Directors' opinion, the commencement of the two legal actions by Keybridge against Molopo (with one legal action also against Molopo director, Ronnen Rosengart) were

intentionally timed to occur in the context of Keybridge's Requisition so as to unfairly and unjustifiably discredit and tarnish the reputation of the Directors and in particular myself, as Molopo's Managing Director and Interim Chairman, Mr Alexandre Gabovich.

In addition, Mr William Johnson is a director of Keybridge, and therefore is directly associated with the two legal actions that have been instigated by Keybridge, which is now seeking a position on the Molopo Board.

From the time I was appointed as a director of Molopo in late February this year, and subsequently appointed as Managing Director in March this year, I and my fellow directors have worked hard to execute the Board's strategy, to ensure that Molopo becomes an active participant in the oil and gas sector.

Despite Keybridge's Previous Requisition and Molopo being involved in two proceedings before both the Initial and Review Takeover Panels, as announced on 22 August 2017, I was pleased to have completed the acquisition of 50% of Orient FRC Ltd and therefore, its participation in an exciting oil and gas exploration and development project in a mature oil province in South Florida, U.S., with Kerogen Florida Energy Company LP, which has an experienced management team with proven technical success in the U.S. and other parts of the world.

Molopo's Directors are disappointed that Keybridge continues to impede Molopo's attempts to move forward in the direction approved by shareholders at the recent AGM. This is costing Molopo significant management time, causing Molopo to incur significant legal expenses and is considered both unproductive and disruptive, and is to the detriment of all Molopo shareholders.

However, your Directors are committed to continue its strategy of continuing to pursue oil and gas investments for the benefit of and in the interests of all of Molopo's shareholders.

Your Directors are **UNANIMOUSLY** appealing to you as Shareholders to **reject and VOTE AGAINST the two resolutions proposed by Keybridge** and to stay the course with the existing highly technical and commercially experienced Board and management team under my leadership.

Please consider this document carefully and we urge you to vote to support me, as your Managing Director and Interim Chairman, and your current Board, in order to support our strategy to bring real value to your Molopo investment.

The Molopo Directors seek Shareholder support **to vote AGAINST both resolutions** put at this general meeting of Shareholders.

Yours faithfully,

Alexandre Gabovich
Managing Director and Interim Chairman
on behalf of the all Directors of Molopo Energy Limited

Update on recent events involving Keybridge and Aurora

As shareholders would be aware, the Board of Molopo has been dealing for some time with corporate harassment from Keybridge and Aurora, who the Review Takeovers Panel recently:

- found that Aurora and Keybridge acted in concert and are associates in relation to Molopo;
- found that Aurora and Keybridge contravened Chapters 6 and 6C of the Corporations Act;
- ordered that none of Aurora and Keybridge or their respective associates may, directly or indirectly, acquire any shares in Molopo before the date that is 6 months after the date of the Panel's Orders made on 7 July 2017; and
- ordered that 3,666,285 shares in Molopo (1.5% of Molopo's shares) held by Keybridge and 39,540,910 shares in Molopo (15.9% of Molopo's shares) held by Aurora are vested in the Commonwealth and that these shares be sold by ASIC in accordance with the Panel's orders.

The Directors of Molopo would like to take this opportunity to provide shareholders with an update on recent actions by Keybridge and Aurora in relation to Molopo:

- On 11 September 2017, Keybridge announced that it made an application to the Supreme Court of Western Australia seeking Court orders under section 247A(1) of the Corporations Act to inspect Molopo's books and documents. Molopo will be opposing this application.

This Court action followed Molopo's Directors' decision not to accede to Keybridge's request:

- ❖ to allow Keybridge to inspect the books and documents of Molopo; and
- ❖ that Keybridge director and nominee, Mr William Johnson, be appointed as a director of Molopo.

Molopo is opposing Keybridge's application.

- On 11 September 2017, Aurora announced that it had applied to the Federal Court of Australia for a judicial review of the Takeovers Panel decision of 30 June 2017 and 7 July 2017. Molopo has been served with the Court documents and is a respondent in the proceedings.
- On 12 September 2017, and after an extended delay, Aurora announced its withdrawal of its first proposed takeover bid for Molopo (which Aurora had first announced on 27 July 2017) and announced its second proposed takeover bid for Molopo. With the notable exception of a 24.3% reduction in its initial proposed bid price, the proposed terms of its second proposed takeover bid are essentially the same.

In relation to Aurora's second proposed takeover bid:

- ❖ Molopo shareholders will be able to elect to receive the bid consideration in cash (**but capped at \$5 million in total**) or the equivalent value in AFARF units, being units in an unlisted managed investment scheme;
- ❖ Acceptances for cash consideration that in aggregate exceed \$5 million would be scaled back, with the balance of the bid consideration satisfied by the issue of AFARF units;
- ❖ Aurora stated that its present redemption guidelines to manage the liquidity requirements of the AFARF, **being an unlisted scheme, limit or restrict the redemption of units to 5% of total funds** on management in any given quarter;

In the Molopo Directors' opinion, as with its first proposed takeover bid, **Aurora's second proposed takeover bid presents a clear and significant liquidity risk for Molopo's shareholders.**

- On 12 September 2017, Keybridge announced its Requisition in respect of which this general meeting of shareholders is convened.
- On 14 September 2017, Molopo received an originating application made by Keybridge and lodged with the Supreme Court of Western Australia in respect of which Keybridge is seeking a declaration as to alleged oppressive conduct by Molopo and acting contrary to the interests of members as a whole.

Keybridge is also seeking numerous orders including, among other things, the institution of proceedings against the directors responsible for Molopo entering into the Orient FRC Ltd transaction; the appointment of a receiver and manager of all of Molopo's property; Molopo may act only to convene a meeting of shareholders and otherwise in emergencies; restraining Molopo from taking any further steps including the expenditure of any funds in relation to the transaction to acquire shares in Orient FRC Ltd; restraining Molopo from entering into any transaction that involves the expenditure, or possible expenditure, of funds in excess of \$250,000 unless the effect of that transaction is, in the opinion of the ASX, sufficient to warrant the continued quotation of Molopo's securities on ASX; and restraining Molopo from transferring any funds from any of its bank accounts to outside of Australia other than payments due to its directors for their engagement as directors of Molopo.

The Court orders sought by Keybridge, if granted, would cause significant disruption, harm and damage to Molopo's operations and would be detrimental to the interests of Molopo's shareholders, including jeopardising its investment in Orient FRC Ltd and its participation and return on investment in the oil and gas exploration and development project in a mature oil province in South Florida, U.S., with Kerogen Florida Energy Company LP.

Keybridge's application is supported by the affidavits of:

- (a) Mr David Sanders (one of Keybridge's nominees who was rejected by Molopo's shareholders at the AGM held on 20 June 2017 in relation to Keybridge's Previous Requisition, a former director of Molopo and a principal of the law firm acting for Keybridge in its two legal actions against Molopo); and
- (b) Mr Farooq Khan, a Perth businessman connected with Keybridge.

Molopo denies these allegations and any liability in respect of these allegations and will oppose Keybridge's application and defend these proceedings.

The Molopo Directors also note that the Review Takeovers Panel found Keybridge to be an associate of Aurora in relation to Molopo.

The Directors of Molopo wish to confirm its position that the decision of both the Initial and Review Takeover Panels, and in particular the finding of an association between Aurora and Keybridge, was correct and valid.

In light of the recent events outlined above, the Directors are also concerned that Aurora and Keybridge are, or may be, continuing to remain associated with the intention of keeping Molopo in corporate stasis and preventing the use of Molopo's cash assets to execute on the Board's strategy, through various legal manoeuvring and disruptive strategies until Molopo and its cash reserves can be controlled by Aurora, Keybridge or both.

The continued efforts of Aurora and Keybridge to disrupt and hinder the Board's efforts in pursuing Molopo's business objectives and the corporate harassment of Molopo by Keybridge and Aurora is costing Molopo significant management time, causing Molopo to incur significant legal expenses and, is considered unproductive to the normal business operations of Molopo and to the detriment of all Molopo shareholders.

The Molopo Directors wish to bring to the attention of shareholders the following:

1. The various Boards of Molopo (including the current Board) have informed shareholders and the market generally through numerous ASX Announcements since 2015 that it is actively pursuing oil and gas investment opportunities.
2. With this knowledge, and having regard to the Previous Requisition of Keybridge, the directors of Molopo (including Mr Alexandre Gabovich) were elected at Molopo's last AGM held on 20 June 2017 and Keybridge's nominees (including Mr William Johnson) were rejected by Molopo's shareholders.
3. The Orient FRC Ltd Transaction (announced on 22 August 2017) represents the continuation of the Board's strategy. It should further be noted that this transaction was for US\$7 million (AUD\$ 8.75 million based on \$0.80 AUD/US exchange rate) at a time when

Molopo had approximately AUD\$67 million in cash) – having represented approximately 13.2% of Molopo’s cash reserves.

4. The Review Takeovers Panel Orders of 7 July 2017:

- (a) Found that Aurora and Keybridge acted in concert and are associates in relation to Molopo.
- (b) Found that Aurora and Keybridge contravened Chapters 6 and 6C of the Corporations Act.
- (c) Ordered that none of Aurora and Keybridge or their respective associates may, directly or indirectly, acquire any shares in Molopo before the date that is 6 months after the date of the Panel’s Orders made on 7 July 2017.
- (d) Ordered that 3,666,285 shares in Molopo (1.5% of Molopo’s shares) held by Keybridge and 39,540,910 shares in Molopo (15.9% of Molopo’s shares) held by Aurora are vested in the Commonwealth and that these shares be sold by ASIC in accordance with the Panel’s orders.

5. Following Keybridge’s request to Molopo to permit Keybridge to have access to Molopo’s books and documents and to appoint Mr William Johnson as a director of Molopo, Molopo had recently informed Keybridge that the Directors had decided:

- (a) Not to accede to Keybridge’s request to inspect the books and documents of Molopo as the Directors were not satisfied that this request was made in good faith and for a proper purpose (being key requirements in section 247A(1) of the Corporations Act).
- (b) Not to appoint Mr William Johnson for numerous reasons, including:
 - (i) The Directors consider it inappropriate to act contrary to the resolution or decision of Molopo’s shareholders at the recent AGM of 20 June 2017 and appoint Mr Johnson as a director of Molopo, given Molopo’s shareholders did not elect him at that AGM;
 - (ii) The Directors wish to appoint an independent non-executive director who is suitably qualified and experienced; and
 - (iii) The Directors consider it inappropriate that any nominee of Keybridge, who is also a director of Keybridge be appointed as director of Molopo, given the recent condemnatory findings and orders of both the Initial and Review Takeover Panels against Keybridge and Aurora – especially a person who was a director of Keybridge during the period of Keybridge’s unlawful actions and omissions in relation to attempting to control or influence the composition of the Board of Molopo or the conduct of Molopo’s affairs, as found by the Review Takeovers Panel. The Review Takeovers Panel, in its Reasons for Decision, found that each acquisition of Molopo shares by Keybridge and Aurora occurring on or after 26 October 2016 had resulted in a contravention of section 606 of the

Corporations Act and Keybridge and Aurora failed to lodge notices of change in substantial holding disclosing their association in contravention of section 671B. The Review Panel found that:

- *"Keybridge and Aurora embarked on parallel conduct which each understood the other was engaging in";*
- *"Each party increased its holding of Molopo shares, and separately sought board representation, on an expectation that they would use their joint voting power (if necessary) when it was time to do so. The boards of directors of Keybridge and Aurora were aware of this and agreed to, or at least acquiesced in, those strategies and actions".*

The Directors consider that these matters are also relevant given the second proposed takeover bid for Molopo by Aurora (which was found to be an associate of Keybridge by the Review Takeovers Panel).

6. In the interests of protecting all Molopo shareholders, Molopo's Board and management have suffered significant disruption and Molopo has incurred significant costs (met by the use of shareholder funds) in connection with the proceedings of both the Initial and Review Takeover Panels.
7. Despite the findings and orders of the Review Takeovers Panel, Keybridge (and Aurora) continue to cause disruption to the Board and its management and Molopo continues to incur substantial costs to the detriment of all Molopo shareholders.

Further Details in relation to the Review Takeovers Panel

- The Molopo Directors in particular note the following statements from the Review Takeovers Panel's document entitled "***Reasons for Decision - Molopo Energy Limited 03R, 04R & 05R [2017] ATP 12' published on the Takeovers Panel website on 22 August 2017***" (a copy of which is also available on Molopo's website), in relation to some of Keybridge's actions and interactions with Aurora and others relevant to Molopo:
- The Review Takeovers Panel noted that Mr Nicholas Bolton was banned from managing corporations by ASIC. The Molopo Directors note from ASIC's Media Release 15-403MR, that ASIC had disqualified Mr Nicholas Bolton from managing corporations for three years following his involvement in the failure of 13 companies, in respect of which liquidators reported that the total deficiencies owed to creditors exceeded \$25 million across these 13 companies. This disqualification commenced on 17 November 2015 and ceases 16 November 2018.
- *"...on 20 September 2016, Keybridge had acquired a further 1,682,763 Molopo shares (taking its holding to 19.15%). The acquisition was prompted by an email from Mr [William] Johnson to Keybridge's other directors at the time, Messrs Sormann, Patton and Cato, stating that Keybridge's relevant interest in Molopo needed to move above 19% "ASAP" so that Keybridge could increase its interest using the 'creep' provisions of the Corporations Act. Mr Patton was involved in managing the acquisition."*

- *“Also, effective 13 October 2016, Mr Khan and Mr Bolton became consultants to Keybridge pursuant to separate consultancy agreements with substantially the same terms and at the same fees. Mr Patton signed both consultancy agreements on behalf of Keybridge. The agreements provided that the consultants report to Mr Patton. Mr Patton deposed, however, that they reported to Mr [William] Johnson in relation to Molopo. It is not clear when the later arrangement became effective and we were not given any written evidence of it.”*
- *“The initial Panel questioned why Keybridge, with an experienced board, needed two consultants. Keybridge submitted that this was to address its limited executive functions and fill the information gap concerning its history. We infer from this that Messrs Bolton and Khan had an active and significant role in the affairs of Keybridge. Keybridge submitted that their roles do not make them the controlling mind and will of Keybridge. We do not need to decide whether that is the case. As explained below, we consider it sufficient that the Keybridge board agreed to or acquiesced in the strategies and actions influenced or orchestrated by Mr Bolton in relation to Molopo.”*
- *“From October 2016, Keybridge (through primarily Mr Khan) was in negotiations to sell its Molopo stake which broke off in mid-February 2017 due to a failure to finalise commercial terms. Also in October 2016, Keybridge (through Mr Bolton) had discussions with another potential purchaser. That purchaser had previously negotiated with the prior Keybridge board to acquire Keybridge’s Molopo stake but, Keybridge submitted, that transaction failed to conclude at the last moment due to the apparent failure of the Molopo board to grant the purchaser a board seat. The negotiations with Mr Bolton did not proceed to an advanced stage as the price being offered was below both Keybridge’s expectations and that being proposed by the other potential purchaser.”*
- *“At the same time as pursuing a sale of the Molopo stake, Keybridge sought to replace Mr Sormann as its representative on the Molopo board. The request to appoint Mr Sanders was rejected by Molopo on 2 December 2016 citing the potential association between Keybridge and Aurora following the announcement of Aurora’s substantial shareholding in Molopo. On 17 January 2017, Keybridge requested that Molopo appoint Mr [William] Johnson as Keybridge’s nominee to the board of Molopo (as an alternative to Mr Sanders). This was also rejected.”*
- *“On 26 October 2016, Keybridge held a strategy meeting at which both Mr Bolton and Mr Patton were in attendance and where Keybridge’s strategy in relation to acquisitions and disposals of Molopo shares and representation on the Molopo board was discussed.” [It was also noted by the Review Panel that Messrs Simon Cato, William Johnson, Farooq Khan and Victor Ho also attended this Keybridge strategy meeting].*
- *“Mr [William] Johnson emailed Mr Pamensky (copying Messrs Patton and Ho) on 27 October 2016 noting that at the strategy meeting it was agreed to “top back up in Molopo as much as we can... to just under 20%”. This was supported by Mr Ho’s notes of the meeting. Following its acquisition of Molopo shares on 20 September 2016, Keybridge continued to accumulate shares in Molopo until the commencement of the initial Panel’s proceedings on 11 April 2017 increasing its shareholding to 19.95%.”*

- *“At the same time as pursuing a sale of the Molopo stake, Keybridge sought to replace Mr Sormann as its representative on the Molopo board. The request to appoint Mr Sanders was rejected by Molopo on 2 December 2016 citing the potential association between Keybridge and Aurora following the announcement of Aurora’s substantial shareholding in Molopo. On 17 January 2017, Keybridge requested that Molopo appoint Mr [William] Johnson as Keybridge’s nominee to the board of Molopo (as an alternative to Mr Sanders). This was also rejected.”*
- *“Notwithstanding that Mr Bolton was not a director of Keybridge and did not attend board meetings, on the materials, we consider that Mr Bolton was aware of Keybridge’s strategy in relation to Molopo at all relevant times. For example:*
 - (a) on 13 October 2016, Mr Bolton emailed Messrs [William] Johnson, Cato, Patton, Kriewaldt, Khan and Ho regarding his consulting agreement and noted that he had an interested purchaser in Keybridge’s Molopo stake detailing their terms for sale*
 - (b) on 19 October 2016, Mr Khan emailed Messrs [William] Johnson, Bolton, Patton and Ho with an update on his negotiations with the other potential purchaser of Keybridge’s Molopo stake. Mr Khan said that he felt that the purchaser did not have the cash to raise his price and so in Mr Khan’s view “we should get the cash position of Keybridge up and then creep to the maximum possible amount and then launch a scrip bid for Molopo using Keybridge con notes”*
 - (c) on 26 October 2016, Mr Bolton attended the Keybridge strategy meeting which discussed Keybridge’s strategies in relation to Molopo*
 - (d) subsequently, he was copied on multiple emails with updates regarding Mr Khan’s negotiations with the potential purchaser of Keybridge’s Molopo shares*
 - (e) from 9 November 2016 through 20 February 2017, Mr Bolton received multiple emails attaching correspondence between Keybridge and Molopo regarding Keybridge’s replacement board nominee*
 - (f) in a text from Mr Khan to Mr Bolton on 3 January 2017, Mr Khan asked Mr Bolton whether he recalled when Keybridge “can creep on mpo [Molopo]”*
 - (g) on 11 January 2017, Mr [William] Johnson suggested in an email holding “a board conference in the next few days (with Nick and Farooq attending)” to decide whether to go ahead with the sale of Keybridge’s Molopo stake. Mr Bolton responded that he would not attend a Keybridge board discussion on Molopo on the advice of Mr Patton. Mr Bolton indicated in his statutory declaration that Mr Patton told him not to participate given his knowledge of Aurora’s interest to buy more Molopo shares*
 - (h) on 9 February 2017, Mr Bolton responded to an email from Mr Khan asking which Molopo directors were subject to rotation and reelection at Molopo’s next annual general meeting*

- (i) on 17 February 2017, Mr Bolton and Mr Khan met in Sydney. Subsequently, Mr Khan emailed Messrs [William] Johnson and Ho referring to his meeting and stated:

We agreed that we should send a share register request to MPO [Molopo] on Monday and then wait till the end of the week to see if they hold a board meeting and appoint either William [Johnson] or David [Sanders].

If they don't by cob Friday we should serve before cob Friday a request for them to convene a meeting to add William [Johnson] and David [Sanders] as board members.

Thereafter we can see if they appoint both anyway (say a week later) and if not then serve another requisition this time calling our own meeting to remove the two lon representatives.

On that basis, Vic could you please prepare and serve the request for the register...

Mr [William] Johnson responded to Messrs Khan and Ho stating "Sounds like a plan!"

- (j) on 24 February 2017, Mr Bolton indicated that he would provide comments on a draft letter to the Molopo board regarding board representation that had been sent to him and in the interim provided information on the investment thesis Keybridge had previously presented to Molopo
- (k) in a text from Mr Khan to Mr Bolton on 1 March 2017, Mr Khan again asked Mr Bolton when Keybridge can creep on Molopo. Mr Bolton responded to the question although he noted that he would prefer not to be involved in any Keybridge trading if it chooses to do so
- (l) on 8 March 2017, Mr Bolton and Mr Khan exchanged text messages regarding the composition of the Molopo board, including whether the newly appointed managing director of Molopo would be up for reelection at the annual general meeting and the notice period for appointment of a director
- (m) on 10 March 2017, Mr Khan emailed Mr Bolton and others attaching a draft ASX announcement regarding Keybridge's requisition notice to Molopo and
- (n) also on 10 March 2017, Mr Khan sent an email to Mr Ho (copying Messrs Kriewaldt and [William] Johnson) which advised that he had just spoken to Mr Bolton and both he and Mr Bolton supported the proposal to stand behind the director fees of Mr Hartnell (one of Keybridge's proposed nominees). A follow up email also noted that Mr Bolton commented on the fees payable to Ms Tough as Chairperson of Molopo."
- "In our view, Keybridge and Aurora both want to maximise their return on their investments in Molopo and have as their ultimate goal obtaining sufficient control of Molopo to gain access to Molopo's cash assets."

- *“We consider that Keybridge and Aurora both want to maximise their return on their investments in Molopo by unlocking Molopo’s cash. While they have many ways of getting there, that is their end goal. In order to achieve that goal they need to control or influence the composition of Molopo’s board. And, to do that, they need an ally to counter the voting power of Molopo’s other large shareholders. We do not view the attempt by Keybridge to sell its Molopo stake or the proposal addressed by Aurora’s confidential material as different goals. Rather, they are other options the parties considered, while continuing to pursue together their ultimate objective.”*
- *“Mr Bolton plays a significant role in the affairs of Keybridge and Aurora. Mr Bolton provides advice to both Keybridge and Aurora. He has knowledge of, and the capacity to influence substantively, the investment strategies of both Keybridge and Aurora in relation to Molopo. He has used this capacity to influence or orchestrate strategies and actions at Keybridge and Aurora that have as their ultimate aim control of Molopo and access to Molopo’s cash. The boards of directors of Keybridge and Aurora were aware of this and agreed to, or at least acquiesced in, those strategies and actions.”*
- *“Accordingly, the Panel considers that, by no later than 26 October 2016, Keybridge and Aurora:*
 - (a) have, or propose to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the board of Molopo or the conduct of Molopo’s affairs and are associated with each other under section 12(2)(b) or*
 - (b) are acting, or propose to act, in concert in relation to the affairs of Molopo and are associated with each other under section 12(2)(c).”*
- *“Further or in the alternative to association, the Panel considers the actions of Mr Bolton and Mr Patton, combined with the material financial interests each had in Keybridge and Aurora, and the influence that each exerted over Aurora and to an extent over Keybridge, gives rise to a control effect in Molopo that is otherwise unacceptable from no later than 10 August 2016. For example:*
 - (a) In addition to Mr Bolton’s substantial influence over the investment strategies of each of Keybridge and Aurora in relation to Molopo, he has at least substantial influence over ASG, Keybridge’s largest shareholder.*
 - (b) Mr Patton is conflicted in his role at Keybridge in relation to the acquisition or use of Molopo shares given his role at Aurora. Information barriers established in Keybridge to address such conflicts were established late and have not been fully effective.*
 - (c) Despite Mr Patton being fully appraised of Keybridge’s strategy in relation to Molopo, there is no evidence of Aurora establishing an information barrier when it embarked on its strategy for Molopo.”*
- *“Immediately prior to 26 October 2016, the aggregate voting power of each of Keybridge and Aurora in Molopo shares was 22.49%.”*

Contraventions of section 606

“Each acquisition of Molopo shares by Keybridge and Aurora occurring on or after 26 October 2016 has resulted in a contravention of section 606 with the voting power of each of Keybridge and Aurora increasing with each acquisition from a starting point that is above 20% and below 90%.”

Contraventions of section 671B

“Since 26 October 2016, Keybridge and Aurora have failed to lodge notices of change in substantial holding disclosing their association in contravention of section 671B.”

Effect

“It appears to the Panel that the acquisition of control over voting shares in Molopo has not taken place in an efficient, competitive and informed market and the holders of shares in Molopo do not know the identity of persons who have acquired a substantial interest in Molopo.”

Conclusion

“It appears to the Panel that the circumstances are unacceptable circumstances:

- (a) having regard to the effect that the Panel is satisfied they have had, are having, will have or are likely to have on the control, or potential control, of Molopo*
- (b) in the alternative, having regard to the purposes of Chapter 6 set out in section 602*
- (c) in the further alternative, because they:
 - (i) constituted, constitute, will constitute or are likely to constitute a contravention of a provision of Chapter 6 or 6C or*
 - (ii) gave or give rise to, or will or are likely to give rise to, a contravention of a provision of Chapter 6 or 6C.”**

“The Panel considers that it is not against the public interest to make a declaration of unacceptable circumstances. It has had regard to the matters in section 657A(3).”

Declaration

“The Panel declares that the circumstances constitute unacceptable circumstances in relation to the affairs of Molopo.”

Orders

The Review Takeovers Panel made a number of Orders, including:

- (a) None of Aurora and Keybridge or their respective associates may, directly or indirectly, acquire any shares in Molopo before the date that is 6 months after the date of the Panel's Orders made on 7 July 2017;*

- (b) 3,666,285 shares in Molopo (1.5% of Molopo's shares) held by Keybridge and 39,540,910 shares in Molopo (15.9% of Molopo's shares) held by Aurora are vested in the Commonwealth and that these shares be sold by ASIC in accordance with the Panel's orders (collectively **Sale Shares**);
- (c) None of Aurora and Keybridge or their respective associates may vote any Sale Shares;
and
- (d) Within 2 business days after the date of the Panel's orders made on 7 July 2017, Aurora and Keybridge must disclose, in the form of a substantial holder notice, as approved by the Panel:
 - (i) that Aurora and Keybridge became associated in relation to Molopo by no later than 26 October 2016 and their current holdings in Molopo;
 - (ii) the name of each associate who has a relevant interest in voting shares in Molopo;
 - (iii) the nature of their association;
 - (iv) details of any relevant agreement through which they have a relevant interest in shares in Molopo and
 - (v) all transactions undertaken during the period covered by the disclosure.

Statement from the Molopo Directors

The Molopo Directors have put forward the two resolutions by Keybridge at the General Meeting following a request by Keybridge to appoint Mr William Johnson as a director of Molopo and remove Mr Alexandre Gabovich as a director of Molopo.

Your Molopo Directors do not believe the appointment of the Keybridge's nominee, Mr William Johnson, to be in the best interests of the Company as a whole.

Your Molopo Directors strongly and UNANIMOUSLY recommend that you vote AGAINST the appointment of the Keybridge nominee, Mr William Johnson, to the Board of Molopo.

In the interests of protecting all of Molopo's shareholders, your Board had taken decisive action by having successfully applied to the Takeovers Panel in relation to the association between Keybridge and Aurora and their failed attempt to gain control of Molopo and its cash in contravention of the Corporations Act and your Directors continue to take decisive action by seeking to defend Molopo in relation to the two Court actions recently commenced by Keybridge in the Supreme Court of Western Australia and also ensuring that Molopo shareholders are adequately informed and their interests properly considered in relation to Aurora's unsolicited second proposed takeover bid for Molopo.

With the above in mind, your Molopo Directors strongly and UNANIMOUSLY recommend that you to vote:

- a) AGAINST the appointment of Mr William Johnson as a director (Resolution 1);
and
- b) AGAINST the removal of Mr Alexandre Gabovich as a director (Resolution 2).

Your Directors UNANIMOUSLY urge you to SUPPORT Mr Alexandre Gabovich and the current Board of Molopo and UNANIMOUSLY REJECT the nominee proposed by Keybridge.

The following identifies the key rationale for the Directors' concerns.

- **The proposal by Keybridge to appoint one of its own directors, Mr William Johnson, poses serious concerns for Shareholders. The Directors are concerned that Keybridge's nomination and proposed resolutions may be part of a strategy of Keybridge (or Aurora or both) to further attempt to gain control of Molopo and its cash reserves.**

Four of Keybridge's largest shareholders are Australian Style Group Pty Ltd (21.85%) (**ASG**), Bentley Capital Limited (9.98%) (**Bentley**), Scarborough Equities Pty Ltd (9.98%) (**Scarborough**) and Mr Nicholas Bolton (2.20%), collectively holding 44.01%.

ASG is controlled by Mr Nicholas Bolton and his close family members. Bentley and Scarborough are controlled by Mr Farooq Khan and his close family members. Aurora is controlled by Seventh Orion Pty Ltd as the trustee for the Aurora Investments Unit Trust. Seventh Orion is ultimately controlled by Mr John Patton, who also sits on the Keybridge Board.

The Molopo Directors note that Molopo is presently subject to the second unsolicited proposed takeover bid by Aurora, an associate of Keybridge, as found by the Review Takeovers Panel.

The Molopo Directors are concerned that if a nominee of Keybridge is appointed, especially a nominee who is also director of Keybridge, he or she may seek to potentially disrupt or hinder the Board in pursuing its objectives as part of a strategy of Keybridge (or Aurora or both) to further attempt to take control of Molopo and consequently control the Molopo's cash without paying adequate consideration or any premium to Shareholders, if any.

This is not Keybridge's first attempt to seek to access Molopo's cash reserves.

In late 2014, Keybridge tried and failed to force Molopo to make a capital reduction. This was successfully defended by Molopo in the Supreme Court of New South Wales.

On 7 July 2017, Keybridge (with Aurora) received orders from the Review Takeovers Panel following the Panel's decision that both Keybridge and Aurora were associates and that they contravened Chapters 6 and 6C of the Corporations Act.

On 11 April 2017, ASIC lodged an application with the Takeovers Panel submitting that Keybridge and Aurora are associates for the purposes of the Corporations Act.

On 11 April 2017, as a result of the Board's concerns regarding the position of Keybridge and Aurora, Molopo also lodged an application with the Takeovers Panel, submitting that Keybridge and Aurora are associates for the purposes of the Corporations Act.

The candidate presently proposed by Keybridge is Mr William Johnson, a current director of Keybridge.

For these reasons, the Molopo Directors consider that Keybridge's nominee lacks independence and the Molopo Directors do not believe his skills and experience are suitable, when compared to the experience, expertise and skills of the current Molopo Directors, having regard to the Molopo's objectives.

- **Beyond its objective of appointing a director to the Molopo Board, Keybridge has failed to explain its intentions or the intentions of its nominee, Mr William Johnson, in relation to the Board's and Molopo's business objectives.**

Following the orders handed down by the Review Takeovers Panel in July 2017, the Molopo Directors consider that Keybridge has sought to place Molopo into a position of "corporate stasis" by lodging a second requisition notice to appoint its nominee to the Board and seek the removal of Molopo's Managing Director and Interim Chairman, commencing two Court actions against Molopo in the Supreme Court of Western Australia and seeking Court orders that will prevent the Board to continue managing Molopo and pursue its business objectives in the best interests of shareholders, including:

- that a receiver and manager appointed over all of Molopo's property;
- that Molopo may act only to convene a meeting of shareholders and otherwise in emergencies;
- restraining Molopo from taking any further steps including the expenditure of any funds in relation to the transaction to acquire shares in Orient FRC Ltd;
- restraining Molopo from entering into any transaction that involves the expenditure, or possible expenditure, of funds in excess of \$250,000 (unless the effect of that transaction is, in the opinion of the ASX, sufficient to warrant the continued quotation of Molopo's securities on ASX); and
- restraining Molopo from transferring any funds from any of its bank accounts to

outside of Australia other than payments due to its directors for their engagement as directors of Molopo.

The Court orders sought by Keybridge, if granted, would cause significant harm and damage to Molopo and be detrimental to the interests of Molopo's shareholders, including jeopardising its investment in Orient FRC Ltd and its participation and return on investment in the oil and gas exploration and development project in a mature oil province in South Florida, U.S., with Kerogen Florida Energy Company LP.

In addition, the actions of Keybridge (and Aurora) continue to hinder Molopo's ability to further make further investments in oil and gas assets so as to enable Molopo to demonstrate a level of oil and gas operations sufficient, in ASX's opinion, to warrant the continued quotation of Molopo's shares and seek to have the current suspension removed.

To date, Keybridge **HAS NOT**:

- put forward its intentions or the intentions of Mr William Johnson nor clarified any new investment strategy they would pursue for the benefit of all Shareholders;
- clarified whether they would attempt to change the nature, activities or purposes of the Company,

other than seeking to essentially replace Molopo's Managing Director and Interim Chairman, Mr Alexandre Gabovich, with a Keybridge director and nominee, Mr William Johnson.

Given Keybridge's previous attempts in 2014 to invalidly force Molopo to pursue a capital reduction, and its various actions in 2017 for the purposes of attempting to take control of Molopo and its cash, the Molopo Directors are concerned that Keybridge simply remains interested in taking control of Molopo's cash reserves, whether in its own right or in association with Aurora, and has no interest in continuing Molopo's objectives and pursuing investments within the oil and gas sector for the benefit of all of Molopo's shareholders.

- **In contrast, the current Molopo Board comprises of globally experienced and well-informed directors with relevant and suitable technical and commercial expertise and experience, who have successfully overseen Molopo's strategic and financial direction.**

The Molopo Directors are committed to the Molopo's unchanged strategy, which is to **invest in attractive international energy opportunities**. Molopo is in a strong position to identify investments in oil and gas assets that will add value for

Shareholders, consistent with Molopo's business objectives and the expectations of our Shareholders.

With deep experience in the oil and gas sector and influential global networks, the Molopo Directors believe they remain best qualified to lead Molopo, and that it has the right strategy to deliver the best outcome for all Shareholders.

Preserving Shareholder value has always remained a key strategy in the face of an uncertain energy market. From January 2015 to July 2017, the Molopo Board had successfully protected and maintained \$67M in cash reserves. The Board's prudent decision to carefully manage capital during a volatile period has preserved Shareholder value in a time where the energy industry was in turmoil and there was significant volatility in the oil price.

As reported at the 2017 Annual General Meeting, and given the challenging conditions within the oil and gas sector, a key aim of the Board has been to identify and evaluate investment opportunities. Indeed, since early 2015, the Board has considered over 50 oil and gas investment opportunities globally, including investment proposals put forward by Keybridge. After careful deliberation, both technically and commercially, the Board decided not to pursue these investments.

With the oil price so far this year not having been as volatile as it was in 2016 (having reached a 13-year low of US\$26.55/barrel on 20 January 2016) the oil price has significantly risen this year and in August this year rose to over US\$52/barrel and remains above US\$50/barrel as at the date of the Notice. That is US\$4 a barrel higher than in July this year and is double the 13-year low of US\$26.55/barrel on 20 January, 2016. The U.S. Energy Information Administration has been reported to forecast the oil price to average US\$51/barrel in 2017 and US\$52/barrel in 2018 and has predicted that there will not be the volatility in oil price that was seen in 2016.

The Board considers Molopo's acquisition of 50% of Orient FRC Limited in July this year and its participation in the oil and gas exploration and development project in a mature oil province in South Florida, U.S., with Kerogen Florida Energy Company LP as having been made at an opportune time and is evidence of the Board's pro-activeness and ability to identify a suitable opportunity and execute a transaction in the oil & gas sector and its commitment to continue and implement Molopo's business objectives. This acquisition (US\$7 million (AUD\$8.75 million based on \$0.80 AUD/US exchange rate) at a time when Molopo had approximately AUD\$67 million in cash) – having represented approximately 13.2% of Molopo's significant cash reserves.

Already having made an investment in relation to an oil and gas exploration and

development project in the U.S., the Board is also endeavouring to identify and invest in production or near production oil and gas assets, especially in North America to enable Molopo to continue to take advantage of Molopo's substantial tax losses.

- **The current Molopo Directors are best positioned to oversee the future strategic and financial performance of Molopo in the interests of all Shareholders. Mr Alexandre Gabovich is a strong and proven Managing Director (currently appointed Interim Chairman) with impressive oil and gas investment credentials and international contacts and experience. Having conserved Shareholder value during the collapse of oil and gas prices, and off the back of its acquisition in Orient FRC Ltd, Molopo continues to be in a strong position to continue to move ahead on its strategy to invest internationally in value-adding quality oil and gas assets.**

Mr Alexandre Gabovich possess the necessary oil and gas sector technical experience as well as international business expertise in sourcing and executing relevant investment opportunities.

Mr Gabovich has a long and successful history in international business and the energy industry and has demonstrated a strong track record of leading operations in emerging markets as well as in international business development.

With a strong platform for future growth and an industry focussed Board, Molopo is diligently pursuing value-synergistic opportunities for all Shareholders with a firm and disciplined eye on creating value.

The Molopo Directors consider that the Keybridge's proposal to remove Mr Gabovich as a director of Molopo is not in the best interests of Molopo and is, or likely to be, detrimental to the interests of Molopo and its shareholders.

In addition to all his efforts and work, together with the other members of the Board, in seeking to protect the interests of all of Molopo's shareholders against the actions of Keybridge (and Aurora) so far this year, Mr Gabovich's removal as a director of Molopo may create uncertainty or instability with respect to the positive working relationship between Molopo's management and its 50% co-shareholder in Orient FRC Ltd, Dr Gil Feiler, and the senior management of Kerogen Florida Energy Company LP in relation to the South Florida oil and gas project.

These new relationships have only been recently formed for the benefit of Molopo through in large part the significant initiative and efforts of Mr Gabovich. To state the

obvious, and which the Molopo Directors consider are intentional, the various actions of Keybridge in relation Molopo and Aurora's second proposed takeover bid for Molopo have created and continue to create a perception of instability and uncertainty in respect of Molopo in the minds of third parties generally dealing with Molopo and accordingly, Dr Gil Feiler and the senior management of Kerogen Florida Energy Company LP should not be expected to be any different in this regard. As shareholders will appreciate, important relationships of this nature, at a senior level, are not easily formed or maintained.

Accordingly, the Molopo Directors UNANIMOUSLY urge Molopo shareholders to:

- (a) VOTE AGAINST the resolution for the appointment of Mr William Johnson as a director of Molopo; and**
- (b) VOTE AGAINST the resolution for the removal of Mr Gabovich as a director of Molopo,**

in order to:

- dispel any perceptions of instability and uncertainty in respect of Molopo or its management in the minds of Dr Gil Feiler (the other 50% shareholder in Orient FRC Ltd) and the senior management of Kerogen Florida Energy Company LP (and any other third parties generally) and to allow Molopo's management to continue to develop good relations with them and to show support for Molopo's commitments to and endeavours with these parties;
- maintain continuity of Molopo's management under the leadership of its Managing Director, Mr Gabovich;
- support the Board's continued strategy for implementing Molopo's business objectives and pursuing investments within the oil and gas sector for the benefit of all of Molopo's shareholders;
- not provide to Keybridge the opportunity of its nominee to potentially disrupt or hinder the Board's efforts in pursuing its objectives as part of a strategy of Keybridge (or Aurora or both) to further attempt to take control of Molopo and consequently control Molopo's cash;



- allow the Board to independently and objectively deal with the two Court actions recently commenced by Keybridge, without a Keybridge nominee being on Molopo's Board;
- allow the Board to independently and objectively consider and deal with Aurora's second proposed takeover bid, without a Keybridge nominee being on Molopo's Board;
- allow the Board to independently and objectively consider and deal with any possible future adverse action taken against Molopo by Keybridge (or Aurora or both) without a Keybridge nominee being on Molopo's Board, given their continued strategy to subject Molopo to corporate harassment;
- allow the Board to independently and objectively consider and take any further action necessary with respect to Keybridge (or Aurora or both) in relation to the Takeovers Panel or ASIC, without a Keybridge nominee being on Molopo's Board;
- allow the Board to independently and objectively consider and take any action necessary against Keybridge (or Aurora or both) in any Court of law in order to enforce or exercise its legal rights or remedies, without a Keybridge nominee being on Molopo's Board; and
- send a clear message to Keybridge (and Aurora) that Molopo's shareholders do not and will not tolerate Keybridge's (and Aurora's) actions in relation to Molopo for the purposes of disrupting or hindering Molopo's Board in the pursuit of its strategy of making investments within the oil and gas sector for the benefit of and in the interests of all of Molopo's shareholders.

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting (**GM**) of Molopo Energy Limited ACN 003 152 154 (**Molopo** or **Company**) will be held at the offices of BDO East Coast Partnership, Boardroom, Collins Square, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria at 10am (AEDT) on Friday, 10th November 2017.

Items of Business

BUSINESS - RESOLUTIONS RELATING TO THE COMPOSITION OF THE COMPANY BOARD

<p>Directors' UNANIMOUS Recommendation</p> <p>Against</p> 	<p>RESOLUTION 1 – ELECTION OF WILLIAM MATTHEW JOHNSON AS A DIRECTOR</p> <p>To consider and, if thought fit, pass the following resolution as ordinary resolution:</p> <p><i>"That, William Matthew Johnson, having consented to act as a Director of the Company, be appointed a Director of the Company, with effect from closure of the meeting."</i></p>
<p>Directors' UNANIMOUS Recommendation</p> <p>Against</p> 	<p>RESOLUTION 2 – REMOVAL OF ALEXANDRE GABOVICH AS A DIRECTOR</p> <p>To consider and, if thought fit, pass the following resolution as ordinary resolution:</p> <p><i>"That Alexandre Gabovich be removed from office as a Director of the Company, with effect from closure of the meeting."</i></p>

BY ORDER OF THE BOARD



Andrew Metcalfe
Company Secretary
4 October 2017

The accompanying explanatory notes form part of this Notice of General Meeting.

VOTING ENTITLEMENTS

The Board has determined that, for the purposes of voting at the GM, Shares in the Company are taken as being held by the persons who hold them as at 7pm (AEDT) on 9 November 2017.

VOTING RESTRICTIONS

There are no voting restrictions on the resolutions being put to shareholders at the General Meeting.

CORPORATE REPRESENTATIVES

A corporate Shareholder may appoint a person to act as its representative at the GM by providing the person with:

- a letter or certificate authorising him or her to act as the corporation's representative, executed in accordance with the corporation's constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

To be effective, the instrument by which the person who is appointed a representative of the corporate Shareholder must be received by the Company before the GM or at the registration desk on the day of the GM.

PROXIES

If you are not able to attend the GM but wish to vote, please complete and return the enclosed proxy form. To be valid, completed proxy forms must be received at the address given below no later than 48 hours before the commencement of the GM, i.e. **by no later than 10 a.m. (AEDT) on 8 November 2017**. Any proxy form received after that time will not be valid for the scheduled GM.

For the convenience of Shareholders, two proxy forms have been included with this Explanatory Memorandum, a green proxy form and a white proxy form.

The green proxy form has been completed in line with the recommendation of the Molopo Directors. If you wish to vote in accordance with the recommendations of the Molopo Directors, you should sign the **green proxy form** and lodge it, following the instructions on the form. **If you sign and return the green proxy form, you do not need to complete the white proxy form.**

If you do not wish to vote in accordance with the recommendations of the Molopo Directors, you will need to follow the instructions on the white proxy form to indicate your voting instructions. Once you have completed this, lodge it following the instructions on the form.

The Chairman of the meeting intends to vote undirected proxies as recommended by the Molopo Directors in this Notice of Meeting.

Proxy forms may be lodged by posting the completed form in the reply-paid envelope provided (Australia only), or delivering or faxing the completed form to the address or fax number set out below.

By facsimile:

Australian based investors: 1800 783 447
Overseas based investors: +61 3 9473 2555

By mail or hand delivery:

Molopo Energy Limited, c/- Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne Victoria 3001.

Delivering it in person to "Yarra Falls", 452 Johnston Street, Abbotsford Victoria 3067.

Online:

Electronically, by visiting www.investorvote.com.au and following the instructions provided (note a proxy cannot be appointed online if they are appointed under Power of Attorney or similar authority).

Custodians and nominees

For Intermediary Online subscribers only (custodians and nominees) please visit www.intermediaryonline.com to submit your voting intentions.

PROXY NOTES

1. A Shareholder entitled to attend and vote at the GM has the right to appoint a proxy.
2. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes. If the Shareholder appoints two proxies, neither proxy may vote on a show of hands.
3. A proxy need not be a Shareholder of the Company.
4. Proxies given by corporations must be signed in accordance with the constituent documents of the corporation or the laws in force in its place of incorporation, or by a duly appointed attorney. For Australian corporations, it is sufficient if the proxy is signed by two directors, a director and the secretary, or in the case of a proprietary company with only a sole director and secretary, that person.
5. Where a proxy form is signed on behalf of a Shareholder by an attorney or agent, the proxy will not be valid unless the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) is lodged with the Company by delivery or mail, to the addresses specified above for the lodgement of proxy forms, no later than 48 hours before the scheduled time for commencement of the GM.
6. Proxy forms accompany this Notice.

QUESTIONS FROM SHAREHOLDERS

At the GM, the Chairman will allow a reasonable opportunity for Shareholders to ask questions.

EXPLANATORY NOTES

These explanatory notes have been prepared to provide information to Shareholders about the business to be conducted at the General Meeting.

1. RESOLUTIONS 1 and 2 – PROPOSED CHANGES TO BOARD COMPOSITION

Background to the resolutions

Pursuant to notice dated 11 September 2017, received by the Company on 13 September 2017, Keybridge Capital Limited (**Keybridge**) made a requisition on the Company under section 249D of the Corporations Act to call a general meeting of Shareholders. Keybridge is a substantial Shareholder in the Company holding approximately 19.3% of the issued Shares in the Company.

Keybridge proposed resolutions to remove Alexandre Gabovich as a director and appoint William Johnson as Keybridge's nominee director. Keybridge's statement made pursuant to section 249P of the Corporations Act is annexed to this Notice of Meeting.

The Directors of Molopo DO NOT agree with the reasons put forward by Keybridge.

RESOLUTION 1: APPOINTMENT OF WILLIAM MATTHEW JOHNSON

Mr William Matthew Johnson

This resolution relates to the appointment of Mr William Johnson, a director of Keybridge that has been nominated by Keybridge. Information on Mr Johnson is set out in the attached statement supplied by Keybridge, - it was not prepared by Molopo.

The Directors DO NOT support the appointment of Keybridge's nominee, Mr Johnson, as a Director of Molopo and recommends that Shareholders vote AGAINST resolution 1.

RESOLUTION 2: REMOVAL OF ALEXANDRE GABOVICH

Mr. Alexandre Gabovich

Mr. Gabovich joined the Board in February 2017. He was subsequently appointed Managing Director in March 2017 and Interim Executive Chair in April 2017.

Mr. Gabovich has a long history in international business and the energy industry and a strong track record of leading operations in emerging markets as well as in international business development. Mr Gabovich served as Business Development Director of Noble Technologies, a leading Russian company focused on oil and gas downstream as well as Managing Partner of S.I.S, an investment fund. He also served as the Chief Executive Officer of PNO Consultants, Chief Executive Officer of Yperion Technology and investment professional at Gustav Leven Family Office. Mr Gabovich has a Master's Degree (DESS) in Systems Information and Communication from Paris I University - Sorbonne, a B.A in Languages, Literature and foreign cultures from Paris VIII University and an Academics General Studies Degree (DEUG) - Paris VIII University.

The Directors DO NOT support the removal of Alexandre Gabovich as a Director of Molopo and recommends that Shareholders vote AGAINST resolution 2.

Statement from Keybridge

Provided under section 249P of the Corporations Act



Keybridge Capital Limited (ASX:KBC) is Molopo's second largest shareholder (18.478%) and has for some time had serious concerns regarding the leadership, management, investment strategy and corporate governance of Molopo.

Shareholders would recall that Keybridge raised these concerns in the lead up to Molopo's AGM in June 2017 and advocated for changes to the Molopo Board. At the AGM, Keybridge supported the two Molopo Directors who were nominees of Molopo's two other largest shareholders (Sam Belzberg, a nominee of Gibralt Capital and Ronnen Rosengart, a nominee of Ion Limited), but voted against the re-election of Wayne Trumble and in favour of the removal of Alexandre Gabovich. Keybridge also sought the election of its own nominees to the Molopo Board.

Whilst Keybridge gained significant support for its proposed Board changes from Molopo shareholders, ultimately shareholders voted to retain the incumbent Board in reliance on the assurance that the Board was a united and experienced Board committed to moving Molopo forward as a listed oil and gas company.

In response to questions asked by shareholders at the AGM, Mr Gabovich, in his capacity as interim Chairman and Managing Director, stated that it was Molopo's preference to initially acquire a production or near production asset in North America where there was a clear entry and exit to enable Molopo to take advantage of its substantial tax losses in North America on a short to medium term basis.

At the AGM, each of the Directors of Molopo also stated that they would support the appointment of a Keybridge nominee to the Molopo Board subject to the appointee having suitable experience and credentials.

In the three months since the Molopo AGM:

- (1) Wayne Trumble has resigned as a Director of Molopo and Molopo has provided no explanation as to the reason for Mr Trumble's resignation, despite the fact that Mr Trumble's resignation has meant Molopo has been in breach of the Corporations Act requirement to have two Australian resident directors for the two months since Mr Trumble resigned.
- (2) Molopo has failed to respond to Keybridge's request for its nominee, William Johnson, to be appointed to the Molopo Board. Instead, Molopo has instructed lawyers to advise Keybridge's lawyers that Mr Johnson's nomination is not acceptable to the Molopo Board.
- (3) Molopo's shares have been suspended from trading on ASX since 27 July and continue to be suspended on the basis that Molopo has not demonstrated a level of oil and gas operation sufficient, in ASX's opinion, to warrant the continued quotation of Molopo's shares.
- (4) Molopo reported an after-tax loss of \$2.7m for the six months to 30 June 2017, having incurred \$1.77m in administration and salary expenses – this represents a near four-fold increase in these expenses (from \$0.459m) compared to the six months to June 2016.
- (5) Molopo paid banker and hedge fund manager Gil Feiler \$8.75m to acquire a 50% shareholding in BVI registered Orient FRC Ltd, which has a 50% earn-in interest in an oil and gas lease prospect (expiring in May 2019) in Florida, USA. The Orient agreement was signed the day after Mr Trumble's resignation.
- (6) Molopo denied Keybridge's request to access Molopo's books in relation to the Orient transaction and accordingly, Keybridge has commenced Court proceedings to seek access to information which Keybridge considers to be in the interests of all Molopo shareholders.

In the light of these matters, Keybridge is not prepared to sit back and wait for Molopo's 2018 AGM to again consider the composition of the Molopo Board.

Instead, Keybridge has requested Molopo to call a further shareholder meeting to again consider:

- (1) The appointment of one Keybridge nominee to the Molopo Board, namely William Johnson.
- (2) The removal of Mr Gabovich, Molopo's European based interim Chairman and Managing Director, as a Director of Molopo.

If Mr Johnson is elected to the Molopo Board, this will restore the Molopo Board to compliance with the Corporations Act and also result in each of the three largest shareholders in Molopo having one of their nominees on the Molopo Board. Keybridge not only considers this to be a fair outcome, but even more importantly considers that it will ensure appropriate checks and balances are in place to protect the interests of all shareholders.

In the event that Mr Johnson is elected, he is committed to lobby the Molopo Board to undertake the following actions:

- Appoint an independent Australian resident Director to represent the interests of minority shareholders.
- Commission an independent, forensic analysis of the Orient transaction.
- Develop a clear investment strategy for Molopo and seek shareholder approval for any further significant investments.
- Consider a significant return of capital to shareholders.
- In relation to the removal of Mr Gabovich, Keybridge considers that as interim Chairman and Managing Director, Mr Gabovich should be held accountable for the performance of Molopo since he became Managing Director on 8 March 2017 and notes that approximately 41% of the votes cast at Molopo's AGM in June were cast in favour of Mr Gabovich's removal.

NOMINEE TO THE MOLOPO BOARD



William Johnson
MA (Oxon), MBA, MAICD

William Johnson holds a Master's degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in oil and gas exploration (North Africa, Australia and Canada), mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly-experienced public company director and has considerable depth of experience in business strategy, investment analysis, finance and execution.

Between 2006 – 2009, Mr Johnson served as a Director of Drillsearch Energy Limited (ASX:DLS), an oil and gas development company with production and exploration assets in Australia and Canada. Drillsearch was subsequently acquired by Beach Energy Limited (ASX:BPT).

William is currently Managing Director of Strike Resources Limited (ASX:SRK), an Executive Director of Bentley Capital Limited (ASX:BEL) and a Director of Keybridge.

Glossary

In the Notice of Meeting and the Explanatory Notes, the following terms have the following meaning unless the context requires otherwise.

General Meeting or GM means the general meeting of the Company convened by the Notice of Meeting.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Aurora means Aurora Funds Management Limited (ACN 092 626 885).

Board means the current board of directors of Molopo.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of Molopo, being Samuel Belzberg, Alexandre Gabovich and Ronnen Rosengart.

Explanatory Notes means the explanatory statement and explanatory notes accompanying the Notice of Meeting.

Keybridge means Keybridge Capital Limited (ACN 088 267 190).

Molopo or **Company** means Molopo Energy Limited (ACN 003 152 154).

Molopo Directors means the current directors of Molopo, being Samuel Belzberg, Alexandre Gabovich and Ronnen Rosengart.

Notice of Meeting or **Notice of General Meeting** or **Notice** means this notice of meeting including the Explanatory Statement and the proxy form.

Share means a fully paid ordinary share in the capital of Molopo.

Shareholder mean the holder of a Share.

William Johnson or **Mr Johnson** means William Matthew Johnson, a nominee of Keybridge.