



# MOLOPO ENERGY LIMITED

ABN 79 003 152 154

March 2020: Mining exploration entity quarterly activities report

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20 April 2020

ASX: MPO

## March 2020 quarterly activities report

**Molopo Energy Limited** (“**Molopo**” or the “**Company**”) - quarterly activities report for the three-month period ended 31 March 2020. *(Definitions are found at the end of this report).*

### **Executive Summary**

The Board has advised in previous quarterly reports, and in the December 2019 Annual Report, on the continued investigations into the Orient Transactions and the Drawbridge Transactions which were entered into by former Directors of Molopo without seeking shareholder approval. The Current Directors maintain these actions were in breach of Directors duties, the ASX Listing Rules, ASX continuous disclosure obligations and provisions of the Corporations Act. This position has been supported by subsequent findings of the Takeovers Panel.

In brief, the combined Orient Transactions and Drawbridge Transactions involved in aggregate a US\$35 Million investment by Molopo in Orient FRC Limited, a British Virgin Islands entity which, as a wholly-owned subsidiary of Molopo, Orient ultimately acquired a 30% non-voting A class share interest in Drawbridge.

Sopris Energy Investments Ltd., another British Virgin Islands entity and the majority 70% shareholder of Drawbridge, holds 100% of the voting rights in Drawbridge which it appears to have acquired without contributing any cash or other assets to the transaction.

Molopo engaged independent experts to support the litigation proceedings against the Former Directors for breach of directors’ duties by entering the Orient Transactions and the Drawbridge Transactions. These matters were addressed at a mediation between the parties held on 18 February 2020 in Melbourne, Australia. The mediation was terminated as it did not result in any resolution.

Accordingly, the legal proceedings brought by the Company in the Supreme Court of Victoria against the Former Directors are proceeding, with the defendants being ordered to file witness statements by 15 May 2020 and with a further mediation to be undertaken by 31 July 2020. Molopo has also commenced proceedings against the Estate of the Late Samuel Belzberg who was a director of the Company during the relevant period to preserve its position before the limitation period for bringing a claim against the Estate expired.

The Current Directors remain firmly of the view that the litigation proceedings against the Former Directors provides the best opportunity for Molopo shareholders to recover any value



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from the actions undertaken by Former Directors entering the Orient Transactions and the Drawbridge Transactions.

## **Suspension from trading on ASX**

Molopo's shares have been suspended from trading since 27 July 2017 as a result of failing to satisfy ASX's requirement for a sufficient level of operations.

As previously reported, the Company is not pursuing any new oil and gas activities (outside of those which it indirectly holds via its 30% interest in Drawbridge) at the present time.

Whilst the Current Directors recognise that this is extremely frustrating for shareholders, the Current Directors are committed to recover the maximum amount of value possible for shareholders and believe the best way to do so is through the litigation proceedings against the Former Directors. The Current Directors will address the Company's listing on ASX once the litigation proceedings against the Former Directors are completed. Trading in the Company's shares will remain suspended for the foreseeable future.

The Board is aware of ASX Guidance Note 33 which deals with the removal of a Company from the Official List if its shares have remained suspended for a period of two years. Given the Company's present circumstances, the Board has addressed this issue with ASX, and the ASX have agreed to extend the Company's status on ASX until 1 September 2020. The Board will consider and address the issue further before that date.

## **Drawbridge Operations**

Molopo received 3<sup>rd</sup> Qtr. 2019 Financial Statements and an Operations Report from Drawbridge on 7<sup>th</sup> February 2020, neither of which revealed any relevant or reliable information.

## **Capital, Operating Expenses and Financial Reporting**

Molopo held AU\$10.4 Million in cash reserves at the end of the March 2020 quarter, which excludes any interest in cash remaining in Drawbridge, as this cannot be verified.

Operating expenses during the quarter were AU\$409,000 which mainly comprised of legal fees associated with the legal proceedings undertaken by Molopo against the Former Directors in Australia, and legal fees in respect of proceedings against parties associated with Drawbridge entities in the USA.



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## **Legal actions**

**Molopo Energy Canada Limited** - Molopo has not been advised of any material changes to the status of the action brought by the plaintiff which is proceeding.

**Drawbridge** – the Company’s legal action in the USA against the Drawbridge group of companies was amended to a reduced claim for breach of the Contribution Agreement with the remaining claims discontinued without prejudice, after the Drawbridge parties filed for Summary Judgment in the proceedings. The matter was listed for possible hearing in February 2020 but did not reach the Court list and no further date has been set.

**Former Directors** – as stated above the Company continues to vigorously pursue its claims in the Supreme Court of Victoria against the Former Directors of the Company (which now includes the Estate of the Late Samuel Belzberg) and remains confident that this will result in a successful recovery against the Former Directors.

The Company will continue to provide updates in accordance with its continuous disclosure obligations in relation to the timetable and progress as the litigation proceeds.

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## **DEFINITIONS:**

<b>Contribution Agreement</b>	Agreement between Orient and Drawbridge that required Orient to provide US\$18 million to Drawbridge to fund exploration activities on oil & gas assets acquired or to be acquired by Drawbridge and which included obligations on Drawbridge to provide quarterly financial and operations reports to Orient under the agreement.
<b>Current Directors</b>	Messrs Roger Corbett, Tony Hartnell, Ralph Curton jr. and William Johnson.
<b>Drawbridge</b>	Drawbridge Energy Holdings Limited, a British Virgin Islands entity and its subsidiaries and associated entities.
<b>Drawbridge Transactions</b>	The transactions entered into pursuant to the Contribution Agreement between Orient and Drawbridge pursuant to which Orient agreed to (i) assign Orient's interest in the Orient Project and (ii) transfer its 100% interest in Orient US to Drawbridge, in consideration for receipt of a 30% non-voting interest in Drawbridge.

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<b>Former Directors</b>	Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronen Rosengart and Alexandre Gabovich and the Estate of the Late Samuel Belzberg.
<b>Orient</b>	Orient FRC Ltd, a British Virgin Islands entity.
<b>Orient / Drawbridge Transactions</b>	The Orient Transactions and the Drawbridge Transactions.
<b>Orient Project</b>	Orient's 50% working interest to explore for oil and gas in a mature oil province in South Florida, U.S.A.
<b>Orient Transactions</b>	The acquisition by Molopo of 50% of Orient from Dr Gil Feiler, the redemption by Orient of 50% of Orient from ESGM being an entity associated with Dr Gil Feiler, including any loans advanced by Molopo (or any of Molopo's subsidiaries) to Orient (or any of Orient's subsidiaries) or otherwise made in connection with the Orient Project.

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**Approved for release by the Board of Molopo Energy Limited**

## MOLOPO ENERGY LIMITED

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This media release contains certain forward-looking statements. These statements relate to future events or future performance of the Company. When used in this media release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to a number of risks, uncertainties and assumptions. Many factors could cause Molopo's actual results, performance, or achievements to materially differ from those described in this media release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in other public disclosures made by the Company or this media release as intended, planned, anticipated, believed, estimated, or expected. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be produced profitably in the future. The forward-looking statements contained in this media release are expressly qualified in their entirety by this cautionary declaration. These statements speak only as of the date of this media release. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

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