



ASX ANNOUNCEMENT (ASX: MPO)

25 May 2020

CHAIR REPORT TO SHAREHOLDERS 2020 ANNUAL GENERAL MEETING

Shareholders are by now fully aware that former directors of Molopo namely, Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronnen Rosengart and Alexandre Gabovich and the late Samuel Belzberg committed the Company to a series of investments in transactions between July 2017 and March 2018 that I will collectively refer to, for the purposes of this meeting, as the Orient/Drawbridge Transactions. As a result of entering into those transactions shareholder's funds were depleted in total by US\$ 35 million or around AUS\$55 million, without seeking shareholder approval.

Following the current Board's election at the 2018 AGM, it has worked diligently and methodically on behalf of shareholders to investigate and to ascertain what the Company actually invested in, whether those investments hold any value and if shareholders are likely to receive any future value from those investments.

The Board sought to restrain the dissipation of the funds in the USA whilst it endeavoured to understand the nature of the investments and their possible value to Molopo. In parallel with that action the Board instigated or has since instigated and is vigorously pursuing a Supreme Court action against those former Directors for breach of their duties in entering into the Orient/Drawbridge Transactions.

In that context I want to first and foremost to thank my fellow Directors and our Company Secretary for their commitment and support in that pursuit who I will now introduce to you:

Mr. Tony Hartnell, Mr. William Johnson, Mr. Ralph Curton jr. and our Company Secretary and CFO Mr. Andrew Metcalfe.



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I would also like to welcome our Company auditor's representative from BDO Mr. James Mooney who is present to answer questions in relation to the audited Financial Report of the Company when they are dealt with in the business of this meeting.

As the Company has previously advised in its regular Quarterly Reports and in the latest Annual Report the current Board is firmly of the view that the actions of these former Directors were in breach of their directors duties, the ASX Listing Rules, ASX continuous disclosure obligations and provisions of the Corporations Act. That position is supported by subsequent findings of the Takeovers Panel and Molopo has served independent expert reports as evidence in the proceedings against those former Directors which support the claims the former Directors breached their directors duties.

Matters were addressed at a Court ordered mediation between the parties held on 18 February 2020 in Melbourne, Australia, however the mediation was terminated as it did not result in any satisfactory resolution and the legal proceedings brought by the Company in the Supreme Court of Victoria against the former Directors are continuing. The defendants were thereafter required to file witness statements in defence by 30 April 2020. As at today's date none of the defendants have filed their witness statements as ordered and the matter has been relisted before the Court for further directions on 27th May 2020.

Molopo also recently 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 in Canada.

The current Directors maintain the firm view that the litigation proceedings against the former Directors provides the only opportunity for Molopo shareholders to recover any value from the investments undertaken by the former Directors entering the Orient/Drawbridge Transactions. The expert evidence served by Molopo in the proceedings supports the view of the current Directors that there is little or no value in the Drawbridge projects where the funds advanced by Molopo were invested in return for which the Company received a 30% non-voting shareholding. The remaining 70% shareholder, Sopris which holds all the voting rights, contributed no funds to Drawbridge.

Molopo's shares were suspended from trading since 27 July 2017 as it failed to satisfy ASX's requirement for a sufficient level of operations. ASX Guidance Note 33 provides for the removal of a Company from the Official List if its shares have remained suspended for a period of two years.

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Given the Company's present circumstances, the Board has addressed this issue with ASX and the ASX have agreed to extend the Company's suspended status on ASX until at least 1 September 2020. The Board will consider and address the issue further with the ASX before that date. At least until the proceedings are finalised, trading in the Company's shares will remain suspended for the foreseeable future.

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

The current Directors recognise the situation the Company finds itself in is extremely frustrating for all shareholders, and therefore the Board will maintain its focus over the coming months on recovering the maximum value possible for shareholders through the litigation proceedings against the former Directors.

On 6 March 2020 orders were made in the Victorian Supreme Court proceedings as follows:

- a) The Plaintiff file the preliminary list of documents on which it intends to rely by 13 March 2020.
- b) The Defendants to file and serve any witness statements which they intend to rely by 30 April 2020.
- c) A second mediation to take place by 30 June 2020.
- d) The mediator to report back to the Court by 2 July 2020 as whether the mediation is finished.
- e) The proceeding otherwise be adjourned to 17 July 2020 for further directions.

Subsequent to those orders being made the Company agreed to extend the date for the filing and service of the witness statements for Messrs. Cudmore, Rosengart and Matthews to 21 May 2020 due difficulties encountered by Covid 19. The filing and service of witness statements by those defendants has not yet occurred.

In addition solicitors for Mr. Johal are seeking to extend the date for the filing of his witness statement to September 2020 for a number of reasons which the Company has objected to. Accordingly, Molopo has relisted the proceedings for directions on 27 May 2020 when the Court will deal with the timing of the filing and service of all the defendants witness statements. The Company will update shareholders when further orders are made by the Court on that date.



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Finally, the long running litigation in Canada continues although there have been no further material developments since the issue of the March Quarterly Activities Report in April.

The Board will continue to update shareholders in accordance with its continuous disclosure obligations.

This announcement was approved by Roger Corbett, Chairman of the Company.

Andrew Metcalfe
Company Secretary

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