

## 1. Company details

Name of entity:	Molopo Energy Limited
ABN:	79 003 152 154
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

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## 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	down	54.0% to	69
Loss from ordinary activities after tax attributable to the owners of Molopo Energy Limited	up	111.4% to	(924)
Loss for the half-year attributable to the owners of Molopo Energy Limited	up	111.4% to	(924)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$924,000 (30 June 2019: \$437,000).

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## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>4.14</u>	<u>4.52</u>

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## 4. Control gained over entities

Not applicable.

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## 5. Loss of control over entities

Not applicable.

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## 6. Details of associates and joint venture entities

Not applicable.

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## **7. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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## **8. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## **9. Attachments**

*Details of attachments (if any):*

The Interim Report of Molopo Energy Limited for the half-year ended 30 June 2020 is attached.

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## **10. Signed**



Signed \_\_\_\_\_

Date: 11 September 2020

Roger Corbett  
Non-executive Chairman  
Melbourne

# **Molopo Energy Limited**

**ABN 79 003 152 154**

Interim Report - 30 June 2020

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## **General information**

The financial statements cover Molopo Energy Limited as a consolidated entity consisting of Molopo Energy Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Molopo Energy Limited's functional and presentation currency.

Molopo Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Accosec & Associates  
Level 26 360 Collins Street  
Melbourne Victoria, 3000 Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 11 September 2020.

Directors	Roger Corbett AO (Independent Non-executive Chairman) William Johnson (Independent Non-executive Director) Ralph Curton (Independent Non-executive Director) Anthony Hartnell AM (Independent Non-executive Director)
Company secretary	Andrew Metcalfe
Registered office	C/- Accosec & Associates Level 26 360 Collins Street Melbourne Victoria, 3000 Australia
Principal place of business	C/- Accosec & Associates Level 26 360 Collins Street Melbourne Victoria, 3000 Australia
Share register	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: (61 3) 9415 4000
Auditor	BDO Audit Pty Ltd Collins Square, Tower 4 Level 18, 727 Collins Street Melbourne, Victoria 3008 Australia
Bankers	National Australia Bank Limited 330 Collins Street, Melbourne, VIC, 3000, Australia National Bank of Canada 301 – 6th Avenue, Calgary, AB T2P 4M9, Canada
Stock exchange listing	Molopo Energy Limited shares are listed on the Australian Securities Exchange (ASX code: MPO) Australian Securities Exchange Limited Level 4, North Tower, 525 Collins Street Melbourne, VIC 3000 Australia
Website	<a href="http://www.molopoenergy.com">www.molopoenergy.com</a>

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Molopo Energy Limited (referred to hereafter as 'Molopo' or the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

### **Directors**

The following persons were Directors of Molopo Energy Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Roger Corbett - Independent Non-Executive Chairman (appointed 31 May 2018)  
William Johnson – Independent Non-Executive Director (appointed 31 May 2018)  
Ralph Curton – Independent Non-Executive Director (appointed 31 May 2018)  
Anthony Hartnell – Independent Non-Executive Director (appointed 31 May 2018)

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$924,000 (30 June 2019: \$437,000).

### Executive Summary

The Current Directors of Molopo (Corbett, Johnson, Curton and Hartnell) were elected on 31 May 2018 and immediately commenced and continue to undertake detailed 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.

The legal proceedings which were brought by the Company in the Supreme Court of Victoria against the Former Directors are proceeding, with the defendants Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronen Rosengart having filed and served witness statements by 10 July 2020 as ordered by the Court on 27 May 2020.

As at the date of this Directors Report, the following orders were made by consent:

- With respect to defendants Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronen Rosengart:
  - (1) The Plaintiff's (Molopo) application to join Chubb Insurance Australia Limited as a party to the proceeding was listed for directions on 11 September 2020 and has been adjourned to 9 October 2020.
  - (2) Leave be granted for one of the defendants, Mr. Matthew Cudmore, to file an amended defence in the proceedings.
  - (3) Costs be reserved.
  - (4) Liberty to apply.
- With respect to defendant Alexandre Gabovich;
  - (1) The matter was listed for directions on 14 August 2020 and has been adjourned to 9 October 2020.
  - (2) Liberty to apply.
- With respect to defendant Marc de la Bruyere in his capacity as the Executor of the Estate of Samuel Belzberg (Deceased):

- (1) The matter be listed for further directions on 9 October 2020.
- (2) Liberty to apply.

Molopo has been advised by French authorities that service of the proceedings against Alexandre Gabovich was effected on 20 February 2020, however to date no appearance has been filed. Molopo 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. Service of those proceedings has not yet been effected on the Estate.

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

At the Company's Annual General Meeting held on 25 May 2020, the Company's received a first strike against its 2019 Remuneration Report.

#### 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 have made further submissions to ASX and are waiting a determination.

#### Drawbridge Operations

Molopo has received Financial Statements and an Operations Report for 2Qtr-2020 which Drawbridge was required to provide within 60 days of the end of that quarter as ordered by the Court. The Directors are unable to rely on these Financial Statements and Operations Reports with any confidence as they provide no financial detail and do not disclose any significant update on project operations.

#### Legal actions

As mentioned under the Executive Summary, Molopo initiated the legal actions against former directors of Molopo, Baljit Johal, Richard Matthews, Matthew Cudmore, Ronnen Rosengart and subsequently Alexandre Gabovich and the Estate of the Late Samuel Belzberg (Former Directors). Molopo notified its D&O Insurers that the company was making a claim under the policies against those Former Directors. These proceedings were commenced in the Supreme Court of Victoria against the Former Directors for breach of their directors' duties in relation to committing Molopo to the Orient/Drawbridge Transactions.

Molopo continues to vigorously pursue its claims in the Supreme Court of Victoria against the Former Directors and is confident that these proceedings will result in a successful recovery against the Former Directors.

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 remaining claim by Orient against Drawbridge for breach of the Contribution Agreement was heard in Court on 5 August 2020 and both parties agreed to a judgement order that:

- (a) Drawbridge and its Affiliates shall deliver to Orient FRC, not later than 60 days after the end of each quarter year, (i) quarterly and annual financial statements for Drawbridge and its subsidiaries, on a consolidated basis, and (ii) quarterly reports of oil and gas operations reports as to Drawbridge and each of its subsidiaries as described in section 2.1 of that certain Contribution Agreement with an effective date of February 13, 2018. If a deadline is missed, Orient FRC will provide written notice to Drawbridge, and Drawbridge has 10 days from the date of notice to cure the default;
- (b) that from the date of this Judgment and for so long as Orient FRC is a shareholder of Drawbridge Energy Holdings Limited, Drawbridge shall promptly deliver written notice to Orient FRC of any signed term sheet, letter of intent or other agreement related to any proposed or actual transfer or sale of assets, joint venture agreement, farmout or farm in agreement, drilling agreement, lease agreement, joint operating agreement, loan agreement, or other such agreement whereby Drawbridge acquires or disposes assets;
- (c) Drawbridge will provide Orient FRC, or its designee, reasonable access to Drawbridge's financial, accounting and operational records for the purpose of review and/or audit of such records upon written notice requesting same.

As previously reported Molopo Energy Canada Limited (MECL), a wholly owned subsidiary of the Company, continues to defend the long-standing legal action in Canada against MECL, pursuant to Court consent orders for case management of those proceedings. Molopo has not been advised of any material changes to the status of the action brought by the plaintiff which is proceeding.

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

#### **Matters subsequent to the end of the financial half-year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a positive or negative financial impact on the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### **Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Roger Corbett  
Non-executive Chairman

11 September 2020





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Australia

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF MOLOPO ENERGY LIMITED

As lead auditor for the review of Molopo Energy Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Molopo Energy Limited and the entities it controlled during the period.

Wai Aw  
Director

**BDO Audit Pty Ltd**

Melbourne, 11 September 2020

**Molopo Energy Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Other income	3	-	765
Interest revenue		69	150
<b>Expenses</b>			
Salary and employee benefits expense		(193)	(185)
Foreign exchange loss		(94)	-
Administration		(341)	(509)
Legal, management and consulting fees		(372)	(658)
Total expenses		<u>(1,000)</u>	<u>(1,352)</u>
<b>Loss before income tax benefit</b>		(931)	(437)
Income tax benefit		<u>7</u>	<u>-</u>
<b>Loss after income tax benefit for the half-year attributable to the owners of Molopo Energy Limited</b>		(924)	(437)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(43)</u>	<u>(127)</u>
Other comprehensive income for the half-year, net of tax		<u>(43)</u>	<u>(127)</u>
<b>Total comprehensive income for the half-year attributable to the owners of Molopo Energy Limited</b>		<u><u>(967)</u></u>	<u><u>(564)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	13	(0.37)	(0.18)
Diluted loss per share	13	(0.37)	(0.18)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Molopo Energy Limited**  
**Statement of financial position**  
**As at 30 June 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2020</b>	<b>31 December</b>
		<b>\$'000</b>	<b>2019</b>
			<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	9,985	10,699
Trade and other receivables	5	39	37
Other	6	341	620
Total current assets		<u>10,365</u>	<u>11,356</u>
<b>Total assets</b>		<u>10,365</u>	<u>11,356</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	<u>67</u>	<u>91</u>
Total current liabilities		<u>67</u>	<u>91</u>
<b>Total liabilities</b>		<u>67</u>	<u>91</u>
<b>Net assets</b>		<u>10,298</u>	<u>11,265</u>
<b>Equity</b>			
Issued capital	8	157,321	157,321
Reserves	9	(1,520)	(1,477)
Accumulated losses	10	<u>(145,503)</u>	<u>(144,579)</u>
<b>Total equity</b>		<u>10,298</u>	<u>11,265</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Molopo Energy Limited**  
**Statement of changes in equity**  
**For the half-year ended 30 June 2020**



<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2019	157,321	(1,551)	(142,608)	13,162
Loss after income tax expense for the half-year	-	-	(437)	(437)
Other comprehensive income for the half-year, net of tax	-	(127)	-	(127)
Total comprehensive income for the half-year	-	(127)	(437)	(564)
Balance at 30 June 2019	<u>157,321</u>	<u>(1,678)</u>	<u>(143,045)</u>	<u>12,598</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2020	157,321	(1,477)	(144,579)	11,265
Loss after income tax benefit for the half-year	-	-	(924)	(924)
Other comprehensive income for the half-year, net of tax	-	(43)	-	(43)
Total comprehensive income for the half-year	-	(43)	(924)	(967)
Balance at 30 June 2020	<u>157,321</u>	<u>(1,520)</u>	<u>(145,503)</u>	<u>10,298</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Molopo Energy Limited**  
**Statement of cash flows**  
**For the half-year ended 30 June 2020**



	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(746)	(1,241)
Interest received	69	165
	<hr/>	<hr/>
Net cash used in operating activities	(677)	(1,076)
	<hr/>	<hr/>
Net cash from investing activities	-	-
	<hr/>	<hr/>
Net cash from financing activities	-	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(677)	(1,076)
Cash and cash equivalents at the beginning of the financial half-year	10,699	13,325
Effects of exchange rate changes on cash and cash equivalents	(37)	85
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year	<u>9,985</u>	<u>12,334</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

### **Going concern**

The consolidated entity is considered a going concern as its current assets exceed its current liabilities by \$10,298,000 at the reporting date, and there is no indication that in the 12 month period from the date of this report that the consolidated entity will be in a position that it cannot meet its future commitments as and when they fall due.

## **Note 2. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity is organised into 3 operating segments: Australia, Canada & USA. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### *Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

**Note 2. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 30 June 2020</b>	Australia \$'000	Canada \$'000	USA \$'000	Total \$'000
<b>EBITDA</b>	(1,000)	-	-	(1,000)
Interest revenue	54	15	-	69
<b>Profit/(loss) before income tax benefit</b>	<u>(946)</u>	<u>15</u>	<u>-</u>	<u>(931)</u>
Income tax benefit				7
<b>Loss after income tax benefit</b>				<u>(924)</u>
<b>Assets</b>				
Segment assets	<u>8,287</u>	<u>1,815</u>	<u>263</u>	<u>10,365</u>
<b>Total assets</b>				<u>10,365</u>
<b>Liabilities</b>				
Segment liabilities	<u>33</u>	<u>34</u>	<u>-</u>	<u>67</u>
<b>Total liabilities</b>				<u>67</u>

<b>Consolidated - 30 June 2019</b>	Australia \$'000	Canada \$'000	USA \$'000	Total \$'000
<b>EBITDA</b>	(587)	-	-	(587)
Interest revenue	130	1	19	150
<b>Profit/(loss) before income tax expense</b>	<u>(457)</u>	<u>1</u>	<u>19</u>	<u>(437)</u>
Income tax expense				-
<b>Loss after income tax expense</b>				<u>(437)</u>

**Consolidated - 31 December 2019**

<b>Assets</b>				
Segment assets	<u>9,258</u>	<u>1,841</u>	<u>257</u>	<u>11,356</u>
<b>Total assets</b>				<u>11,356</u>
<b>Liabilities</b>				
Segment liabilities	<u>62</u>	<u>29</u>	<u>-</u>	<u>91</u>
<b>Total liabilities</b>				<u>91</u>

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Net foreign exchange gain	-	232
Other income - refund of withholding tax	<u>-</u>	<u>533</u>
Other income	<u>-</u>	<u>765</u>

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>30 June 2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	3,315	2,329
Cash on deposit	6,670	8,370
	<u>9,985</u>	<u>10,699</u>

**Note 5. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>30 June 2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	38	37
Interest receivable	1	-
	<u>39</u>	<u>37</u>

**Note 6. Current assets - other**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>30 June 2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	<u>341</u>	<u>620</u>

**Note 7. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December</b>	
	<b>30 June 2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	44	62
Other payables	23	29
	<u>67</u>	<u>91</u>

**Note 8. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>		<b>31 December</b>	
	<b>30 June 2020</b>	<b>2019</b>	<b>30 June 2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>249,040,648</u>	<u>249,040,648</u>	<u>157,321</u>	<u>157,321</u>



**Note 8. Equity - issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 9. Equity - reserves**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	<u>(1,520)</u>	<u>(1,477)</u>

**Note 10. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Accumulated losses at the beginning of the financial half-year	(144,579)	(142,608)
Loss after income tax benefit for the half-year	<u>(924)</u>	<u>(1,971)</u>
Accumulated losses at the end of the financial half-year	<u><u>(145,503)</u></u>	<u><u>(144,579)</u></u>

**Note 11. Contingent liabilities**

There exists a series of historical legal actions initiated 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, 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\$35.0 (A\$35.5) million general damages, C\$1.0 (A\$1.0) million punitive and aggravated damages, interest, GST and indemnity costs.

Molopo Energy Limited as parent company, is itself not a party to these proceedings. Whilst the litigation commenced in 2011, it is considered that the legal action will not be heard in court for at least a further 2 years.

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\$90.0 (A\$90.2) million general damages, C\$1.0 (A\$1.0) million punitive and aggravated damages, interest, GST and indemnity costs.

**Note 11. Contingent liabilities (continued)**

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. In June 2015, Legacy was acquired by Crescent Point Energy Corporation, an oil and gas company based in Calgary, Canada.

MECL and Molopo have not yet been required to file any defence to the third-party claim.

**Note 12. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2020	31 December 2019
		%	%
Molopo USA LLC	USA	100.00%	100.00%
Molopo Energy Texas LLC	USA	100.00%	100.00%
Orient FRC Limited	British Virgin Islands	100.00%	100.00%
Molopo Energy Holdings Ltd	Canada	100.00%	100.00%
Molopo Energy Canada Ltd	Canada	100.00%	100.00%
Molopo Canada Calico Ltd	Canada	100.00%	100.00%

**Note 13. Earnings per share**

	Consolidated	
	30 June 2020	30 June 2019
	\$'000	\$'000
Loss after income tax attributable to the owners of Molopo Energy Limited	(924)	(437)
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.37)	(0.18)
Diluted loss per share	(0.37)	(0.18)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	249,040,648	249,040,648
Weighted average number of ordinary shares used in calculating diluted earnings per share	249,040,648	249,040,648

**Note 14. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a positive or negative financial impact on the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Molopo Energy Limited**  
**Directors' declaration**  
**30 June 2020**



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Roger Corbett", written over a light grey rectangular background.

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Roger Corbett  
Non-executive Chairman

11 September 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Molopo Energy Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Molopo Energy Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

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



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**BDO Audit Pty Ltd**

BDO  


**Wai Aw**  
**Director**

Melbourne, 11 September 2020