



29 OCTOBER 2020

ASX: MPO

## September 2020 quarterly activities report

**Molopo Energy Limited** (“**Molopo**” or the “**Company**”) - quarterly activities report for the three-month period ended 30 September 2020. (Definitions are found at the end of this report).

### **Legal Proceedings against Former Directors**

The legal proceedings brought by Molopo in the Supreme Court of Victoria against the Former Directors are continuing, with the defendants Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronnen Rosengart having filed and served witness statements as ordered by the Court. Molopo subsequently filed an application seeking to join the D&O insurers as parties to the proceedings.

The matter went back before the Court on 11 September 2020, and again on 23 September 2020 where the application was adjourned to be heard on 9 October 2020 when orders were made with the following effect:

- With respect to the proceedings against the defendants Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronnen Rosengart:
  1. The following parties be joined as defendants to the proceedings:
    - (a) Chubb Insurance Australia Limited, as the sixth defendant;
    - (b) Berkshire Hathaway Specialty Insurance, as the seventh defendant;
    - (c) Dual Australia Pty Ltd, as the eighth defendant;
    - (d) Allied World Assurance Company Ltd, as the ninth defendant; and
    - (e) Liberty International Underwriters, as the tenth defendant.
  2. By 4.00 pm on 23 October 2020, the proposed eleventh defendant, Berkley Insurance Australia, notify the Court and Molopo whether it consents or objects to being joined as a defendant to the proceedings and in the event that it consents it be joined as a party to the proceedings.
  3. Molopo be granted leave to file and serve, by 4.00 pm on 30 October 2020, the following documents:
    - (a) Further Amended Originating Process; and
    - (b) Amended Statement of Claim.
  4. The defendants file and serve defences to the Amended Statement of Claim by 27 November 2020.



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5. Molopo file and serve any replies to defences to the Amended Statement of Claim by 4 December 2020.
6. The proceedings be referred to a further mediation (to be held simultaneously with a mediation in the proceedings against Marc de la Bruyere, in his capacity as the executor of the Estate of Samuel Belzberg (Deceased)), with such mediation to take place by 5 February 2021.
7. By 9 February 2021, the mediator report back to the Court whether the mediation held is finished and the outcome.
8. The proceedings be listed for directions on 12 February 2021.

Prior to 23 October 2020 Berkley Insurance Australia consented to be joined as a party to the proceedings.

- With respect to the proceedings against the defendant Alexandre Gabovich:

The proceedings be listed for directions on 12 February 2021.

- With respect to proceedings against the defendant Marc de la Bruyere in his capacity as the Executor of the Estate of Samuel Belzberg (Deceased):
  1. Molopo file a statement of claim in respect of the Estate of Samuel Belzberg (Deceased) by 30 October 2020.
  2. The parties then discuss an appropriate time frame for the Executor to file a defence.
  3. The Executor of Mr Belzberg's Estate be included in the mediation with Molopo to be held by 5 February 2021.
  4. The mediator report back to the Court by 9 February 2021 that the mediation is finished and the result.
  5. The proceedings be listed for directions on 12 February 2021.

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.



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## **Suspension from trading on ASX**

Molopo's shares have been suspended from trading since 27 July 2017 due to the level of its operations not being, in ASX's opinion, sufficient to warrant the continued quotation of its securities in compliance with Listing Rule 12.1.

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.

Following a previous application to ASX by Molopo, the ASX confirmed an extension to the deadline for Molopo's removal was on the basis that it afforded Molopo the opportunity to demonstrate to ASX that it is in the 'final stages' of implementing a transaction that will lead to the resumption of trading of its securities. For these purposes, being in the 'final stages' of implementing a transaction means that the Company has completed the requirements referred to in ASX Guidance Note 33.

The ASX has now considered the Company's further submissions on the progress of Molopo's Victorian Supreme Court proceedings against former Molopo directors. Given the present circumstances, the ASX has agreed to further extend the deadline from 1 September 2020 to 28 February 2021 to afford Molopo the opportunity to demonstrate to ASX that it is in the 'final stages' of implementing a transaction that will lead to the resumption of trading of its securities.

Whilst the Current Directors recognise that this is extremely frustrating for shareholders, the Molopo Board will address the Company's listing on ASX once the litigation proceedings against the Former Directors are completed. The Board will then consider and address the issue further before that date.

## **Takeovers Panel Variation Orders**

On the application of Aurora Funds Management Ltd (Aurora), the Takeovers Panel has varied the original July 2017 orders to stay the sale of Aurora's Molopo shares vested in ASIC until the Victorian Court proceedings against Former Directors are resolved and any appeal rights have lapsed. Full details of the variation orders are contained in the Media Release of the Takeovers Panel No: TP20/56 announced to ASX on 18 September 2020

## **Drawbridge Operations**

As reported in the June 2020 quarterly activities report, Molopo received financial statements and an operations report for 1Qtr-2020 from Drawbridge. No further financial statements or operations report have been received in the September quarter.



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

Molopo held AU\$9.029 Million in cash reserves at the end of the September 2020 quarter, which excludes any interest in cash remaining in Drawbridge, as this cannot be verified.

Operating expenses during the quarter were AU\$916k 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, and insurance costs. Fees paid to related parties during the quarter were in relation to Director fees and superannuation.

## **Fraudulent Email Investigation**

As recently announced to the ASX it has come to the attention of the Molopo Board that a payment in the sum of AUD670,800.19 initiated by the Company through its bank to a legitimate creditor has been misdirected to a third party account. The account details were advised to the company through what appeared to be a legitimate email communication from the creditor which was subsequently identified as a suspected fraudulent email communication. The Company is attempting to trace the fictitious email and banking details and will advise further when information is available.

## **Legal actions**

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

**Drawbridge Energy Holdings and others** – Molopo’s legal action in the USA against the Drawbridge group of companies in the District Court of Texas has been finalised on the basis of an Agreed Judgment, whereby the Court made orders, inter alia, for Drawbridge to:

1. deliver regular financial and operational reports to Orient FRC within specified timeframes.
2. notify Orient FRC of any signed term sheet, letter of intent or other agreement to acquire/divest or otherwise deal with Drawbridge assets; and
3. provide Orient FRC reasonable access to Drawbridge’s financial, accounting and operational records for review and/or audit.

The orders finalise and discontinue the proceedings against the Drawbridge group of companies.



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In accordance with the orders Molopo is seeking to gain access to Drawbridge to review the financials and operations reports in respect of the Drawbridge group activities.

**Former Directors** – as reported above Molopo 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.

Molopo 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.
<b>Former Directors</b>	Messrs Baljit Johal, Matthew Cudmore, Richard Matthews, Ronnen 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.

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## **Orient Project**

Orient's 50% working interest to explore for oil and gas in a mature oil province in South Florida, U.S.A.

## **Orient Transactions**

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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