



1 April 2021

ASX: MPO

## Quarterly activities report

**Molopo Energy Limited** (“**Molopo**” or the “**Company**”) - quarterly activities report for the quarter ended 31 December 2020 and to the date of this report. *(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.

1. With respect to the proceedings against the defendants Messrs. Baljit Johal, Matthew Cudmore, Richard Matthews, Ronnen Rosengart, all insurers have consented to be joined as defendants to the proceedings.
2. On 30 October 2020, Molopo filed and served the following documents:
  - (a) Further Amended Originating Process; and
  - (b) Amended Statement of Claim.
3. On 27 November 2020, the defendants filed and served defences to the Amended Statement of Claim.
4. On 4 December 2020, Molopo filed and served replies to defences to the Amended Statement of Claim.
5. On 9 October 2020, the Court ordered that a second 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)), take place by 5 February 2021 and that the mediator report back to the Court by 9 February 2020 as to the outcome.

On 10 February 2021 the Court issued amending Orders varying the previous Orders such that:

- a) the date the second mediation is to take place by, be extended to 5 March 2021;
- b) the mediation in the proceedings against Marc de la Bruyere in his capacity as the executor of the Estate of Samuel Belzberg (Deceased), take place by March 2021;
- c) the date the mediator is to report back to the Court whether the mediations are finished be extended to March 2021; and
- d) the directions hearing relating to those proceedings and the proceedings against Alexandre Gabovich be adjourned to 19 March 2021.



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The second mediation was held on 4 March 2021 and as reported to ASX on 5 March 2021, the mediation was unsuccessful.

A direction hearing was held on 19 March 2021 whereby orders were issued that all proceedings be consolidated and proceedings be stood over for further directions on 7 May 2021 whilst the parties resolve matters relating to further discovery and expert evidence.

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.

### **Suspension from trading on ASX**

As previously reported, 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.

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. Upon successful conclusion of the legal proceedings brought by Molopo in the Supreme Court of Victoria against the Former Directors, the current Molopo Board will consider all options to be put to shareholders for consideration.

The Board has addressed the issue of its suspension from trading of Molopo shares with the ASX during the course of the financial year and up to the date of this report. ASX have advised that as Molopo has been unable to satisfy ASX that it is in the final stages of implementing a transaction that would lead to the resumption of trading of its securities, ASX will proceed with the removal of MPO from the official list at the close of business on Thursday, 1 April 2021.

### **Drawbridge Operations**

In November 2020, Molopo received financial statements and an operations report for 3rd Qtr. 2020 from Drawbridge. In March 2021, Molopo received financial statements and an operations report from Drawbridge for the 4<sup>th</sup> Qtr. 2020. The financial statements and operations reports did not change the Directors decision in the 2018 annual financial report to fully impair the investment in Drawbridge in the amount of US\$35m (AU\$46m).



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

Molopo held AUD 8.368 Million in cash reserves at the end of the December 2020 quarter, which excludes any interest in cash remaining in Drawbridge, which cannot be verified.

Operating expenses during the December quarter were AUD 588,000 which mainly comprised of insurance costs and legal fees. Fees paid to related parties during the quarter were in relation to Director fees and superannuation.

### **Fraudulent Email Investigation**

As announced to the ASX the sum of AUD670,800.19 initiated by the Company through its bank to a legitimate creditor was misdirected to a third-party account, the account details of which were advised to the Company as a result of fraudulent email communication from a cyber-attack. The Company has gone to significant lengths to trace the fictitious email and banking details and has to date recovered the sum of AUD 51,286.90. The Board is taking legal action to recover the balance with costs.

### **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** – Agreed Judgement orders were issued in August 2020 by the District Court of Texas to finalise and discontinue the proceedings against the Drawbridge group of companies.

**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 and remains confident that this will result in a successful recovery against the Former Directors. The Board has agreed to discontinue the claim against the Estate of the Late Samuel Belzberg due to the Estate being insolvent.

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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.
<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**

*For further information, please contact:*

**Andrew Metcalfe, Company Secretary**  
[enquiries@molopoenergy.com](mailto:enquiries@molopoenergy.com)

**Telephone: +61 (0) 3 9867 7199**  
[www.molopoenergy.com](http://www.molopoenergy.com)

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