



MOLOPO ENERGY LIMITED

ABN 79 003 152 154

27 April 2022

Dear Shareholders,

I am writing to you in advance of the Company's Annual General Meeting with some background information on the current status of matters in your Company and to provide shareholders with an opportunity to consider those matters, express your views and submit questions before the meeting which I will then endeavour to address in my Chairman's Address at the meeting. The opportunity will of course still exist for shareholders to ask questions at the AGM itself without notice.

As you are now aware the Company is no longer listed on the ASX and has close to 4000 shareholders who as a result are unable to freely trade their shares. The Board and I are therefore committed to act in the best interests of all shareholders at this critical point in time and despite having settled the long running Victorian Supreme Court proceeding against former directors and insurers there are still some important outstanding issues which need to be considered, determined, and resolved.

I was elected to the Board along with the majority of the other current Directors at the Company's Annual General Meeting on 31 May 2018 on the basis that the Board would investigate the investment of over USD35 million of the Company's funds by former directors in oil and gas investments in the USA without shareholder approval. The Board has fulfilled that obligation having relentlessly pursued the litigation against former directors for over 3 years at considerable expense to shareholders and have settled those proceedings in December 2021. In the Board's opinion those Drawbridge investments in the USA will provide no value to shareholders.

The settlement comprised a payment to Molopo in the sum of AUD12 million net to Molopo without admission of liability and mutual releases between Molopo as plaintiff and the D&O Insurers and former directors as defendants.

Following the three-year legal action the Board agreed to settle proceedings after having due regard to all relevant matters including their protracted nature, escalating legal costs which would be exacerbated by a lengthy court hearing, the position of the D&O Insurers on exclusions under the D&O insurance policies and the personal circumstances of the former directors.

Whilst the settlement amount may appear to be less than what shareholders might have expected the Board unanimously agreed that to do so in the best interests of the Company and its shareholders having regard to all the surrounding circumstances.

Notwithstanding the Board is still investigating further potential legal actions against ASX Limited and DLA Piper Lawyers which are the subject of Resolution 4 in the Notice of Meeting and explained



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in the Explanatory Statement accompanying the notice and the Board urges shareholders to carefully consider and support that resolution.

Sadly the only business activities of the Company over the past 4 years have been overseeing legal actions for or against the Company expending shareholder funds in the process. Having now settled the Victorian Supreme Court proceedings and retrieving some value for shareholders, the Board is now concentrating its efforts on defending the long running Canadian proceedings against the Company's subsidiary Molopo Energy Canada Limited which were commenced in 2011. The proceedings are continuing and are being strongly defended but again at significant expense to shareholders. The discovery process and witness interviews will be completed in July and a possible mediation could take place later in the year.

Nevertheless at the present time the Company has approximately AUD19 million in cash and a debt owing to it from a subsidiary of Renergen Limited of approximately AUD4.5 million which the Board expects will be repaid in or about December 2022. The Board is therefore considering all options open to it including short term investments whilst it finalises the Canadian proceedings or other possible litigation if authorised by shareholders at the meeting. The Company still holds a 30% non-voting interest in Drawbridge Holdings Limited in the USA but as noted although this likely has no value the position regarding that investment will still need to be resolved.

I therefore encourage all shareholders to consider these issues in advance of the Annual General Meeting and express their views or submit questions through the Company Secretary Andrew Metcalfe at Andrew@accosec.com so the Board can consider your views and I can address your questions at the meeting.

Finally I wish to thank all my fellow Directors commitment and indeed all shareholders for their ongoing patience and support of the Board for what has been a difficult time for the Company and shareholders.

Yours sincerely,

R C Corbett
Chairman