

Molopo Energy Limited

ABN 79003152154

Annual Report - 31 December 2024

Molopo Energy Limited
Corporate directory
31 December 2024

| | |
|-----------------------------|--|
| Directors | Roger Corbett AO (Independent Non-executive Chairman) John Patton (Independent Non-executive Director) Ralph Curton (Independent Non-executive Director) Anthony Hartnell AM (Independent Non-executive Director) |
| Company secretary | Andrew Metcalfe |
| Registered office | Level 26, 360 Collins Street Melbourne Victoria, 3000 Australia |
| Principal place of business | 39 Hamilton Street, Seddon Victoria, 3011 Australia |
| Share register | Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: (61 3) 9415 4000 |
| Auditor | Stannards Accountants and Advisors Pty Ltd 60 Toorak Road South Yarra, Victoria 3141 Australia |
| Bankers | National Australia Bank Limited Level 1, 330 Collins Street, Melbourne, VIC, 3000, Australia National Bank of Canada 1800-311 – 6th Avenue S.W., Calgary, AB T2P 3H2, Canada |
| Website | www.molopoenergy.com |

Molopo Energy Limited
Directors' report
31 December 2024

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 the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

Directors

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

Roger Corbett AO – Independent Non-Executive Chairman, BComm: Roger is an Australian businessman and former CEO and Group Managing Director of Woolworths Limited, the largest retail company in Australia, where he served from 1990 to 2006. In 2003, Roger was appointed a Member of the Order of Australia (AM) for his service to the retail industry, particularly as a contributor to the development of industry policy and standards, and to the community. In 2008, he was promoted to an officer of the Order of Australia (AO) for service to business, particularly through leadership and executive roles in the retail sector and a range of allied organisations, and to the community. Roger is formerly a director and non-executive chairman of Mayne Pharma Group Limited, an Australian specialist pharmaceutical company and chairman of Australian Leisure and Hospitality Group Limited (AHL Group). He also served on the Salvation Army Advisory Board. Further, Roger is a former director of the Reserve Bank of Australia, a former director of Walmart USA from 2006 to 2016, and a former chairman of Fairfax Media Limited (a major Australian newspaper, magazine and internet publisher), where he also served as chairman of the Nominations Committee and formerly served as chairman of the Audit Risk Committee.

John Patton – Independent Non-Executive Director, B.Ec, CA (ICAA), F Fin: John is a senior executive with extensive finance experience in the corporate and professional services sectors. John was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 35 years of professional services and industry experience, John has extensive corporate finance credentials, having been involved in over 150 corporate transactions, including mergers & acquisitions, structuring, debt and equity raisings, IPO's, management buy-outs, valuations and Independent Expert Reports, due diligence, financial modelling, restructuring and corporate advisory. In addition, John held the positions of CFO, acting CEO and alternate director of the Epic Energy group, a major infrastructure owner of high-pressure gas transmission pipelines in Australia. John is currently the managing director of Aurora Funds Management Limited, a non-executive director of Keybridge Capital Limited (ASX: KBC), and an executive director of Yowie Group Limited (ASX: YOW).

Ralph Curton jr. – Independent Non-Executive Director: Ralph has been instrumental in creating large oil and gas projects that have included assembling, acquiring, developing, and selling in excess of 50,000 acres of oil and gas leases. Included in these projects were producing properties and development prospects. These projects were spread over a multi-state geographical area including Louisiana, North Dakota, Oklahoma, Texas and Utah. Ralph begun his oil and gas career in 1976 as the owner of a private exploration and production company. He was a pioneer in the exploration of the Cotton Valley Oak Hill oilfield in East Texas, a low-risk, technology-sensitive play covering several hundred square miles. He has served as a director on the board of Amarillo-based EnergyNet.com, the world's largest internet platform for oil and gas properties.

Anthony Hartnell AM – Independent Non-Executive Director, ANU B Ec (ANU), LLB(Hons) (ANU), LLM (Highest Hons) (Geo. Washington Uni): Tony was previously the inaugural Chairman of what is now known as the Australian Securities and Investment Commission (ASIC) from 1989 to 1992. Tony was a founding partner of Atanaskovic Hartnell, and was formerly a Partner of Allen Allen & Hemsley, July 1980 – June 1990 & January 1993 – December 1993; Deputy Secretary, Department of Business & Consumer Affairs 1976-1979; and Senior Assistant Secretary, Australia Attorney-General's Department 1974-1975.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$9,145,000 (31 December 2023: profit of \$3,561,000).

Executive Summary

Corporate

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The principal expense incurred during the reporting period has been litigation costs associated with the continued defence of the long-standing legal action in Canada and the agreement to settle the legal action resulting in a contribution of AUD6.725m (CAD6m) towards settlement by the Company payable to 31005682 Nova Scotia ULC ('310') as Plaintiff.

The Company's principal business activity is the protection of shareholder value and has been managing the defence of that long-standing litigation action against Molopo Energy Canada Limited (MECL) in Alberta Canada and now the recovery of a RAND 50m (AUD4.30m based upon the AUD: SAR exchange rate at 31 December 2024). Loan payable to the Company by Tetra 4 Proprietary Ltd, a subsidiary of South African domiciled Renergen Limited ("Renergen"), an ASX listed entity (ASX: RLT). Further details are reported below under Legal Actions.

The Company is not pursuing any new oil and gas activities. The Company still holds indirectly through its 100% owned subsidiary, Orient FRC Limited ('Orient') a 30% non-voting interest in Drawbridge Energy Holdings Limited ('Drawbridge').

Since December 2021, the Company has not received any Financial Statements or an Operations Report from Drawbridge. Despite a US court direction, and many requests to supply such information, no information has been forthcoming from Drawbridge. Directors have resolved the only action available to Molopo is again to go back to the US Courts and seek enforcement of the Courts Direction. However Directors are of the view that this would be to no avail and would be a waste of the limited resources left in the Company. The Directors are therefore unable to confirm the financial position of Drawbridge given that the Company has not been provided any Financial Statements and Operations Reports. The directors of Drawbridge refuse to engage with Molopo and do not provide the required financial information, despite being requested to do so. The Board does not believe that there is any value in its shareholding of Drawbridge.

The Company also owns a royalty from Ramelius Resources Limited (owner of the Cue Gold reserve), which commenced mining at Cue Gold Mine in the September 2024 Quarter. (Refer to note 15).

Legal Actions

Molopo Energy Canada Limited (MECL), a wholly owned subsidiary of the Company, continued to defend the long running litigation commenced in March 2011 by 31005682 Nova Scotia ULC ('310') as Plaintiff, and MECL and Crescent Point Holdings Inc as Defendants. In September 2024, the Company and Veren (successor to *Crescent Point Holdings Inc*) agreed to settle the litigation with 310. Your current board, who were not involved when the litigation action commenced, have been diligent in their approach in defending the matter to protect shareholders' interests and believe that settlement of the proceedings was in the best interests of shareholders. (Refer to note 9)

The Company has a loan agreement dated 11 April 2014 with a subsidiary of Renergen Limited (ASX: RLT), Tetra 4 Pty Ltd (Borrower) for South African Rand 50 million (which is equivalent to AUD4.30 million based upon the AUD: SAR exchange rate at 31 December 2024). From 1 September 2024, the loan bears interest at the prime overdraft rate (lending rate) plus 2%. There have been no repayments of the loan to Molopo during the term of the loan and the loan was not repaid in full by 31 December 2024.

The loan is unsecured and the terms of the loan are as follows:

- A) The loan term was for 10 years to 31 August 2024. No repayments were made during this period.
- B) The loan agreement provided in the event that the loan was not repaid by the due date certain protection for the lender including:
 - 1) interest starts to accrue;
 - 2) any loans to other shareholders cannot be paid until the Molopo Loan is repaid; and
 - 3) no profits can be paid to other shareholders until an agreed proportion of the loan was first paid to Molopo.

In 2023, Renergen asked Molopo for its consent to relieve it of its obligation under clause B2 above, which Molopo declined.

Notwithstanding this, during FY2024, Renergen unilaterally elected to repay shareholder loans between itself and Tetra 4 (the Borrower) by converting the debt to equity without first repaying the loan to Molopo and without Molopo's consent in breach of the terms of the loan agreement. Molopo has therefore initiated proceedings against the Borrower seeking the immediate and full repayment of the RAND 50 million loan together with outstanding interest and costs. The Directors will continue to pursue repayment of this loan.

Given Renergen's acknowledgement of the outstanding loan and its financial capability to repay the loan and accrued interest owing to the Company, this loan is carried at its full value in the financial statements

Molopo Energy Limited
Directors' report
31 December 2024

Significant changes in the state of affairs

Other than mentioned under the executive summary, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2024 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.

Likely developments and expected results of operations

This report does not include future developments and the expected results of operations.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Company Secretary

Mr Andrew Metcalfe, CPA, FGIS, GAICD: Andrew is a professional company secretary and governance adviser to a range of ASX listed companies.

Meetings of Directors

A total of 9 board meetings were held during the financial year ended 31 December 2024 with all directors attending all meetings.

The Directors have elected not to form sub-committees of the Board.

Shares under option

There were no unissued ordinary shares of Molopo Energy Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Molopo Energy Limited issued on the exercise of options during the year ended 31 December 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (Stannards Accountants and Advisors Pty Ltd and their respective related entities) for non-audit services provided during the year are set out in Note 14.

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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.

Auditor

Stannards Accountants and Advisors Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Roger Corbett AO
Non-executive Chairman

3 April 2025
Melbourne

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
To the Directors of Molopo Energy Ltd**

As auditor I declare that, to the best of my knowledge and belief, during the year ended 31 December 2024 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to this audit; and
- no contraventions of any applicable code of professional conduct in relation to this audit.

Stannards Accountants & Advisors



James Dickson
Director

Dated: 3rd April 2025

Molopo Energy Limited

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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 year. The financial statements are presented in Australian dollars, which is Molopo Energy Limited's functional and presentation currency.

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

Registered office

Level 26, 360 Collins Street
Melbourne Victoria, 3000 Australia

Principal place of business

39 Hamilton Street,
Seddon Victoria, 3011 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 3 April 2025. The Directors have the power to amend and reissue the financial statements.

Molopo Energy Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

| | | Consolidated | |
|--|-------------|-----------------------|---------------------|
| | Note | 31 Dec 2024 | 31 Dec 2023 |
| | | \$'000 | \$'000 |
| Revenue | | | |
| Foreign exchange (loss)/gain | | 634 | (73) |
| Interest received | | 8 | 1,069 |
| Other income | 3 | - | 4,039 |
| Royalty | | 59 | - |
| Expenses | | | |
| Salary and employee benefits expense | | (402) | (388) |
| Administration | | (245) | (349) |
| Legal, management and consulting fees | | (2,563) | (737) |
| Settlement of legal action | 4 | (6,636) | - |
| Total expenses | | <u>(9,846)</u> | <u>(1,474)</u> |
| Profit/(loss) before income tax expense | | (9,145) | 3,561 |
| Income tax expense | 5 | - | - |
| Profit/(loss) after income tax expense for the year attributable to the owners of Molopo Energy Limited | | (9,145) | 3,561 |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | <u>(78)</u> | - |
| Other comprehensive income/(loss) for the year, net of tax | | <u>(78)</u> | - |
| Total comprehensive income/(loss) for the year attributable to the owners of Molopo Energy Limited | | <u><u>(9,223)</u></u> | <u><u>3,561</u></u> |
| | | Cents | Cents |
| Basic earnings per share | 22 | (3.672) | 1.430 |
| Diluted earnings per share | 22 | (3.672) | 1.430 |

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 31 December 2024

| | | Consolidated | |
|----------------------------------|-------------|---------------------|--------------------|
| | Note | 31 Dec 2024 | 31 Dec 2023 |
| | | \$'000 | \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 13,589 | 16,293 |
| Trade and other receivables | 7 | 504 | 702 |
| Other | | 43 | 36 |
| Total current assets | | <u>14,136</u> | <u>17,031</u> |
| Non-current assets | | | |
| Receivables | 8 | 4,300 | 3,940 |
| Total non-current assets | | <u>4,300</u> | <u>3,940</u> |
| Total assets | | <u>18,436</u> | <u>20,971</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 6,805 | 118 |
| Provisions | 10 | - | (1) |
| Total current liabilities | | <u>6,805</u> | <u>117</u> |
| Total liabilities | | <u>6,805</u> | <u>117</u> |
| Net assets | | <u>11,631</u> | <u>20,854</u> |
| Equity | | | |
| Issued capital | 11 | 157,321 | 157,321 |
| Reserves | | (1,772) | (1,694) |
| Accumulated losses | | (143,918) | (134,773) |
| Total equity | | <u>11,631</u> | <u>20,854</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 year ended 31 December 2024

| Consolidated | Issued capital \$'000 | Foreign currency translation reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|----------------------------------|--|--|--------------------------------|
| Balance at 1 January 2023 | 157,321 | (1,695) | (138,333) | 17,293 |
| Profit after income tax expense for the year | - | - | 3,561 | 3,561 |
| Other comprehensive income/(loss) for the year, net of tax | - | 1 | (1) | - |
| Total comprehensive income/(loss) for the year | - | 1 | 3,560 | 3,561 |
| Balance at 31 December 2023 | <u>157,321</u> | <u>(1,694)</u> | <u>(134,773)</u> | <u>20,854</u> |

| Consolidated | Issued capital \$'000 | Foreign currency translation reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|----------------------------------|--|--|--------------------------------|
| Balance at 1 January 2024 | 157,321 | (1,694) | (134,773) | 20,854 |
| Loss after income tax expense for the year | - | - | (9,145) | (9,145) |
| Other comprehensive income/(loss) for the year, net of tax | - | (78) | - | (78) |
| Total comprehensive income/(loss) for the year | - | (78) | (9,145) | (9,223) |
| Balance at 31 December 2024 | <u>157,321</u> | <u>(1,772)</u> | <u>(143,918)</u> | <u>11,631</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 year ended 31 December 2024

| | | Consolidated | |
|--|-------------|----------------------|----------------------|
| | Note | 31 Dec 2024 | 31 Dec 2023 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (2,940) | (1,329) |
| Interest received | | 366 | 520 |
| Interest and other finance costs paid | | (130) | - |
| | | <u> </u> | <u> </u> |
| Net cash used in operating activities | 21 | <u>(2,704)</u> | <u>(809)</u> |
| | | <u> </u> | <u> </u> |
| Net cash from investing activities | | - | - |
| | | <u> </u> | <u> </u> |
| Net cash from financing activities | | - | - |
| | | <u> </u> | <u> </u> |
| Net decrease in cash and cash equivalents | | (2,704) | (809) |
| Cash and cash equivalents at the beginning of the financial year | | <u>16,293</u> | <u>17,102</u> |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at the end of the financial year | 6 | <u><u>13,589</u></u> | <u><u>16,293</u></u> |

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

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Going concern

The consolidated entity is considered a going concern as its current assets exceed its current liabilities by \$7,331,000 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 18.

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Loan Agreement with Renergen Limited

Significant judgements and estimates are required in assessing the fair value of the loan which is deemed a financial instrument to be recognised at fair value taking into consideration various terms and events under the loan agreement that are required to first take place at Renergen before a repayment can be made. (refer note 8).

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Other income

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Recognition of Renergen loan receivable | - | 4,039 |

Note 4. Other Expenses

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Loss before income tax include the following specific expenses: | | |
| Settlement of legal action * | 6,636 | - |

*refer to note 9

Note 5. Income tax

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Profit/(loss) before income tax expense | (9,145) | 3,561 |
| Tax at the statutory tax rate of 25% | (2,286) | 890 |
| (Current year tax losses not recognised) / use of unrecognised losses | 2,286 | (890) |
| Income tax expense | - | - |

Molopo Energy Limited
Notes to the financial statements
31 December 2024

Note 5. Income tax (continued)

The tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| <i>Tax losses not recognised</i> | | |
| Unused tax losses for which no deferred tax asset has been recognised | 2,336 | 939 |
| Potential tax benefit @ 25% | 584 | 282 |

The disclosed tax losses relate only to the parent entity. Due to incomplete or outstanding tax lodgments for other group entities, the availability and quantum of tax losses for the consolidated group could not be reliably determined at the reporting date.

Franking Account

The balance of Company's franking account is a franking credit balance of : 14,706 14,706

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 6. Current assets - cash and cash equivalents

| | Consolidated | |
|--------------|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Cash at bank | 13,589 | 16,293 |

Note 7. Current assets - trade and other receivables

| | Consolidated | |
|---------------------|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Other receivables | 314 | 153 |
| Interest receivable | 190 | 549 |
| | 504 | 702 |

Note 8. Non-current assets - Receivables

| | Consolidated | |
|----------------|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Reenergen Loan | 4,300 | 3,940 |

The Company has recognised the full value of the RAND 50m (AUD4.30m) owed by Tetra 4 Proprietary Ltd (Tetra 4) a subsidiary of Reenergen Limited ('Reenergen'), with interest starting to be accrued on 1 September 2024 at the prime rate (lending rate) plus 2%.

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Note 8. Non-current assets - Receivables (continued)

In September 2013, Molopo Energy Limited ('the Company') sold 100% of its shares in Molopo Energy South Africa Exploration and Production Proprietary Limited ('Molopo SA') to Windfall Energy Pty Ltd. (a Sth African private company) under a Share Purchase Agreement. Windfall Energy Pty Ltd changed its name to Tetra 4. Included in the 2013 sale agreement was the assignment of a claim and loan account of South African Rand 50 million against Molopo SA. In August 2015, Renergen Limited, an emerging producer of helium and liquefied natural gas, acquired all of the shares in Molopo SA and in doing so acquired the obligation to repay the loan to the Company. The loan represents funds lent by the Company to Tetra 4 which holds an onshore production license to develop and produce compressed natural gas.

Pursuant to the loan agreement dated June 2014, the loan is unsecured and up until 31 August 2024 was interest free. September 2024, the loan accrues interest at the prime overdraft rate (lending rate) plus 2% margin, consistent with the loan agreement.

The South African Rand (SAR) 50 million loan is equivalent to AUD4.30 million based upon the AUD: ZAR exchange rate at 31 December 2024. The loan is deemed to be a financial instrument to be recognised at fair value with movements to the statement of profit or loss under Accounting Standard AASB 9 Financial Instruments.

During FY2024, Renergen unilaterally elected to repay shareholder loans between itself and Tetra 4 (the Borrower) by converting debt to equity without first repaying the loan to Molopo and without Molopo's consent in breach of the terms of the loan agreement. Molopo has therefore initiated proceedings against Tetra 4 seeking the immediate and full repayment of the RAND 50 million loan together with outstanding interest and costs.

Renergen has not repaid the loan in accordance with the loan agreement.

The loan is unsecured and the essential terms of the loan are as follows:

A) The loan term was 10 years to 31 August 2024. No repayments were made during this period.
 B) The loan agreement provided in the event that the loan was not repaid by the due date certain protection for the lender included:

- 1) interest starts to accrue;
- 2) any loans to other shareholders cannot be paid until the Molopo Loan is repaid; and
- 3) no profits can be paid out to other shareholders until an agreed proportion of the loan has been paid to Molopo.

Given the repayment of shareholder loans between Renergen and Tetra 4, Molopo has lodged a claim with Tetra 4 for the immediate and full repayment of the RAND 50m loan plus accrued interest.

The Directors will continue to pursue repayment of this loan in accordance with the terms of the loan.

Note 9. Current liabilities - trade and other payables

| | Consolidated | |
|----------------------------|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Trade payables | 39 | 78 |
| Other payables | 41 | 40 |
| Settlement of legal action | 6,725 | - |
| | <u>6,805</u> | <u>118</u> |

Refer to note 12 for further information on financial risk management.

The Board of Molopo Energy Limited advises that it has settled, without admission as to liability, the long running proceedings and all related claims against it and Molopo Energy Canada Ltd ("MECL") by 3105682 Nova Scotia ULC ("310") and Legacy Oil + Gas Inc, Crescent Point Resources Partnership, Crescent Point Energy Corp and Crescent Point Holdings Inc (collectively referred to as "Crescent Point") in Alberta Canada, including all Court of King's Bench Action Nos. 1101-03118, 1310-00189, 1310-00188 and 1401-13492.

Molopo Energy Limited
Notes to the financial statements
31 December 2024

Note 9. Current liabilities - trade and other payables (continued)

The settlement included a contribution by Molopo in the sum of CAD6 million (AUD6.725 million) towards settlement together with Molopo granting an option to 310 to purchase all of the issued and outstanding shares of MECL with accumulated tax losses of approximately CAD21 million, to the extent that they may be utilised by 310, for a consideration of \$1.00 without admission of liability and mutual releases between Molopo and Crescent Point as co-defendants and 310 as plaintiff in the proceedings.

Following the thirteen-year legal action, the Board agreed to settle the 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 having expended over AUD4.0 million to date, and its strong legal advice.

The Board is satisfied that, despite the significant loss incurred by Molopo and shareholders from the proceedings, it is in the interests of all shareholders to have settled the proceedings on the terms agreed

Note 10. Current liabilities - provisions

| | Consolidated | |
|----------------|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Superannuation | - | (1) |
| | - | (1) |

Note 11. Equity - issued capital

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>249,040,648</u> | <u>249,040,648</u> | <u>157,321</u> | <u>157,321</u> |

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.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 11. Equity - issued capital (continued)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term.

The capital risk management policy remains unchanged from the 2019 Annual Report.

Note 12. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior key management personnel ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units and reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 Dec 2024 \$'000 | 31 Dec 2023 \$'000 | 31 Dec 2024 \$'000 | 31 Dec 2023 \$'000 |
| Consolidated | | | | |
| US dollars | 9 | 65 | - | - |
| Canadian dollars | 154 | 77 | - | - |
| | <u>163</u> | <u>142</u> | <u>-</u> | <u>-</u> |

Sensitivity Analysis

A 10 percent change of the Australian dollar against the USD and the CAD at 31 December 2023 would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| Consolidated - 31 Dec 2024 | % change | AUD strengthened | | % change | AUD weakened | |
|----------------------------|----------|------------------------------------|-------------------------|----------|------------------------------------|-------------------------|
| | | Effect on profit before tax \$'000 | Effect on equity \$'000 | | Effect on profit before tax \$'000 | Effect on equity \$'000 |
| AUD/CAD | 10% | 15 | 15 | 10% | 15 | 15 |
| AUD/USD | 10% | 1 | (4) | 10% | 1 | (4) |
| | | <u>16</u> | <u>11</u> | | <u>16</u> | <u>11</u> |

Note 12. Financial risk management (continued)

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last five-years historical movements.
- The reasonably possible movement of 10% was calculated by taking the foreign currency spot rates as at balance date, moving this spot rate by 10% and then re-converting the foreign currency into AUD with the “new spot-rate”. This methodology reflects the translation methodology undertaken by the Group.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The sensitivity analysis includes only the impact on the balance of financial assets and financial liabilities at balance date.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity does not have any borrowings and therefore no significant exposure to interest rate risk. No interest is currently charged in relation to receivable or payable balances. The Group’s exposure relates to the cash balances held.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity.

Credit risk is managed on a Group basis. The credit risk of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor’s credit rating of A (or equivalent) are accepted.

The consolidated entity’s maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

An adverse decision in the Canadian legal action may impact the Company’s liquidity position.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 13. Key management personnel disclosures

| | Consolidated 31 December 2024 \$ | Consolidated 31 December 2023 \$ |
|------------------------------|---|---|
| Short-term employee benefits | 445,606 | 430,682 |
| Post-employment benefits | 8,568 | 8,187 |
| | <u>454,174</u> | <u>438,869</u> |

Molopo Energy Limited
Notes to the financial statements
31 December 2024

Note 14. Remuneration of auditors

| | Consolidated 31 December 2024 \$ | Consolidated 31 December 2023 \$ |
|---|---|---|
| Audit services - Stannards* and related network firms | 24,500 | 7,250 |
| - BDO Audit and review of the financial statements | - | 36,163 |
| Other services - Stannards* and related network firms | 4,500 | - |
| | <u>29,000</u> | <u>43,413</u> |

Note 15. Contingent assets

Cue Gold Project Royalty: Molopo owns a \$2.50/oz gold royalty over future production from the Cue Gold Project operated by Ramelius Resources Ltd (ASX: RMS). The Cue Gold Project consists of the Cue Gold and Hollandaire Copper areas in the Murchison province of Western Australia. Production commenced in the December 2024 quarter and first revenues were received in January 2025 from gold production. Given the inherent uncertainty associated with mining gold from the Cue Gold Project, no capital value has been placed on the gold royalty stream.

Note 16. Contingent liabilities

Following settlement of the historical legal actions initiated in Canada concerning the Company and Molopo Energy Canada Ltd. ("MECL"), a wholly owned subsidiary of the Company, there are no contingent liabilities, other than potential withholding tax associated with historical loans made between MECL and Orient FRC Limited which have since been largely repaid.

Note 17. Related party transactions

Parent entity

Molopo Energy Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 19.

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 18. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent 31 Dec 2024 \$'000 | Parent 31 Dec 2023 \$'000 |
|-----------------------------------|---------------------------------|---------------------------------|
| Profit/(loss) after income tax | <u>(2,239)</u> | <u>3,557</u> |
| Total comprehensive income/(loss) | <u>(2,239)</u> | <u>3,557</u> |

Molopo Energy Limited
Notes to the financial statements
31 December 2024

Note 18. Parent entity information (continued)

Statement of financial position

| | Parent | |
|---------------------------|--------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Total current assets | 14,107 | 16,912 |
| Total assets | 18,580 | 20,852 |
| Total current liabilities | 43 | 76 |
| Total liabilities | 43 | 76 |
| Equity | | |
| Issued capital | 157,321 | 157,321 |
| Accumulated losses | (138,784) | (136,545) |
| Total equity | <u>18,537</u> | <u>20,776</u> |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 19. 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 | |
|----------------------------|---|---------------------------|--------------------|
| | | 31 Dec 2024 | 31 Dec 2023 |
| | | % | % |
| Molopo USA LLC | USA | 100% | 100% |
| Molopo Energy Texas LLC | USA | 100% | 100% |
| Orient FRC Limited | British Virgin Islands | 100% | 100% |
| Molopo Energy Holdings Ltd | Canada | 100% | 100% |
| Molopo Energy Canada Ltd | Canada | 100% | 100% |
| Molopo Canada Callco Ltd | Canada | 100% | 100% |

Molopo Energy Limited
Notes to the financial statements
31 December 2024

Note 20. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 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.

Note 21. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Profit/(loss) after income tax expense for the year | (9,145) | 3,561 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in prepayments | (7) | 178 |
| Decrease/(increase) in other receivables | 198 | (549) |
| Decrease in trade and other payables | (116) | (59) |
| Increase in other provisions | 6,726 | - |
| Increase in other assets | (360) | (3,940) |
| Net cash used in operating activities | <u>(2,704)</u> | <u>(809)</u> |

Note 22. Earnings per share

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2024 | 31 Dec 2023 |
| | \$'000 | \$'000 |
| Profit/(loss) after income tax attributable to the owners of Molopo Energy Limited | <u>(9,145)</u> | <u>3,561</u> |
| | Cents | Cents |
| Basic earnings per share | (3.672) | 1.430 |
| Diluted earnings per share | (3.672) | 1.430 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>249,040,648</u> | <u>249,040,648</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>249,040,648</u> | <u>249,040,648</u> |

Molopo Energy Limited
Directors' declaration
31 December 2024

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Roger Corbett AO
Non-executive Chairman

3 April 2025
Melbourne

**Independent Audit Report
To the Members of Molopo Energy Ltd**

Report on the Audit of the Financial Report

Audit Opinion

We have audited the financial report of Molopo Energy Ltd (the Company), which comprises the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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* ("the Code") that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Stannards Accountants and Advisors



James Dickson
Director

Dated: 3rd April 2025