



# MOLOPO ENERGY LIMITED

ABN 79 003 152 154

## **MOLOPO 2026 AGM**

### **ADDRESS TO SHAREHOLDERS**

As indicated in the 2025 Annual Report, we are hopefully approaching the end of the road for Molopo. Once we recover the loan from Tetra4/Renergen and arrange a suitable sale of the gold royalty stream, all of Molopo's assets will then be held in cash, and it is your Board's intention to distribute those funds back to shareholders in the most tax effective way possible.

If we complete these tasks within the next 12 months, I may be the last Chairman of Molopo.

Accordingly, I feel it is my duty to place on record the simply unacceptable performance of this Company. Molopo was originally incorporated on 6 August 1986 and shortly thereafter was listed on the ASX on 23 December 1986. At its height, at 30 June 2011, Molopo had total assets of US\$291.8 million (and net assets of US\$255.9 million). By 31 December 2016, total assets had dwindled to A\$67.5 million (with net assets of A\$58.7 million). Today, we have total assets of approximately A\$12.5 million of which A\$6.9 million is held in cash.



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Other than explained below, I am unable to offer any comments on this disastrous record which occurred under the guidance of several prior boards and management. No doubt shareholders will have their own views of this as I do, being a shareholder that has personally lost a lot of money. This is why I stood, along with my colleagues since joining the Board to endeavour to do our best, to recover some value for shareholders. What we faced on assuming our roles could only be described as a mess.

In May 2018, shareholders replaced the board of the time (the former board) with a new board (the current board or Board) which is, with one change, the Board that is in office today. The events that no doubt influenced shareholders to initiate this change were as follows. In 2017 and early 2018, the former board transferred approximately A\$50 million of Molopo's cash reserves to an offshore investment company in the British Virgin Islands, called Drawbridge Energy Holdings Limited (Drawbridge), which the Board maintains was in breach of the ASX Listing Rules without obtaining shareholder approval.

This investment and funds transfer was also contrary to the undertaking made by past directors, given the Company's deplorable past history, that the Company would not make any



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major investment decisions without first seeking shareholder approval. No such approval was sought from, or given by, shareholders for this investment and transfer of funds. Further, the A\$50 million transferred by Molopo represented 100% of the tangible assets of Drawbridge in exchange for which Molopo received B class shares representing a 30% shareholding which carried no voting rights nor any ability to demand a director on the board, whereas the other investor, Sopris Energy Investments Ltd (Sopris), was issued A class shares which enabled it to control 100% of Drawbridge's voting rights.

On assuming office, the current board participated in proceedings before the Takeovers Panel in relation to various competing takeover offers, which culminated in a declaration of 'unacceptable circumstances' in relation to the affairs of the Company as managed by the former board; a declaration not lightly made by the Panel.

Early relations with Drawbridge were of considerable concern to the Board. The Chairman of the former board of Molopo was a member of the board of Drawbridge, purportedly representing the interests of Molopo and its shareholders. When he was voted off the Board of Molopo in May 2018, he also stood down



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from the board of Drawbridge and was given a significant financial payment (by Drawbridge) which in the view of your current board was both completely unwarranted and inappropriate. Drawbridge refused to accept another director nomination from Molopo to join the Drawbridge board, and were not forthcoming with operational and financial information, despite being legally bound to provide this information to Molopo as a shareholder.

Given the very uncommercial nature and size (circa \$50 million) of the investment in and transfer to Drawbridge, and the current boards view that the funds were in grave danger of being lost, the current Molopo board sought legal advice and on the basis of that advice initiated legal action in the USA in an endeavour to freeze and claw back the funds transferred to Drawbridge. The US courts did not allow Molopo to recover the funds but did place Drawbridge under strict reporting requirements. Drawbridge did not comply with those requirements.

The investigation of the transactions and required legal action took from June 2018 to August 2020 and cost over \$600k. Ultimately, the worst fears of your Board were realised and the entire circa \$50 million was lost. This was, in the view of the Board, a transaction which was completely uncommercial and



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which exposed the funds of circa A\$50 million transferred by Molopo, to grave risk from day 1 of this arrangement.

The Board then initiated legal action against the former board for negligence and resultant damages to the Company and as a result the former directors then sought the support of the Company's D&O policy. The insurer sought to decline any liability on the basis of the facts, which in the insurers view, indicated this was a case of "wilful" negligence, with wilful negligence being an exclusion under the Company's D&O policy.

The Board persisted with the legal action and following the three year legal action agreed to settle the proceedings based on strong legal advice, 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, for \$12 million nett to Molopo without admission as to liability and on the basis of mutual releases, as previously reported. The legal costs for this necessary action to Molopo were approximately \$1.6 million and took from June 2018 to October 2021.



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Subsequent to the settlement of these proceedings the Board was then faced with defending proceedings brought by its major shareholder Keybridge Capital Limited seeking damages from the Company in relation to the settlement of the proceedings which again the Board was forced to defend. Ultimately the action was dismissed with an order for costs in favour of Molopo.

The Board had also been aware of a longstanding latent claim by a Canadian Company, 31005682 Nova Scotia ULC (310), against Molopo's Canadian subsidiary MECL for approximately \$60 million which dated back to 2011. There had been several attempts over the years by prior boards to settle this claim. Early legal advice on file indicated that if fully successful there was a chance that 310 may succeed with some potential liability to MECL along with the joint defendant Crescent Point Holdings Inc. and as a result the current board had no option but to strenuously defend this matter as the claim became greater.

An extensive and expensive legal process then unfolded from 2018, including discovery which uncovered significant management deficiencies, expert reports, and a mediation attempt in November 2023, which failed. The case was



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proceeding to court for an eight-week trial, with a resultant significant increase in legal costs. Our lawyers strongly advised to settle, which was finally achieved in September 2024 with payment of CAD\$6 million towards settlement made in January 2025 together with Molopo granting an option to 310 to purchase all of the issued and outstanding shares in MECL with accumulated tax losses that may be utilised by 310 for a consideration of CAD1.00 without admission of liability and mutual releases between Molopo and Crescent Point as co-defendants and 310 as plaintiff, as previously reported. The option to purchase was not exercised by 310 and has now expired. The legal costs over the period amounted to over \$3.5 million.

It is the view of the Board that the loss of the \$50 million transferred to Drawbridge, the compromise of the D&O policy and resultant significant shareholder loss, and the basis for the case brought by the plaintiff, 310, are the direct result of actions by the former boards and management. We, the current board, are pleased we have been able resolve these long-standing issues thereby preserving some value for shareholders, albeit at significant expense to shareholders.



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Consequently, once these issues had been largely resolved, the current board reduced its director fees by approximately 40% from July 2025. Apart from a contract part time Company Secretary and in-house legal counsel, there have been no employees, with the current board having had to do the work.

We are now seeking to collect the Tetra4/Renergen loan, with strong legal advice it is due and repayable and to monetise the gold royalty stream.

I am now therefore pleased to report that Molopo recorded a profit after tax of \$765,000 for the year ended 31 December 2025. This represents an important transition from prior years, where the Group's results were significantly impacted by litigation-related costs.

In the meantime, Directors have declared a dividend return to shareholders of \$2m in the most tax effective way.

We are pleased to have been able to serve shareholders over this extended and difficult period of 8 years. On your behalf I thank my fellow current Directors Tony Hartnell, John Patton and Ralph Curton, our Company Secretary, Andrew Metcalfe, and in house consultant lawyer, Steve Williams for their



persistent, skilful and patient handling of these very difficult and long-standing issues over 8 years.

Thankyou.

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## **QUESTIONS FROM AND ANSWERS TO SHAREHOLDERS**

Q: What's the likelihood of a successful outcome in South Africa proceedings and recovering the loan ? Even if the judgment is successful the Defendants will probably just ignore the outcome and it will drag on. How long will the litigation take to finalise with potential appeals etc and how much will this all cost! Given the ongoing never ending litigation legal dramas and dwindling cash reserves, can we just wind up the company and return what remains to shareholders asap / in the short term. Can we put this to a vote to all shareholders.

A: The Renergen Loan is due and payable to Molopo per the loan agreement. Renergen has recognised the loan as payable to Molopo in their audited financial statements.

Legal proceedings have been initiated in South Africa by way of a discovery process which will lead to a mediation and if unsuccessful in achieving a satisfactory outcome will lead to a court hearing, with costs and timeline for a court hearing unknown at this time.



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Renergen requested Molopo's consent to repay the intercompany loan, which was not agreed, and in breach of the Loan Agreement they proceeded to repay the loan by exchanging the debt for equity.

Renergen was sold to a US corporate entity in December 2025, and Molopo has contacted Renergen's principal to seek recovery of the legally binding debt and accrued interest.

Once Molopo has received payment of the loan and accrued interest and monetised its Cue Gold Royalty stream, it will seek shareholder approval to wind up the company and return remaining capital to shareholders

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Q: If we sell / offload / monetise the Royalty Stream from the gold producer is there any indicative value?

A: Molopo cannot provide a value for the gold royalty stream.

Production from the Cue Gold Mine continues and Molopo receives a quarterly gold royalty payment from fine gold poured by Ramelius Resources Ltd, the owner of the Cue Gold Mine.

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Q: When does Renergen say the loan is repayable?

A: Under the terms of the legally binding loan agreement:

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



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- A) The loan 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 included
- i) interest accruing from 1 September 2024
  - ii) any loans to other shareholders could not be paid until the Molopo Loan was repaid; and
  - iii) no profits could be paid out to other shareholders until an agreed proportion had been first been paid to Molopo

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Q: Who was our director who was on the Drawbridge board? What does he say happened to the money and what else does he say about Drawbridge?

A: The Former Chairman of Molopo was a director of Drawbridge Energy Holdings Ltd and received a sizable payout for his services when he resigned as a director of Drawbridge.

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Q: With the \$2 million dividend, how many shares are currently on issue and what does this look like on a per share basis for shareholders.

A: Details of the dividend are as follows:

- 249,040,648 ordinary shares are on issue
- The dividend is \$0.008 (0.8 cents) per share and is partly franked
- Payment will be made on 29 May 2026