



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 30 September 2013

Update on Value Maximisation Processes

Molopo Energy Limited (“Molopo” or the “Company”) is providing this update on the status of the value maximisation initiatives in respect of its Texas and Saskatchewan assets. Molopo had already announced (media release dated September 13, 2013) that it had entered into an agreement to dispose of its interests in an on-shore gas play located in the Republic of South Africa. Closing is expected to occur by year-end and is subject to government approval.

Expressions of interest for Texas and Saskatchewan continue to be evaluated. Until definitive agreements are entered into (of which there is no certainty), Molopo is unable to provide any comments on the detail of these deliberations.

Update for Third Quarter Ended 30 September 2013

Production during the quarter averaged 572 barrels of oil equivalent per day (“boe/d”), comprised of 200 barrels per day (“bbl/d”) of oil, 130 bbl/d of NGL and 1.45 million cubic feet per day of natural gas. Of these volumes, 54 boe/d was derived from the Company’s assets in Saskatchewan, with the balance from Molopo’s Texas operations.

Administrative expenditures for the quarter amounted to US\$1.6 million, versus US\$3.2 million for the same period last year. This decrease is reflective of the Company’s comprehensive, ongoing cost-reduction plan.

Molopo spent US\$1.7 million on lease renewals in Texas during the third quarter. Pending the outcome of the Texas value maximization process, the Company will continue to assess whether to proceed with additional lease-retention expenditures as well as the previously-announced horizontal well at Barnhart.

At 30 September 2013, Molopo had US\$53.5 million of cash in the bank. Molopo’s board of directors will be assessing the optimal use of the Company’s cash resources, which may include any or a combination of a dividend to shareholders, redeployment into the acquisition and development of other oil and gas properties, or a share buy-back.

MOLOPO ENERGY LIMITED

For further information please contact:

DIRECT IN CANADA

Steve Cloutier, Managing Director & CEO
Telephone: 1.403.648.3594

Paul Belliveau, CFO
Telephone: 1.403.648.3596

AUSTRALIA LOCAL

61 3 9618 8704
investorrelations@molopo.com.au
www.molopo.com.au

This media release contains certain forward-looking statements. These statements relate to future events or future performance of the Company. When used in this media release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to a number of risks, uncertainties and assumptions. Many factors could cause Molopo's actual results, performance, or achievements to materially differ from those described in this media release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in other public disclosures made by the Company or this media release as intended, planned, anticipated, believed, estimated, or expected. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be produced profitably in the future. The forward-looking statements contained in this media release are expressly qualified in their entirety by this cautionary declaration. These statements speak only as of the date of this media release. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MOLOPO ENERGY LIMITED

ABN

79 003 152 154

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

	Current quarter \$USD'000	Year to date (9 months) \$USD'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,674	8,654
1.2 Payments for (a) exploration & evaluation	(1,783)	(20,845)
(b) development	(198)	(777)
(c) production	(1,298)	(4,012)
(d) administration	(1,596)	(7,468)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	145	515
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes recovery	16	5,967
1.7 Other - Joint venture recoveries	11	3,470
Net Operating Cash Flows	(2,029)	(14,497)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) financial instruments	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (share buyback)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(2,029)	(14,497)

1.13	Total operating and investing cash flows (brought forward)	(2,029)	(14,497)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
		-	-
	Net increase (decrease) in cash held	(2,029)	(14,497)
1.20	Cash at beginning of quarter/year to date	54,862	70,977
1.21	Exchange rate adjustments to item 1.20	686	(2,262)
1.22	Cash at end of quarter	53,519	54,218

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$USD'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$ USD'000	Amount used \$USD'000
3.1 Loan facilities	None	None
3.2 Credit standby arrangements	None	None

Estimated cash outflows for next quarter

	\$USD'000
4.1 Exploration and evaluation	700
4.2 Development	
4.3 Production (net of sales proceeds)	(1,000)
4.4 Administration (net of interest received)	1,500
Total	1,200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$USD'000	Previous quarter \$USD'000
5.1 Cash on hand and at bank	53,212	54,558
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)	307	304
Total: cash at end of quarter (item 1.22)	53,519	54,862

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	246,724,091	246,724,091	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	324,548	324,548	
7.5	+Convertible debt securities (description)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options (Unlisted mgmt incentive options)		<i>Exercise price (A\$)</i>	<i>Expiry date</i>
	MPOAB	300,000	-	\$0.70 1 October 2016

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Share Rights	Number on issue			<i>Vesting date</i>
		524,868			31-December-2013
		23,155			01-January-2014
		166,667			17-January-2014
		194,937			01-March-2014
		16,698			05-March-2014
		20,714			1-May-2014
		24,612			28-May-2014
		208,493			30-June-2014
		18,728			04-July-2014
		53,511			18-July-2014
		59,800			15-August-2014
		541,880 ^(a)			31-December-2014
		23,154			01-January-2015
		166,667			17-January-2015
		194,936			01-March-2015
		16,698			05-March-2015
		20,714			1-May-2015
		24,612			28-May-2015
		270,808 ^(b)			31-December-2015
		166,667			17-January-2016
		2,738,319			

(a) Of which 17,028 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(b) Of which 32,457 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

7.12	Issued during quarter				
7.13	Vested during quarter				
		208,502			30 June 2013
		18,728			04 July 2013
		53,512			18 July 2013
		59,800			15 August 2013
7.14	Lapsed during quarter				
7.15	Debentures (totals only)	-			
	Unsecured notes (totals only)	-			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the **Corporations Act or other standards acceptable to ASX (see note 5)**.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Andrew Metcalfe*
(Company Secretary)

Date: 31 October 2013

Print name: Andrew Metcalfe

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Rule 5.3