



MOLOPO ENERGY LIMITED

Quarterly Report

For the 3 months ended 31 December 2013

Fourth Quarter Ended 31 December 2013

Molopo Energy Limited (“Molopo” or the “Company”) is pleased to present its quarterly report for the three months ended 31 December 2013.

The quarter was characterised by the completion of two key asset sales that further strengthened Molopo’s balance sheet, while the Company continues to take steps to reduce general and administrative (“G&A”) expenses.

Highlights:

- Completed the sale of all its Saskatchewan assets and a portion of its Texas assets (at Barnhart) for total gross proceeds of US\$11.6 million.
- Generated average production of 487 barrels of oil equivalent per day (“boe/d”), comprised 58% of oil and natural gas liquids (“NGLs”) and 42% natural gas. These volumes are reflective of the natural decline on the Company’s producing wells and the impact of the above-noted divestitures during a portion of the reporting period.
- Exited the period with no bank debt and cash of US\$62 million.
- Exited the period with total land holdings of 19,647 acres. The reduction from the prior quarter is due to the impact of the above-noted divestitures and ordinary-course lease expiries.
- Completed a favourable restructuring of its Calgary office lease to reflect the Company’s reduction in personnel.

Look Ahead

To date, the Company has not received acceptable proposals with respect to the balance of its Texas assets at Fiesta, although it is continuing discussions with interested parties. Molopo has no plans to spend any capital at Fiesta during 2014, other than US\$300,000 during the first quarter on the installation of pumpjacks at two wells to improve productivity. Current production at Fiesta is 325-340 boe/d, of which approximately 52% is comprised of oil and NGLs.

As announced in September 2013, Molopo has entered into an agreement to dispose of its interests in an on-shore gas play located in the Republic of South Africa. Completion of the transaction is subject to approval by the South African authorities, which is now expected prior to the end of March 2014.

Concurrent with its value maximisation initiatives, the Company adopted a plan to reduce G&A expenses. With that plan now substantially completed, Molopo estimates that 2014 G&A expenses will amount to \$3.0-3.5 million.

With respect to uses for its cash, Molopo has been identifying and evaluating acquisition opportunities that have the potential to generate strong returns for shareholders. While the Company's prior projects in Texas, Saskatchewan and South Africa had been focused on early stage exploration plays, current identification efforts are being directed towards business development opportunities in the Western Canadian Sedimentary Basin (the "WCSB") that come with existing production and predominantly development/exploitation potential, rather than exploration upside. Molopo's strong balance sheet, together with the leadership team's experience in the WCSB, puts it in a unique position to take advantage of such opportunities.

In addition to the foregoing, the Company may consider a share buy-back or a dividend to shareholders.

For further information please contact:

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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")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$USD'000	Year to date (12 months) \$USD'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,127	10,781
1.2 Payments for (a) exploration & evaluation	(218)	(21,064)
(b) development	(29)	(806)
(c) production	(785)	(4,797)
(d) administration	(2,071)	(9,538)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	139	655
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes recovery	5	5,972
1.7 Other - Joint venture recoveries	6	3,475
Net Operating Cash Flows	(826)	(15,322)
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	10,872	10,872
(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	10,872	10,872
1.13 Total operating and investing cash flows (carried forward)	10,046	(4,450)

1.13	Total operating and investing cash flows (brought forward)	10,046	(4,450)
	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	10,046	(4,450)
1.20	Cash at beginning of quarter/year to date	53,519	70,977
1.21	Exchange rate adjustments to item 1.20	(1,544)	(4,506)
1.22	Cash at end of quarter	62,021	62,021

**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	69
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

Nil

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

Nil

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	300
4.2 Development	-
4.3 Production (net of sales proceeds)	(500)
4.4 Administration (net of interest received)	900
Total	700

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	61,726	53,212
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)	295	307
Total: cash at end of quarter (item 1.22)	62,021	53,519

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	Texas, USA	Licence	23,823 acres	19,647 acres
		Saskatchewan, Canada	Licence	46,168 acres	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 <i>(description)</i>			
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			
7.5	+Convertible debt securities <i>(description)</i>			
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>

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	300,000			
7.11	Performance Share Rights	Number on issue			<i>Vesting date</i>
		504,077			31-December-2013
		23,155			01-January-2014
		166,667			17-January-2014
		194,937			01-March-2014
		20,714			1-May-2014
		24,612			28-May-2014
		203,123			30-June-2014
		18,728			04-July-2014
		53,511			18-July-2014
		59,800			15-August-2014
		519,076 ^(a)			31-December-2014
		23,154			01-January-2015
		166,667			17-January-2015
		194,936			01-March-2015
		20,714			1-May-2015
		24,612			28-May-2015
		251,125 ^(b)			31-December-2015
		166,667			17-January-2016
		2,636,275			

(a) Of which 15,012 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(b) Of which 27,453 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				
7.14	Lapsed during quarter	20,791			31-December-2013
		16,698			05-March-2014
		5,370			30-June-2014
		22,804			31-December-2014
		16,698			05-March-2015
		19,683			31-December-2015
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:
(Company Secretary)

Date: 29 January 2014

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