



## Quarterly Report

For the 3 months ended 30 June 2014

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Molopo Energy Limited (“Molopo” or the “Company”) is pleased to present its quarterly report for the three months ended 30 June 2014.

Production, which is derived exclusively from six wells in Crockett County, Texas, averaged 239 barrels of oil equivalent per day (“boe/d”) during the period, comprised 65% of oil and natural gas liquids and 35% natural gas. This volume is below more recent production levels of 275-290 boe/d due predominantly to maintenance downtime. Molopo’s 2014 capital expenditure on these assets is for the installation of pumps on four of the six wells to improve productive efficiency and mitigate down time as a result of wells loading-up with fluid. One of the pumps was installed during the second quarter and has demonstrated success. The remaining three pumps are scheduled to be installed during the third quarter.

Consistent with its strategic objectives, in Crockett County comprising the Fiesta production area, the Company is not re-leasing expiring lands and now has approximately 7,600 acres under lease, down from 16,600 at the beginning of the quarter, thereby reducing land costs. Molopo is still in active discussions with third parties for the sale of the Fiesta assets.

At the end of the period, Molopo had US\$61 million cash in bank. This is essentially unchanged from the prior quarter, as the Canadian and Australian dollars strengthened versus the US dollar and the proceeds from sale of the Company’s South African assets offset general and administrative (“G&A”) expenses.

Molopo has completed its G&A cost reduction program, with G&A expenses expected to average approximately US\$600,000 during the third quarter.

During the period, the Company also announced the retirement of two Non-Executive Directors (one each from Australia and North America) and the appointment of two new Non-Executive Directors, Mr. Chris Ryan, based in Sydney and Mr. Greg Smith, based in Calgary.

With respect to outstanding legal claim by a former joint venture partner, Molopo does not have any additional information to provide beyond the disclosure set out in its annual accounts. No date for trial has been set and the Company continues to defend the action in the ordinary course and will provide updates as circumstances warrant.

The Company is continuing to identify and evaluate oil and gas opportunities in Western Canada, where Molopo believes it can match its deep industry experience and cash resources with accretive business development opportunities.

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**MOLOPO ENERGY LIMITED**

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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")

30 June 2014

### Consolidated statement of cash flows

	Current quarter \$USD'000	Year to date (6 months) \$USD'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	845	1,858
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	(126)	(395)
(c) production	(566)	(1,470)
(d) administration	(1,701)	(2,897)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	109	236
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes recovery	7	20
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(1,432)</b>	<b>(2,648)</b>
<b>Cash flows related to investing activities</b>		
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	472	472
(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)	-	-
<b>Net investing cash flows</b>	<b>472</b>	<b>472</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(960)</b>	<b>(2,176)</b>

1.13	Total operating and investing cash flows (brought forward)	(960)	(2,176)
	<b>Cash flows related to financing activities</b>		
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)	-	-
		-	-
	<b>Net increase (decrease) in cash held</b>	(960)	(2,176)
1.20	Cash at beginning of quarter/year to date	60,932	62,021
1.21	Exchange rate adjustments to item 1.20	1,073	1,200
1.22	<b>Cash at end of quarter</b>	61,045	61,045

**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	78
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	-
4.2 Development	200
4.3 Production (net of sales proceeds)	(400)
4.4 Administration (net of interest received)	600
<b>Total</b>	400

### 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	60,909	60,796
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Bank Guarantees)	136	136
<b>Total: cash at end of quarter</b> (item 1.22)	61,045	60,932

### 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	16,600 acres	7,600 acres
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	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	248,520,949	248,520,949	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,245,109	1,245,109	
7.5	<b>+Convertible debt securities</b> (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>
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>
		562,819 <sup>(a)</sup>			31-December-2014
		166,667			17-January-2015
		60,000			01-March-2015
		24,612			28-May-2015
		572,048 <sup>(b)</sup>			31-December-2015
		166,667			17-January-2016
		536,246 <sup>(c)</sup>			31-December-2016
		2,089,059			

(a) Of which 13,234 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(b) Of which 22,464 may convert into between 0 and 100 fully paid ordinary Molopo shares, dependent upon extent of satisfaction of performance criteria.

(c) Of which 35,545 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	747,382 747,382 782,926 <sup>(c)</sup>			31-December-2014 31-December-2015 31-December-2016
7.13	Vested during quarter	24,612 203,123 18,728 53,511 59,800 611,686 23,154 134,936 331,295 169,884			28-May-2013 30-June-2014 04-July-2014 18-July-2014 15-August-2014 31-December-2014 01-January-2015 01-March-2015 31-December-2015 31-December-2016
7.14	Lapsed during quarter	20,714 20,714			1-May-2014 1-May-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: 31 July 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