

# MOLOPO ENERGY LIMITED

ABN 79 003 152 154

30<sup>th</sup> May 2016

## **CHAIRMAN'S ADDRESS – MOLOPO ENERGY LTD ANNUAL GENERAL MEETING 30 MAY 2016**

Good morning Molopo Shareholders,  
Welcome to the 2016 AGM for Molopo Energy Limited.

Before addressing the issue of progress in Molopo, consistent with the commitment given at the last AGM, the Board has maintained a strong focus on fiscal responsibility including limited overheads and capital preservation. This will remain an ongoing focus for the Company.

In the weeks leading up to this AGM, I have been contacted by many shareholders expressing frustration at the apparent lack of progress in Molopo. The frustration has 3 key themes –

- 1) Lack of progress in resolving the litigation
- 2) Lack of progress in the ability to return capital to shareholders and/or present a transaction that delivers value to shareholders
- 3) Board composition

I take this opportunity to provide the same answer to all shareholders that I have provided to those that have made contact.

2015 was a year of consolidation for Molopo. A great deal of the year was spent on the following –

- 1) Completing the sale of operating assets and addressing outstanding financial matters including tax
- 2) Removing unnecessary costs including expensive incentive schemes and executive functions
- 3) Consolidating the management and understanding of the litigation at Board level and significant efforts to work with the Plaintiffs to find a resolution

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- 4) Board agreement to progress a strategic direction in oil and gas and the appointment of Brent Bonadeo to assist the Company in the identification and assessment of opportunities

As at 30 May 2016, the status of matters in Molopo is as follows –

- 1) Litigation- despite a number of attempts with the Plaintiffs in Canada, resolution of the litigation remains challenging and currently seems unlikely. The consequence of this is an inability to consider a return of capital to shareholders. There now will be an increased focus to have the matter addressed in the Canadian Courts.
- 2) Oil and Gas Opportunities – consistent with the announced strategic direction, Brent Bonadeo has reviewed over 50 opportunities. Any transaction would be subject to shareholder approval. One opportunity in particular was progressed to due diligence with negotiations well advanced. Unfortunately, as of last week, these negotiations have now stalled. Consequently, the Board has regrouped to revisit the strategic direction of the Company. The Board will either continue to review oil and gas opportunities or look to a change of direction. Any change of direction would require both ASX and shareholder approval.
- 3) Board Composition – many shareholders have expressed concern to myself at the bias to major shareholder representation on the Board and the apparent lack of sufficient independent directors to represent the balance of shareholders. The two largest shareholders in Molopo are Keybridge Capital Ltd and Ion Ltd. It is not unusual for shareholders of their size to request Board representation. Antony Sormann represents Keybridge Capital Ltd and Ronnen Rosengart represents Ion Ltd. Yaniv Stern was appointed to the Molopo board at the request of Ion Ltd when they first took a position in Molopo in August 2015 however, Ion Ltd and Mr Stern advise that Yaniv Stern is an independent director and not a shareholder representative. Sam Belzberg, the remaining non-executive director, is a substantial shareholder in his own right.

I thank all shareholders for their patience. The Molopo Board will continue to preserve capital in the Company while endeavouring to find a future that delivers value either through a return of capital post resolution of the litigation or a transaction.

Samantha Tough

Chairman - Molopo Energy Ltd

30 May 2016