

11 November 2014

NOTIFICATION OF SUBSTANTIAL SHAREHOLDING AND PROPOSED CAPITAL RETURN

- Keybridge has requested a shareholder meeting to allow MPO shareholders to consider the company returning 21.75c per share in available cash as a capital return.
- The capital return, if approved, represents a 32% premium to the most recent closing price of MPO.

On 31 October 2014, Keybridge Capital Limited (ASX:KBC) (Keybridge) lodged a requisition of meeting with the board of Molopo Energy Limited (ASX:MPO) (**MPO**) to procure an extraordinary general meeting of MPO shareholders (**Meeting**), to enable MPO shareholders to provide the board of MPO with their views on the future direction of MPO, and to specifically consider a capital return of the existing surplus funds of MPO, subject to satisfying the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**). MPO first rejected this requisition as being an invalid request by a shareholder and indicated that it did not intend to provide MPO shareholders with the opportunity to consider the proposal.

Keybridge disagrees with this interpretation; however, in the interests of time Keybridge has now varied its requisition to remove contention and has resubmitted it as a new requisition to MPO today. The revised requisition of meeting contains two resolutions, one to vary article 5.1 of MPO's constitution to clearly articulate the member's right to require a capital return, the other to effect a 21.75c per share equal capital return to shareholders (Capital Return Resolution).

Keybridge considers that the current market valuation of MPO's shares trading on the ASX is significantly below the intrinsic value of MPO's assets, with MPO carrying approximately A\$65.7 million (A\$0.264 per share) in cash and A\$57.3 million (A\$0.231 per share) in net cash assets as at 31 October 2014 after accounting for the litigation provisions made by the Company. This compares to the most recent closing price of MPO shares of A\$0.165.

Keybridge considers that MPO shareholders will therefore benefit immediately from MPO engaging in a capital return transaction which seeks to release some of that underlying value back to MPO's shareholders. A prompt return to MPO shareholders of the existing surplus funds will ensure that MPO shareholders are materially better off with the majority of MPO's cash assets directly in their own hands, in the current circumstances where the future strategic direction of MPO is at best uncertain and where it is accordingly unlikely that MPO shareholders will be able to exit by way of a higher offer from a third party.

To that end, Keybridge has requested that the board of MPO calls the Meeting to provide MPO shareholders with the opportunity to vote on a resolution designed to effect a return of capital amounting to A\$54.1m representing 21.75 cents per MPO share. Keybridge has relied on the public disclosure made by the Directors of MPO in determining the appropriate amount of excess capital available to be returned to shareholders.

The Capital Return Resolution represents an opportunity for MPO shareholders to promptly realise certain value for their MPO shares and, based on information provided by MPO to the market, would not compromise the ability of MPO to repay its creditors, including with respect to the Canadian legal disputes that continue to affect MPO. MPO will likely be left with approximately 4.7c per share of cash, and 1.4c per share of net cash as at 31 October 2014 after litigation provisions in addition to its other assets if the 21.75c capital return is approved and paid.

In accordance with the Corporations Act and the corporate constitution of MPO, the board of MPO must now call the Meeting within 21 days after the requisition was given to MPO and the Meeting must be held no later than 2 months after the requisition was given to MPO.

Keybridge will provide MPO shareholders with further information on the benefits of the Capital Return Resolution closer to the date of the Meeting. Keybridge considers that the passing of the Capital Return Resolution is in the best interests of MPO shareholders and Keybridge hopes that other MPO shareholders will choose to support this immediately value accretive strategy.

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