

MEDIA RELEASE

Thursday, 19 October 2017

ASX Codes : KBC; KBCPA

LETTER TO MOLOPO ENERGY LIMITED SHAREHOLDERS AHEAD OF REQUISITIONED GENERAL MEETING ON 10 NOVEMBER 2017

Keybridge Capital Limited (**Keybridge**) refers to the 10 November 2017 general meeting of Molopo Energy Limited (ASX:MPO) (**Molopo**) convened (at Keybridge's request pursuant to [section 249D](#) of the Corporations Act¹) to consider:

- the appointment of Mr William Johnson; and
- the removal of Mr Alexandre Gabovich,

as a Director of Molopo.

Keybridge has despatched the attached letter to Molopo shareholders to ensure they are fully informed ahead of the general meeting.

FOR FURTHER INFORMATION:

William Johnson
Director
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Email: wjohnson@keybridge.com.au

Victor Ho
Company Secretary
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ABOUT [KEYBRIDGE CAPITAL LIMITED](#) (ASX: [KBC](#))

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets including in the solar sector (Spain), private equity (US), life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX:[HHY](#)), Molopo Energy Limited (ASX:[MPO](#)) and Metgasco Limited (ASX: [MEL](#)). Keybridge is also the Investment Manager of HHY.

¹ Refer Keybridge's ASX announcements dated [3 October 2017: Section 249E Notice of Meeting for MPO](#) and [9 October 2017: Update on Section 249E General Meeting of MPO](#)

ON 10 NOVEMBER 2017 WE NEED YOUR SUPPORT TO HELP GET MOLOPO BACK ON TRACK

Dear Fellow Molopo Shareholders,

Keybridge Capital Limited (ASX:KBC) is Molopo's second largest shareholder (18.478%).

We are extremely concerned about Molopo:

- **Molopo remains suspended from trading on ASX since 27 July 2017, preventing you from freely trading your shares for the last two months.**
- **Molopo remains in breach of the Corporations Act since 24 July 2017, with less than 2 Australian resident Directors.**
- **Molopo has recently paid \$8.75 Million to an overseas-based individual without shareholder approval, in return for an asset of highly questionable value.**
- **Molopo continues to waste millions of dollars of your money on excessive administration and personnel expenses.**
- **Molopo continues to ignore requests for equitable Board representation for shareholders.**

Shareholders would recall that Keybridge raised significant concerns regarding the management and investment strategy of Molopo in the lead up to Molopo's AGM in June 2017 and advocated for changes to the Molopo Board.

At the AGM, Keybridge supported the two Molopo Directors who were nominees of Molopo's two other largest shareholders (Sam Belzberg, a nominee of Gibraltar Capital and Ronnen Rosengart, a nominee of Ion Limited), but voted against the re-election of Wayne Trumble and in favour of the removal of Alexandre Gabovich. Keybridge also sought the election of its own nominees to the Molopo Board.

Whilst Keybridge gained significant support for its proposed Board changes from Molopo shareholders, due to the vote of a few large shareholders, the incumbent Board was re-elected. It appears that those shareholders were persuaded by the assurance from the Board that it was a united and experienced Board committed to moving Molopo forward as a listed oil and gas company.

In response to questions asked by shareholders at the AGM, Mr Gabovich, in his capacity as interim Chairman and Managing Director, stated that it was Molopo's preference initially to acquire a production or near production asset in North America where there was a clear entry and exit to enable Molopo to take advantage of its substantial tax losses in North America on a short to medium term basis.

At the AGM, each of the Directors of Molopo also stated that they would support the appointment of a Keybridge nominee to the Molopo Board subject to the appointee having suitable experience and credentials.

In the four months since the Molopo AGM:

- (1) Sudden Resignation of Wayne Trumble as Director:** Notwithstanding the Board's statement at the AGM that they were a united Board collectively committed to the future of Molopo, Wayne Trumble resigned as a Director only one month after the AGM and Molopo has provided no explanation since as to the reason for Mr Trumble's resignation.

Mr Trumble's resignation has meant Molopo has been in breach of the Corporations Act requirement to have at least two Australian resident Directors for the two months since Mr Trumble resigned.

- (2) \$8.75m and Undisclosed Fees Paid under Orient Transaction:** The day after Mr Trumble resigned, Molopo signed a deal with banker and hedge fund manager **Gil Feiler**, in which he was **paid \$8.75m** by Molopo for a 50% shareholding in a British Virgin Islands registered company called Orient FRC Ltd.

Molopo has provided no information to indicate that Orient has any assets or business other than an obligation to spend monies on an oil and gas lease prospect (expiring in May 2019) in Florida, USA – a deal which is completely inconsistent with the investment strategy for Molopo articulated by Mr Gabovich at the AGM one month earlier.

Keybridge considers the terms of the Orient Transaction as disclosed to be highly unusual and difficult to justify commercially.

Of particular concern is that a significant cash sum was paid to an overseas individual in return for a right to co-invest more money into an exploration project.

Normal industry practice is to apply investment funds directly into a project of this kind in return for an equity interest in that project.

Keybridge is highly concerned to understand why Gil Feiler was handed the sum of \$8.75m of your shareholder funds as Molopo has provided shareholders with no explanation for why this transaction was structured the way it was, nor evidence of any independent assessment of the value of the 'asset', which has (to date) cost Molopo \$8.75 million.

Keybridge is also concerned to understand what level of fees were paid by Molopo, including fees to Molopo Directors, with respect to the Orient Transaction.

Molopo has confirmed fees were paid but has **failed to disclose** the quantum of such fees.

- (3) Refusal to Grant Fair Board Representation:** Molopo has failed to respond to Keybridge's request for its highly credentialed nominee, William Johnson, to be appointed to the Molopo Board. Instead, Molopo has instructed lawyers to advise Keybridge's lawyers that Mr Johnson's nomination is not acceptable to the Molopo Board.
- (4) Suspension from ASX:** Molopo's shares have been **suspended from trading on ASX since 27 July** and continue to be suspended on the basis that, despite having disbursed \$8.75m of shareholder funds Molopo has not demonstrated a level of oil and gas operation sufficient, in ASX's opinion, to warrant the continued quotation of Molopo's shares.
- (5) Mounting On-Going Expenses:** Molopo reported an after-tax loss of \$2.7m for the six months to 30 June 2017, having incurred \$1.77m in administration and salary expenses – this represents a near four-fold increase in these expenses (from \$0.459m) compared to the six months to June 2016.

It is also noteworthy that from the date Ion Limited (whose interests are represented by Yaniv Stern/Ronnen Rosengart as Director and who supported the incumbent Board at the recent AGM) became a shareholder of Molopo, in excess of \$3m of your shareholder funds have been spent on administration and salary expenses with the only deal Molopo has to show is the highly questionable Orient Transaction with Gil Feiler.

- (6) Refusal to Disclose Details of Orient Transaction:** Molopo denied Keybridge's request to access Molopo's books in relation to the Orient Transaction and accordingly, Keybridge has commenced Court proceedings to seek access to information to protect the interests of all Molopo shareholders.

In the light of these matters, Keybridge is not prepared to sit back and wait for Molopo's 2018 AGM to again consider the composition of the Molopo Board.

Instead, Keybridge has requested Molopo to call a further shareholder meeting to again consider:

- (1) The appointment of one Keybridge nominee to the Molopo Board, namely William Johnson.
- (2) The removal of Alexandre Gabovich, Molopo's European based interim Chairman and Managing Director, as a Director of Molopo.

Whilst these resolutions were rejected by shareholders at the June AGM, Keybridge is confident that the serious new issues highlighted above which have arisen over the four months since the AGM have now created a 'tipping point' in shareholder sentiment against the incumbent management and in favour of the Board changes now proposed by Keybridge.

In this regard, Keybridge has set out below a series of questions that need to be asked by Molopo shareholders in deciding how they want their company managed.

If William Johnson is elected to the Molopo Board, this will restore the Molopo Board to compliance with the Corporations Act and also result in each of the three largest shareholders in Molopo having one of their nominees on the Molopo Board as was the case until late 2016.

Keybridge not only considers this to be a fair outcome, but even more importantly considers that it will ensure appropriate checks and balances are in place to protect the interests of all shareholders.

Once William Johnson is elected, he is committed to lobby the Molopo Board to undertake the following actions:

- **Appoint an independent Australian resident Director to represent the interests of minority shareholders.**
- **Commission an independent, forensic analysis of the Orient Transaction.**
- **Develop a clear investment strategy for Molopo and seek shareholder approval for any further significant investments.**
- **Consider a significant return of capital to shareholders.**

In relation to the removal of Alexandre Gabovich, Keybridge considers that as interim Chairman and Managing Director, **Mr Gabovich should be held accountable for the performance of Molopo** since he became Managing Director on 8 March 2017 and notes that approximately 41% of the votes cast at Molopo's AGM in June were cast in favour of Mr Gabovich's removal as a Director.

ABOUT KEYBRIDGE CAPITAL LIMITED

Keybridge has been listed on the ASX since December 1999 (ASX Code: KBC) and is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets including in solar (Spain), private equity (US), life insurance (New Zealand), property and fund management sectors and has strategic holdings in Molopo, HHY Fund (ASX Code: HHY) and Metgasco Limited (ASX Code: MEL). Keybridge is also the investment manager of the HHY Fund.

Keybridge is Molopo's second largest shareholder and has been a substantial shareholder of Molopo since October 2014.

Since 2015, Keybridge has attempted to engage with Molopo in proposing investment strategies to take advantage of Molopo's strong cash position and deliver value for shareholders. During 2015, Keybridge presented four carefully selected and structured investment proposals to Molopo, all of which were rejected. A total return analysis of these four investments indicates returns of up to 200% could have been achieved, equating to potential profits of over \$80 million for Molopo if it had invested its cash in one or more of Keybridge's high conviction investment proposals.

KEYBRIDGE NOMINEE TO MOLOPO BOARD

WILLIAM JOHNSON

Vote **FOR** Resolution 1

MA (Oxon), MBA, MAICD

William Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30 year business career spans multiple industries and countries, with executive/CEO experience in oil and gas exploration (North Africa, Canada and Australia), mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia).



Between 2006 – 2008, Mr Johnson served as a Director of Drillsearch Energy Limited (ASX:DLS), an oil and gas development company with production and exploration assets in Australia and Canada. Drillsearch was subsequently acquired by Beach Energy Limited (ASX:BPT).

William is a highly experienced public company director with considerable depth of experience in business strategy, investment analysis, finance and execution.

William is currently Managing Director of Strike Resources Limited (ASX:SRK), an Executive Director of Bentley Capital Limited (ASX:BEL) and a Non-Executive Director of Keybridge Capital Limited (ASX:KBC).

QUESTIONS FOR MOLOPO BOARD AND MANAGEMENT

1. Who is Alexandre Gabovich?

Alexandre Gabovich was appointed by the Molopo Board earlier this year as Managing Director and Interim Chairman and has recently written to you seeking your support to keep him on the Board.

Molopo is an Australian company that is required by law to have two Australian resident Directors. Historically, Molopo's main investments have been in North America and Molopo has recently made a further investment in North America.

Mr Gabovich lives in France and according to Molopo's Annual Report and other published material is the international business development manager of a private Russian company focussed on oil refinery technology as well as Managing Partner of an investment fund.

Mr Gabovich appears to have been appointed by major shareholder Ion Limited as a replacement for previous Director Yaniv Stern. Keybridge seeks to understand exactly what the relationship is between Ion Limited and Mr Gabovich.

Keybridge is also at a loss to understand why the Molopo Board has appointed a French based executive as both Managing Director and Interim Chairman of an Australian company with North American assets.

2. Who is Ion?

Ion Limited is a company based in Gibraltar which first invested in Molopo in August 2015 at which time no disclosure was made as to anyone outside of Gibraltar with an interest in Ion. In March 2016, Ion Limited filed an amended disclosure identifying Mr Daniel Goldberg, a resident of London, as the controller of Ion Limited.

When asked at Molopo's AGM neither of the Board members present (being Mr Gabovich and Mr Rosengart) were able to answer questions in relation to the ownership of Ion Limited. Each confirmed that they had never even met Mr Goldberg.

3. What does the Molopo Board have to hide in relation to the Orient Transaction?

Molopo have spent \$8.75 million of your money to buy 50% of a British Virgin Islands company from a private individual without providing any details to Molopo shareholders as to the assets or financial capability of that company.

Keybridge asked Molopo for information in relation to Orient and the Orient Transaction. Not only did Molopo refuse to provide information, now that Keybridge is seeking to exercise its legal rights as a shareholder to access that information through the Courts, Molopo is spending your money to attempt to stop Keybridge obtaining that information.

If the Orient Transaction is 'an exciting oil and gas exploration and development project in a mature oil province' as claimed by Mr Gabovich, why is Molopo spending shareholder funds to prevent shareholders finding out information about the transaction?

What does the Molopo Board have to hide?

4. Why has the Molopo Board let Molopo lapse into suspension?

Molopo has been a 'cashbox' since it sold its last North American oil and gas asset in early 2015. Since that time the Molopo Board has apparently reviewed dozens of potential new investment opportunities.

Presumably this includes the investments proposed by Keybridge referred to above that would have had the potential to generate significant profits for Molopo.

At the recent Molopo AGM, Molopo's Company Secretary confirmed that in February 2017 ASX advised Molopo that its shares would be suspended if it did not demonstrate a sufficient level of oil and gas activities to justify its continued listing by 31 July 2017.

Why did the Molopo Board leave it until 25 July 2017 to enter into its first investment in over two and a half years?

Even more importantly, why did Molopo enter into the Orient Transaction at the eleventh hour without first seeking assurance from ASX that the transaction would be sufficient to enable Molopo's shares to continue to trade on ASX?

How can these actions be in the interests of Molopo shareholders, apart from possibly Molopo's large foreign shareholders who have nominees on the Molopo Board who currently have control over Molopo's extensive cash holdings?

5. Why won't the Molopo Board appoint a Keybridge nominee?

As the second largest shareholder in Molopo, Keybridge had a nominee on the Molopo Board until late 2016. Since that time, the Molopo Board has refused to appoint a replacement nominee, despite the clear statement by each Molopo Director at the AGM that they would support a Keybridge nominee joining the Molopo Board.

The reasons Mr Gabovich is now giving as to why Mr Johnson should not be appointed are focussed on the suggestion that William Johnson 'may seek to potentially disrupt or hinder the Board in pursuing its objectives'.

Keybridge's objective is for Molopo's funds to be invested and optimised for the benefit of all Molopo shareholders. Unlike Molopo's other major shareholders, Keybridge is an Australian based publicly

listed company with clear transparency as to its operations and shareholders.

Keybridge's statement sent to you by Molopo (repeated above) clearly articulates the actions Mr Johnson is committed to.

The addition of Mr Johnson can only serve to further the objectives of the Molopo Board in serving all Molopo shareholders in an open and transparent manner by adding an experienced Australian based Director to a Board currently controlled by nominees of foreign shareholders.

The alternative is the existing Board which is non-compliant with the Corporations Act and has a majority of Directors representing foreign privately held companies.

Why is the Molopo Board scared to appoint Mr Johnson?

6. Which shareholders of Molopo are the Board serving?

Alexandre Gabovich asserts that the current Molopo Board is best positioned to oversee the future strategic and financial performance of Molopo in the interests of all shareholders.

If this is the case, why is the Molopo Board spending:

- Hundreds of thousands of dollars of shareholders' money on administration costs and legal costs (including legal costs against its own shareholders)?
- Millions of dollars of shareholders' money buying shares in a British Virgin Islands registered company without asking shareholders whether they are in favour of this investment?

How can the Molopo Board say they are serving all shareholders when the only independent Director has recently resigned and not been replaced and the majority of the Board are nominees of foreign shareholders?

COMPLETE YOUR PROXY FORM

FOR

Resolution 1 - Election of William Johnson as a Director



Resolution 2 - Removal of Alexandre Gabovich as a Director



VOTE AT THE MOLOPO GENERAL MEETING

To ensure that the necessary resolutions pass, you must vote at the upcoming Molopo General Meeting on 10 November 2017 by completing and returning a Proxy Form to Molopo's Share Registry.

We enclose a completed **BLUE Proxy Form** appointing William Johnson, in his absence, fellow Keybridge Director Jeremy Kriewaldt, as your Proxy to vote in support of William Johnson joining the Molopo Board and for the removal of Alexandre Gabovich.

Please follow the instructions on the Proxy Form and lodge your proxy/vote with Computershare **by the deadline of 10:00 am (AEDT) on Wednesday, 8 November 2017.**

If you have any enquiries on how to vote or regarding the Proxy Form, please contact Computershare or Keybridge (via email or telephone, as set out below).

So that we can ensure that your vote is counted, **please also email a copy of your Proxy Form to us at cosec@keybridge.com.au.**

If you wish to discuss this Letter with Keybridge, please telephone (08) 9214 9767.

For Australian based shareholders, we enclose a Reply Paid envelope for your convenience.

If you have already voted/lodged a Proxy Form, you can change your vote by lodging a new Proxy Form.



MOLOPO
ENERGY LIMITED

ABN 79 003 152 154



Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: REFER COMPUTERSHARE

SRN/HIN: REFER COMPUTERSHARE

PIN: REFER COMPUTERSHARE

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10 a.m. (AEDT) Wednesday 8 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Molopo Energy Limited hereby appoint

the Chairman of the Meeting **OR**

WILLIAM JOHNSON or, in his absence, JEREMY KRIEWALDT

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Molopo Energy Limited to be held at the offices of BDO East Coast Partnership, Boardroom, Collins Square, Tower 4, Level 18, 727 Collins Street, Melbourne, Victoria on Friday 10 November 2017 at 10 a.m. (AEDT) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Election of William Johnson as a Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Removal of Alexandre Gabovich as a Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies **AGAINST** each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____