

## MEDIA RELEASE

Tuesday, 14 March 2017

ASX Codes : KBC; KBCPA

### COMPOSITION OF BOARD OF MOLOPO ENERGY LIMITED

Keybridge Capital Limited (ASX:[KBC](#)) (**Keybridge**) has served a notice on [Molopo Energy Limited](#) (ASX:[MPO](#)) (**Molopo** or **Company**) requiring Molopo to call a general meeting of shareholders (**Meeting**) pursuant to the provision of [section 249D](#) of the Corporations Act, at which Molopo shareholders will have the opportunity in a fair and transparent manner to determine whether to retain some or all current Board members and/or to appoint three new highly qualified Directors to the Molopo Board.

The three new Directors proposed by Keybridge are:

- Mr Tony Hartnell AM;
- Mr David Sanders; and
- Mr William Johnson.

Details of the qualifications and substantial experience of these Board nominees, which provide a combination of legal skills required to deal with the Canadian litigation and oil and gas experience to deliver shareholder value, is contained in the Annexure to this announcement.

#### Background

As one of Molopo's largest shareholders (~19.34%), Keybridge has for some time had serious concerns relating to the leadership, management, investment strategy and corporate governance of Molopo.

Given these concerns and, in particular, the refusal of the current Board to either engage in constructive dialogue with its major shareholder or consider fair Board representation for Keybridge, Keybridge feels it has no option but to bring matters to a head.

Keybridge believes the fairest and most transparent manner in which these issues can be resolved is for all current and proposed Board members to be considered for election at one general meeting to let the will of shareholders prevail.

Whilst Keybridge has asked Molopo to convene a meeting at which shareholders are to consider the removal of each of the existing Directors and the appointment of Keybridge nominee Directors, the rationale behind such resolutions is not to single out the existing Board or any particular Director for replacement but rather to allow shareholders to select a newly comprised Board of Directors from an expanded pool of candidates – including the incumbents – so that the Board better reflects and represents the will and interests of all shareholders with an appropriate mix of skills and experience.

Keybridge believes this is the most appropriate manner in which the wishes of all shareholders can be brought into effect.

Proposing resolutions to remove the current Directors is the only practical mechanism available to Keybridge that will allow all shareholders to have this opportunity unless the existing Board takes up Keybridge's suggestion (referred to below) to put themselves up for re-election at the AGM of the Company.

## **Keybridge Concerns**

### ***Lack of strategy and direction***

Molopo has for many years failed to enunciate any strategy for adding value for shareholders in the face of the Canadian litigation. Its cash reserves have simply been left on deposit whilst incurring significant administration and staff costs (with \$1,500,000 expended for the year to December 2016<sup>1</sup>).

### ***Refusal to grant fair Board representation***

Keybridge, as one of the Company's largest shareholders, is fairly entitled to Board representation. When Keybridge's previous representative on the Molopo Board, Antony Sormann, signaled his intention to resign as a Director of both Keybridge and Molopo, Keybridge requested that Molopo consider one of two alternative nominees, being David Sanders or William Johnson, to replace Mr Sormann<sup>2</sup>.

No formal consideration by the Molopo Board was given to this matter despite repeated requests until 22 February 2017, four months from the original request, at which point Keybridge was advised that Molopo would not grant it any Board representation. A week later, Molopo appointed two new Directors<sup>3</sup>.

### ***Lost opportunities***

Since 2015, Keybridge has repeatedly attempted to engage with Molopo in proposing investment strategies to take advantage of Molopo's strong cash position and deliver value for shareholders.

In this regard, 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 followed one or more of Keybridge's high-conviction investment proposals. Keybridge understands that investment proposals put forward by another major shareholder with Board representation have also similarly been rejected.

Instead, the Board of Molopo has chosen not to make a single investment of any nature during this time.

1 Refer MPO's [December 2016 Quarterly Report](#) lodged on ASX on 30 January 2017

2 Refer MPO ASX Announcement dated [2 December 2016: Resignation of Director](#)

3 Refer MPO ASX Announcement dated [27 February 2017: Change to Board of Directors](#)

### ***Lack of full-time executive leadership***

Between September 2014 and March 2017, Molopo has not had any full-time Executive leading the Company.

Whilst Alexandre Gabovich was appointed as Managing Director on 8 March 2017<sup>4</sup>, he appears to be European based and already has two other executive roles.

Furthermore, the Company has experienced exceptional Board instability during this time, with 16 changes to the Board since 29 December 2014.

### ***Failure to lodge tax returns***

Molopo has failed to properly lodge tax returns in Canada, resulting in the payment of significant penalty interest.

### **Shareholder Meeting**

Keybridge believes these (and others) are serious matters that require immediate attention and will be addressed by a restructure of the Molopo Board. In this regard, Molopo is now required to prepare a Notice of General Meeting to consider the resolutions proposed by Keybridge.

Keybridge has however suggested in order to save company costs that Molopo merge the Keybridge meeting request with the upcoming AGM of Molopo and that each Molopo Director voluntarily agree to put themselves up for re-election at such meeting. Keybridge awaits Molopo's position on this suggestion.

Keybridge notes that further details will also be included in a statement to be provided by Keybridge to Molopo which will accompany the General Meeting documents

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### **FOR FURTHER INFORMATION:**

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### **ABOUT [KEYBRIDGE CAPITAL LIMITED](#) (ASX: [KBC](#))**

KBC is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets including in the solar (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](#)), [Metgasco](#) Limited (ASX: [MEL](#)) and [PTB Group](#) Limited (ASX: [PTB](#)).

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<sup>4</sup> Refer MPO ASX Announcement dated [8 March 2017: Appointment of Managing Director](#)

## ANNEXURE

### PROPOSED NOMINEES TO THE BOARD OF MOLOPO ENERGY LIMITED

Keybridge has nominated Tony Hartnell for election as a Director of Molopo and Tony Hartnell has consented to act as a Director.

Tony Hartnell's qualifications, experience, relevant interests in MPO securities and other directorships in listed entities are as follows:

#### ANTHONY HARTNELL AM



<i>Qualifications</i>	BEC and LLB (Hons) (ANU), LLM (Highest Hons) (George Washington)
<i>Experience</i>	<p>Tony Hartnell is a Founding Partner at <a href="#">Atanaskovic Hartnell</a> and has extensive experience in the areas of Corporate and Commercial Law, particularly, regulatory issues, corporate financing, takeovers, trade practices and collective investments, with more recent emphasis on investigations and enforcement actions.</p> <p>From 1989 to 1992 he was the inaugural Chairman of the Australian Securities Commission. He co-founded Atanaskovic Hartnell in 1994 and was until recently President of the Board of Governors of the Australian National University Endowment for Excellence (member since 2000; President, 2009-2017).</p> <p>He was previously Chairman of the National Companies and Securities Commission (1990-91), Member of the National Companies and Securities Advisory Committee (1990-92) and Trade Development Council (1987-89), Special Legal Adviser to the Australian Government Inquiry into Telecommunications (1985), Partner of Allen Allen &amp; Hemsley (1980-1990 and 1993), Chief Legal Counsel of the Bankers Trust Australia Group (1997) and Deputy Secretary of the Department of Business and Consumer Affairs (1976-78).</p> <p>In 1994, his work with the Australian Securities Commission was recognised with an Officer in the Order of Australia (AM) and he was also awarded a Centenary Medal in 2003 for 'Outstanding service to corporate regulation in Australia'.</p>
<i>Relevant interest in MPO securities</i>	None
<i>Other current directorships in listed entities</i>	<a href="#">Allegra Orthopaedics</a> Limited (ASX:AMT) (since November 2014)
<i>Other former directorships in listed entities</i>	<ul style="list-style-type: none"> <li>• BT Australian Equity Management Limited (ASX:BTE)</li> <li>• BT Global Asset Management Limited (ASX:BTG)</li> <li>• BT Resources Management Limited (ASX:BTM)</li> <li>• Television and Media Services Limited (ASX:TMS)</li> <li>• Chiquita Brands South Pacific Limited (ASX:CHQ)</li> </ul>

Keybridge has nominated David Sanders for election as a Director of Molopo and David Sanders has consented to act as a Director.

Mr Sanders has previously served as a Non-Executive Director of Molopo between 30 December 2014<sup>5</sup> and 27 August 2015<sup>6</sup>.

David Sanders' qualifications, experience, relevant interests in MPO securities and other directorships in listed entities are as follows:

## DAVID SANDERS



*Qualifications* LLB and BCom (*Western Australia*), GradDipAppFin

*Experience* David Sanders is a Principal at [Bennett + Co](#) and has more than 20 years' experience in corporate law. He has advised numerous entities, including ASX-listed and private companies on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance, as well as commercial transactions across a range of industries and jurisdictions. David is the Chairman of [Murlpirmarra Connection Limited](#), which focuses on education and training for indigenous youth in the Yilgarn Region of Western Australia. He is also a non-executive director of [International Raw Materials Ltd](#) and a number of ASX listed companies.

### Legal Practice Areas

- Administrative Law
- Commercial Litigation and Dispute Resolution
- Competition and Consumer Law
- Corporate and Commercial Regulatory Compliance
- Corporate Finance, Initial Public Offerings and Secondary Capital Raisings
- Corporate Insolvency, Reconstruction and Bankruptcy
- Duties Law
- Energy and Resources
- Estate Planning (Wills/Probate/Succession/Disputes)
- Mergers and Acquisitions
- Real and Personal Property, Planning and Conveyancing
- Reconstruction and Bankruptcy
- Trust and Managed Investments Schemes

*Relevant interest in MPO securities* None

*Other current directorships in listed entities*

- Non-Executive Director of [Pura Vida Energy NL](#) (ASX:[PVD](#)) (since 20 October 2016)
- Non-Executive Director of [Marenica Energy Limited](#) (ASX:[MEY](#)) (since 4 August 2008)

*Other former directorships in listed entities*

- [Molopo Energy Limited](#) (ASX:[MPO](#)) (2014 - 2015)
- [Quickflix Limited](#) (ASX:[QFX](#)) (2012 - 2016)
- [Tungsten Mining NL](#) (ASX:[TGN](#)) (2014 - 2015)

<sup>5</sup> Refer MPO ASX Announcement dated [29 December 2014: Board Changes](#)

<sup>6</sup> Refer MPO ASX Announcement dated [27 August 2015: Appointment of Director](#)

Keybridge has nominated William Johnson for election as a Director of Molopo and William Johnson has consented to act as a Director.

Mr Johnson is a Non-Executive Director of Keybridge.

William Johnson's qualifications, experience, relevant interests in MPO securities and other directorships in listed entities are as follows:

## WILLIAM JOHNSON



*Qualifications* MA (Oxon), MBA, MAICD

*Experience* Mr 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 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 and 2008, Mr Johnson served as Director of Australian oil and gas explorer and producer Drillsearch Energy (ASX:DLS). Mr Johnson is a highly experienced public company director and has considerable depth of experience in business strategy, investment analysis, finance and execution.

*Relevant interest in MPO securities* None

*Other current directorships in listed entities*

- Managing Director of [Strike Resources Limited](#) (ASX:[SRK](#)) (since 25 March 2013; Director since 14 July 2006)
- Executive Director of [Bentley Capital Limited](#) (ASX:[BEL](#)) (since 1 January 2016; Director since 13 March 2009)
- Non-Executive Director of Keybridge Capital Limited (ASX:[KBC](#)) (since 29 July 2016)

*Other former directorships in listed entities*

- [Alara Resources Limited](#) (ASX:[AUQ](#)) (2009 - 2013)
- Cuervo Resources Inc. (CNQ:FE) (2013 –2013)
- Orion Equities Limited (ASX:[OEQ](#)) (2003 – 2013)
- Scarborough Equities Limited (ASX:SCB) (2004 – 2009)
- Drillsearch Energy Limited (ASX:DLS) (2006 – 2008)
- Sofcom Limited (ASX:SOF) (2005 - 2008)
- Altera Capital Limited (ASX:AEA) (2005 – 2006)

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