

MEDIA RELEASE

Wednesday, 23 May 2018

ASX Codes : KBC; KBCPA

FURTHER LETTER TO MOLOPO SHAREHOLDERS FOR AGM – ORIENT AND DRAWBRIDGE TRANSACTIONS AND BREACHES OF ASX LISTING RULES

Keybridge Capital Limited (**Keybridge**) is the second largest shareholder in Molopo Energy Limited (ASX:MPO) (**Molopo**), holding 18.5% of the issued capital of Molopo.

Molopo has convened an [annual general meeting](#)¹ (**AGM**) on Thursday, 31 May 2018 in Melbourne at which all of the current 3 Directors (Baljit Johal, Matthew Cudmore and Richard Matthews) are standing for re-election and 4 shareholder nominees (Ralph Curton, William Johnson, Anthony Hartnell AM and Roger Corbett AO) are standing for election as Directors. Molopo is also facing a 'second strike' on its Remuneration Report.

Molopo's upcoming AGM will therefore provide an important opportunity for shareholders to cast judgment on the conduct and stewardship of the current Board, including the 'Orient' and 'Drawbridge' Transactions Molopo has undertaken since the last AGM.

Further to Keybridge's letter to Molopo shareholders dated [11 May 2018](#)², Keybridge has forwarded a second letter to Molopo shareholders (dated 18 May 2018), a copy of which is attached.

This further Keybridge letter provides an important update in relation to a scathing ASX letter to Molopo (dated [11 May 2018](#)³) (**ASX Breaches Letter**) about the conduct of Molopo and its Directors which sets out, amongst others, the following matters:

- Molopo has committed serious breaches of the Listing Rules;
- Molopo may have breached the Corporations Act for making misleading disclosures to ASX;
- ASX has referred its findings to ASIC for potential action against Molopo;
- ASX requires the Orient and Drawbridge Transactions be put to Molopo shareholders for approval;
- Molopo will remain suspended from ASX until ASIC has completed its investigations;
- Molopo must re-comply with the admission requirements of Listing Rules to be re-admitted to the ASX;
- ASX may exercise their discretion to deny re-admission given Molopo's conduct and breaches of the Listing Rules; and
- ASX may rule that the current Directors fail the 'good fame and character test' (due to their involvement in Molopo's breaches), which is one of the conditions for re-admission to ASX.

1 Refer MPO [Notice of AGM and Explanatory Statement dated and released on ASX on 30 April 2018](#)

2 Refer Keybridge Media Release dated [11 May 2018: Letter to Molopo Energy Limited Shareholders for Upcoming Annual General Meeting](#)

3 Refer ASX Letter to Molopo dated and released on ASX on [11 May 2018: MPO Breaches of ASX Listing Rules](#)

To recap, on 8 May 2018, Molopo released its [2017 Annual Report](#)⁴ and [March 2018 Quarterly Report](#)⁵ (both late per the ASX Listing Rules and Corporations Act) and an [ASX Announcement](#)⁶ which disclosed for the first time a series of major transactions carried out between January and March 2018 involving a further US\$23.5 million cash injection into Orient and a US\$35 million vend of the Orient Project in exchange for a 30% non-voting interest in Drawbridge (which values Drawbridge, post vend, at a staggering US\$117 million or more than A\$150 million).

By way of background, here is a summary of the Orient and Drawbridge Transactions which has seen a total of at least US\$35 million (or nearly A\$50 million) of Molopo shareholders' funds expended in a little over 7 months.

1. The Orient Transaction – US\$11.5 Million

- 1.1. On or about 25 July 2017, Molopo paid Gil Feiler US\$7 million to acquire 50% of Orient FRC Ltd (**Orient**) (which was announced a month later on [22 August 2017](#)⁷ – the **Orient Announcement**).
- 1.2. Orient has a 50% earn-in interest in an oil and gas prospect located in Florida, USA with Kerogen Florida Energy LP (**Kerogen**); the primary asset – the Indigo Lease - was secured by Kerogen (from the landholder) for an 8-year lease term expiring on 26 May 2019) and Orient had an obligation to drill and spud a first commitment well by 1 May 2018⁸ (the **Orient Project**).
- 1.3. Orient was incorporated in the British Virgin Islands (**BVI**) on 8 September 2014 with no apparent oil and gas exploration and development track record nor any physical operations (ie. office and staff) and Israeli-resident Gil Feiler has no oil and gas credentials – it is not known how, when and upon what terms Gil Feiler had secured the prospects from Kerogen before on-selling a 50% interest in Orient at a valuation for Orient of US\$14 million.
- 1.4. Keybridge has initiated Victorian Supreme Court proceedings⁹ against Molopo to, inter alia, find out information about the Orient Transaction and as part of those proceedings, has commissioned an independent expert report (prepared by [RISC Advisory](#)) which has concluded, inter alia, that Orient's interest in the Florida prospects is valued at between US\$0 and US\$395,000.
- 1.5. On 11 December 2017, Molopo loaned US\$4.5 million to Orient¹⁰ (as announced on [11 December 2017](#) – the **Orient Funding Announcement**); this advance occurred on the day Molopo's long-standing Company Secretary was suddenly terminated for no apparent reason¹¹.
- 1.6. Gil Feiler (being the other 50% shareholder of Orient) was also required to advance a US\$4.5 million loan to Orient as confirmed by Molopo in the Orient Funding Announcement. On [23 April 2018](#)¹², in response to a query from the ASX, Molopo advised that "*Dr Feiler has not to date executed any shareholder loan agreement with Orient*" and "*To date, Dr Feiler has not contributed a shareholder loan*" – Molopo failed to mention that Gil Feiler ceased to be an Orient shareholder some 3 months earlier on 30 January 2018, having been bought-out of his remaining 50% interest for a further US\$7 million.

2. The Orient Transaction – 'Stage 2' – US\$23.5 Million

- 2.1. During the January to March 2018 quarter^{5,6}, Molopo invested a further US\$23.5 million into Orient, which funds were applied as outlined below.
- 2.2. On 30 January 2018, Orient spent US\$7 million to buy-back Gil Feiler's 50% shareholding (held via Gil Feiler's SPV, 'ESGM Investments Limited') – this was funded from Molopo's loans to Orient as announced on 8 May 2018^{4,5,6}.

4 Refer MPO [Annual Report for the year ended 31 December 2017 released on ASX on 8 May 2018](#)

5 Refer MPO [Quarterly Report for the quarter ending 31 March 2018 dated and released on ASX on 8 May 2018](#)

6 Refer MPO ASX announcement dated [8 May 2018: Molopo De-Risks By Diversifying its Oil and Gas Exploration Portfolio](#)

7 Refer MPO ASX announcement dated [22 August 2017: Molopo Acquires Interest in US Oil and Gas Project](#)

8 Molopo announced on [8 May 2018](#) that the Indigo Lease term has been extended to 23 September 2014 and Orient's obligation to spud the first commitment well has been extended to 1 April 2019.

9 Keybridge Capital Limited v. Molopo Energy Limited & Ronnen Rosengart, Supreme Court of Victoria Proceedings SCI 2017 04750 and SCI 2017 04752

10 Refer MPO ASX announcement dated [11 December 2017: Update on Orient FRC Ltd Investment](#)

11 Refer MPO ASX announcement dated [11 December 2017: Change of Company Secretary](#)

12 Refer MPO ASX announcement dated [23 April 2018: Response to Disclosure Query for Release to ASX](#)

- 2.3. Thus, in a little over 6 months, Gil Feiler has pocketed US\$14 million of Molopo's money to sell out of Orient which Molopo has previously announced had no other assets except the right to drill exploration wells on the Florida prospect, the value of which an Independent Expert has assessed at between US\$0 - US\$395,000. Gil Feiler's exit from Orient occurred even though he had not yet provided his share of funding (US\$4.5 million) into Orient, as Molopo advised he was required to do (as announced in the Orient Funding Announcement), when Molopo contributed its US\$4.5 million).
- 2.4. At some stage on or before 7 March 2018, Molopo advanced a further US\$16.5 million to Orient - this was in addition to the US\$4.5 million loaned to Orient on [11 December 2017](#)¹⁰ and the US\$7 million loaned to fund Gil Feiler's buy-back on 30 January 2018⁶).
- 2.5. Orient, in turn, provided a US\$21 million intercompany loan to a wholly-owned subsidiary, Orient FRC (US) LLC (**Orient US**)⁶.
- 2.6. Orient US was registered in Texas, USA on 22 February 2016 and changed its name from Palisades Energy LLC on 14 December 2017 – this company was previously associated with Chris Burkard, who is currently associated with the Drawbridge Group⁶; Chris Burkard was also the former VP – Operations of 'Kerogen Exploration LLC'.¹³

3. The Drawbridge Transaction – US\$35 Million

- 3.1. On 21 February 2018, Orient entered into a 'Contribution Agreement' with BVI registered Drawbridge Energy Holdings Ltd¹⁴ (**Drawbridge Holdings**) pursuant to which (the **Drawbridge Transactions**)^{4,5,6}:
 - 3.1.1. Orient agreed to assign its interest in the Orient Project to Orient US;
 - 3.1.2. Orient agreed to transfer its interest in Orient US to Drawbridge;
 - 3.1.3. Orient will receive 'Class A' non-voting shares in Drawbridge, representing 30% of Drawbridge – the balance of 70% is held via 'Class B' shares by BVI registered Sopris Energy Investments Limited¹⁵ (**Sopris**);
 - 3.1.4. Orient agreed to extinguish its US\$21 million intercompany loan to Orient US.
- 3.2. The Drawbridge Transactions were completed on 7 March 2018 following which Drawbridge Energy Operations & Management LLC¹⁶ (**Drawbridge Operations**) were appointed to operate the Orient Project.
- 3.3. Thus, Molopo has vended Orient US (holding the US\$14 million Orient Project and US\$21 million cash) for a 30% non-voting interest in Drawbridge Holdings, which places a post-vend valuation of US\$117 million for Drawbridge Holdings.
- 3.4. Drawbridge Holdings is stated to have the following oil and gas projects⁶, which has an ascribed (pre-vend) value of US\$82 million based on the US\$35 million Orient US vend:
 - 3.4.1. **Texas, Permian Basin:** A US\$3.673 million investment into newly-formed Fenix DB LLC¹⁷, which has acquired 6,000 net acres in Texas, USA containing 37 wells producing 65-90 barrels of oil per day; the Drawbridge investment will fund acquisitions (US\$2 million) and an initial 5 well drilling programme (US\$1 million); Drawbridge holds Class B shares with a right to a preferential return until its investment is recouped after which it will convert into 70 - 85% of Class A shares;
 - 3.4.2. **Texas, South-East Gulf Coast (Onshore):** Drawbridge has licensed 50 miles² of (3D seismic) data and has secured 400 leasehold acres;
 - 3.4.3. **Texas, South-East Gulf Coast (Offshore):** on 21 March 2018, Drawbridge was the successful bidder of 7 offshore Gulf of Mexico lease blocks totalling 40,320 gross acres; and
 - 3.4.4. **Texas, East Crystal City (Jackson County) Prospect:** Drawbridge has a 25% interest with its share of funding estimated to be US\$400,000.

¹³ <https://www.linkedin.com/in/chris-burkard-8635503/>

¹⁴ Drawbridge Energy Holdings Ltd was incorporated in the BVI on 5 February 2018

¹⁵ Sopris Energy Investments Limited was incorporated in the BVI on 5 February 2018

¹⁶ Drawbridge Energy Operations & Management LLC was incorporated in Delaware, USA on 19 December 2017

¹⁷ Fenix DB LLC was incorporated in Texas, USA on 31 January 2018

- 3.5. A “Poison Pill” has also been put in place - if Baljit Johal (currently Molopo’s Chairman and Managing Director) ceases to be a Director of Drawbridge Holdings, the other 70% shareholder, Sopris (at its complete discretion) has to approve Molopo’s replacement nominee.

4. Current Financial Positions – 31 March 2018⁶

- 4.1. Molopo had gross cash of A\$16.904 million – but with a C\$8.4 million (A\$8.6 million) provision in respect of Canadian litigation matters on its books¹⁸ - this means Molopo’s ‘free cash’ is now less than A\$8 million.
- 4.2. Drawbridge (which had Molopo’s US\$21 million cash from the Orient US vend) had gross cash of US\$14.07 million, investment and other assets of US\$4.41 million, current liabilities of US\$0.29 million and net assets of US\$18.2 million; Drawbridge’s budgeted expenditure to 30 September 2018 was estimated to be US\$6.61 million.

5. Molopo’s Breaches of ASX Listing Rules and the Corporations Act

- 5.1. The ASX Breaches Letter outlines a number of interactions between ASX and Molopo in the period 1 February to 7 May 2018 concerning, inter alia, ASX’s queries on:
- 5.1.1. Deficiencies and inconsistencies in Molopo’s 22 August 2017 Orient Announcement including the location of the Indigo Lease prospect and an apparent breach of [Chapter 5 of the Listing Rules](#) (which sets out additional reporting and disclosure requirements on mining and oil and gas production and exploration activities);
- 5.1.2. The classification of the US\$4.5 million payment to Orient first disclosed in the Orient Funding Announcement – these were ostensibly addressed in Molopo’s ASX announcement of [21 February 2018](#)¹⁹ (which also attached a copy of ASX’s formal query dated 15 February 2018);
- 5.1.3. Certain disclosures in relation to the Orient Transaction and the costs of the Orient Project, progress with the Orient Project, details of the operating partner and whether Gil Feiler has contributed his US\$4.5 million shareholder loan to Orient – these were (eventually after a number of extensions) ostensibly addressed in Molopo’s ASX announcement of [23 April 2018](#)¹² 2018 (which also attached a copy of ASX’s formal query dated 20 March 2018);
- 5.1.4. The application of [Listing Rule 11.1](#) (Proposed Change of Nature of Scale of Activities) and ASX’s confirmation that it was inclined to the view that Case (4)²⁰ in section 3.2 of ASX [Guidance Note 12](#) (Significant Changes to Activities) was applicable to Molopo – these were (eventually after numerous extensions) ostensibly addressed (internally to ASX) on 10 May 2018 (2 days after Molopo’s 8 May 2018 announcements^{4,5,6}).
- 5.2. These interactions included a meeting between ASX, Baljit Johal (Molopo Chairman and Managing Director) and Molopo’s corporate and legal advisers on 18 April 2018.
- 5.3. It is clear from these ASX interactions and ASX announcements that Molopo deliberately omitted to disclose material matters both to ASX and its own shareholders, including completed aspects of the Orient and Drawbridge Transactions.

FOR FURTHER INFORMATION:

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Company Secretary
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¹⁸ Refer Note 11 (Provisions) on page 45 of Molopo’s [2017 Annual Report](#)

¹⁹ Refer MPO ASX announcement dated [21 February 2018: Response to ASX Query Letter](#)

²⁰ ASX will usually exercise its discretion to require a significant change to the nature or scale of a listed entity’s activities to be approved by shareholders where, in Case (4), the entity has previously disposed of or abandoned its main undertaking and it is proposing to acquire a business, or to make a series of acquisitions of businesses, that will become its new main undertaking (this applies whether its new main undertaking is of the same nature as, or a different nature, its former main undertaking)

VOTE AT THE MOLOPO AGM
DO NOT RE-ELECT CURRENT DIRECTORS
NEW BOARD REQUIRED TO INVESTIGATE
\$50 MILLION LOST BY THE CURRENT BOARD'S "DEALS"

- Keybridge's long-held concerns have been vindicated by ASX's identification of **Molopo's serious breaches of the Listing Rules** – a copy of ASX's 11 May Letter is enclosed.
- Molopo **hid from shareholders and ASX** the US\$35 million Orient and Drawbridge Transactions before they were completed – even in the face of protracted queries from ASX.
- Molopo employed **delaying tactics** with ASX to avoid disclosing the Orient and Drawbridge Transactions to shareholders until after the money had been paid to overseas parties.
- Molopo gave the ASX the 'run-around' to hide these matters from shareholders until they were announced on 8 May – this also avoided ASX ruling that the **Orient and Drawbridge Transactions had to be approved by shareholders first**.
- ASX states that Molopo may have **breached the Corporations Act** for making misleading disclosures – **ASX's findings have been referred to ASIC for potential action** against Molopo.
- **ASX has 'thrown the book' at Molopo:**
 - Molopo will **remain suspended** until ASIC has completed its investigations;
 - The Orient and Drawbridge Transactions are regarded as a 'significant change to the nature or scale' of Molopo's activities – **ASX requires that these transactions be approved by shareholders** as we said they should have been from the beginning;
 - **Molopo must re-comply with the Listing Rules** as if it were applying for admission as a new company – this means, amongst other matters, the issue of a prospectus, meeting minimum shareholder spread requirements and a potential recapitalisation;
 - Even if Molopo satisfies the relisting requirements, ASX may still exercise their discretion to deny re-admission given Molopo's conduct and breaches of the Listing Rules;
 - ASX will also have regard to the involvement of the **current Directors** in Molopo's conduct and breaches (as above) to see if they **meet the 'good fame and character' test**.
- **There appears to be little chance Molopo will be re-admitted to ASX with the current Directors on the Board.**
- As at 31 March 2018, Molopo had gross cash of A\$16.904 million – but with a C\$8.4 million (A\$8.6 million) provision in respect of Canadian litigation matters on its books, this means **Molopo's 'free cash' is now only ~\$8 million;**

- Gil Feiler has pocketed US\$14 million of Molopo's money for selling Orient to Molopo – the value of which an Independent Expert has assessed at between US\$0 - US\$395,000.
- Drawbridge Transaction values Drawbridge at a staggering ~US\$80+ million or nearly ~A\$110 million - Drawbridge has an interest in some oil wells producing a paltry "65-90 barrels of oil per day", some exploration data together with some commitments and rights of indeterminate value to undertake oil and gas exploration; it is also possible that some of these assets may in fact have been acquired after the Drawbridge Transaction, using Molopo's money sitting inside Orient US!
- Keybridge recommends that you vote AGAINST the re-election of the current Directors, being BALJIT JOHAL, MATTHEW CUDMORE and RICHARD MATTHEWS, who have presided over a Company that has spent nearly A\$50 million of your shareholder funds in a little over 7 months, been involved in serious breaches of the ASX Listing Rules/Corporations Act and has put in jeopardy the reinstatement of Molopo's shares on ASX.
- Keybridge recommends that your vote FOR the election of the proposed new Directors being, RALPH CURTON, WILLIAM JOHNSON, ANTHONY HARTNELL AM and ROGER CORBETT AO.
- If Keybridge's nominee, William Johnson, is appointed to the Molopo Board with your support, his first focus will be on REVIEW & RECOVERY to scrutinise the Orient and Drawbridge Transactions and pursue all available avenues to try to claw-back US\$35 million from Gil Feiler, Drawbridge and anyone else that have benefited from these deals.

FOR FURTHER INFORMATION

Concerned Molopo Shareholder Hotline: +61 8 9214 9745
fixmolopo@keybridge.com.au

LODGE YOUR PROXY FORM

We encourage all shareholders to vote at the upcoming Molopo AGM on Thursday, 31 May 2018 by completing and returning a Proxy Form to Molopo's Share Registry.

We enclose a partially-completed BLUE Proxy Form appointing William Johnson, in his absence, Keybridge's lawyer, David Sanders, as your Proxy to vote in line with Keybridge's recommendations as set out above.

Please follow the instructions on the Proxy Form and lodge your proxy/vote with Computershare by the deadline of 10:00 am (AEST) on Tuesday, 29 May 2018. If you have any enquiries on how to vote or regarding the Proxy Form, please contact 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 fixmolopo@keybridge.com.au.

If you wish to discuss this Letter with Keybridge, please also telephone (08) 9214 9745.

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.



11 May 2018

Mr Richard Matthews

Company Secretary
Molopo Energy Limited

By email: rmatthews@molopoenergy.com

Dear Mr Matthews

Molopo Energy Limited (“MPO”): Breaches of ASX Listing Rules

ASX Limited (“ASX”) refers to the following:

A. MPO’s announcements titled:

- “Annual report to shareholders”;
- “Quarterly Cashflow Report and Commentary”; and
- “Progress report”

lodged on the ASX Market Announcements Platform (“MAP”) on 8 May 2018 (together, the “Drawbridge Announcements”), disclosing the following.

- I. On 30 January 2018, Orient redeemed all of the JV Partner’s shares in Orient for a redemption amount of USD\$7 million (the “Orient Redemption”) resulting in the share of the JV Partner in Orient being cancelled and Orient becoming a wholly owned subsidiary of MPO.
 - II. Following completion of the Orient Redemption, MPO has solely funded the remaining amounts required by the Orient Project in accordance with its current budget, in an aggregate amount of USD\$21 million (the “Assumption of Full Funding Responsibility for the Orient Project”).
 - III. On 21 February 2018, Orient entered into a contribution agreement (the “Contribution Agreement”) with Drawbridge Energy Holdings (“Drawbridge”) to transfer its 100% interest in the Orient project to Drawbridge in consideration for a 30% interest in Drawbridge and that closing under the Contribution Agreement occurred on or about 7 March 2018.
 - IV. In the first quarter of 2018, MPO provided total funding to Orient of USD\$23.5 million in addition to the USD\$4.5 million provided in December 2017.
 - V. On 25 April 2018, Kerogen agreed to extend the drilling deadline for the spudding of the first commitment well for the Orient project to 1 April 2019.
- B. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- C. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

ASX also refers to its various recent engagements with MPO in relation to MPO's compliance with ASX Listing Rules, including:

1. ASX's letter to MPO dated 7 February 2017 advising MPO that its level of operations was not sufficient to warrant the continued quotation of the company's securities and that MPO had until 31 July 2017 to demonstrate to ASX that it is compliant with Listing Rule 12.1. In this letter, ASX also advised MPO that if the Company proposed to enter into any transactions, it must consult with ASX so that the possible application of Listing Rule 11.1 could be considered.
2. MPO's request for a trading halt on 25 July 2017, and subsequently for a suspension on 27 July 2017, pending the announcement of a *"strategic investment"*. In MPO's request for suspension, it was disclosed that *"Molopo has completed the investment transaction and is currently finalising its technical announcement on the transaction"*.
3. MPO's announcement lodged on MAP on 22 August 2017 titled *"Molopo invests into Orient FRC and Florida petroleum assets"* (the *"Orient Announcement"*) disclosing that MPO had completed an acquisition for 50% of the shares in Orient FRC Ltd (*"Orient"*) from Dr Gil Feiler for US\$7 million (the *"Orient Transaction"*). It is noted that the Orient Transaction was completed without prior consultation with ASX.
4. ASX's email to MPO dated 1 February 2018 raising queries on, among other things, the location of the Prospect (as defined in the Orient Announcement) and certain deficiencies and inconsistencies in the Orient Announcement that appeared to breach Chapter 5 of the Listing Rules (*"Original Email Query"*).
5. ASX's letter to MPO dated 15 February 2018 raising queries on the classification of the US\$4.5 million payment to Orient first disclosed in MPO's announcement titled *"Update on funding for Orient Investment"* released on MAP on 11 December 2017 (the *"Funding Announcement"*) and MPO's response dated 21 February 2018 and released on MAP with ASX's letter on the same day.
6. ASX's letter to MPO dated 20 March 2018 raising queries on certain disclosures made by MPO in relation to, among other things, the Orient Transaction, the costs of the Orient project as referred to in the Funding Announcement, Orient's progress in entering into the Joint Operating Agreement with Kerogen as referenced in the Orient Announcement, whether Dr Gil Feiler had contributed his US\$4.5 million shareholder loan to Orient and details of the operating partner (the *"Disclosure Query Letter"*). In the same letter, ASX again requested MPO to respond to the queries raised by ASX in relation to the matters raised in the Original Email Enquiry. ASX requested that MPO respond to the Disclosure Query Letter by 26 March 2018.
7. ASX's letter to MPO dated 20 March 2018 asking MPO to provide formal submissions to ASX on the application of Listing Rule 11.1 and Guidance Note 12 to the Orient Transaction and advising that ASX is inclined to the view that Case 4 of the Guidance Note 12 is applicable to the transaction (the *"Chapter 11 Letter"*). ASX requested that MPO respond to the Chapter 11 letter by 26 March 2018.
8. MPO's email to ASX dated 23 March 2018 requesting an extension until 12 April 2018 to respond to the outstanding queries.
9. MPO's attempted announcement lodged on MAP on 28 March 2018 titled *"Correction of Statements by Keybridge Capital"*.
10. ASX's email dated 29 March 2018 advising MPO by email that the attempted announcement lodged the day prior was not suitable for release as it purported to, among other things, circumvent ASX's Disclosure Query Letter by discussing matters that were the subject of ASX's outstanding queries, it contained opinion-based statements while the title suggested that the announcement is fact-based, and it purported to clarify someone else's statements. By the same email, ASX extended the response deadline to the Original Email Query, the Disclosure Query Letter and the Chapter 11 Letter to 9:30am, 6 April 2018.
11. MPO's legal advisers' email to ASX on 5 April 2018 requesting a further extension to the deadline for responding to the Original Email Query, the Disclosure Query Letter and the Chapter 11 Letter by one week citing that MPO was experiencing delays in gathering the appropriate responses due to being dependent on third party experts.

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12. ASX's email to MPO on 6 April 2018 advising MPO that it decided to grant the extension to respond to the Original Email Query, the Disclosure Query Letter and the Chapter 11 Letter only until 4:00pm, 9 April 2018.
 13. The emails from MPO's legal advisers provided over the course of the evening of 9 April 2018 and the morning of 10 April 2018, with proposed responses to the Original Email Query, the Disclosure Query Letter and the Chapter 11 Letter.
 14. ASX's email to MPO's legal advisers dated 12 April 2018 advising that, despite having asked for a response from MPO to the Disclosure Query Letter in a form that was suitable for release, MPO's response did not meet this requirement as it asked ASX to keep certain information disclosed in the letter confidential. ASX again asked for a response that was suitable for release to the market and gave until 9:00am, 16 April 2018 for the response. ASX also advised in this email that the response to the Chapter 11 Letter was inadequate as the submissions made were not supported by appropriate analysis.
 15. ASX's meeting with Baljit Johal and MPO's corporate and legal advisers on 18 April 2018 to discuss MPO's compliance with the Listing Rules and the outstanding responses to ASX queries.
 16. Further communications between ASX and MPO following the meeting, which resulted in MPO's letter to ASX dated 23 April 2018 released on MAP on the same day. This letter included the following responses.

"Orient has engaged Drawbridge Energy Operation & Management, LLC (Drawbridge) to provide operational expertise and to be the "operator" under the EDA... Orient has funded Drawbridge with US\$2 million in order to carry out its land strategy. This amount is part of the US\$4.5 million already advanced and is part of the 'leasehold costs' line item in the summary budget"

"To date, Dr Feiler has not contributed a shareholder loan. Due to the Keybridge Proceedings and the Aurora takeover panel review, and the ultimate restraint imposed on MPO to transfer funds to Orient in support of the Orient Project in Florida, Kerogen, Drawbridge and Dr Feiler, the other 50% shareholder of Orient, raised direct concerns with MPO as to MPO's ability to contribute funds in a timely manner to ensure that the Orient Project could be adequately and appropriately supported from a financial perspective as and when required. MPO expects to make a further announcements on developments in this regard in the coming weeks."

17. ASX's email to MPO on 4 May 2018 advising that ASX would form the view that Listing Rules 11.1.2 and 11.1.3 applied to the Orient Transaction unless ASX received, by 9:00am, 7 May 2018, MPO's response to the Chapter 11 Letter.
18. MPO's request for a further extension until 5:00pm, 9 May 2018 to provide the response to the Chapter 11 Letter.
19. The letter from MPO's lawyers to ASX dated 10 May 2018 with the response to Chapter 11 Letter received at 1:08pm on that date.

In all of the interactions mentioned above between 30 January 2018 (the date of the Orient Redemption and the Assumption of Full Funding Responsibility for the Orient Project) and 8 May 2018 (the date of the Drawbridge Announcements), MPO omitted to advise ASX of the Orient Redemption or the Assumption of Full Funding Responsibility for the Orient Project, even though they were directly relevant to the matters being discussed in those interactions.

Similarly, in all of the interactions mentioned above between 21 February 2018 (the date Orient entered into the Contribution Agreement) and 8 May 2018 (the date of the Drawbridge Announcements), MPO omitted to advise ASX of the fact that its now wholly owned subsidiary Orient had entered into the Contribution Agreement.

Based on the information provided by MPO to date, including the Drawbridge Announcements and the response provided to the Chapter 11 Letter, ASX considers the Orient Transaction (including the modifications outlined in the Drawbridge Announcements) to be a significant change to the nature or scale of MPO's activities. ASX has determined that it should exercise its discretion under Listing Rules 11.1.2 to require that transaction to be approved by MPO's shareholders. ASX has also determined that, in the particular circumstances of this case, it should exercise its discretion under Listing

Rule 11.1.3 to require MPO to satisfy the requirements in Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list (“Re-admission”).

Further, based on the above, ASX considers that MPO has committed serious breaches of the Listing Rules, including:

- Listing Rule 11.1 for failing to notify ASX of the original Orient Transaction, the Assumption of Full Funding Responsibility for the Orient Project and the Orient Redemption before they were completed; and
- Listing Rule 3.1 for delaying the notification of the original Orient Transaction, the Assumption of Full Funding Responsibility for the Orient Project, the Orient Redemption and the Contribution Agreement until after they had been completed.

MPO may also have breached sections 1041H and 1309 of the Corporations Act for making misleading disclosures to ASX.

ASX will be referring the above findings to ASIC for them to consider whether action should be taken against MPO under the Corporations Act in relation to the matters referred to in this letter. The securities of MPO will remain suspended until ASIC advise ASX that they have completed their deliberations in this regard.

Should MPO receive the approval of its shareholders to the Orient Transaction and proceed to apply for Re-admission, ASX will have due regard to the events outlined in this letter and the breaches of the Listing Rules mentioned above in deciding whether or not it should exercise its discretion under Listing Rule 1.19 to refuse that application. It will also have regard to the involvement of the current directors of MPO in these events in determining whether MPO satisfies the requirement for Re-admission in Listing Rule 1.1 condition 20.

ASX expects MPO to lodge a copy of this letter on MAP immediately. If it fails to do so, ASX reserves the right to release a copy of this letter itself on MAP under Listing Rule 18.7A.

Yours sincerely

[Sent electronically without signature]

Cheng Tang

Senior Adviser, Listings Compliance (Melbourne)