

Molopo Energy Limited

ABN 79 003 152 154

Interim Report - 30 June 2022

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General information

The financial statements cover Molopo Energy Limited as a consolidated entity consisting of Molopo Energy Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Molopo Energy Limited's functional and presentation currency.

Molopo Energy Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Accosec & Associates
Level 26 360 Collins Street
Melbourne Victoria, 3000 Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 October 2022.

Directors	Roger Corbett AO (Independent Non-executive Chairman) John Patton (Independent Non-executive Director) Ralph Curton (Independent Non-executive Director) Anthony Hartnell AM (Independent Non-executive Director)
Company secretary	Andrew Metcalfe
Registered office	C/- Accosec & Associates Level 26 360 Collins Street Melbourne Victoria, 3000 Australia
Principal place of business	C/- Accosec & Associates Level 26 360 Collins Street Melbourne Victoria, 3000 Australia
Share register	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: (61 3) 9415 4000
Auditor	BDO Audit Pty Ltd Collins Square, Tower 4 Level 18, 727 Collins Street Melbourne, Victoria 3008 Australia
Bankers	National Australia Bank Limited 330 Collins Street, Melbourne, VIC, 3000, Australia National Bank of Canada 301 – 6th Avenue, Calgary, AB T2P 4M9, Canada
Website	www.molopoenergy.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Molopo Energy Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were Directors of Molopo Energy Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Roger Corbett - Independent Non-Executive Chairman
Ralph Curton – Independent Non-Executive Director
Anthony Hartnell – Independent Non-Executive Director
John Patton - Independent Non-Executive Director

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$909,000 for the half year ended 30 June 2022 (30 June 2021: loss of \$315,000).

Executive Summary

Corporate

The Company is not pursuing any new oil and gas activities, outside of those which it holds indirectly through its 100% owned subsidiary, Orient FRC Limited ('Orient') which holds a 30% non-voting interest in Drawbridge Energy Holdings Limited ('Drawbridge').

In December 2021, Molopo settled the proceedings in the Supreme Court of Victoria against the D&O Insurers and former directors of the Company.

The settlement comprised a payment to Molopo in the sum of AU \$12 million net to Molopo without admission of liability and mutual releases between Molopo as plaintiff and the D&O Insurers and former directors as defendants.

Drawbridge Operations

Drawbridge is required to provide Molopo with Financial Statements and Operations Report within 60 days of the end of each quarter as ordered by the Court. The last Financial Statements and Operations Report provided by Drawbridge to Molopo related to the quarter ended 30 June 2021 and therefore represents a breach of a Court order. The Directors are unable to rely on these Financial Statements and Operations Reports with any confidence as they provide no financial detail and do not disclose any significant update on project operations.

Legal actions

Molopo Energy Canada Limited (MECL), a wholly owned subsidiary of the Company, continues to defend a long-standing legal action in Canada against MECL, pursuant to Court consent orders for case management of those proceedings. The Company is currently participating in a discovery legal process which is expected to conclude in the December 2022 quarter following which a mediation hearing is to be held in March/April 2023.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Roger Corbett
Non-executive Chairman

19 October 2022

DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF MOLOPO ENERGY LIMITED

As lead auditor for the review of Molopo Energy Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Molopo Energy Limited and the entities it controlled during the period.



Wai Aw
Director

BDO Audit Pty Ltd

Melbourne, 19 October 2022

Molopo Energy Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022



		Consolidated	
	Note	30 June 2022	30 June 2021
		\$'000	\$'000
Revenue			
Other income	2	-	619
Interest income		27	3
Expenses			
Salary and employee benefits		(186)	(172)
Foreign exchange gain/(loss)		38	(4)
Administration		(394)	(400)
Legal, management and consulting fees		(394)	(361)
Total expenses		<u>(936)</u>	<u>(937)</u>
Loss before income tax expense		(909)	(315)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Molopo Energy Limited		(909)	(315)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>4</u>	<u>2</u>
Other comprehensive income for the half-year, net of tax		<u>4</u>	<u>2</u>
Total comprehensive income for the half-year attributable to the owners of Molopo Energy Limited		<u><u>(905)</u></u>	<u><u>(313)</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Molopo Energy Limited
Statement of financial position
As at 30 June 2022



		Consolidated	
	Note	30 June 2022	31 December
		\$'000	2021
			\$'000
Assets			
Current assets			
Cash and cash equivalents	3	18,735	19,181
Trade and other receivables	4	11	11
Other	5	104	563
Total current assets		<u>18,850</u>	<u>19,755</u>
Total assets		<u>18,850</u>	<u>19,755</u>
Liabilities			
Current liabilities			
Trade and other payables	6	<u>90</u>	<u>90</u>
Total current liabilities		<u>90</u>	<u>90</u>
Total liabilities		<u>90</u>	<u>90</u>
Net assets		<u>18,760</u>	<u>19,665</u>
Equity			
Issued capital	7	157,321	157,321
Reserves	8	(1,694)	(1,698)
Accumulated losses		<u>(136,867)</u>	<u>(135,958)</u>
Total equity		<u>18,760</u>	<u>19,665</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Molopo Energy Limited
Statement of changes in equity
For the half-year ended 30 June 2022



Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2021	157,321	(1,702)	(146,955)	8,664
Loss after income tax expense for the half-year	-	-	(315)	(315)
Other comprehensive income for the half-year, net of tax	-	2	-	2
Total comprehensive income for the half-year	-	2	(315)	(313)
Balance at 30 June 2021	<u>157,321</u>	<u>(1,700)</u>	<u>(147,270)</u>	<u>8,351</u>

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2022	157,321	(1,698)	(135,958)	19,665
Loss after income tax expense for the half-year	-	-	(909)	(909)
Other comprehensive income for the half-year, net of tax	-	4	-	4
Total comprehensive income for the half-year	-	4	(909)	(905)
Balance at 30 June 2022	<u>157,321</u>	<u>(1,694)</u>	<u>(136,867)</u>	<u>18,760</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Molopo Energy Limited
Statement of cash flows
For the half-year ended 30 June 2022



	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(478)	(868)
Interest received	27	3
	<u>(451)</u>	<u>(865)</u>
Net cash used in operating activities		
Net cash from investing activities	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(451)	(865)
Cash and cash equivalents at the beginning of the financial half-year	19,181	8,367
Effects of exchange rate changes on cash and cash equivalents	5	4
	<u>18,735</u>	<u>7,506</u>
Cash and cash equivalents at the end of the financial half-year		

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Going concern

The consolidated entity is considered a going concern as its current assets exceed its current liabilities by \$18,760,000 at the reporting date, and there is no indication that in the 12 month period from the date of this report that the consolidated entity will be in a position that it cannot meet its future commitments as and when they fall due.

Note 2. Other income

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Other income*	-	619
	<u> </u>	<u> </u>

*Other income for 30 June 2021 is represented by \$619,000 cyber fraud claim received.

Note 3. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2022	31 December 2021
	\$'000	\$'000
Cash at bank	18,735	13,162
Cash on deposit	-	6,019
	<u> </u>	<u> </u>
	<u>18,735</u>	<u>19,181</u>

Note 4. Current assets - trade and other receivables

	Consolidated	
	30 June 2022	31 December 2021
	\$'000	\$'000
Other receivables	11	11
	<u> </u>	<u> </u>

Note 5. Current assets - other

	Consolidated 31 December	
	30 June 2022 \$'000	2021 \$'000
Prepayments	104	563

Note 6. Current liabilities - trade and other payables

	Consolidated 31 December	
	30 June 2022 \$'000	2021 \$'000
Trade payables	47	50
Other payables	43	40
	<u>90</u>	<u>90</u>

Note 7. Equity - issued capital

	Consolidated			
	31 December		31 December	
	30 June 2022 Shares	2021 Shares	30 June 2022 \$'000	2021 \$'000
Ordinary shares - fully paid	<u>249,040,648</u>	<u>249,040,648</u>	<u>157,321</u>	<u>157,321</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 8. Equity - reserves

	Consolidated 31 December	
	30 June 2022 \$'000	2021 \$'000
Foreign currency reserve	<u>(1,694)</u>	<u>(1,698)</u>

Note 9. Contingent Assets & Liabilities

Contingent Assets

In September 2014, Molopo Energy Limited (the Company) sold 100% of its shares in Molopo Energy South Africa Exploration and Production Proprietary Limited (Molopo SA) to Windfall Energy Pty Ltd. (a Sth African private company) under a Share Purchase Agreement. Included in the 2014 agreement to sell Molopo SA to Windfall Energy Pty Ltd was the assignment of a claim and loan account of RAND 50m against Molopo SA. The RAND 50m loan is equivalent to AU\$4.58m. The loan represented funds lent by the Company to Molopo SA.

In August 2015 Renergen Limited, an emerging producer of helium and liquefied natural gas, acquired all shares in Molopo SA and in doing so acquired the obligation to repay the loan to the Company.

Repayment of the loan is contingent upon the Molopo SA assets being developed by Renergen and generating revenues.

The loan agreement is from the inception of the loan in May 2013 until 31 December 2022. The loan is unsecured and interest free. If the loan is not repaid by December 31 December 2022, the loan will then bear interest at prime overdraft (lending rate) plus 2% and:

- Renergen is unable to repay shareholder loans until the Molopo Energy Limited loan has been settled; and
- In circumstances where Renergen declares a dividend, 36% of the annual profit that is able to be paid as a dividend must first be paid to the Company in consideration for repayment of the loan.

Consistent with past practice, Molopo Energy Limited continues to disclose the RAND 50m loan as a contingent asset.

Contingent Liabilities

There exists a series of historical legal actions initiated in Canada concerning the Company and Molopo Energy Canada Ltd. ("MECL"), a wholly owned subsidiary of the Company, all of which relate to the sale by MECL of its interests in various oil and gas assets on 1 March 2011, summarised as follows:

1. One of MECL's former joint venture partners (3105682 Nova Scotia ULC ("310 ULC")) commenced legal action in 2011 against MECL claiming MECL breached various agreements relating to the relevant joint venture, including breach of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C\$35.00 (A\$35.64) million general damages, C\$1.00 (A\$1.02) million punitive and aggravated damages, interest, GST and indemnity costs.

Molopo Energy Limited as parent company, is itself not a party to these proceedings. Whilst the litigation commenced in 2011, it is considered that the legal action will not be heard in court until at least 2024.

2. 310 ULC also commenced legal action in 2013 against the purchaser of MECL's interests in the assets, Legacy Oil & Gas Inc. ("Legacy"), as successor in title to MECL, claiming that Legacy continued some breaches allegedly committed by MECL and committed further breaches of the agreements relating to the relevant joint venture, including breaches of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C\$90.00 (A\$91.66) million general damages, C\$1.00 (A\$1.02) million punitive and aggravated damages, interest, GST and indemnity costs.

Legacy has issued a third-party notice to both MECL and Molopo. In June 2015, Legacy was acquired by Crescent Point Energy Corporation, an oil and gas company based in Calgary, Canada.

MECL and Molopo have not yet been required to file any defence to the third-party claim.

Note 10. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	31 December 2021 %
Molopo USA LLC	USA	100.00%	100.00%
Molopo Energy Texas LLC	USA	100.00%	100.00%
Orient FRC Limited	British Virgin Islands	100.00%	100.00%
Molopo Energy Holdings Ltd	Canada	100.00%	100.00%
Molopo Energy Canada Ltd	Canada	100.00%	100.00%
Molopo Canada Callco Ltd	Canada	100.00%	100.00%

Note 11. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Molopo Energy Limited
Directors' declaration
30 June 2022



In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Roger Corbett", written over a horizontal line.

Roger Corbett
Non-executive Chairman

19 October 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Molopo Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Molopo Energy Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Wai Aw', written over a horizontal line.

Wai Aw
Director

Melbourne, 19 October 2022