MEDIA RELEASE

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LETTER OF CONCERNS TO MOLOPO ENERGY LIMITED SHAREHOLDERS

Keybridge Capital Limited (**Keybridge**) is one of the largest shareholders in Molopo Energy Limited (ASX:MOP) (**Molopo**), holding nearly 20% of the issued capital of Molopo.

Over recent months, Keybridge has spent considerable time investigating Molopo's investment in BVI registered company Orient FRC Ltd (**Orient**) which MPO first announced to ASX on 22 August 2017[1] and which was the subject of an update announcement on 11 December 2017[2] (the **Orient Transaction**).

Under the Orient Transaction, Molopo has disbursed a total of US$11.5 million to acquire 50% of Orient from an individual named Gil Feiler (US$7 million) and to meet initial drilling costs (US$4.5 million out of a total 'Summary Budget' of US$20 million).

As part of that investigation, Keybridge has reviewed in detail both of the ASX announcements made by Molopo in relation to the Orient Transaction and also publicly available information in relation to Orient, Orient's counterparty Kerogen Florida Energy Company LP, the holder of the sub-surfaçe oil and gas rights Consolidated-Tomoka Land Co. (NYSE:CTO) and the area in Florida where Orient is proposing to drill for oil and gas.

Keybridge has identified a number of considerable concerns and unanswered questions for the Molopo Board about the Orient Transaction and Molopo's public disclosures on ASX in relation to the same.

These are outlined in Keybridge's letter to Molopo shareholders (dated 22 January 2018), a copy of which is attached.

Keybridge's investigations are continuing and Keybridge will continue to update shareholders as more information is to hand.

FOR FURTHER INFORMATION:

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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 MPO ASX Announcement dated 22 August 2017: Molopo Acquires Interest in US Oil and Gas Project

2 Refer MPO ASX Announcement dated 11 December 2017: Update on Orient FRC Ltd Investment

MOLOPO SHAREHOLDERS NEED ANSWERS

- **Why is the Board of Molopo funding exploration for oil in an area of North America with a history of minimal oil production, considerable public opposition to drilling and where no other oil and gas company in the world appears to be interested in drilling?**
- **Why are Molopo's public disclosures relating to the Orient Transaction so incomprehensible, opaque and contradictory that it is impossible to locate where they are planning to drill or how much it is going to cost?**
- **Why has Molopo paid an extraordinary premium for a short-term lease of sub-surface oil rights, compared to other comparable transactions in the same area where the perpetual sub-surface rights to all minerals have been bought outright (not just leased) for a fraction of the amount paid by Molopo?**
- **How can the Board of Molopo credibly forecast a US$3.20 'finding and development' cost for a barrel of oil from a formation 3km below the surface, when in Saudi Arabia, recognised as the world's cheapest producer, it costs US$9 to produce a barrel of oil from considerably shallower depths than those targeted by Molopo (and elsewhere in the USA, it typically costs at least US$20 to produce a barrel of oil)?**
- **Why has no formal drilling application yet been made by Orient to the Florida regulatory authorities responsible for the grant of drilling permits?**
- **Why is only one of the 4 Directors who were on the Board of Molopo when it approved the Orient Transaction still on the Board?**

BACKGROUND

Keybridge Capital Limited (**Keybridge**) is one of the largest shareholders in Molopo Energy Limited (**Molopo**), holding nearly 20% of the issued capital of Molopo. The only other shareholder with a comparable holding is a Gibraltar company called Ion Limited, which also holds approximately 20% of Molopo and has controlled all recent appointments to the Board of Molopo.

Keybridge is an investment company listed on the ASX and its Directors have considerable corporate experience in the management and administration of ASX listed companies. All of Keybridge's Directors are Australian Directors accountable to Australian law and its shareholders.

Keybridge, despite repeated requests has been denied representation to the Molopo Board since late 2016.

Keybridge has sought representation to protect its shareholding in the company and that of minority shareholders in circumstances where recent events in Molopo have been extraordinary and in Keybridge's opinion highly detrimental to the interests of Molopo shareholders.

These events revolve principally around a transaction entered into in July 2017 and announced to ASX on 22 August 2017 where Molopo acquired 50% of the issued capital in a British Virgin Island based company called Orient FRC Ltd from an individual called Gil Feiler for the sum of US$7 million (the **Orient Transaction**).

Molopo has announced to ASX that Orient has an obligation to drill up to three oil wells in Florida on land currently leased by an American private company called Kerogen Florida Energy Company LP (**Kerogen**).

Kerogen is not the owner of the land nor any rights to minerals under that land. Rather these are owned by another company called Consolidated-Tomoka Land Co. (**Tomoka**) which is the holder of the sub-surface rights that include the rights to oil and gas.

Tomoka is a US Stock Exchange listed company (NYSE : CTO) which publishes data on all its assets including various sub-surface rights it holds including those in Florida.

What appears to be the case from publicly available documents sourced by Keybridge is that Kerogen has leased a total of 15,151 acres in Hendry County Florida (the **Indigo Leases**) from Tomoka and it is on these lands that Orient has agreed to drill of up to three oil wells. Kerogen does not have drilling rights in perpetuity, but rather these leases expire on 26 May 2019.

Molopo initially announced that the cost of drilling each well will be approximately US$3.2 million and subsequently increased this estimate to US$3.6 million. Molopo have already advanced to Orient the sum of US$4.5 million in addition to having made a US$7 million payment to Gil Feiler.

The payment of US$4.5 million is difficult to reconcile as Molopo has announced that Gil Feiler, as the other 50% shareholder of Orient, is also required to fund a 50% share, so with the total cost of the first well being $US3.6 million, and with Molopo's share being US$1.8 million, Keybridge questions why Molopo has advanced to Orient a total of US$4.5 million, and whether Gil Feiler has also contributed an equal US$4.5 million loan as required.

Of even greater concern is the fact that Molopo has advised that the total Orient budget for the three well programs including general, administrative, projected management, drilling and capital costs is US$20 million.

Keybridge's initial concern was around the structure of the Orient Transaction as in Keybridge's opinion, the structure made no commercial sense as it delivered a windfall sum of $US7 million to the said Gil Feiler in circumstances where there were a number of alternate methods by which Molopo could have participated in the drilling of these wells. All of those alternatives would have resulted in Molopo cash being applied towards actual drilling costs rather than simply delivering cash into the hands of a private individual.

With further announcements of the very significant additional sums that Molopo has advanced and proposes to advance to Orient, the concerns of Keybridge as to the fundamental nature of the Orient Transaction have been heightened.

Keybridge has requested that Molopo provide full and proper disclosure of the Orient Transaction, including details of the financial standing of Orient, its assets and liabilities, its technical capacity and experience in the oil and gas industry and most importantly the basis upon which it determined to pay Gil Feiler the sum of US$7 million.

This payment imputes a valuation of Orient of US$14 million and given that Orient itself only holds 50% of the production rights to these wells, the payment imputes a valuation of US$28 million for 100% of the drilling rights to these wells that are due to expire less than 2 years after Molopo entered into the Orient Transaction.

Given that the rights that Orient holds to drill are only valid for a further ~16 months, Keybridge is very concerned to see how such a valuation for these drilling rights was arrived at by Molopo.

Molopo has at every turn resisted making any disclosure that would address the legitimate concerns of Keybridge and has instead spent very significant sums of shareholders' money on lawyers to oppose the disclosure of this information.

This resistance of Keybridge's bona fide questions on an 'investment' it is materially exposed to is unreconcilable with Molopo's ASX announcements detailing the apparent benefit the Orient Transaction brings to Molopo shareholders.

Despite Molopo having committed up to US$17 million to the Orient Transaction, ASX have not deemed this to be a sufficient level of oil and gas operations to warrant the re-quotation of Molopo shares on ASX.

Accordingly, Molopo remains suspended from trading on the ASX with no guidance from the company as to when such suspension might be lifted nor what actions the company is taking to remove such suspension.

The ASX market announcements made by Molopo on the Orient Transaction and on the loan of additional shareholder funds to Orient make no sense to Keybridge.

They contain myriad errors, factual inconsistencies and unexplained representations. Keybridge's view is that these announcements were prepared in a highly negligent manner.

The totality of all these matters and the very significant resistance by Molopo to shed light on these extraordinary events have left Keybridge with no alternative but to conduct its own forensic examination of the Orient Transaction.

Keybridge has accordingly spent the last few months trying to examine the Orient Transaction with the assistance of the regulatory authorities in the US responsible for the regulation and administration of oil and gas exploration and drilling in the State of Florida.

This examination has painted an alarming picture of the Orient Transaction and the drilling that Molopo (through Orient) proposes to conduct.

The results of such examination are such that Keybridge now feels it is appropriate to refer its investigations to the ASX and ASIC for formal consideration and action as they deem appropriate.

Keybridge invites Molopo to comment on the following observations:

WHERE EXACTLY ARE THESE DRILLING RIGHTS LOCATED?

It is impossible from the market announcements made by Molopo to determine where the drilling rights (ie. the Indigo Leases) in Florida are located. Molopo's market announcement of 22 August 2017 (the **Molopo Orient Announcement**) provided two maps (Diagrams 1 and 2, reproduced below) which purport to show the location of the Indigo Leases.

The only clear statement Molopo have made is to say the leases are contained within Hendry County, South Florida.

Even a cursory analysis of the two maps shows them to be meaningless and a detailed analysis shows them to be misleading.

Diagram 1 purports to show a series of oil fields in Florida covering a range of counties including Hendry, Collier and Lee. The map gives the impression that the area across three counties has a large number of oil fields with large reserves of oil.

This aspect will be dealt with later in this update but for the purposes of identifying exactly where the Indigo Leases are, Molopo refers to the fact that the "target prospect" is contained within the "blue circle" in Diagram 1.

Interestingly there is NO blue circle anywhere within that diagram so it is impossible to determine where these drilling rights are. Further the scale of Diagram 1 is indistinguishable.

Diagram 1: Upper Sunniland Formation in South Florida, U.S.

The target Prospect is situated within the blue circle marked on the Diagram below:

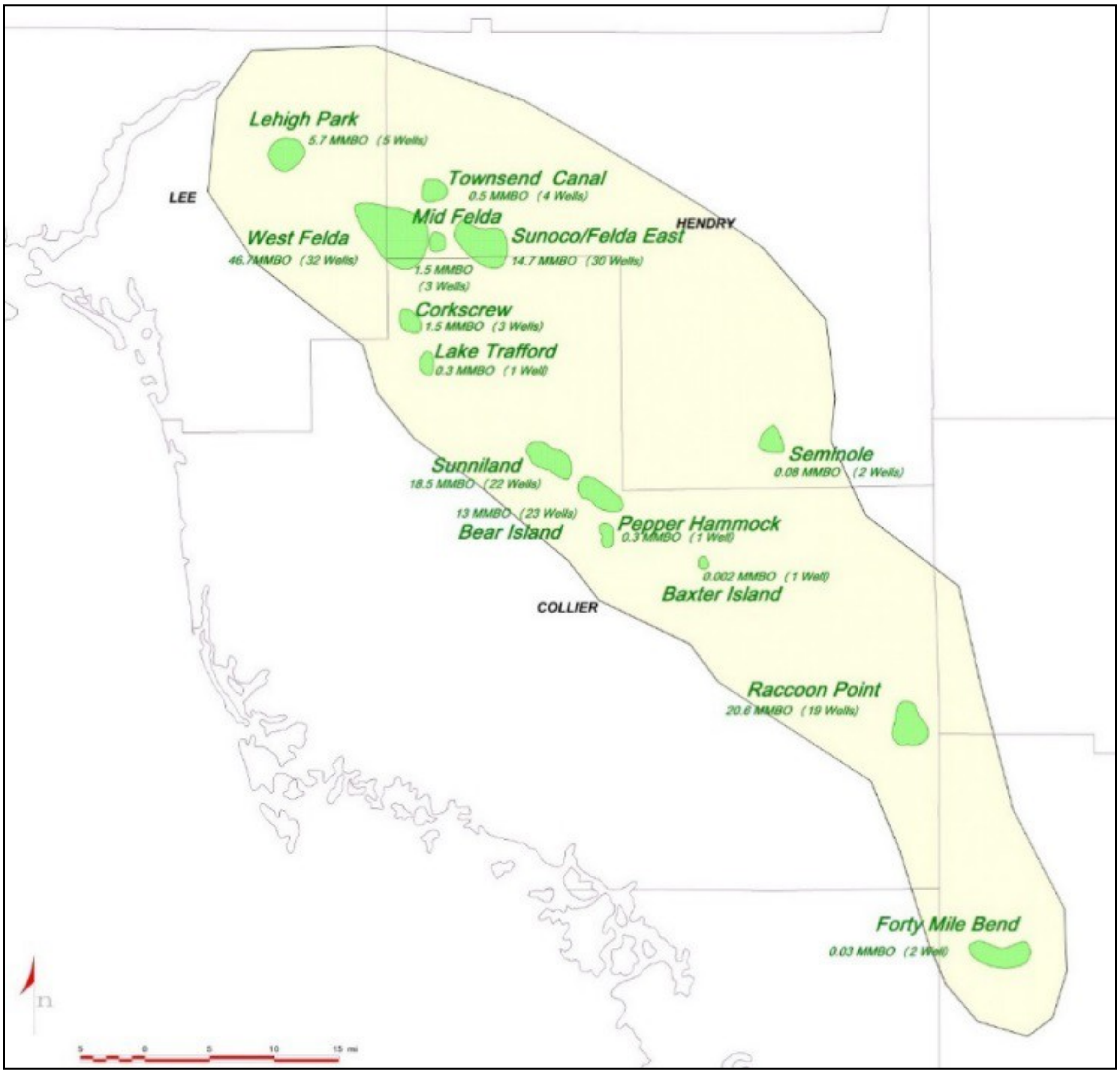
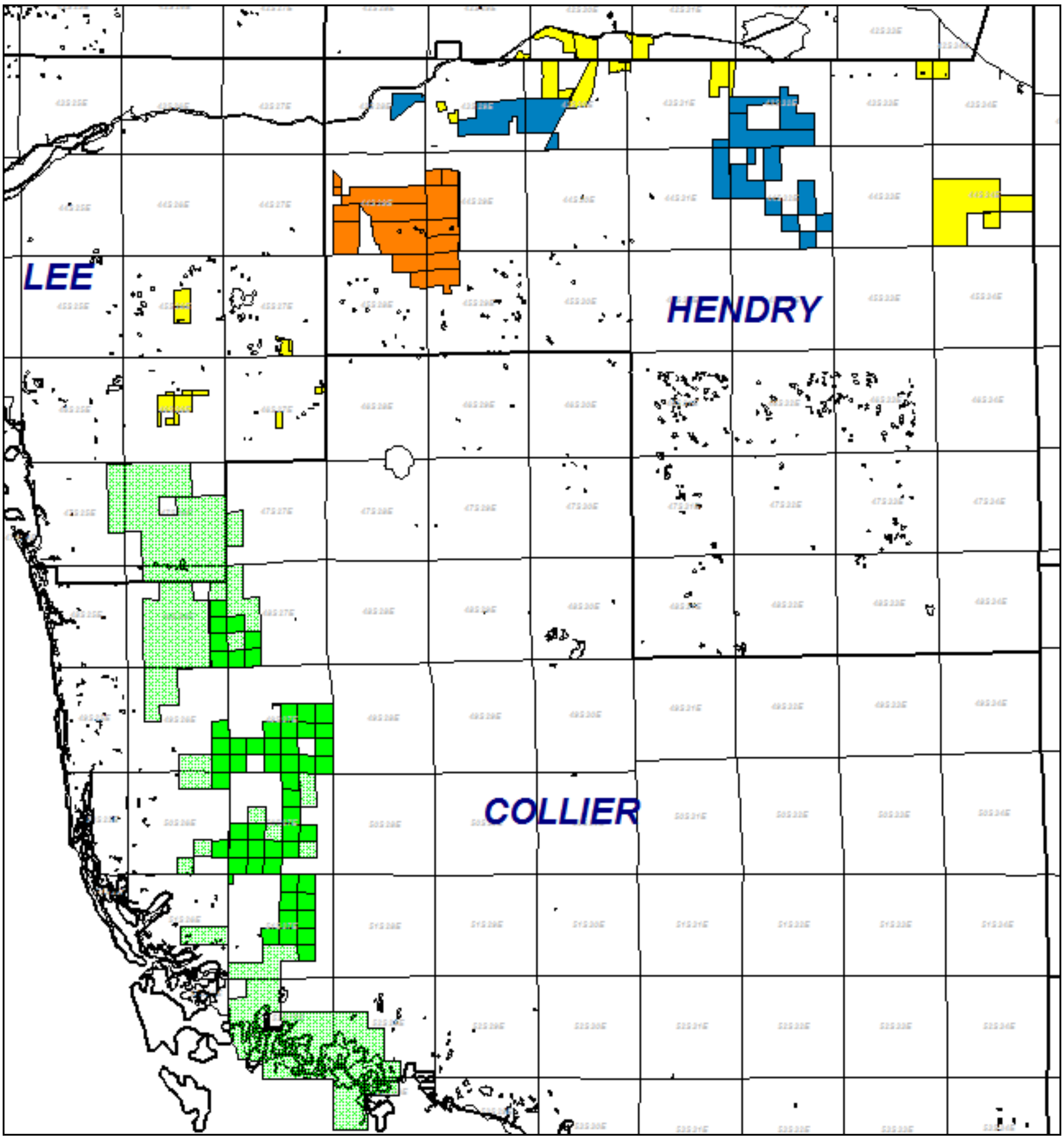


Diagram 2 purports to provide greater detail and has the heading "Indigo Leases located in Hendry County, Upper Sunniland Formation".

That diagram simply outlines a grid block with various block areas shaded in different colours. It contains no legend, scale or any other detail which could provide any meaningful assistance to understand what the blocks mean, what the shaded blocks represent, how big they are and which of them relate to the Indigo Leases. The impression that a reasonable reader would have is that all the shaded blocks represent collectively the Indigo Leases the subject of the ~15,000 acre drilling rights.

Diagram 2: Indigo Leases located in Hendry County, Upper Sunniland Formation



It is very difficult to outline where Hendry County sits in Diagram 2, but by reference to Florida Geological Survey maps it is clear that the County comprises an "L" shaped area in the upper right hand corner of that diagram.

The Hendry County area contains blue, yellow and orange areas, Collier County contains mostly green and and Lee County contains a few yellow areas.

From a correlation of the Florida Geological Survey maps and the Diagram 2 map, it is clear that each major square or block in Molopo's Diagram 2 relates to an area of 10 kilometres by 10 kilometres or a total area of 100 square kilometres. As there are 247 acres in a square kilometre it is clear that each block or square in Diagram 2 relates to an area of 24,700 acres.

Given the total area of the Indigo Leases only amounts to ~15,000 acres, it is clear that the totality of the shaded areas in Diagram 2 (which a reader would believe are the areas of the Indigo Leases) bear no correlation to the ~15,000 acres of the Indigo Leases as they reflect a vastly larger area.

In other words, Diagram 2 firstly does not allow the reader to know where the Indigo Leases are located and secondly appears to give the impression that they cover an area vastly larger than ~15,000 acres.

The Molopo Orient Announcement also refers to Orient participating in an interest within the State of Florida and '*any offshore water adjacent to the State of Florida*".

Hendry County clearly does not extend to the coast.

The green coloured infilled areas on Diagram 2 however does include some sea coast so once again a Molopo shareholder would be entitled to believe these are the off-shore areas referred to.

Also, most of the green areas are in the Everglades National Park.

On balance it would be impossible for anyone reading the Molopo Orient Announcement to have any idea where the Indigo Leases are.

IS ORIENT PERMITTED TO DRILL?

Notwithstanding no shareholder is able to make sense of where the Indigo Leases are located (other than they are in Hendry County, Florida) , the following is clear after consultation with the Florida Government Authority that has regulatory oversight of oil and gas exploration in Florida.

- There has been NO new oil fields brought into production, not just in Hendry County, but in the whole of Florida since 1998.
- There are currently NO drilling permits granted to any party in Hendry County.
- There are currently NO drilling applications on foot by any party in Hendry County.
- There has only been one recent application to conduct a step out drill well in Hendry County from an existing small field (unrelated to Orient) and that was the subject to objections and is consequently currently under administrative review.

Molopo have announced that Orient is required to commence drilling in Hendry County by no later than 1 May 2018. Orient will need drilling permits to commence such drilling.

However as advised above, Keybridge's research reveals that there are currently NO drilling applications submitted to the regulatory authorities in Florida for Hendry County and that on average a drilling application takes approximately 6 months to be granted if there are no objections received to the application.

Hendry County sits in close proximity to large population centres to the east and west and with the protected Florida Everglades to the south. An examination of the public record reveals that there is considerable opposition to on-shore drilling in Florida and that there has been a recent extension to the ban on any off-shore drilling in Florida.

In circumstances where Molopo acquired 50% of Orient in July 2017 and Orient's obligation to drill the wells in Hendry County obviously pre-dated that acquisition, Keybridge is concerned to know why Orient has still not made application to commence drilling by no later than 1 May 2018.

HOW PROSPECTIVE ARE THESE FLORIDA LEASES FOR OIL?

As Gil Feiler has been the recipient of US$7 million of Molopo shareholder funds, the implied value of the underlying Indigo Leases (based upon Molopo having an indirect quarter share) is US$28 million for a 100% interest in the drilling rights which as referred to earlier cease in approximately 16 months.

Accordingly, it is a useful exercise to examine the state of the oil and gas industry in Florida in general and Hendry County in particular to see how prospective the Indigo Leases might be.

In this regard Keybridge has received the assistance of the Florida Department of Environment who have regulatory oversight of oil and gas exploration in Florida.

This department has provided detailed information to Keybridge.

A summary of that information makes it clear that Florida is a minor producer of oil and that no new production has come on stream in the whole of that State for nearly 30 years!

The whole of Florida only produced 148,242 barrels of oil for the month of November 2017. To provide some sense of scale, the State of Texas in October 2017 produced 116 million barrels of oil, North Dakota 42 million barrels of oil and California 14 million barrels of oil.

Hendry County only produced 18,123 barrels of oil for November 2017 all of which came from one field called the West Felda field from a total of 6 wells for an average of 3,000 barrels a month. **Keybridge's own examination indicates that the owner of these West Felda production wells has filed for relief under Chapter 11 of the US Bankruptcy Code.**

The fact that there are NO drilling permits granted or even under application to any party in Hendry County is a clear indication to Keybridge that other than Molopo, **no party in the whole of the world involved in the US oil and gas market has any desire to drill in that County or to be even motivated to make an application to drill for oil**.

KEROGEN AND CONSOLIDATED TOMOKA

The only matter that helps provides some guidance to the location of the Indigo Leases is Molopo's statement that they cover an area of ~15,000 acres in Hendry County Florida.

The examination conducted by Keybridge has indicated that the oil rights to these ~15,000 acres are owned by a New York Stock Exchange listed company called Consolidated-Tomoka Land Co. (NYSE:CTO). This is confirmed in Tomoka's 2016 Annual Report.

Tomoka has a market capitalisation of ~US$350 million and as a listed company makes elaborate disclosures to the NYSE and to its shareholders which are on the public record. The sub-surface rights it owns are a small but meaningful part of its property portfolio and are separately identified in its annual reports and other transaction announcements.

Those reports indicate that Tomoka has been leasing the sub-surface rights to land in Florida to Kerogen for the last few years with the initial area leased being ~300,000 acres ultimately reducing last year down to ~15,000 acres. Tomoka in all circumstances also retains an over-riding royalty of 15% of the value of any oil produced from these leases.

It is also clear from Tomoka's public announcements that Kerogen has not been prepared to drill on this reducing leased area for the last 6 years opting instead to pay Tomoka "fail to drill fees".

It is also clear from information Kerogen has published that Kerogen has been attending industry conferences attempting to convince third parties to drill on these concessions rather than Kerogen having to pay for the costs of drilling itself.

Kerogen now only has approximately 16 months left before it loses drilling rights to the Indigo Leases and they revert back to Tomoka, so the introduction of Molopo into the equation has proved very timely for both Kerogen and Orient.

In this regard and given the very short time left to run on the leases, a question that Keybridge has is what if any payment Orient made to Kerogen in relation to obtaining the drilling rights over these leases in the first place? In Keybridge's commercial opinion, it is highly likely that Kerogen would have simply given these rights away and jumped at the opportunity to have Orient sole fund the drilling of wells it had no desire to drill over the previous 6 years, in circumstances where Kerogen receives a free carried 50% interest in the value of any oil production after Tomoka received its 15% (royalty) cut.

The likelihood of Kerogen simply giving away its drilling rights is more so given the potential economics of a well which will be outlined later in this document. If Orient has paid nothing for these rights then Gil Feiler has sold 50% of these rights to Molopo for a windfall profit (~US$7 million).

WHAT MIGHT THE VALUE OF THE ~15,000 ACRE INDIGO LEASES BE?

Valuation of exploration rights is notoriously difficult, however in this case there is some important information that bears directly on the value.

As referred to earlier, Tomoka is the owner of the mineral rights attaching to the Indigo Leases. The ~15,000 acres forms part of a larger sub-surface mineral right holding of approximately 500,000 acres in Florida.

In April 2016, Tomoka entered into an agreement with a third party on an arm's length transaction to sell all of its then 500,000 acres of Florida rights to another company for US$24 million This translated to a value of approximately US$48 per acre for all mineral rights (not just oil and gas) in perpetuity. This transaction did not consummate (it was cancelled on 8 November 2016) because of some issues of title but was nevertheless sufficiently advanced to require disclosure by Tomoka as a listed company, so is a good indication of the worth of the whole 500,000 acres of rights.

Using the same valuation of US$48 per acre, the value of the ~15,000 acres the subject of the Indigo leases would be US$720,000 and that would be for **all** mineral rights in **perpetuity**. A quarter share (which is Molopo's equivalent share of the Indigo Lease via its 50% interest of Orient) would be worth US$180,000 versus the US$7 million paid by Molopo.

In comparison, Molopo has paid the equivalent sum of US$28,000,000 for 100% of the Indigo Leases ($US7 million for a quarter share) or approximately US$1,860 per acre (versus US$48 per acre) for rights only to oil and gas and only for a period of ~16 months. Further evidence of the valuation is that in August 2017, Tomoka sold a parcel of 38,750 acres of rights in nearby Osceola County in Florida for US$2.1 million. This translated to a rate of US$54 per acre.

The combination of these two transactions provide a good estimation of the value of sub-surface rights and indicates a range of between US$48 to US$54 per acre for all mineral rights in perpetuity.

Keybridge seeks to understand upon what basis Molopo could pay Gil Feiler the equivalent of $1,860 per acre for drilling rights (to oil only) that have a life of just ~16 months left.

This is premium of over **36 times** the value of mineral rights that last in perpetuity that have recently transacted.

POTENTIAL ECONOMICS OF OIL PRODUCTION IN HENDRY COUNTY

As with valuation of drilling rights, the economics of finding oil and being able to extract it at an economic value relative to prevailing oil prices can be problematic.

But again, Keybridge does have some information that can provide a general guide.

As referred to earlier, it is clear that Kerogen has for at least 5 - 6 years been attempting to attract a partner to drill on the Indigo leases as it was not prepared to do so itself.

As part of that process it prepared information for prospective joint venture partners.

Using the information that Kerogen itself provided, Kerogen estimated that each drilled well if successful would produce an average well volume of 1.1 million barrels of oil at a cost of US$5 million per well using a drilling depth of at least 11,000 feet.

Molopo have advised that the cost per well is US$3.6 million and have estimated average well, recovery of between 1-3 million barrels of oil, which is more optimistic than Kerogen's own published figures when it was trying to attract a partner.

The Molopo Orient Announcement attempted to provide some guidance as to the possible oil reserves within the Indigo Lease and referred to a total "EUR" or Estimated Ultimate Recovery across three categories it describes as C1, C2 and C3 using some form of statistical analysis and reserve estimates that have no discernable meaning to Keybridge, but which nonetheless posit that in Molopo's estimation there is at least total estimated recoverable oil reserves of over 39 million barrels of oil in the Indigo Leases.

Assuming Kerogens figures of 1.1 million barrels of recoverable oil per well, in order to recover the total EUR of 39 million barrels provided by Molopo, this would require the drilling of over 36 separate wells and with an average cost per well of US$3.6 million (rather than the higher Kerogen estimate of US$5 million) the total drilling cost of 36 wells could be approximately **US$130 million dollars**.

This of course assumes that each well drilled would have a 100% success rate, whereas the history of drilling in Hendry County would indicate otherwise.

Information available from the Florida Department of Environmental Protection Oil and Gas Program which has a detailed database of all drilling and production activity in Florida indicates that in Hendry County since 1951 to date:

- There have been a total of 181 drilling permits granted.
- There have been a total of approximately 148 oil holes drilled.
- Of those, 71 wells have produced some oil and have been subsequently plugged and abandoned .
- There are only 6 wells currently in production each producing on average 3,000 barrels of oil per month.

As such it is not unreasonable to assume that to achieve 36 successful wells it would be necessary (if one uses historical averages) to drill approximately double that number of wells, say 72 wells with a commensurate increase in the total drilling expenditure to nearly **US$260,000,000**.

Keybridge questions that even if the oil is there (and this is highly questionable as Molopo's whole justification is based upon some theoreterical statistical analysis), how will this be funded? What is the return on investment, particularly when no account of oil infrastructure such as storage and pipeline construction and transmission costs have been advised?

Keybridge notes that Molopo has also estimated that the total finding and development costs per well is US$3.20 per barrel. Keybridge finds this figure difficult to comprehend as it is generally accepted that the average production costs for a successful on-shore well in the United States is approximately US$25 per barrel. It is also recognised that production costs in Saudi Arabia are around US$9 per barrel so the estimated production costs of US$3.20 per barrel for wells of a depth of at least 10,000 feet in Hendry County would be a remarkable achievement.

Given that there is also an overriding royalty payable to the underlying land holder of 15%, this makes the economics of a successful well even more problematic in Keybridge's opinion.

KEROGEN'S COSTS TO DATE

The Molopo Orient Announcement refers to the fact that Kerogen has invested approximately US$55 million into the "Prospect" to date which is a reference to the Indigo leased lands of ~15,000 acres. Historical expenditure of such a significant sum may arguably lend credence to the value of the leased lands for the purposes of justifying the astronomical sum Molopo has paid for a 50% interest in the drilling rights to this area, but again Keybridge has serious concerns with this statement.

Keybridge has obtained publicly available information about all works that Kerogen has conducted in Hendry County (which by definition include the Indigo leased lands).

Under the terms of oil and gas exploration in Florida, works conducted have to be notified to the regulatory authorities and there is accordingly an extensive database of information available in relation to works conducted in Hendry County.

From that information, it appears that Kerogen has only conducted three works within Hendry County as follows:

- **Geophysical Permit #G-167**

  This related to a 2D geophysical seismic acquisition project conducted by Kerogen in Hendry County in 2013 covering 29.4 miles or approximately 47 kilometres. Whilst 2D seismic costs for on-shore works can vary between US$2,000 to US$9,000 per line kilometre, an assumed cost on the high end of this scale would provide an indicative cost for this survey of less than **US$450,000**.

- **Geophysical Permit #G-168**

  This related to a micro-gravity/magnetic survey conducted by Kerogen in Hendry County and Collier County in 2013. It appears that this survey which was conducted by NXT Energy Solutions Inc for Kerogen (and was announced by NXT as a public listed company) had a total contract value of US$3.68 million part of which only can be attributed to Hendry County and by extension the Indigo Leases as it also covered Collier County.

- **Drilling Permit Application for Indigo 20-1 (FDEP Permit#1357)**

  This was a drilling application made by Kerogen to drill in the northwest section of Hendry County which application was subsequently withdrawn by Kerogen in 2013. This application is available for review online and its preparation would not in Keybridge's view have amounted to a significant sum. It is interesting that the application was withdrawn by Kerogen and Keybridge questions wether it was withdrawn as a consequence of the results of the limited field work conducted by Kerogen in Hendry County.

In addition to the above, Kerogen would have had normal office and administration expenses, that would form part of its investment on these leases but in Keybridge's view there is simply no basis to reconcile the sum of US$55,000,000 stated by Molopo as being expended by Kerogen on the 'Prospect' in light of the above information.

Kerogen's own website (*http://www.kerogenexploration.com/*) makes no mention of the Florida prospect, describing itself as a company targeting shale oil reserves and with its only stated project being a Canadian Shale Oil opportunity called Greater Pine Creek.

Kerogen states that it has funding of US$200 million from a company called Riverstone Holdings LLC.

It is barely credible for a US$200m company which has supposedly spent US$55m on a project to make no reference to the project at all on its website.

It is also curious that the Riverstone LLC website, whilst it refers to 61 Industry Partners in various sectors such as Exploration and Production, Midstream, Energy Services etc, makes NO reference to Kerogen.

WHO IS ORIENT AND HOW SUBSTANTIAL A COMPANY IS IT

Orient which has the obligation to drill these Indigo wells is a British Virgin Islands company that was incorporated in September 2014.

There is no reference in any announcements made by Molopo to suggest that Orient has any assets other than the drilling rights to the Indigo Leases. Molopo has announced that Orient requires funding in order for it to become an 'operational company' (whatever that term means) which implies that Orient previously had no operations and no cash available to commence such operations. Certainly, Keybridge can find no public references to Orient having any other involvement in the Oil and Gas industry nor of the principal of Orient, Gil Feiler having any background or experience in the running, administration and drilling of oil wells or in the development of oil fields.

HAS GIL FEILER PAID HIS 50% SHARE OF FUNDING?

Keybridge wishes to know whether Gil Feiler has contributed his 50% funding obligation to Orient as he is required to do. If so, then Orient would now be in receipt of US$9 million which can be compared to the initial stated drilling costs of US$3.2 million per well and should be more than sufficient to cover the drilling of at least two wells.

OVERSIGHT BY RONNEN ROSENGART

In April 2016, Ronnen Rosengart joined the Board at the nomination of Ion Limited.

On 17 January 2018, Molopo announced Mr Rosengart's resignation.

Mr Rosengart is, according to the Molopo annual report, "*a Senior Geophysicist with 23 years' experience in 2D and 3D processing and imaging of land and marine data in several major oil producing companies. He has a background in research and development of software solutions for time and depth applications and has been the Managing Director of Oil Hunters Pty Ltd, a geoscience consulting company, since January 2007*."

Mr Rosengart was the only Director of Molopo with oil and gas experience and in fact received a fee of $26,000 for due diligence expenses on oil and gas opportunities in the June 2017 quarter.

Keybridge questions whether he did review the Molopo Orient Announcement and if not, why not and why, if he has looked at it, he didn't see anything wrong. Presumably the problematic Diagrams in the announcement got his full seal of approval given his name appears at the end of the announcement.

Keybridge also questions whether any of the new Directors appointed by Molopo since the Orient Transaction was consummated, have any idea where the Indigo Leases are.

CHANGE OF COMPANY SECRETARY?

Andrew Metcalf was a long-standing Company Secretary and CFO of Molopo and was recently dismissed on the eve of Molopo's end of financial year (31 December 2017) and the commencement of preparation of the annual accounts and audit. Why did this happen?

FRUSTRATING THE WILSON ASSET MANAGEMENT TAKEOVER BID

The advance of funds to Orient has deprived Molopo shareholders of the opportunity to accept a takeover bid from Wilson Asset Management at 13.5 cents per share, and accordingly the Molopo Directors MUST have formed the view that the advance to Orient outweighed the prejudice to its shareholders of frustrating a cash takeover bid in circumstances where Molopo's shares remain in suspension on ASX.

Molopo has made no announcement to explain this decision to shareholders.

WHO IS ION?

When Ion Limited first invested in Molopo in August 2015 it disclosed itself as a substantial shareholder but provided no further details.

After a request for further information from the then Molopo Board, Ion subsequently disclosed in March 2016 that its parent company was Alizay Limited (another Gibraltar based company) and Alizay was itself controlled by Daniel Goldberg, a UK resident.

Ronnen Rosengart, until recently Ion's representative on the Molopo Board, confirmed at the last AGM of Molopo to have never even spoken to the controller of Ion.

Keybridge has been advised that ALL Molopo Directors independent of Ion were opposed to the investment into Orient. What information did the Directors associated with Ion have that the other Directors do not have that justifies the different opinion? Why did Ion vote to remove one of those Directors, Alexandre Gabovich, from the Molopo Board late in 2017? And why has Ronnen Rosengart since resigned?

Have Ion had anything to do with Gil Feiler, Orient, or any other recipient of funds from Molopo in relation to this transaction?

Are Molopo in compliance with ASX Listing Rule 10.1 regarding 'transactions with persons in a position of influence"?

MOUNTING CORPORATE AND ADMIN COSTS

In addition to the US$11.5 million cash costs of the Orient Transaction (known to have been disbursed to date), Molopo shareholders have also seen vast sums expended by the company on Directors' fees, legal fees and administrative and corporate overhead expenses which in the 9 months to 30 September 2017 have amounted to approximately $3 million.

CONCLUSION

Given the foregoing, Keybridge's view is that both the oil potential of the Indigo Leases and their ultimate economic potential is extremely low. They appear to be located in an area where there is little oil production, no exploration activity or any interest by oil and gas companies to conduct exploration activity and with significant environmental and community challenges.

This is coupled in a general economic environment where capital for oil and gas projects is very scarce and the industry is in a cyclical downturn due to the significant reduction in the price of oil in the last few years.

Comparable transactions for mineral rights are vastly lower than the implied value on these leases that only have less than two years to run, yet Molopo has chosen to deliver to the shareholder of Orient the sum of US$7 million for a 50% interest in these extremely limited rights.

Having bought shares from Gil Feiler, Molopo has now advanced US$4.5 million to Orient to allow Orient to become operational and to fund the drilling of the first well.

Molopo further states that another $US15.5 million is required by Orient. Even if Gil Feiler contributes 50% of the total of US$20 million, Molopo will still need to contribute a further US$5.5 million.

Keybridge is determined to get to the bottom of the whole Orient Transaction and trace where all of Molopo's cash has gone and to hold to account all parties that may have participated in any action that has failed to deliver value to Molopo. It is for this reason that Keybridge has commenced legal action against Molopo and Ronnen Rosengart which Keybridge believes is in the interests of all Molopo shareholders.

Keybridge's investigations are continuing and Keybridge will continue to update shareholders as more information is to hand.

FOR FURTHER INFORMATION

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