



This is an important document and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your legal, financial or other professional adviser.

12 January 2018

NOTICE OF VARIATION OF AURORA'S TAKEOVER BID FOR MOLOPO TO EXTEND OFFER PERIOD AND ANNOUNCEMENT OF CONDITIONAL INCREASE IN BID CONSIDERATION

1. Introduction

This notice relates to the off-market takeover bid (**Bid**) made by Aurora Funds Management Limited ABN 69 092 626 885 (**Aurora**) as responsible entity of the Aurora Fortitude Absolute Return Fund ARSN 145 894 800 (**AFARF**) to acquire the ordinary shares (**Molopo Shares**) in Molopo Energy Limited ABN 79 003 152 154 (**Molopo**) under the bidder's statement (**Bidder's Statement**) dated 26 October 2017. Unless the context otherwise requires, a defined term in the Bidder's Statement has the same meaning in this document.

This notice sets out the terms of the variation of the Offers under the Bid and is being sent to you and the other persons to whom Offers have been made, in accordance with section 650D of the Corporations Act.

By this notice, Aurora varies the terms of the Offers made under the Bid by extending the closing date of the Offer Period as set out in section 2 below.

Aurora also announces an intended increase in the consideration it is offering for Molopo Shares **provided that** certain conditions are met as set out in section 4 below.

2. Extension of Offer Period

Aurora **hereby gives notice** that the Offer Period is extended so that **Offers will remain open for acceptance until Friday 20 April 2018 at 7:00 pm (Melbourne time)**, unless withdrawn or further extended in accordance with the Corporations Act.

The Offers are currently subject to all of the defeating conditions set out in section 12.8 of the Bidder's Statement. As a result of the Offer Period being extended, Aurora **hereby gives notice** in accordance with section 630(2)(b) of the Corporations Act that:

- (a) the new date that Aurora is required to give notice as to the status of the defeating conditions, as required by section 630(1) of the Corporations Act, is Friday 13 April 2018 (subject to any further extension of the Offer Period); and
- (b) as at the date of this notice, the Offers have not been freed of any defeating condition and, so far as Aurora is aware, none of the defeating conditions have been fulfilled.

3. **Withdrawal right**

As a result of the Offer Period being extended, Aurora **hereby gives notice** in accordance with section 650D(1)(a)(ii) of the Corporations Act that if you have validly accepted the Offer on or before the date of this notice, you have a right to withdraw that acceptance in accordance with section 650E of the Corporations Act.

If you wish to withdraw your acceptance, you must give Aurora written notice (**Withdrawal Notice**) of the withdrawal of your acceptance of the Offer within 1 month (**Withdrawal Period**) beginning on the day after the day on which you receive this notice. If a Withdrawal Notice is received after the Withdrawal Period, it will not be accepted and, accordingly, the purported exercise of your right to withdraw your acceptance will not be effective.

There are different ways to provide a Withdrawal Notice, depending on how you hold your Molopo Shares:

Issuer sponsored holdings: A Withdrawal Notice must be sent to Aurora in writing by one of the following methods:

By email:

enquiries@aurorafunds.com.au

By hand delivery or post:

Aurora Funds Management Limited
Suite 613, Level 6
370 St Kilda Road
Melbourne VIC 3004

CHESS Holdings: A Withdrawal Notice must be given in the form of:

- (a) a valid originating message transmitted to ASX Settlement Pty Ltd by your Controlling Participant (usually your broker) in accordance with rule 14.16.1 of the ASX Settlement Operating Rules; or
- (b) a notice in writing to Aurora setting out the information that Aurora requires to enable it to transmit a valid message to ASX Settlement Pty Ltd on your behalf in accordance with rule 14.16.5 of the ASX Settlement Operating Rules, which is sent to Aurora by email, hand delivery or post as set out above.

In order to assist Aurora to process withdrawals, please ensure any Withdrawal Notice sent to Aurora sets out the full name of the registered Molopo Shareholder withdrawing its acceptance as well as the number of Molopo Shares for which the Molopo Shareholder is seeking to exercise its withdrawal right.

If you are legally entitled to give a Withdrawal Notice, and do so within the Withdrawal Period, then within 14 Business Days after the day on which you give the Withdrawal Notice, Aurora will return to you any documents that you sent to Aurora with your Acceptance Form.

If you have already accepted Aurora's Offer and do not wish to withdraw your acceptance, you do not need to do anything.

4. **Conditional increase in Bid consideration**

The Bid consideration currently offered is \$0.135 for each Molopo Share.

However, subject to certain conditions (**Consideration Increase Conditions**) being fulfilled, Aurora intends to increase the Bid consideration to **\$0.153 for each Molopo Share**, an increase of \$0.018 (or approximately 13.3%) for each Molopo Share.

The Consideration Increase Conditions are that, before the date Aurora is required to give notice as to the status of the defeating conditions as specified in section 2(a) above (currently Friday 13 April 2018, but subject to any further extension of the Offer Period):

- (a) Aurora as responsible entity of AFARF has a relevant interest in more than 30% (by number) of Molopo Shares on issue at that time;
- (b) Molopo has made an announcement to ASX to the effect that apart from the US\$4.5 million that Molopo announced to ASX on 11 December 2017 it had advanced to Orient FRC Ltd (**Orient**) in connection with an exploration and development agreement for an oil and gas exploration project (**Orient Project**) in South Florida in the United States of America:
 - (1) Molopo has not paid or advanced (or committed or otherwise agreed to pay or advance) any further funds to any person under or in connection with the Orient Project, and will not do so (and, in particular, Molopo has no further obligation to pay or advance any amount to Orient including up to 50% of the at least US\$20 million of funds which Molopo claims Orient is expected to be required to hold in connection with the Orient Project); and
 - (2) Molopo has not done and will not do anything else that would result in the non-fulfilment of the 'no material capital commitment or liability' defeating condition set out in section 12.8(f)(4) of the Bidder's Statement; and
- (c) all defeating conditions to which the Offers are subject as set out in section 12.8 of the Bidder's Statement are fulfilled, except to the extent any is waived by Aurora (see section 5 below as to Aurora's intention to waive the '50.1% minimum acceptance' and 'no material capital commitment or liability' conditions set out in section 12.8(a) and 12.8(f)(4) of the Bidder's Statement).

If Bid consideration is increased

If the Bid consideration is increased, you may still elect to receive the Bid consideration in cash and/or by the issue of new AFARF Units with an equivalent value.

Further, the cash consideration under the Bid would still be capped at \$5 million in total. If the cash consideration under all accepted Offers would exceed \$5 million, the acceptances for cash consideration will be scaled back and the excess consideration will be satisfied by the issuance of new AFARF Units. Accordingly, if you accept the Offer and elect to receive cash consideration for your Molopo Shares, the quantum of cash consideration that you will be entitled to receive will depend on the level of all acceptances for cash consideration. To the extent you do not receive cash consideration, the balance of the consideration to which you are entitled will be provided by the issuance of new AFARF Units of equivalent value.

AFARF Units are not quoted on ASX or any other financial market but can be redeemed (subject to any redemption restrictions in place at the time a redemption application is made). See sections 1.3, 4.21 and 12.1 of the Bidder's Statement for further information.

If Bid consideration is not increased

If the Bid consideration is not increased, it will remain at \$0.135 for each Molopo Share.

5. Current intention in relation to defeating conditions

Aurora provides the following update in relation to its intentions in relation to some of the defeating conditions. Full details of the defeating conditions are set out in section 12.8 of the Bidder's Statement.

By providing this update, which is a statement of current intention only, Aurora does not waive fulfilment of any defeating condition.

50.1% minimum acceptance

This condition (set out in section 12.8(a) of the Bidder's Statement) will **not** be fulfilled if, at the end of the Offer Period, Aurora as responsible entity of AFARF does **not** have a relevant interest in more than 50.1% (by number) of Molopo Shares on issue at that time.

This condition had not yet been fulfilled, and may not be by the end of the Offer Period. However, if Aurora as responsible entity of AFARF were to have a relevant interest in more than 30% (by number) of Molopo Shares on issue at the end of the Offer Period, Aurora's current intention is that it would waive fulfilment of this defeating condition.

No material capital commitment or liability

This condition (set out in section 12.8(f)(4) of the Bidder's Statement) will **not** be fulfilled if, during the period starting on 12 September 2017 and ending at the end of the Offer Period, Molopo, or any subsidiary of Molopo, incurs or commits to, or grants to another person a right the exercise of which would involve Molopo or any subsidiary of Molopo incurring or committing to any capital expenditure or liability for one or more related items of greater than \$2 million, or makes an announcement about such a commitment, without Aurora's written consent, unless reasonably full details of the proposed commitment had been publicly announced by Molopo before 12 September 2017.

As noted above, on 11 December 2017, Molopo announced that it had that day advanced US\$4.5 million to Orient in connection with Orient Project. Molopo also announced that Orient is expected to be required to hold funds of at least US\$20 million in connection with the Orient Project, that Molopo was responsible for funding 50% of those costs, and that the US\$4.5 million payment part satisfied that obligation. In the circumstances, it appears that Molopo is required to provide further funds of at least US\$5.5 million to Orient.

Accordingly, this defeating condition is not able to be fulfilled. However, apart from the US\$4.5 million that Molopo says it advanced to Orient on 11 December 2017, provided Molopo does not pay or advance any further funds to any person under or in connection with the Orient Project before the end of the Offer Period or do anything else that would result in the non-fulfilment of this defeating condition, Aurora's current intention is that it would waive the non-fulfilment of this defeating condition due to the US\$4.5 million advance referred to above.

Aurora notes that a competing takeover bid for Molopo announced by WAM Capital Limited (**WAM**) was recently withdrawn because, according to WAM's ASX announcement of the withdrawal, the additional expenditure commitments announced by Molopo on 11 December 2017 triggered the 'no material transactions' defeating condition of WAM's proposed bid. In the circumstances, were the directors of Molopo to facilitate any further transfer of Molopo's cash reserves overseas for the Orient Project or otherwise, they would be jeopardising the only remaining takeover bid for the company and potentially deny Molopo Shareholders the ability to sell their Molopo Shares under Aurora's Bid for increased consideration.

6. No change to other Offer terms

Except for the variation to extend the Offer Period set out in this notice, the terms of the Offer made to you by Aurora for your Molopo Shares remain the same.

In particular, the Offer terms relating to the Bid consideration have not changed because Aurora's intention to increase the Bid consideration as described in this notice is subject to conditions, which may not be fulfilled.

7. Other information

This notice is dated, and a copy of it was lodged with ASIC and given to ASX and Molopo, on 12 January 2018. ASIC and ASX take no responsibility for the contents of this notice.



John Patton
Managing Director



Victor Siciliano
Director