

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this front cover.

**Action required**

- If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all of your SacOil Shares, please forward this Circular to the purchaser of such SacOil Shares or to the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
- SacOil Shareholders are referred to page 1 of this Circular, which sets out the action required by them.



**SACOIL HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1993/000460/06)  
JSE share code: SCL ISIN: ZAE000127460  
AIM share code: SAC

---

## Circular to SacOil Shareholders

regarding:

- the specific issue of 488 804 476 SacOil Shares to nominees of Gairloch for R156 598 290 at an issue price of R0.32037 per SacOil Share in settlement of the Gairloch Loans;
- the approval of the Encha Energy Services Agreement;
- the approval of the remuneration of the non-executive Directors of SacOil; and
- a general authority to issue shares for cash for up to 15% of the issued share capital of the Company post the Specific Issue;

and incorporating:

- a notice of a General Meeting of SacOil Shareholders; and
- a form of proxy (*blue*) (to be completed by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only).

---

Investment Bank and Sponsor



Legal Advisor  
South African law



Independent Reporting  
Accountants



Nominated Advisor



---

Date of issue: Wednesday, 8 May 2013

This Circular is available in English only. Copies may be obtained from the Registered Office at the address set out in the "Corporate information and advisors" section of this Circular.

---

## CORPORATE INFORMATION AND ADVISORS

---

The definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this "Corporate information and advisors" section.

### Registered Office

SacOil Holdings Limited  
(Registration number 1993/000460/06)  
2nd Floor, The Gabba  
Dimension Data Campus  
57 Sloane Street  
Bryanston, 2021  
South Africa  
(Postnet Suite 211, Private Bag X75, Bryanston, 2021)

### Company secretary

Fusion Corporate Secretarial Services Proprietary Limited  
(Registration number 2007/008376/07)  
56 Regency Road Route  
21 Corporate Park, Nellmapius Drive  
Irene  
Pretoria, 0157  
South Africa  
(PO Box 68528, Highveld, 0169)

### Investment Bank and Sponsor

Nedbank Capital, a division of Nedbank Limited  
(Registration number 1951/000009/06)  
3rd Floor, Corporate Place, Nedbank Sandton  
135 Rivonia Road  
Sandown, 2196  
South Africa  
(PO Box 1144, Johannesburg, 2000)

### Independent Reporting Accountants

Ernst & Young Incorporated  
(Registration number 2005/002308/21)  
Wanderers Office Park  
52 Corlett Drive  
Illovo,  
Johannesburg  
(Private Bag X14, Northlands, 2116, Johannesburg)

### Legal Advisor – South African law

Norton Rose South Africa  
(Incorporated as Deneys Reitz Incorporated)  
(Registration number 1984/003385/21)  
15 Alice Lane  
Sandton, 2146  
South Africa  
(PO Box 784903, Sandton, 2146)

### SA Transfer Secretaries

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein, 2001  
South Africa  
(PO Box 4844, Johannesburg, 2000)

### Nominated Advisor

finnCap Limited  
(Registration number 6198898)  
60 New Broad Street  
London, EC2M 1JJ  
United Kingdom

### UK Depositary

Computershare Investor Services PLC  
(Registration number 3498808)  
The Pavillions  
Bridgwater Road  
Bristol, BS13 8AE  
United Kingdom

### Jersey Registrars

Computershare Investor Services (Jersey) Limited  
(Registration number 75005)  
Queensway House  
Hillgrove Street  
St Helier  
Jersey, JE1 1ES  
Channel Islands

### Date and place of incorporation

1 February 1993, Pretoria, South Africa

---

## ACTION REQUIRED BY SACOIL SHAREHOLDERS

---

The definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this "Action required by SacOil Shareholders" section.

**Please take careful note of the following provisions regarding the action required by SacOil Shareholders:**

1. If you are in any doubt as to what action to take, consult your broker, CSDP, banker, accountant, attorney, or other professional advisor immediately.
2. If you have disposed of all of your SacOil Shares, this Circular should be handed to the purchaser of such SacOil Shares or the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
3. The General Meeting, convened in terms of the notice of General Meeting incorporated in this Circular, will be held at the Registered Office on Thursday, 30 May 2013, commencing at 10:00.
4. This Circular contains information relating to:
  - 4.1 the Specific Issue;
  - 4.2 the Encha Energy Services Agreement;
  - 4.3 the remuneration of the non-executive Directors of SacOil; and
  - 4.4 a general authority to issue shares for cash.

You should carefully read through this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting.

### 5. General Meeting

#### 5.1 If you hold Dematerialised Shares

##### 5.1.1 Own-name registration

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Wednesday, 29 May 2013.

##### 5.1.2 Other than own-name registration

You are entitled to attend, or be represented by proxy, at the General Meeting.

You must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting.

You must not complete the attached form of proxy.

If you do wish to attend or be represented at the General Meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

#### 5.2 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Wednesday, 29 May 2013.

---

## CONTENTS

---

The definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this "Contents" section.

	<i>Page</i>
<b>CORPORATE INFORMATION AND ADVISORS</b>	Inside front cover
<b>ACTION REQUIRED BY SACOIL SHAREHOLDERS</b>	1
<b>CONTENTS</b>	2
<b>SALIENT DATES AND TIMES</b>	3
<b>DEFINITIONS</b>	4
<b>CIRCULAR TO SACOIL SHAREHOLDERS</b>	
1. Introduction and purpose of this Circular	8
2. The Specific Issue	8
3. Encha Energy Services Agreement	10
4. Details of the remuneration of non-executive Directors	11
5. Details of the general authority to issue shares for cash	12
6. Salient information on Sacoil	12
7. Financial information relating to the Specific Issue	13
8. Directors and Directors' interests	14
9. Market value of Sacoil Shares	20
10. Litigation statement	20
11. Directors' responsibility statement	20
12. General Meeting	20
13. Exchange Control Regulations	22
14. Consents	22
15. Expenses relating to the Specific Issue	22
16. Documents available for inspection	23
<b>Annexure 1:</b> Unaudited <i>pro forma</i> financial information of Sacoil	24
<b>Annexure 2:</b> Independent Reporting Accountants' report on the unaudited <i>pro forma</i> financial information of Sacoil	28
<b>Annexure 3:</b> Market value of Sacoil Shares	30
<b>Annexure 4:</b> Corporate governance	32
<b>Annexure 5:</b> Extract of the salient terms of the Gairloch Subscription Agreement	45
<b>Annexure 6:</b> Extract of the salient terms of the Encha Energy Services Agreement	49
<b>Annexure 7:</b> Extract of the salient terms of the Acknowledgement of Debt	51
<b>Annexure 8:</b> Extract of the salient terms of the Suretyship	53
<b>NOTICE OF A GENERAL MEETING OF SACOIL SHAREHOLDERS</b>	54
<b>FORM OF PROXY</b>	Attached

---

## SALIENT DATES AND TIMES

---

The definitions commencing on page 4 of this Circular apply, *mutatis mutandis*, to this "Salient dates and times" section.

---

**2013**

Circular posted to SacOil Shareholders on	Wednesday, 8 May
Last day to trade in order to be eligible to vote at the General Meeting on	Friday, 17 May
Record date for voting at the General Meeting on	Friday, 24 May
Forms of proxy to be received by 10:00 on	Wednesday, 29 May
General Meeting to be held at 10:00 on	Thursday, 30 May
Results of the General Meeting released on SENS on	Thursday, 30 May
Results of the General Meeting published in the South African press on	Friday, 31 May
Expected listing of new SacOil Shares on the JSE and AIM from the commencement of business on	Friday, 31 May

---

**Notes:**

1. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. All times indicated above and in this Circular are local times in South Africa.

---

## DEFINITIONS

---

In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, and an expression denoting natural persons shall include juristic persons and associations of persons:

"Acknowledgement of Debt"	the acknowledgement of debt concluded between SacOil and Encha Energy on 28 February 2013 pursuant to which, subject to the fulfilment of certain suspensive conditions (including the authorisation and approval of the Encha Energy Services Agreement by Ordinary Resolution), Encha Energy acknowledges its indebtedness to SacOil in the amount of R75 million, the salient terms of which are set out in Annexure 7 of this Circular;
"AIM"	the Alternative Investment Market of the LSE;
"Board" or "Directors"	the board of directors of SacOil whose names are reflected in paragraph 8.1 of this Circular;
"Capital Raising"	the raising of capital by SacOil;
"cent"	cent, the official currency of South Africa, being one-hundredth of a Rand;
"CEO"	chief executive officer;
"Certificated Share(s)"	SacOil Share(s) which have not been dematerialised and which are held in physical form as share certificate(s) or other Document(s) of Title;
"Certificated Shareholder(s)"	holders of Certificated SacOil Share(s);
"Circular"	this bound circular, dated Wednesday, 8 May 2013, including its annexures, the notice of General Meeting and the form of proxy attached hereto;
"Companies Act"	the Companies Act, No. 71 of 2008, as amended;
"CSDP"	a Central Securities Depository Participant, appointed by individual SacOil Shareholder(s) for the purpose of, and in regard to, dematerialisation in terms of the Securities Services Act;
"Dematerialised Share(s)"	SacOil Share(s) that have been dematerialised through a CSDP or broker and replaced by electronic record(s) of ownership under the Strate system;
"Dematerialised Shareholder(s)"	holders of dematerialised SacOil Shares;
"Designated Transactions"	transactions implemented by SacOil in respect of Relevant Business Opportunities introduced to SacOil by Encha Energy in terms of the Encha Energy Services Agreement;
"Document(s) of Title"	share certificate(s), transfer deed(s) or form(s), balance receipt(s) or any other document(s) of title acceptable to SacOil in respect of Certificated Shareholder(s);
"DRC"	the Democratic Republic of Congo;
"Encha"	Encha Group Limited (Registration number 2005/003490/06), a public company incorporated and registered in South Africa;
"Encha Energy"	Encha Energy Proprietary Limited (Registration number 2006/022530/07), a private company incorporated and registered in South Africa;
"Encha Energy Service Fee"	a fee payable by SacOil to Encha Energy in consideration for the provision of services under the Encha Energy Services Agreement as described in section 3.1 of this Circular;
"Encha Energy Services Agreement"	the agreement concluded by Encha Energy and SacOil on 28 February 2013 in terms of which Encha Energy has undertaken to provide certain services to SacOil, the salient terms of which are set out in Annexure 6 of this Circular;
"EPS"	earnings per share;

"FinSurv"	the Financial Surveillance Department of the South African Reserve Bank;
"Gairloch"	Gairloch Limited (Registration number 352430), a limited liability company registered in the British Virgin Islands;
"Gairloch Deed of Confirmation and Amendment"	the written deed of confirmation and amendment entered into by Gairloch and SacOil, dated 28 December 2012;
"Gairloch Deed of Novation"	the written deed of novation entered into by Gairloch, Rencap and SacOil, dated 28 December 2012, in respect of the novation of the Rencap Loan;
"Gairloch Loans"	the loans advanced to SacOil in terms of the Gairloch Loan Agreements;
"Gairloch Loan Agreements"	the Gairloch Loan Agreement 1, the Gairloch Loan Agreement 2 and the Gairloch Novated Loan Agreement;
"Gairloch Loan Agreement 1"	the written loan agreement entered into by Gairloch and SacOil, dated 10 September 2012;
"Gairloch Loan Agreement 2"	the written loan agreement entered into by Gairloch and SacOil, dated 30 October 2012;
"Gairloch Novated Loan Agreement"	means collectively, the Gairloch Deed of Novation, the Gairloch Deed of Confirmation and Amendment and the Rencap Loan Agreement;
"Gairloch Nominees"	means collectively, Gairloch Nominee 1 and Gairloch Nominee 2 and "Gairloch Nominee" shall have a corresponding meaning;
"Gairloch Nominee 1"	Westglamry Limited, a company registered and incorporated in the British Virgin Islands;
"Gairloch Nominee 2"	Newdel Holdings Limited, a company registered and incorporated in the British Virgin Islands;
"Gairloch Subscription Agreement"	the written subscription and settlement agreement entered into by Gairloch and SacOil, dated 5 April 2013, in respect of the Specific Issue, the salient terms of which are set out in Annexure 5 of this Circular;
"General Meeting"	the general meeting of SacOil Shareholders to be held at the Registered Office, commencing at 10:00 on Thursday, 30 May 2013 to consider and, if deemed appropriate, to approve the Resolutions as more fully set out in the notice of General Meeting attached to this Circular;
"HEPS"	headline earnings per share;
"HLPS"	headline loss per share;
"Independent Reporting Accountants"	Ernst & Young Incorporated (Registration number 2005/002308/21), registered auditor, a firm of chartered accountants (SA) and the independent reporting accountants to SacOil;
"Investment Bank and Sponsor"	Nedbank Capital, a division of Nedbank Limited (Registration number 1951/000009/06);
"Issue Price"	the issue price of R0.32037 per SacOil Share in terms of the Specific Issue;
"JSE"	the securities exchange operated by the JSE Limited (Registration number 2005/0222939/06), a public company incorporated and registered in South Africa, licensed as an exchange under the Securities Services Act;
"King III"	the King III report on Corporate Governance, 2010;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being Wednesday, 10 April 2013;
"Legal Advisor(s)"	Norton Rose South Africa (incorporated as Deneys Reitz Incorporated) (Registration number 1984/003385/21), a private company incorporated and registered in South Africa and the legal advisor to SacOil on South African law;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"LPS"	loss per share;
"LSE"	the London Stock Exchange;

“m”	million;
“Memorandum of Incorporation”	the memorandum of incorporation of SacOil, as amended from time to time;
“NAV”	net asset value per share;
“Nigeria”	the Federal Republic of Nigeria;
“Nominated Advisor”	finnCap Limited (Registration number 6198898), a company duly incorporated in accordance with the laws of England and Wales;
“Ordinary Resolutions”	the ordinary resolutions to be passed at the General Meeting to authorise and approve the Encha Energy Services Agreement, the general authority of Directors to issue shares for cash and the Directors’ authority to sign and do all such things and take such further steps, as more fully set out in the notice of General Meeting attached to this Circular;
“Rand” or “R”	the South African Rand, the lawful currency of South Africa;
“Registered Office”	the Registered Office of SacOil, being 2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021;
“Relevant Business Opportunity”	an oil and gas related business opportunity and “Relevant Business Opportunities” shall have a corresponding meaning;
“Rencap”	Rencap Securities Proprietary Limited (South Africa) (formerly Renaissance BJM Securities Proprietary Limited (South Africa)) (Registration number 1987/000175/07), a private company incorporated and registered in South Africa;
“Rencap Loan”	the loan advanced to SacOil in terms of the Rencap Loan Agreement;
“Rencap Loan Agreement”	the written loan agreement entered into by Rencap and SacOil, dated 10 April 2012, as amended by the supplemental agreement dated 10 October 2012;
“Resolutions”	the Ordinary Resolutions and the Special Resolutions;
“SacOil” or the “Company”	SacOil Holdings Limited (Registration number 1993/000460/06), a public company incorporated and registered in South Africa and the shares of which are listed on AIM and the JSE;
“SacOil Group” or the “Group”	SacOil, its subsidiaries and associated companies;
“SacOil Share(s)”	ordinary shares with no par value in the issued share capital of SacOil;
“SacOil Shareholders”	holders of SacOil Shares;
“Securities Services Act”	the Securities Services Act, No. 36 of 2004, as amended;
“Senior Managers”	the senior managers of the SacOil Group;
“SENS”	the Securities Exchange News Service of the JSE;
“Share Pledge”	the cession and pledge of SacOil Shares held by Encha Energy to a potential funder of SacOil <i>in securitatem debiti</i> as contemplated in the Encha Energy Services Agreement;
“South Africa”	the Republic of South Africa;
“South African Exchange Control Regulations”	the South African Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“Special Resolutions”	the special resolutions to be passed at the General Meeting to authorise and approve the Specific Issue and the remuneration of the non-executive Directors of SacOil, as more fully set out in the notice of General Meeting attached to this Circular;
“Specific Issue”	the specific issue of the Specific Issue Shares to the Gairloch Nominees in settlement of SacOil’s indebtedness under the Gairloch Loans;



“Specific Issue Shares”	488 804 476 SacOil Shares to be issued to the Gairloch Nominees, being the nominees of Gairloch, for R156 598 290 at the Issue Price in terms of the Gairloch Subscription Agreement;
“Strate”	Strate Limited (Registration number 1998/022242/06), a company incorporated and registered in South Africa and the electronic settlement system for transactions that take place on the JSE and off-market trades;
“Sterling” or “£”	the Sterling, the lawful currency of the United Kingdom;
“Suretyship”	the deed of suretyship concluded by Encha in favour of SacOil on 28 February 2013 in terms of which Encha binds itself as surety for, and coprincipal debtor with, Encha Energy for the payment obligations of Encha Energy to SacOil under the Acknowledgement of Debt, the salient terms of which are set out in Annexure 8 of this Circular;
“TNAV”	tangible net asset value per share;
“Total”	Total E&P RDC (Registration number 712 081 382 RCS), a company incorporated and registered in France;
“Transfer Secretaries”	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated and registered in South Africa and the transfer secretaries to SacOil;
“UK”	United Kingdom;
“US” or “United States”	United States of America;
“USD”	the United States Dollar, the lawful currency of the United States;
“VAT”	Value Added Tax, payable in terms of the Value Added Tax Act, No. 89 of 1991, as amended; and
“Yorkville Advisors”	YA Global Masters SPV Limited, an exempt limited partnership, registered in the Cayman Islands whose principal office is at 101 Hudson Street, Jersey City, NJ07302, United States.



## SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/000460/06)

JSE share code: SCL ISIN: ZAE000127460

AIM share code: SAC

---

### Directors

Richard Linnell\* (*Chairman*)

John Bentley\*

Colin Bird#

Bill Guest\*

Gontse Moseneke #

Robin Vela (*CEO*)

\* Independent non-executive Director

# Non-executive Director

---

## CIRCULAR TO SACOIL SHAREHOLDERS

### 1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

SacOil Shareholders are referred to the SENS announcement dated 10 April 2013 wherein it was announced that:

- subject to the fulfilment of the conditions precedent thereto, the Company has concluded the Gairloch Subscription Agreement with Gairloch for the Specific Issue; and
- subject to the fulfilment of the conditions precedent thereto, the Company has concluded the Encha Energy Services Agreement with Encha Energy, in terms of which Encha Energy has undertaken to provide certain services to SacOil, as described in paragraph 3 of this Circular.

The purpose of this Circular is to provide SacOil Shareholders with information to enable them to make an informed decision as to whether or not they should vote in favour of the Resolutions required to give effect to:

- the Specific Issue;
- the Encha Energy Services Agreement;
- the remuneration of the non-executive Directors of SacOil; and
- the general authority to issue shares for cash for up to 15% of the issued share capital of the Company post the Specific Issue.

The Resolutions to be proposed are contained in the notice of General Meeting attached to this Circular, dated 8 May 2013, which meeting will be held at the Registered Office, to consider and, if deemed appropriate, to approve the Resolutions. Any adjourned or postponed meeting will be held at such date and time as determined in accordance with the provisions of sections 64(4) or 64(11)(a)(i) of the Companies Act.

### 2. THE SPECIFIC ISSUE

#### 2.1 Introduction

In terms of the Gairloch Subscription Agreement the Company will issue 488 804 476 SacOil Shares for R156 598 290 to the Gairloch Nominees, being nominees of Gairloch, at the Issue Price in settlement of the Gairloch Loans with an aggregate carrying value of R156 598 290, subject to the fulfilment of the conditions precedent as detailed in paragraph 2.3 below.

Gairloch is a private investment holding company registered in the British Virgin Islands and controlled by Dr Olatunji Olowolafe. Dr Olatunji Olowolafe holds in excess of 75% of the shares in Gairloch, with the residual shares being held by his family.

The salient terms of the Gairloch Subscription Agreement are set out in Annexure 5 of this Circular.

## 2.2 Rationale for the Specific Issue

It is the opinion of the Board that the Specific Issue represents an opportunity to raise equity capital for the Company, the proceeds of which will be applied to settling in its entirety the indebtedness to Gairloch in terms of the Gairloch Loans.

## 2.3 Conditions precedent relating to the Specific Issue

In terms of the Gairloch Subscription Agreement the Specific Issue is subject to the fulfilment, or waiver (where applicable), of the following conditions precedent, *inter alia*:

- 2.3.1 all regulatory consents and approvals (including, without limitation, the approval of FinSurv) required for the implementation of the transactions contemplated in the Gairloch Subscription Agreement shall have been granted either unconditionally or subject to such conditions as are acceptable to SacOil and Gairloch;
- 2.3.2 SacOil Shareholders approving the resolution relating to the Specific Issue in accordance and in compliance with the Companies Act and the Listings Requirements; and
- 2.3.3 the Specific Issue Shares being admitted to listing on the JSE and AIM.

## 2.4 Details of the Specific Issue

As at the Last Practicable Date, the following information is disclosed in accordance with the Listings Requirements as it relates to the Specific Issue:

- 2.4.1 The Specific Issue Shares will be ordinary shares of no par value in SacOil.
- 2.4.2 Gairloch has warranted to SacOil that, as at the date of signature of the Gairloch Subscription Agreement and the date of subscription for the Specific Issue Shares, neither Gairloch Nominee is the registered holder of any SacOil Shares (other than, for avoidance of doubt, the Specific Issue Shares), and as such Gairloch is not a related party of the Company as defined in the Listings Requirements.
- 2.4.3 The number of equity securities to be issued in terms of the Specific Issue is 488 804 476 SacOil Shares at a price of R0.32037 per share, being a 0.6% premium to the volume weighted trading price of SacOil Shares as quoted on the exchange operated by the JSE for the 30 days immediately preceding the date of signature of the Gairloch Subscription Agreement, which was signed between SacOil and Gairloch on 5 April 2013.
- 2.4.4 354 580 159 SacOil Shares will be issued to Gairloch Nominee 1 and 134 224 317 SacOil Shares will be issued to Gairloch Nominee 2.
- 2.4.5 The obligation of Gairloch to effect payment in respect of the Specific Issue to SacOil will be set off against the repayment obligations of SacOil under the Gairloch Loans.
- 2.4.6 As far as the Directors are aware, neither Gairloch nor any of its associates nor any concert party (as defined in the Companies Regulations, 2011 promulgated under the Companies Act) is the registered holder of any SacOil Shares (other than, for avoidance of doubt, the Specific Issue Shares).
- 2.4.7 Other than the remuneration of non-executive Directors proposed for approval in this Circular, there will be no change in the remuneration of Directors of SacOil following the Specific Issue.
- 2.4.8 The share capital of SacOil as at the Last Practicable Date is as follows:

<b>Before the Specific Issue</b>	<b>R</b>
<b><i>Authorised share capital</i></b>	
10 000 000 000 ordinary shares of no par value	
<b><i>Stated share capital</i></b>	
953 340 791 ordinary shares of no par value	534 172 123

The authorised and stated capital of SacOil after the Specific Issue will be as follows:

<b>After the Specific Issue</b>	<b>R</b>
<b>Authorised share capital</b>	
10 000 000 000 ordinary shares of no par value <sup>(1)</sup>	
<b>Stated share capital</b>	
1 442 145 267 ordinary shares of no par value <sup>(2)</sup>	689 864 413

**Notes:**

1. There will be no changes to the authorised share capital of SacOil as a result of the Specific Issue.
2. Specific Issue costs of R906 000 have been deducted from equity.
3. The Specific Issue Shares and the SacOil Shares in issue are of the same class, rank *pari passu* in every respect and are fully paid up. SacOil has no preferred or deferred shares in issue.
4. No SacOil Shares are held in treasury.

### 3. ENCHA ENERGY SERVICES AGREEMENT

#### 3.1 Introduction

On 28 February 2013 SacOil concluded the Encha Energy Services Agreement with Encha Energy in terms of which Encha Energy undertook to utilise its reasonable commercial endeavours to:

- assist SacOil with Capital Raising;
- assist SacOil with the procurement of security for third party funding which security may include, at the election of Encha Energy, a Share Pledge; and
- introduce Relevant Business Opportunities to SacOil and facilitate the implementation by SacOil of Designated Transactions.

In consideration for the provision of the aforesaid services Encha Energy is entitled to receive remuneration from SacOil as follows:

- in respect of Capital Raising, a fee equivalent to 2 percent of the capital raised;
- in respect of a Share Pledge, in the event that such Share Pledge becomes enforceable against Encha, a fee equivalent to 2 percent of the aggregate value of the SacOil Shares subject to the Share Pledge; and
- in the event of the implementation of a Designated Transaction, a fee equivalent to 2 percent of the value of the Designated Transaction.

In the event that any amount remains due by Encha Energy to SacOil under the Acknowledgement of Debt as at the date that an Encha Energy Service Fee becomes due and payable by SacOil to Encha Energy, SacOil's payment obligations to Encha Energy in respect of such Encha Energy Service Fee shall be set off against Encha Energy's payment obligations to SacOil under the Acknowledgement of Debt.

In the event that no amount remains due and payable by Encha Energy to SacOil under the Acknowledgement of Debt as at the date that an Encha Energy Service Fee becomes due and payable by SacOil to Encha Energy, or in the event that the aforementioned set-off does not fully extinguish SacOil's obligations to Encha Energy in regard to payment of an Encha Energy Service Fee, then SacOil shall discharge its remaining obligations to Encha Energy through a cash payment or through the issue of SacOil Shares at the election of SacOil, subject to fulfilment of the relevant requirements. SacOil has however irrevocably and in perpetuity waived its right to elect to discharge its aforesaid remaining obligations through the issue of SacOil Shares and consequently such remaining obligations (if any) will be discharged by SacOil in cash.

The Encha Energy Services Agreement is subject to, *inter alia*, the fulfilment of the following suspensive conditions by no later than 31 August 2013:

- the Acknowledgement of Debt and the Suretyship have been duly executed by the parties thereto;
- the Board of Directors of each of SacOil and Encha Energy has authorised the conclusion of the Encha Energy Services Agreement; and
- the approval of the Encha Energy Services Agreement by SacOil Shareholders.

Subject to the breach and cancellation provisions of the Encha Energy Services Agreement as set out below, the Encha Energy Services Agreement shall commence on the first business day after the date of fulfilment of the last of the suspensive conditions and shall endure until the later of (i) the date on which the obligations

of Encha Energy and Encha under the Acknowledgement of Debt and the Suretyship respectively have been discharged in full, and (ii) the date on which all payment obligations of SacOil to Encha Energy under the Encha Energy Services Agreement which have accrued prior to the date referred to in (i) have been settled in full.

In the event of either party committing a breach of any of the terms and conditions of the Encha Energy Services Agreement and remaining in default for a period of 14 days after receipt of written notice from the other party calling for such breach to be remedied, the party delivering such notice shall be entitled (but not obliged) to terminate the Encha Energy Services Agreement on written notice to the other party, provided that the aggrieved party shall not be entitled to cancel the Encha Energy Services Agreement unless the breach is a material breach and is incapable of being remedied by payment in money or, if the breach is capable of being remedied by payment in money, the defaulting party fails to pay the amount concerned within 14 days after such amount has been determined. Without prejudice to the foregoing either party may terminate the Encha Energy Services Agreement on written notice to the other party if:

- the other party is, other than for the purposes of reconstruction or amalgamation, placed under voluntary or compulsory liquidation or under judicial management or under receivership or under the equivalent of any of the foregoing;
- a final and unappealable judgement against the other party remains unsatisfied for a period of 14 days or more after it comes to the notice of the board of directors of the other party;
- the other party makes any arrangement or composition with its creditors generally or ceases, or threatens to cease, to carry on business; and
- the other party is amalgamated with, is purchased by, or through any corporate reconstruction becomes a part of, or member of, or associated with a competitor of the first party.

The salient terms of the Encha Energy Services Agreement, the Acknowledgement of Debt and the Suretyship are set out in Annexures 6, 7 and 8 respectively.

### 3.2 Rationale for the Encha Energy Services Agreement

The Encha group of companies has previously successfully concluded transactions in the resources industry, particularly in regard to diamonds, gold, platinum and oil and gas. Examples of transactions which have been successfully concluded are as follows:

- New Diamond Corporation sold into Lonrho Mining Limited, an Australian-listed entity;
- Tjate Platinum asset sold to Jubilee Platinum PLC; and
- gold interests sold to Simmer and Jack Mines Limited.

Getting involved at an early stage and taking resources up the value curve, derisking the same, and then partnering with blue-chip corporates has been the success model of the Encha group of companies. Encha Energy sees a vast number of potential value accretive transactions in the oil and gas sector. Encha Energy would evaluate and assess oil and gas opportunities and then offer the same to SacOil as investment opportunities on an exclusive basis.

It is recorded that historically the Encha group of companies has introduced oil and gas opportunities to SacOil in Angola, Nigeria and East Africa.

## 4. DETAILS OF THE REMUNERATION OF NON-EXECUTIVE DIRECTORS

In terms of section 66(9) of the Companies Act, any remuneration paid by the Company to its Directors for their services as Directors may only be paid in terms of a special resolution of the shareholders passed within the previous two years.

The Company requires approval, for the period to 28 February 2013 and until the Company's 2013 Annual General Meeting, for payment of the following Board and committee fees for non-executive Directors of the Company for the financial years ending 28 February 2013 and 28 February 2014:

Name of Director	Annual Fee (paid monthly in arrears)
Richard Linnell <sup>1</sup>	R480 000
John Bentley	£30 000
Bill Guest	£30 000
Colin Bird <sup>1</sup>	£30 000
Gontse Moseneke	R300 000
Chairman <sup>2</sup>	R480 000
Non-executive Director/s <sup>2</sup>	R300 000

Notes:

1. SacOil Shareholders are referred to the SENS announcement dated 11 April 2013 wherein it was announced that Colin Bird and Richard Linnell have resigned as Directors of the Company with immediate effect. The remuneration payable to Colin Bird and Richard Linnell shall be apportioned on a pro rata basis from 1 November 2012 to the date of resignation.
2. SacOil Shareholders are requested to approve proposed fees payable to the chairman and a non-executive Director/s who may be appointed, subject to confirmation of his/her appointment by SacOil Shareholders at the relevant general meeting, for the year ending 28 February 2014. The proposed fee/s shall be apportioned on a pro rata basis from the date of appointment as the chairman and/or non-executive Director/s.

## 5. DETAILS OF THE GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

The Company is seeking general authority for the Directors to be authorised to issue all or any of the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation, the Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the Listings Requirements and not related parties, unless the JSE otherwise agrees;
- the number of ordinary shares issued for cash shall not in aggregate in any one financial year exceed 15% (fifteen percent) of the Company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year, plus any ordinary shares to be issued pursuant to the Specific Issue and a rights issue which has been announced, is irrevocable and fully underwritten, or an acquisition which has had final terms announced;
- this authority be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on the net asset value and earnings per ordinary share, will be published at the time of every issuance; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Directors of the Company.

## 6. SALIENT INFORMATION ON SACOIL

### 6.1 Nature of the business

SacOil is a South African based JSE and AIM-listed oil and gas exploration and production company focussed exclusively on operations in Africa, where it has a competitive advantage at the point of entry. To date, it has operations in the DRC (and since partnered with Total), Nigeria and Malawi and continues to evaluate a number of opportunities to secure new value accretive acreage in other established and prolific African hydrocarbon basins.

The DRC, Malawi and Nigerian assets are in the exploration and appraisal stage. SacOil has a vision to build a balanced hydrocarbon exploration and production portfolio in Africa with established production and cash flow.

On 13 December 2012, SacOil announced the award of the Onshore Petroleum Prospecting Licence for Block 1 in Malawi. Block 1 is located in the north western part of Malawi, bordering Tanzania to the north and Zambia to the west. The term of the exploration licence is divided into an initial four-year period followed by two subsequent three-year renewal periods. During the initial four-year period it is envisaged that desktop studies and the acquisition of gravity and magnetic data will take place in order to evaluate the petroleum potential of the block. The financial obligation on SacOil for the initial four-year period is a total of USD2 million.

## 6.2 Prospects

SacOil's management team is focussed on bringing the current assets and opportunities SacOil has to account by moving the same through the value curve, progressing work on the assets, receiving definitive title and progressing to delivery of production and cash flow.

Given SacOil's positioning SacOil is continually approached and presented with new opportunities, which the Company continues to evaluate with a view to ensuring the progression of the Company to a balanced portfolio business with assets and opportunities, in different African jurisdictions and at different stages of the upstream cycle from exploration, to appraisal to production.

## 6.3 Major shareholders

At the Last Practicable Date, SacOil Shareholders who, insofar as is known to SacOil, are beneficially interested, directly or indirectly, in 5% or more of the issued ordinary stated capital of SacOil, were as follows:

### Before the Specific Issue

Beneficial shareholder	Shares held			Shareholding (%) <sup>1</sup>
	Direct interest	Indirect interest	Total interest	
Encha and associates	197 020 828	–	197 020 828	20.67
Public Investment Corporation	158 606 964	–	158 606 964	16.64
Metropolitan Asset Managers	81 163 097	–	81 163 097	8.51
<b>Total</b>	<b>436 790 889</b>	<b>–</b>	<b>436 790 889</b>	<b>45.82</b>

1. Based on 953 340 791 SacOil Shares in issue.

### After the Specific Issue

Beneficial shareholder	Shares held			Shareholding (%) <sup>1</sup>
	Direct interest	Indirect interest	Total interest	
Gairloch <sup>2</sup>	–	488 804 476	488 804 476	33.89
Encha and associates	197 020 828	–	197 020 828	13.66
Public Investment Corporation	158 606 964	–	158 606 964	11.00
Metropolitan Asset Managers	81 163 097	–	81 163 097	5.63
<b>Total</b>	<b>436 790 889</b>	<b>488 804 476</b>	<b>925 595 365</b>	<b>64.18</b>

1. Based on 1 442 145 267 SacOil Shares in issue, after taking into account the Specific Issue Shares.

2. Gairloch's beneficial shareholding in the Company is held via the Gairloch Nominees.

## 7. FINANCIAL INFORMATION RELATING TO THE SPECIFIC ISSUE

Based on SacOil's published interim results for the six months ended 31 August 2012, the unaudited *pro forma* financial information of the Specific Issue on SacOil's reported LPS, HLPS, NAV and TNAV is set out below.

The unaudited *pro forma* financial information is presented for illustrative purposes only, and, because of its nature, it may not fairly present SacOil's financial position, changes in equity, results of operations or cash flows. The financial information is the responsibility of the Board.

Details of the unaudited *pro forma* financial information on the statement of comprehensive income and statement of financial position is contained in Annexure 1 to this Circular.

The Independent Reporting Accountants' report on the unaudited *pro forma* financial information on the statement of comprehensive income and statement of financial position is set in Annexure 2 to this Circular.

## 7.1 Unaudited *pro forma* financial information of the Specific Issue

Details	Interim financial results	Issue of shares – Yorkville Advisors	Before the Specific Issue	Adjustments	After the Specific Issue	Change (%)
(LPS)/EPS (cents)	(1.64)	0.07	(1.57)	2.22	0.65	(141.28)
Diluted (LPS)/EPS (cents)	(1.64)	0.07	(1.57)	2.22	0.65	(141.28)
(HLPS)/HEPS (cents)	(2.62)	0.11	(2.51)	2.57	0.06	(102.40)
Diluted (HLPS)/HEPS (cents)	(2.62)	0.11	(2.51)	2.57	0.06	(102.40)
NAV (cents)	45.89	(6.31)	39.58	(2.62)	36.96	(6.62)
TNAV (cents)	31.11	(5.76)	25.35	2.20	27.55	8.70
Number of shares in issue	918 268 379	35 072 412	953 340 791	488 804 476	1 442 145 267	51.27
Weighted average number of shares in issue	771 061 757	35 072 412	806 134 169	488 804 476	1 294 938 645	60.64
Weighted average number of shares in issue for dilution	772 412 008	35 072 412	807 484 420	488 804 476	1 296 288 896	60.53

### Notes:

1. The "Interim financial results" column indicates the financial information which has been extracted from SacOil's historical reviewed interim results for the six months ended 31 August 2012.
2. The "Issue of shares – Yorkville Advisors" column indicates the specific issue of 35 072 412 shares at R0.32 per share, to Yorkville Advisors as outlined in the SENS announcement dated 1 November 2012.
3. The "Before the Specific Issue" column indicates the impact of item 2 above.
4. The "Adjustments" column takes into account the *pro forma* and consolidation adjustments in respect of the Specific Issue.
5. The LPS/EPS and HLPS/HEPS figures are based on the assumption that the Specific Issue was implemented on 1 March 2012 while the statement of financial position figures are based on the assumption that the Specific Issue was implemented on 31 August 2012.
6. The "After the Specific Issue" column indicates the *pro forma* financial results after taking into account notes 1 to 5 above.
7. The "Change (%)" column is measured as the "After the Specific Issue" column as a percentage of the "Before the Specific Issue" column.
8. Specific Issue costs of R906 000 have been deducted from equity.

## 8. DIRECTORS AND DIRECTORS' INTERESTS

### 8.1 Directors' details

The name, position, date of appointment, qualification, age, nationality, business address and experience of each Director and Senior Manager of SacOil are set out below:

<b>Name</b>	<b>John Bentley</b>
<b>Position</b>	Independent non-executive Director of SacOil
<b>Appointed</b>	1 May 2011
<b>Qualification</b>	Degree in Metallurgy
<b>Age</b>	65
<b>Nationality</b>	British
<b>Business address</b>	Ptarmigan Natural Resources Limited, Aytounhill House, Newburgh, Fife, KY14 6JH
<b>Experience and principal activities</b>	John has over 40 years' experience in the natural resources sector. He was managing director of Gencor's Brazilian mining company, Sao Bento Mineracao, from 1988 to 1993 when he became chief executive of Engen's Exploration and Production division. In 1996 he was instrumental in floating Energy Africa Limited on the JSE and became CEO for the following five years building it into one of the leading African independent oil and gas companies.



More recently John was Executive Chairman of FirstAfrica Oil PLC and a non-executive director of Adastra Minerals Limited. He currently serves on the board of a number of resource companies including as chairman of Faroe Petroleum PLC, chairman of Scotgold Resources Limited, deputy chairman of Wentworth Resources Limited and non-executive director of Griffiths Energy International Inc, Resaca Exploitation Inc and Kea Petroleum PLC. John holds a degree in Metallurgy from Brunel University.

**Other directorships**

- Balmuir Estates Nominees Limited;
- Faroe Petroleum PLC;
- Griffiths Energy International Incorporated;
- Kea Petroleum PLC;
- Ptarmigan Natural Resources Limited;
- Resaca Exploitation Incorporated;
- Scotgold Resources Limited;
- Thombo Petroleum Limited; and
- Wentworth Resources Limited.

---

**Name** **Colin Bird**

---

**Position** Non-executive Director of SacOil and a director of Pioneer Coal Proprietary Limited

**Appointed** 9 April 2008

**Qualifications** Diploma in Mining Engineering  
Fellow of the Institute of Materials, Minerals and Mining

**Age** 69

**Nationality** British

**Business address** Plot 1, MGV Montgomerie Maisonettes, Dubai, United Arab Emirates

**Experience and principal activities** Colin has a Diploma in Mining Engineering, is a Fellow of the Institute of Materials, Minerals and Mining and is a certified mine manager both in the UK and South Africa.

In the past Colin was Technical and Operations Director of Costain Mining, which involved responsibility for operations in Argentina, Venezuela and Spain. Besides that Colin has been involved in the management of nickel, copper, gold and other diverse mineral operations. Colin has founded and floated several public companies in the resource sector and served on resource company boards in UK, Canada and South Africa.

**Other directorships**

- Add X Trading 810 CC;
- Afminco Proprietary Limited;
- African Pioneer Trust PLC;
- Bird Leisure And Admin Proprietary Limited;
- Braemore Resources;
- Dialyn Café CC;
- Dullstroom Plats;
- Emanuel Mining and Exploration Proprietary Limited;
- Extract Energy PLC;
- Galagen Proprietary Limited;
- Galileo Resources South Africa Proprietary Limited;
- Glenover Phosphate Proprietary Limited;
- Holyrood Platinum Proprietary Limited;
- Isigidi Trading 413 CC;
- Jubilee Platinum PLC;
- Jubilee Smelting And Refining Proprietary Limited;
- Lion Mining Finance Limited;
- Maude Mining & Exploration;
- Mokopane Mining and Exploration Proprietary Limited;

- NDN Properties CC;
- New Plats (Tjate) Proprietary Limited;
- Pilanesberg Mining Co Proprietary Limited;
- Pioneer Coal Proprietary Limited;
- Polar Star Mining PLC;
- Pollux Investment Holdings Proprietary Limited;
- Sovereign Energy PLC;
- Tara Bar and Restaurant CC;
- Tiger Resource Finance PLC;
- Tjate Platinum Corporation Limited;
- Umhlanga Lighthouse Café CC; and
- Windsor Platinum Investments Proprietary Limited.

<b>Name</b>	<b>Bill Guest</b>
<b>Position</b>	Independent non-executive director of SacOil
<b>Appointed</b>	1 May 2011
<b>Qualifications</b>	Bachelor of Science Honours Degree in Geology Fellow of the United Kingdom Energy Institute
<b>Age</b>	59
<b>Nationality</b>	British
<b>Business address</b>	Ash Farm, Horsmonden, Tonbridge, Kent, TN12 8BJ
<b>Experience and principal activities</b>	Bill has over 37 years' of international exploration and production experience within the oil industry, in technical business development and senior management functions. He has 15 years' of experience as a main board director of London-listed oil and gas exploration and production companies with front line involvement in corporate and strategic development, PR/IR and fundraising. Recent roles include being the managing director of Endeavour Norway and President of Gulf Keystone Petroleum. Currently Bill is a non-executive director of Matra Petroleum and British European Energy. Bill holds a BSc Honours degree in Geology from Leicester University, UK and is a Fellow of the United Kingdom Energy Institute.
<b>Other directorships</b>	<ul style="list-style-type: none"> <li>• British European Energy (BVI);</li> <li>• Guest &amp; Associates Upstream Energy Advisors; and</li> <li>• Matra Petroleum.</li> </ul>

<b>Name</b>	<b>Richard Linnell</b>
<b>Position</b>	Independent non-executive Chairman of SacOil
<b>Appointed</b>	19 September 2002
<b>Age</b>	68
<b>Nationality</b>	South African
<b>Business address</b>	2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021
<b>Experience and principal activities</b>	Richard Linnell is an experienced geologist, who has worked with various companies which now form part of the BHP Billiton (SA) Group, culminating in running the Samancor manganese operations and Billiton's exploration and development activities in South Africa. Richard is a former non-executive director of BHP Billiton (SA) Limited and was Chairman of Coal of Africa Limited. Richard is also Chairman of Independent Power South Africa.
<b>Other directorships</b>	<ul style="list-style-type: none"> <li>• Cuco Resources Limited;</li> <li>• D Group Corporate Forum Limited;</li> <li>• D Group Limited;</li> <li>• IPSA Group PLC;</li> <li>• Metalloy Resources Investments Proprietary Limited;</li> <li>• Nimag Proprietary Limited;</li> </ul>

- R.J. Linnell & Associates CC;
- Rockwell Diamonds Incorporated;
- Serui Investments Proprietary Limited;
- Silson Investment Holdings CC; and
- Wogen Resources South Africa Proprietary Limited.

<b>Name</b>	<b>Gontse Moseneke</b>
<b>Position</b>	Non-executive Director of SacOil
<b>Appointed</b>	31 August 2009
<b>Qualifications</b>	Bachelor of Science in Statistics and Actuarial Science; Diploma in Actuarial Techniques
<b>Age</b>	32
<b>Nationality</b>	South African
<b>Business address</b>	119 Rosen Park, 37 Invicta Road, Midrand, 1685
<b>Experience and principal activities</b>	Gontse Moseneke holds a Bachelor of Science degree in Statistics and Actuarial Sciences from the University of Cape Town, and a Diploma in Actuarial Techniques from the Institute of Actuaries (London, United Kingdom). Gontse Moseneke has a background in financial management and investment banking. He is part of the executive team at Encha, a diversified investment holding company, where he heads up Encha Tech Proprietary Limited.
<b>Other directorships</b>	<ul style="list-style-type: none"> <li>• Aprilog Investments Proprietary Limited;</li> <li>• Business Venture Investments No 626 Proprietary Limited;</li> <li>• Collaborative First Proprietary Limited;</li> <li>• Encha Investments No. 2 Proprietary Limited;</li> <li>• Encha Knowledge Proprietary Limited;</li> <li>• Encha Supply Base Consortium Proprietary Limited;</li> <li>• Encha Tech Proprietary Limited;</li> <li>• Fernridge Encha Knowledge Proprietary Limited;</li> <li>• Intertrading Limited;</li> <li>• New Africa Millenium Telecommunications Proprietary Limited;</li> <li>• New Oil Trading South Africa Proprietary Limited;</li> <li>• Techno Payless Proprietary Limited;</li> <li>• Wheatfields Investments No. 127 Proprietary Limited; and</li> <li>• Wild Peach Trading 23 Proprietary Limited.</li> </ul>
<b>Name</b>	<b>Robin Vela</b>
<b>Position</b>	CEO of SacOil and a Director of the following subsidiaries of SacOil: <ul style="list-style-type: none"> <li>• Baltimore Manganese Mine Proprietary Limited;</li> <li>• Bushveld Pioneer Proprietary Limited;</li> <li>• Pioneer Coal Proprietary Limited;</li> <li>• RDK Mining Proprietary Limited;</li> <li>• SacOil 233 Nigeria Limited;</li> <li>• SacOil 281 Nigeria Limited; and</li> <li>• Semliki Energy SPRL.</li> </ul>
<b>Appointed</b>	25 February 2008
<b>Qualifications</b>	Bachelor of Science Honours Degree in Economics and Accounting Fellow of Institute of Chartered Accountants in England and Wales Fellow of the UK Chartered Securities Institute
<b>Age</b>	41
<b>Nationality</b>	British
<b>Business address</b>	2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021

**Experience and principal activities** Robin is the founding CEO of SacOil. Robin is a professionally qualified and experienced Investment Executive as well as a UK qualified Chartered Accountant and Fellow of the UK Chartered Securities Institute. Robin is also an appointed consultant to the World Bank, International Finance Corporation, and a member of the Institute of Directors South Africa.

During his career path Robin has a verifiable track record of leading and closing corporate and investment related transactions in SADC and the City of London. Robin graduated with an honours degree in economics and accounting from Bristol University.

- Other directorships**
- Encha Lonsa Investments Proprietary Limited;
  - Firstmile Properties Proprietary Limited;
  - Lonsa Capital Proprietary Limited;
  - Lonsa Corporate Finance Proprietary Limited;
  - Lonsa Proprietary Limited;
  - Netgame Investments Proprietary Limited;
  - Orange Cab Proprietary Limited; and
  - Rob Vel Trading Proprietary Limited.

**Senior Managers**

<b>Name</b>	<b>Bradley Cerff</b>
<b>Position</b>	Vice president – Operations, and a Director of the following subsidiaries of SacOil: <ul style="list-style-type: none"> <li>• Bushveld Pioneer Proprietary Limited;</li> <li>• Pioneer Coal Proprietary Limited;</li> <li>• RDK Mining Proprietary Limited;</li> <li>• SacOil 233 Nigeria Limited; and</li> <li>• SacOil 281 Nigeria Limited.</li> </ul>
<b>Appointed</b>	9 May 2011
<b>Qualifications</b>	Masters degree in Science and Business Administration Member of the Society of Petroleum Engineers
<b>Age</b>	39
<b>Nationality</b>	South African
<b>Business address</b>	2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021

<b>Name</b>	<b>Willem de Meyer</b>
<b>Position</b>	Vice president – Commercial
<b>Appointed</b>	10 January 2012
<b>Qualifications</b>	Bachelor of Science Degree in Geophysics Master of Commerce Degree in Mineral Economics Member of the South African Geophysical Association Registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions
<b>Age</b>	56
<b>Nationality</b>	South African
<b>Business address</b>	2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021

<b>Name</b>	<b>Jordaan Fouche</b>
<b>Position</b>	Vice president – Technical and New Business
<b>Appointed</b>	10 January 2012
<b>Qualifications</b>	Honours degree in Geology Master of Business Administration
<b>Age</b>	52
<b>Nationality</b>	South African
<b>Business address</b>	2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021

**Notes:**

Roger Rees was appointed Financial Director following the resignation of the Company's previous Financial Director, Mrs C. De Beer. Subsequent to his appointment, Mr Rees informed the Company that he was unable to fulfil the role of full-time Financial Director due to other commitments.

In light of this unexpected resignation, SacOil has put in place the following interim measures:

1. Roger Rees remains as a consultant to the Company. He is supported by a fully qualified chartered accountant, Tariro Mudzimuirema, who is currently employed by SacOil in the capacity as financial manager; and
2. Mr Rees, together with the financial manager, will oversee the functions of a Financial Director in the interim, with ultimate responsibility resting with the CEO.

SacOil is in the process of seeking a replacement to fulfil the position of Financial Director and has been permitted by the JSE until 31 May 2013 to make a formal appointment.

Furthermore, SacOil Shareholders are referred to:

1. the SENS announcement dated 11 April 2013, wherein it was announced that Colin Bird and Richard Linnell resigned as Directors of the Company with immediate effect; and
2. the SENS announcement dated 22 April 2013, wherein it was announced that Mr Tito Mboweni has been appointed as independent non-executive chairman of the Company and Mr Mzi Maqetuka appointed as independent non-executive Director of SacOil, with effect from 1 June 2013.

**8.2 Directors' remuneration**

Other than the remuneration of non-executive Directors proposed for approval in this Circular, there will be no variation in the remuneration receivable by any of the Directors as a consequence of the Specific Issue or the Encha Energy Services Agreement.

**8.3 Directors' interests in SacOil**

8.3.1 The Directors' and Senior Managers' interests, including interests of Directors' associates and Directors that have resigned during the last 18 months, in the issued share capital of SacOil as at 31 August 2012 were as follows:

<b>Name</b>	<b>Direct beneficial</b>	<b>% Held<sup>1</sup></b>
C. Bird <sup>2</sup>	8 502 610	0.93
C. de Beer <sup>3</sup>	200 000	0.02
B. Cerff	150 000	0.02
R. Vela	11 939 196	1.30
<b>Total</b>	<b>20 791 806</b>	<b>2.27</b>

**Notes:**

1. Based on 918 268 379 SacOil Shares in issue as at 31 August 2012.
2. SacOil Shareholders are referred to the SENS announcement dated 11 April 2013 wherein it was announced that Colin Bird and Richard Linnell resigned as Directors of the Company with immediate effect.
3. Mrs C de Beer resigned as Financial Director of SacOil with effect from 30 July 2012.
4. The Directors' do not have any other direct or indirect interest in the issued share capital of the Company other than disclosed above.
5. All Sacoil Shares are beneficially held.

8.3.2 The Directors' and Senior Managers' interests, including interests of Directors, associates and Directors that have resigned during the last 18 months, in the issued share capital of SacOil, at the Last Practicable Date and before and after the Specific Issue, are set out below:

<b>Name</b>	<b>Before the Specific Issue</b>		<b>After the Specific Issue</b>	
	<b>Total</b>	<b>% Held<sup>1</sup></b>	<b>Total</b>	<b>% Held<sup>2</sup></b>
C. Bird <sup>3</sup>	8 502 610	0.89	8 502 610	0.59
C. de Beer <sup>4</sup>	200 000	0.02	200 000	0.01
B. Cerff	150 000	0.02	150 000	0.01
R. Vela	11 939 196	1.25	11 939 196	0.83
<b>Total</b>	<b>20 791 806</b>	<b>2.18</b>	<b>20 791 806</b>	<b>1.44</b>

**Notes:**

1. Based on 953 340 791 SacOil Shares in issue before the Specific Issue, after taking into account the specific issue of 35 072 412 shares to Yorkville Advisors on 13 November 2012, as outlined in the SENS announcement dated 1 November 2012.
2. Based on 1 442 145 267 SacOil Shares in issue after the Specific Issue.
3. SacOil Shareholders are referred to the SENS announcement dated 11 April 2013 wherein it was announced that Colin Bird and Richard Linnell resigned as Directors of the Company with immediate effect.

4. Mrs C. de Beer resigned as Financial Director of SacOil with effect from 30 July 2012.
5. The Directors' do not have any other direct or indirect interest in the issued share capital of the Company other than disclosed above.
6. All SacOil Shares are beneficially held.

#### **8.4 Directors' interests in transactions**

None of the Directors, including Directors who have resigned during the last 18 months, had any beneficial interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or material to the business of SacOil and which was effected during the current or immediately preceding financial year or during an earlier financial year which remain in any respect outstanding or unperformed.

#### **9. MARKET VALUE OF SACOIL SHARES**

The share price history of SacOil Shares as traded on the JSE is set out in Annexure 3 of this Circular.

#### **10. LITIGATION STATEMENT**

The Directors, whose names are set out in paragraph 8.1 of this Circular, are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving SacOil or any of its subsidiaries which may have or have in the 12 months preceding the date of the Circular, had a material effect on the Company's financial position or its rights to explore, save as disclosed below:

##### **10.1 Joseph Modibane**

The Company previously reported on two actions instituted by Joseph Modibane ("Mr Modibane") in the North Gauteng High Court.

In the first action, Mr Modibane alleged that he was entitled to receive 105 000 000 SacOil Shares at an issue price of 30 cents per share but that the Company unlawfully declined to deliver the SacOil Shares to him. Consequently Mr Modibane alleges that the Company's unlawful conduct entitled him to claim damages against the Company in the amount of R67.2 million plus interest at the rate of 15.5% per annum from 14 September 2010 to date of payment.

In a second action, Mr Modibane alleges that the content of the announcement made by the Company on 15 September 2010 in relation to the first action was defamatory to him and he claims payment from the Company of damages in the amount of R80 million, together with interest at the rate of 15.5% per annum from 22 September 2010 to date of payment.

Based on the information in the Board's possession, the Board is of the view that the claims have no substance and the Company's legal advisors are defending both actions. Pleadings have closed in both actions. Trial dates that were allocated were not convenient. The actions were therefore, by agreement, removed from the trial roll. A SENS announcement published on 28 February 2013 reports that Mr Modibane passed away on 23 February 2013. It remains to be seen whether an executor for Mr Modibane's estate elects to persist with the two actions.

#### **11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names are set out in paragraph 8.1 of this Circular:

- have considered all statements of fact and opinion in this Circular;
- collectively, and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, the Circular contains all information required by law and the Listings Requirements.

#### **12. GENERAL MEETING**

##### **12.1 Notice of General Meeting**

A notice convening a General Meeting of SacOil Shareholders is attached to the Circular. The General Meeting will be held at the Registered Office at 10:00 on Thursday, 30 May 2013 to consider and, if deemed fit, to pass the Resolutions.

## **If you have Dematerialised Shares**

### **12.1.1 Own-name registration**

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Wednesday, 29 May 2013.

### **12.1.2 Other than own-name registration**

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You are entitled to attend, or be represented by proxy, at the General Meeting. You must not, however complete the attached form of proxy (*blue*). You must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting.

If you do wish to attend or be represented at the General Meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented thereat.

## **If you hold Certificated Shares**

You are entitled to attend, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 10:00 on Wednesday, 29 May 2013.

## **12.2 Shareholder approval**

The authorisation and approval of SacOil Shareholders present or represented by proxy at the General Meeting and entitled to vote shall be required as follows:

- the Specific Issue is subject to the approval of at least 75% of SacOil Shareholders;
- the Encha Energy Services Agreement is subject to the approval of more than 50% of SacOil Shareholders excluding Encha and its associates;
- the remuneration of the non-executive Directors of SacOil is subject to the approval of at least 75% of SacOil Shareholders;
- the general authority to issue shares for cash for up to 15% of the issued share capital of the Company post the Specific Issue is subject to the approval of at least 75% of SacOil Shareholders; and
- the Directors' authority to do all such things and to sign all documents, including Company forms and take all such actions as they consider necessary to give effect to and implement the aforementioned Resolutions, is subject to the approval of more than 50% of SacOil Shareholders.

## **12.3 Voting rights**

All issued SacOil Shares rank *pari passu* with each other.

Every SacOil Shareholder present or represented by proxy shall have one vote on a show of hands, and on a poll, one vote for every SacOil Share held.

## 13. EXCHANGE CONTROL REGULATIONS

### 13.1 Gairloch Loans

SacOil has received two inward foreign loans from Gairloch pursuant to the Gairloch Loan Agreement 1 and the Gairloch Loan Agreement 2. A third loan, originally obtained from RenCap, has been novated to Gairloch in terms of the Gairloch Deed of Novation and the Gairloch Deed of Confirmation and Amendment. Consolidation of the loans contemplated in the Gairloch Loans (all three of which are now owed by SacOil to Gairloch) has received approval from FinSurv.

The settlement of the loans advanced under the Gairloch Loan Agreements by way of set off pursuant to the Specific Issue as contemplated in the Gairloch Subscription Agreement has received approval from FinSurv.

### 13.2 Certificated Shareholders

In the case of Certificated Shareholders whose registered addresses are outside the common monetary area or where the share certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply:

#### 13.2.1 *Non-residents who are emigrants from the common monetary area*

Share certificates will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations and will be sent to the Shareholder's authorised dealer in foreign exchange in South Africa controlling his blocked assets.

#### 13.2.2 *All other non-residents*

Share certificates will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations.

### 13.3 Dematerialised Shareholders

With regard to Dematerialised Shareholders whose registered addresses are outside the common monetary area, their shares will be annotated in the Company's relevant subregister as non-resident and statements will be restrictively endorsed in terms of those regulations.

## 14. CONSENTS

Each of the advisors whose names appear in the "Corporate information and advisors" section have consented in writing to act in the capacities stated and to their names being stated in this Circular and had not, prior to the Last Practicable Date, withdrawn their consents to the inclusion of their names.

## 15. EXPENSES RELATING TO THE SPECIFIC ISSUE

The expenses, excluding VAT, relating to the Specific Issue, payable by SacOil, are estimated at approximately R906 000 and comprise:

Description	Total (R)
JSE inspection fees	12 000
JSE listing fees	96 000
Investment Bank and Sponsor	250 000
Independent Reporting Accountants	150 000
Legal Advisors	200 000
Consultancy fee <sup>1</sup>	120 000
Printing and posting costs	68 000
Transfer Secretaries	10 000
<b>Total</b>	<b>906 000</b>

**Note:**

1. Payable to Mr B. Christie for consultancy services provided in relation to the Specific Issue.



## 16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this Circular will be available in English, along with the following documents, or copies thereof, which will be available for inspection, during normal business hours at the Registered Office of SacOil, from the date of this Circular up to and including the date of the General Meeting:

- the memorandum of incorporation of SacOil and its subsidiaries;
- the Gairloch Subscription Agreement;
- the Acknowledgement of Debt;
- the Suretyship;
- the Gairloch Loan Agreements;
- the Encha Energy Services Agreement;
- copies of service agreements with Directors and Senior Managers;
- the unaudited *pro forma* financial information of SacOil;
- the Independent Reporting Accountants' report on the unaudited *pro forma* financial information of SacOil;
- the audited annual financial statements of SacOil for the three financial years ended 2010, 2011 and 2012;
- consent letters of the appointed professional advisors as set out in paragraph 14 of this Circular; and
- a signed copy of this Circular.

Signed at Bryanston on 8 May 2013 on behalf of all the Directors in terms of powers of attorney granted by such Directors.

### **Robin Vela**

*Chief Executive Officer*

8 May 2013

### **Registered Office**

2nd Floor, The Gabba  
Dimension Data Campus  
57 Sloane Street  
Bryanston, 2021  
(Postnet Suite 211, Private Bag X75  
Bryanston, 2021)

### **Transfer Secretaries**

Link Market Services South Africa Proprietary Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

---

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF SACOIL

---

Based on SacOil's published interim results for the six months ended 31 August 2012, the unaudited *pro forma* financial information of the Specific Issue on SacOil's reported LPS, HLPS, NAV and TNAV is set out below.

The unaudited *pro forma* financial information is presented for illustrative purposes only, and, because of its nature, it may not fairly present SacOil's financial position, changes in equity, results of operations or cash flows. The financial information is the responsibility of the Board.

The Independent Reporting Accountants' report on the unaudited *pro forma* financial information on the statement of comprehensive income and statement of financial position is set in Annexure 2 to this Circular.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SACOIL AFTER THE SPECIFIC ISSUE**

	Interim financial results	Issue of shares – Yorkville Advisors	Before the Specific Issue	Pro forma adjustments	After the Specific Issue
<b>Continuing operations</b>					
Other income	55 213 642	–	55 213 642	4 365 336	59 578 978
Other operating costs	(23 198 827)	–	(23 198 827)	–	(23 198 827)
<b>Operating profit</b>	<b>32 014 815</b>	–	<b>32 014 815</b>	<b>4 365 336</b>	<b>36 380 151</b>
Investment income	27 203 337	–	27 203 337	–	27 203 337
Finance costs	(21 517 167)	–	(21 517 167)	16 667 906	(4 849 261)
<b>Profit before taxation</b>	<b>37 700 985</b>	–	<b>37 700 985</b>	<b>21 033 242</b>	<b>58 734 227</b>
Taxation	(51 392 969)	–	(51 392 969)	–	(51 392 969)
<b>(Loss)/Profit for the period from continuing operations</b>	<b>(13 691 984)</b>	–	<b>(13 691 984)</b>	<b>21 033 242</b>	<b>7 341 258</b>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	(1 414 628)	–	(1 414 628)	–	(1 414 628)
<b>Total comprehensive (loss)/profit for the period</b>	<b>(15 106 612)</b>	–	<b>(15 106 612)</b>	<b>21 033 242</b>	<b>5 926 630</b>
<b>Total comprehensive (loss)/profit attributable to:</b>					
Owners of the parent	(12 647 013)	–	(12 647 013)	21 033 242	8 386 229
Non-controlling interest	(2 459 599)	–	(2 459 599)	–	(2 459 599)
<b>Total comprehensive (loss)/profit</b>	<b>(15 106 612)</b>	–	<b>(15 106 612)</b>	<b>21 033 242</b>	<b>5 926 630</b>
<b>Headline (loss)/profit</b>	<b>(20 251 438)</b>	–	<b>(20 251 438)</b>	<b>21 033 242</b>	<b>781 804</b>
(LPS)/EPS (cents)	(1.64)	0.07	(1.57)	2.22	0.65
Diluted (LPS)/EPS (cents)	(1.64)	0.07	(1.57)	2.22	0.65
(HLPS)/HEPS (cents)	(2.62)	0.11	(2.51)	2.57	0.06
Diluted (HLPS)/HEPS (cents)	(2.62)	0.11	(2.51)	2.57	0.06
Number of shares in issue	918 268 379	35 072 412	953 340 791	488 804 476	1 442 145 267
Weighted average number of shares in issue	771 061 757	35 072 412	806 134 169	488 804 476	1 294 938 645
Weighted average number of shares in issue for dilution	772 412 008	35 072 412	807 484 420	488 804 476	1 296 288 896

**Notes:**

1. The "Interim financial results" column indicates the financial information which has been extracted from SacOil's historical reviewed interim results for the six months ended 31 August 2012.
2. The "Issue of shares – Yorkville Advisors" column indicates the settlement of SacOil's indebtedness to Yorkville Advisors of R19 876 000, by the specific issue of 35 072 412 shares for R11 216 000 to Yorkville Advisors on 13 November 2012 and a cash payment of R8 660 000, as outlined in the SENS announcement dated 1 November 2012.
3. The "Before the Specific Issue" column indicates the impact of item 2 above.
4. The "Pro forma adjustments" column takes into account the Specific Issue, namely the elimination of finance costs amounting to R16 667 906 and foreign exchange losses amounting to R4 365 336 in respect of the Gairloch Loans which were included in the statement of comprehensive income at 31 August 2012. The "Pro forma adjustments" are expected to have a continuing effect on the Company.
5. The pro forma statement of comprehensive income figures are based on the assumption that the Specific Issue was implemented on 1 March 2012 while the statement of financial position figures are based on the assumption that the Specific Issue was implemented on 31 August 2012.
6. The "After the Specific Issue" column indicates the pro forma financial results after taking into account notes 1 to 5 above.
7. No interest on cash balances has been taken into account.

PRO FORMA STATEMENT OF FINANCIAL POSITION OF SACOIL AFTER THE SPECIFIC ISSUE

	Interim financial results	Issue of shares – Yorkville Advisors	After the issue of shares – Yorkville Advisors	Adjustments – Gairloch Loans	Before the Specific Issue	Pro forma adjustments	After the Specific Issue
<b>Assets</b>							
<b>Non-current assets</b>	<b>472 944 673</b>	–	<b>472 944 673</b>	–	<b>472 944 673</b>	–	<b>472 944 673</b>
Property, plant and equipment	394 269	–	394 269	–	394 269	–	394 269
Intangible assets	135 721 284	–	135 721 284	–	135 721 284	–	135 721 284
Other financial assets	336 829 120	–	336 829 120	–	336 829 120	–	336 829 120
<b>Current assets</b>	<b>290 895 185</b>	–	<b>282 235 185</b>	<b>17 033 825</b>	<b>299 269 010</b>	<b>(906 000)</b>	<b>298 363 010</b>
Trade and other receivables	195 776 905	–	195 776 905	–	195 776 905	–	195 776 905
Cash and cash equivalents	95 118 280	(8 660 000)	86 458 280	17 033 825	103 492 105	(906 000)	102 586 105
Assets held-for-sale	9 138 453	–	9 138 453	–	9 138 453	–	9 138 453
<b>TOTAL ASSETS</b>	<b>772 978 311</b>	<b>(8 660 000)</b>	<b>764 318 311</b>	<b>17 033 825</b>	<b>781 352 136</b>	<b>(906 000)</b>	<b>780 446 136</b>
<b>Equity and liabilities</b>							
<b>Equity</b>	<b>421 362 592</b>	<b>11 216 000</b>	<b>432 578 592</b>	<b>(55 216 057)</b>	<b>377 362 535</b>	<b>155 692 290</b>	<b>533 054 825</b>
Stated capital	522 956 123	11 216 000	534 172 123	–	534 172 123	155 692 290	689 864 413
Reserves	29 743 531	–	29 743 531	–	29 743 531	–	29 743 531
Accumulated loss	(170 768 333)	–	(170 768 333)	(55 216 057)	(225 984 390)	–	(225 984 390)
<b>Total equity attributable to equity holders</b>	<b>381 931 321</b>	<b>11 216 000</b>	<b>393 147 321</b>	<b>(55 216 057)</b>	<b>337 931 264</b>	<b>155 692 290</b>	<b>493 623 554</b>
<b>Non-controlling interest</b>	<b>39 431 271</b>	–	<b>39 431 271</b>	–	<b>39 431 271</b>	–	<b>39 431 271</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>	<b>115 549 834</b>	–	<b>115 549 834</b>	–	<b>115 549 834</b>	–	<b>115 549 834</b>
Long-term liability	20 638 362	–	20 638 362	–	20 638 362	–	20 638 362
Deferred tax liability	94 911 472	–	94 911 472	–	94 911 472	–	94 911 472
<b>Current liabilities</b>	<b>231 923 936</b>	<b>(19 876 000)</b>	<b>212 047 936</b>	<b>72 249 882</b>	<b>284 297 818</b>	<b>(156 598 290)</b>	<b>127 699 528</b>
Other financial liabilities	148 382 915	(19 876 000)	128 506 915	72 249 882	200 756 797	(156 598 290)	44 158 507
Current taxation payable	70 852 538	–	70 852 538	–	70 852 538	–	70 852 538
Trade and other payables	12 688 483	–	12 688 483	–	12 688 483	–	12 688 483
Liabilities associated with assets held-for-sale	4 141 949	–	4 141 949	–	4 141 949	–	4 141 949
<b>Total liabilities</b>	<b>351 615 719</b>	<b>(19 876 000)</b>	<b>331 739 719</b>	<b>72 249 882</b>	<b>403 989 601</b>	<b>(156 598 290)</b>	<b>247 391 311</b>
<b>Total equity and liabilities</b>	<b>772 978 311</b>	<b>(8 660 000)</b>	<b>764 318 311</b>	<b>17 033 825</b>	<b>781 352 136</b>	<b>(906 000)</b>	<b>780 446 136</b>

	Interim financial results	Issue of shares – Yorkville Advisors	After the issue of shares – Yorkville Advisors	Adjustments – Gairloch Loans	Before the Specific Issue	Pro forma adjustments	After the Specific Issue
NAV (cents)	45.89	(0.51)	45.38	(5.80)	39.58	(2.62)	36.96
TNAV (cents)	31.11	0.03	31.14	(5.79)	25.35	2.20	27.55
Number of shares in issue	918 268 379	35 072 412	953 340 791	–	953 340 791	488 804 476	1 442 145 267
Weighted average number of shares in issue	771 061 757	35 072 412	806 134 169	–	806 134 169	488 804 476	1 294 938 645

**Notes:**

1. The "Interim financial results" column indicates the financial information which has been extracted, without adjustment, from SacOil's historical reviewed interim results for the six months ended 31 August 2012.
2. The "Issue of shares – Yorkville Advisors" column indicates the settlement of SacOil's indebtedness to Yorkville Advisors of R19 876 000, by the specific issue of 35 072 412 shares for R11 216 000 to Yorkville Advisors on 13 November 2012 and a cash payment of R8 660 000, as outlined in the SENS announcement dated 1 November 2012.
3. The "After the issue of shares – Yorkville Advisors" column indicates the impact of item 2) above on the "Interim financial results".
4. The "Adjustments – Gairloch Loans" column indicates the adjustments in respect of the Gairloch Loans. Subsequent to 31 August 2012, the loan novated to Gairloch in terms of the Gairloch Novated Loan Agreement incurred further interest charges amounting to R48 949 363 and foreign exchange losses amounting to R6 266 694 (a total increase in the "Accumulated loss" of R55 216 057), whilst two additional loans were obtained under the Gairloch Loan Agreement 1 and the Gairloch Loan Agreement 2 (a total increase in "Cash and cash equivalents" of R17 033 825). These adjustments resulted in a total increase in the "Other financial liabilities" of R72 249 882.
5. The "Before the Specific Issue" column indicates the impact of items 2 and 4 above on the "Interim financial results".
6. The "Pro forma adjustments" column takes into account the issue of 488 804 476 SacOil Shares to Gairloch for R156 598 290 at the Issue Price of R0.32037 per ordinary share in terms of the Gairloch Subscription Agreement. In this respect, Specific Issue costs of R906 000 have been deducted from equity. The "Pro forma adjustments" are expected to have a continuing effect on the Company.
7. The pro forma statement of comprehensive income figures are based on the assumption that the Specific Issue was implemented on 1 March 2012 while the statement of financial position figures are based on the assumption that the Specific Issue was implemented on 31 August 2012.
8. The "After the Specific Issue" indicates the pro forma financial position after taking into account notes 1 to 6 above.

---

## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF SACOIL

---

"The Directors  
Sacoil Holdings Limited  
2nd Floor, The Gabba  
Dimension Data Campus  
57 Sloane Street  
Bryanston  
2021

### **Independent Reporting Accountant's Assurance report on the compilation of the unaudited *pro forma* financial information included in a Circular**

To the Directors of SacOil Holdings Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of SacOil Holdings Limited by the Directors. The *pro forma* financial information, as set out in Annexure 1 on pages 24 to 27 of the Circular, consists of unaudited statement of comprehensive income and unaudited statement of financial position (collectively, the "unaudited *pro forma* financial information") and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in paragraph 2 on page 8 of the Circular, on the Company's financial position as at 31 August 2012, and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 31 August 2012 and for the period then ended. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's interim financial statements for the period ended 31 August 2012, on which an auditor's review report was issued on 21 November 2012.

### **Directors' responsibility for the *pro forma* financial information**

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements.

### **Reporting accountant's responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2012 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements.

### **Iwan Hermanus Grobler**

*Director*

### **Ernst & Young Incorporated**

Iwan Hermanus Grobler

Capacity: Director

Registered Auditor

Date: 11 April 2013

Wanderers Office Park

52 Corlett Drive

Illovo

Johannesburg

2196"

---

**MARKET VALUE OF SACOIL SHARES**


---

The high, low and closing prices of SacOil's Shares (SCL) on the JSE and the aggregated monthly volumes and value traded for each month over the 12 months prior to the date of issue of the Circular ("the 12-month period") were as follows:

<b>Monthly</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume (shares)</b>	<b>Value (R)</b>
30/04/12	70	48	53	28 186 075	16 445 608
31/05/12	54	42	43	34 858 520	16 615 989
30/06/12	45	35	44	42 838 524	16 861 058
31/07/12	43	35	39	77 214 325	27 918 048
31/08/12	39	26	31	21 620 443	7 439 206
30/09/12	32	27	30	25 892 829	7 543 578
31/10/12	49	28	34	108 790 425	41 424 436
30/11/12	36	30	31	28 738 895	9 479 077
31/12/12	34	29	30	24 099 112	7 396 573
31/01/13	35	29	33	25 524 236	8 019 420
28/02/13	40	31	33	57 162 351	20 398 958
31/03/13	34	28	32	49 783 934	15 474 469

The high, low and closing prices of SacOil's Shares (SCL) on the JSE and the aggregated quarterly volumes and values traded, for each quarter over the two years prior to the 12-month period, were as follows:

<b>Quarterly</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume (shares)</b>	<b>Value (R)</b>
30/06/10	54	10	30	12 426 718	3 076 025
30/09/10	99	24	89	70 546 516	44 354 314
31/12/10	202	85	149	90 745 366	146 425 204
31/03/11	269	120	220	129 612 351	247 271 779
30/06/11	224	58	87	180 551 823	215 271 041
30/09/11	89	45	62	88 592 507	58 318 414
31/12/11	65	38	51	71 391 831	36 756 117
31/03/12	64	45	51	82 833 453	44 354 118



The high, low and closing prices of SacOil's Shares (SCL) on the JSE and the daily trading volumes and values for each trading day for each day over the 30 days preceding the Last Practicable Date prior to the date of issue of the Circular are as follows:

<b>Daily</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume (shares)</b>	<b>Value (R)</b>
22/02/13	35	33	35	2 217 668	742 226
25/02/13	34	32	34	2 528 897	827 871
26/02/13	34	33	33	1 380 940	456 099
27/02/13	33	31	32	2 022 972	647 096
28/02/13	34	31	33	4 974 205	1 584 723
01/03/13	34	32	34	2 534 409	838 628
04/03/13	34	32	34	2 991 063	972 632
05/03/13	34	32	34	2 192 185	722 733
06/03/13	34	32	34	1 269 939	414 737
07/03/13	33	32	33	1 443 255	467 336
08/03/13	33	31	32	1 798 494	578 571
11/03/13	32	31	31	4 468 000	1 386 626
12/03/13	32	30	32	1 528 940	476 223
13/03/13	32	30	31	985 935	305 857
14/03/13	32	30	31	1 217 491	371 780
15/03/13	32	30	32	1 999 033	626 807
18/03/13	32	30	31	1 464 888	454 804
19/03/13	32	30	32	2 832 966	863 616
20/03/13	32	30	32	8 891 040	2 822 924
22/03/13	31	29	30	2 415 433	712 879
25/03/13	30	28	29	2 111 421	610 886
26/03/13	31	28	30	4 209 112	1 215 972
27/03/13	31	29	31	1 482 600	445 319
28/03/13	32	29	32	3 947 730	1 186 139
02/04/13	31	29	30	1 531 434	459 463
03/04/13	31	29	31	1 221 329	371 007
04/04/13	32	30	30	1 659 186	498 937
05/04/13	30	27	28	4 234 641	1 204 892
08/04/13	30	28	30	6 816 754	1 991 162
09/04/13	29	28	29	1 187 310	337 020

Source: McGregor BFA

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE REPORT

The Board, its committees and our employees conducts the Group's business with integrity and transparency through applying sound corporate governance policies and practices.

#### Apply or explain principle of King III

The Board supports the Code of Corporate Practices and Conduct as recommended by the King III Report on Corporate Governance for South Africa 2009 ("King III"). In this report the application of King III within the Group and Company as required by the JSE Listings Requirements, is explained as well as the reasons for not applying certain principles set forth in King III. The Board endorses the fundamental principles of good financial, social, ethical and environmental practise as set out in King III, QCA Corporate Governance Guidelines for AIM companies and UK Corporate Governance Code.

The Group complies with the main provisions of the QCA Corporate Governance Guidelines for AIM Companies and the UK Corporate Governance Code insofar as they are appropriate given the Company's size and stage of development.

The Board continues to consider the recommendations of King III with reference to the Group and Company's size and stage of development. An analysis of the application of the 75 corporate governance principles as recommended in King III is set out below.

King III principle	Status
<b>Chapter 1: Ethical leadership and corporate citizenship</b>	
1.1 The board should provide effective leadership based on an ethical foundation	Applied
1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied
1.3 The board should ensure that the company's ethics are managed effectively	Applied
<b>Chapter 2: Board and directors</b>	
2.1 The board should act as the focal point for and custodian of corporate governance	Applied
2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied
2.3 The board should provide effective leadership based on an ethical foundation	Applied
2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied
2.5 The board should ensure that the company's ethics are managed effectively	Applied
2.6 The board should ensure that the company has an effective and independent audit committee	Applied
2.7 The board should be responsible for the governance of risk	Applied
2.8 The board should be responsible for information technology (IT) governance	Applied
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied
2.10 The board should ensure that there is an effective risk-based internal audit	Note 4
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied
2.12 The board should ensure the integrity of the company's integrated report	Applied
2.13 The board should report on the effectiveness of the company's system of internal controls	Applied
2.14 The board and its directors should act in the best interests of the company	Applied
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Applied
2.16 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of chairman of the board.	Applied
2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied
2.19 Directors should be appointed through a formal process	Applied

<b>King III principle</b>	<b>Status</b>
2.20 The induction of and ongoing training and development of directors should be conducted through formal processes	Applied
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied
2.22 The evaluation of the board, its committees and the individual directors should be performed every year	Note 1
2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied
2.24 A governance framework should be agreed between the group and its subsidiary boards	Applied
2.25 Companies should remunerate directors and executives fairly and responsibly	Applied
2.26 Companies should disclose the remuneration of each individual director and certain senior executives	Applied
2.27 Shareholders should approve the company's remuneration policy	Applied
<b>Chapter 3: Audit committee</b>	
3.1 The board should ensure that the company has an effective and independent audit committee	Applied
3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	Note 2
3.3 The audit committee should be chaired by an independent non-executive director	Applied
3.4 The audit committee should oversee integrated reporting	Applied
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied
3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied
3.7 The audit committee should be responsible for overseeing of internal audit	Note 4
3.8 The audit committee should be an integral component of the risk management process	Applied
3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied
3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	Applied
<b>Chapter 4: The governance of risk</b>	
4.1 The board should be responsible for the governance of risk	Applied
4.2 The board should determine the levels of risk tolerance	Applied
4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied
4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied
4.5 The board should ensure that risk assessments are performed on a continual basis	Applied
4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied
4.7 The board should ensure that management considers and implements appropriate risk responses	Applied
4.8 The board should ensure continual risk monitoring by management	Applied
4.9 The board should receive assurance regarding the effectiveness of the risk management process	Applied
4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied
<b>Chapter 5: The governance of information technology (IT)</b>	
5.1 The board should be responsible for information technology (IT) governance	Applied
5.2 IT should be aligned with the performance and sustainability objectives of the company	Applied
5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied
5.4 The board should monitor and evaluate significant IT investments and expenditure	Applied
5.5 IT should form an integral part of the company's risk management	Applied
5.6 The board should ensure that information assets are managed effectively	Applied

<b>King III principle</b>		<b>Status</b>
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied
<b>Chapter 6: Compliance with laws, codes, rules and standards</b>		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied
6.3	Compliance risk should form an integral part of the company's risk management process	Applied
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Note 3
<b>Chapter 7: Internal audit</b>		
7.1	The board should ensure that there is an effective risk based internal audit	Note 4
7.2	Internal audit should follow a risk based approach to its plan	Note 4
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Note 4
7.4	The audit committee should be responsible for overseeing internal audit	Note 4
7.5	Internal audit should be strategically positioned to achieve its objectives	Note 4
<b>Chapter 8: Governing stakeholder relationships</b>		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Applied
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied
8.4	Companies should ensure the equitable treatment of shareholders	Applied
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied
<b>Chapter 9: Integrated reporting and disclosure</b>		
9.1	The board should ensure the integrity of the company's integrated report	Applied
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Applied
9.3	Sustainability reporting and disclosure should be independently assured	Note 5

**Notes:**

1. A matrix for the evaluation and review of performance of Directors is in the process of being finalised for consideration and approval.
2. The Chairman of the Board remains a member of the Audit and Risk Committee.  
The Board considered the size of the Company as well as the requirements of the Companies Act on the constitution of the Audit Committee. It was resolved that the non-executive independent Chairman of the Board also serve as a member of the Audit and Risk Committee until such time as suitable independent non-executive Directors are appointed to the Board to serve as members of the Audit and Risk Committee.  
It is anticipated that appointments of additional independent non-executive Directors will be made within the 2014 financial year.
3. The Board with assistance from its subcommittees is responsible for governance and compliance. There is no independent compliance position within the Group at present, but this is being considered by the Board.
4. The Group does not have an independent internal audit function. The Audit and Risk Committee together with the external auditors fulfils this function as the size of the Group does not justify the cost of developing and maintaining an internal audit function. The Board remains ultimately responsible to oversee internal financial processes.
5. There was no external assurance on the integrated report. The Board will consider the benefits of obtaining external assurance on the integrated report relative to the cost implications thereof going forward.

**Compliance statement**

The Board is satisfied with the extent of the Group's compliance with King III, the JSE Listings Requirements and the AIM Rules for Companies ("AIM Rules"). The Directors are responsible for ensuring compliance by the Group with its obligations under the AIM Rules: "An AIM Company must ensure that each of its Directors accepts full responsibility, collectively and individually, for its compliance with the AIM Rules" (Rule 31 of the AIM Rules).

## **Board of Directors**

The Board gives strategic direction to the Group and Company under the chairmanship of Mr Richard Linnell. The Board retains full and effective control over the Group and Company and monitors executive management in implementing plans and strategies.

The Board recognises that it is responsible for implementing practices of good governance and that companies no longer act independently from the societies and the environment in which they operate.

The Board is committed to high standards of corporate governance in order to facilitate an environment where the Group and Company's assets are safeguarded and the interests of all stakeholders and shareholders are protected.

## **Board charter**

The scope of authority, responsibility, composition and functioning of the Board is contained in a formal charter which is reviewed regularly.

## **Board composition**

In line with the recommendations of King III, SacOil has a unitary Board structure consisting of 5 non-executive Directors (three of which are independent) and one executive Director. Background information of directors appears in paragraph 8.1 of the Circular.

A division of responsibilities ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

As at 31 August 2012 the composition of the Board was as follows:

- Richard Linnell: Independent non-executive Chairman;
- John Bentley: Independent non-executive Director;
- Colin Bird: Non-executive Director;
- Bill Guest: Independent non-executive Director;
- Gontse Moseneke: Non-executive Director; and
- Robin Vela: Chief Executive Officer.

The following appointments to the Board occurred subsequent to 31 August 2012:

- Roger Rees: Finance Director appointed 6 December 2012.

SacOil Shareholders are referred to the SENS announcement dated 22 April 2013 wherein it was announced that Mr Tito Mboweni has been appointed as independent non-executive chairman of the Company and Mr Mzi Maqetuka has been appointed as independent non-executive Director of SacOil, with effect from 1 June 2013.

The following resignations from the Board occurred subsequent to 31 August 2012:

- Roger Rees: Finance Director resigned 23 December 2012.

SacOil Shareholders are referred to the SENS announcement dated 11 April 2013 wherein it was announced that Colin Bird and Richard Linnell resigned as Directors of the Company with immediate effect.

## **Board meetings**

A minimum of four Board meetings are scheduled per financial year and additional meetings can be convened to consider specific business issues which may arise between scheduled meetings. Attendance of Board meetings is available on page 43.

In addition to the Board meetings, the Board annually convenes strategy meetings with executive management in order to determine strategic direction and to consider plans proposed by management for the achievement thereof. Progress against the strategic plan is monitored by the Board. Attendance of strategy meetings is available on page 43.

## **Main duties and responsibilities of the Directors**

Directors' duties and responsibilities are prescribed by law. The Board discharges the following duties and responsibilities which list is not limited, in the interests of good governance:

- acts as focal point for and custodian of corporate governance in line with the Board charter which sets out their responsibilities and monitors the relationship between management and the stakeholders of the Group and Company;
- seeks the optimum balance for the Group and Company between conformance with the dictates of good governance and performance;

- appreciates that strategy, risk, performance and sustainability are inseparable;
- informs and approves the strategy;
- ensures that the Group and Company's strategic direction is in line with the Group and Company's purpose, the value drivers of its business and legitimate interests and expectations of its shareholders;
- provides effective leadership based on an ethical foundation and by so doing actively promotes an ethical culture within the Group and Company;
- ensures that the Group and Company are seen to be a responsible corporate citizen;
- ensures that the Group and Company's ethics are managed effectively;
- monitors the implementation of the strategy by management;
- ensures full, timely and transparent disclosure of all material matters;
- ensures that the Group and Company have an effective and independent Audit Committee;
- reviews the size and composition of the Board in terms of the mix of skills-diversity and the requirements for the appropriate constitution of Board committees;
- agrees on the procedure to allow Directors to obtain independent professional advice, where necessary;
- always acts in the best interests of the Group and Company;
- agrees upon procedures to manage conflicts of interest;
- delegates the necessary authority to management for the day-to-day operations of the Group and Company;
- is responsible for the governance of risk;
- is responsible for IT governance;
- ensures that the solvency and liquidity of the Group and Company are continuously monitored;
- ensures that the Group and Company comply with applicable laws and considers adherence to non-binding rules, codes and standards;
- ensures that there is an effective risk-based internal audit;
- appreciates that stakeholders' perceptions affect the Group and Company's reputation;
- ensures the integrity of the Group and Company's integrated report; and
- reports on the effectiveness of the Group and Company's system of internal controls.

### **The Chairman**

The Chairman, so elected by the Board is an independent non-executive Director. The roles of the Chairman and CEO remain separate. The Chairman's performance is evaluated annually.

The core functions of the Chairman are highlighted as follows:

- sets the ethical tone for the Board and the Company;
- provides overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
- considers and oversees a formal succession plan for the Board and CEO;
- identifies and participates in the selection of Board members;
- formulates with the CEO and Company secretary, the yearly work plan for the Board against agreed objectives;
- plays an active part in setting the agenda for Board meetings and presides over Board meetings;
- acts as the link between the Board and management and particularly between the Board and the CEO;
- maintains an arm's length relationship with Board members and management;
- monitors how the Board works together and how individual Directors perform and interact at meetings;
- meets with individual Directors once a year to evaluate their performance;
- ensures that good relations are maintained with the Company's major shareholders and its strategic stakeholders; and
- presides over shareholders' meetings.

### **Non-executive Directors**

All the non-executive Directors are individuals of high calibre and credibility. They have the necessary skills and experience to bring judgment to bear, independent of management, on issues of strategy, performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance.

The non-executive Directors are not involved in the day-to-day management of the business and not encumbered with specific management responsibility. They are not full-time salaried employees of the Company and/or any of its subsidiaries. None of the non-executive Directors have been employed by the Company and are accordingly not predisposed for or against some parts of the business. None of the non-executive Directors are retained professional advisors. The non-executive Directors have unfettered access to management.

All non-executive Directors' appointments are formalised through letters of appointment. The non-executive Directors enjoy benefits from the Group for their services as Directors. They receive fees for their services as directors. They can also earn dividends on their interests in ordinary shares.

### **Independence of Directors**

No independent non-executive Director has served for a period of three years since his last election or appointment, as appropriate. The Board will measure their independence in line with the policy on measuring independence.

The Company secretary confirms that as far as she knows, the non-executive Directors:

- were not representatives of any shareholder who has the ability to control or materially influence management or the Board;
- were not employed by the Company or the Group in any executive capacity in the preceding three financial years;
- were not members of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- were not professional advisors to the Company or the Group, other than in the capacity as a Director;
- were not suppliers or material suppliers to the Company or Group, or to clients of the Group;
- had no material contractual relationship with the Company or Group; and
- were free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner.

### **Executive Directors**

The Company currently has one executive Director, pending the appointment of a Finance Director. All the executive directors are involved in the day-to-day management of the Company and are full-time employees. The executive Directors carefully manage the conflict between their management responsibilities and their fiduciary duties as Directors in the best interest of the Company.

All executive Directors have entered into service contracts with the Company which contracts are reviewed annually. The CEO's performance is evaluated annually by the Chairman.

The Board determines the remuneration of executive Directors in accordance with the remuneration policy put to shareholders' vote.

The executive Directors are individually mandated and held accountable for:

- the implementation of the strategies and key policies determined by the Board;
- managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets;
- prioritising the allocation of capital and other resources; and
- establishing the best management and operating practices.

### **Chief Executive Officer and delegation of authority**

The ultimate responsibility for the Group rests with the Board. The Board retains effective control through a well-developed governance structure of Board committees. The role and function of the CEO is formalised and his performance is evaluated against a set criteria. Certain authorities have been delegated to the CEO to manage the day-to-day business affairs of the Company. However, in terms of statute and the Company's constitution, together with the revised delegation of authority, certain matters are still reserved for Board and/or shareholder approval.

The CEO is tasked with the running of the business and the implementation of the policies and strategies approved and adopted by the Board. The Board's governance and management functions are aligned through the CEO. All the authority conferred on management is delegated through the CEO. The accountability of management is considered to be the authority and the accountability of the CEO.

## **Board selection, appointment and rotation**

When determining the number of Directors to serve on the Board, the collective knowledge, skills, experience and resources required for conducting the business of the Board are considered.

Here are some of the factors that are considered by the Board:

- the evolving circumstances and needs of the Company;
- appropriate mix of executive and independent non-executive Directors;
- the need to have sufficient Directors to structure Board committees appropriately;
- the requirements for skills and knowledge to make business judgement calls on behalf of the Company; and
- regulatory requirements.

A formal and transparent procedure is in place for the appointment of new Directors. The Nomination and Remuneration Committee is responsible for selecting and recommending the appointment of competent, qualified and experienced Directors. The Board as a whole, after receiving recommendations from the Nomination and Remuneration Committee appoints Directors. All newly appointed Directors are subject to an induction programme.

Reappointment to the Board is not automatic and Directors may offer themselves for re-election.

In terms of Article 6.2 of the Memorandum of Incorporation, at least one third of non-executive Directors must, on an annual basis, retire from the Board at the Company's Annual General Meeting or other general meeting, provided that such meeting is not conducted in terms of section 60 of the Companies Act. Retiring members of the Board may be re-elected, provided that they are eligible. The Board, through the Nomination Committee, should recommend eligibility, taking into account past performance and contribution.

## **Training and updating the knowledge of Directors**

The Board and each individual Director have a working understanding of the effect of the business, applicable laws, rules, codes and standards of the Company. Directors receive regular briefings on changes in risks, laws and the environment. The induction and on-going training of Directors are conducted through a formal process.

The Company is committed to providing continuing professional development training opportunities to its Directors and officers.

## **Company secretary**

All Directors have access to the advice and services of the Company secretary. The Company secretary is Fusion Corporate Secretarial Services Proprietary Limited, represented by Melinda Gous. The Company secretary is responsible for the functions specified in the Companies Act. The appointment and removal of the Company secretary is a matter dealt with by the Board.

The Board executed the responsibility in terms of paragraph 3.84(i) and 7.F.6(i) of the JSE Listings Requirements and confirmed that they are satisfied with the appropriateness of the expertise and experience of the Company secretary.

The Board empowers the Company secretary to enable her to properly fulfil her duties.

The Company secretary:

- has an arm's-length relationship with the Board;
- is not a Director of the Company;
- assists with the nomination and appointment of Directors;
- provides guidance to the Board regarding the duties of the Directors and good governance;
- ensures that the Board and committee charters are kept up to date;
- elicits responses, input and feedback for Board and Board committee meetings;
- prepares and circulates Board and committee papers;
- assists in drafting yearly plans;
- prepares and circulates minutes of Board and committee meetings; and
- assists with evaluating the Board, committees and individual Directors.



The Directors are of the opinion that there is an arm's-length relationship with the Company secretary due to Fusion Corporate Secretarial Services Proprietary Limited being a privately-owned, professional, company secretarial company that provides company secretarial services to SacOil as a service provider for a market-related fee. Fusion Corporate Secretarial Services Proprietary Limited bears no relation to any Director of the Company.

### **Committee structure**

The Directors have delegated specific functions to committees to assist the Board in meeting their overall responsibilities. The Board has established standing committees in this regard. The Board committees will be subject to regular evaluation by the Board to ascertain their level of performance and effectiveness.

The committees all act in accordance with approved terms of references which are reviewed annually. The Board as a whole fulfilled the functions of the subcommittees for the period under review.

The Board has the following subcommittees:

- Audit and Risk Committee;
- Nomination and Remuneration Committee; and
- Social and Ethics Committee.

### **Audit and Risk Committee**

As detailed earlier in the Corporate Governance Report, the Audit and Risk Committee acts in accordance with approved terms of reference.

### **Audit and Risk Committee members and attendance at meetings**

Members: Bill Guest (Chairman and independent non-executive Director), Richard Linnell and John Bentley. The independent external auditors attend the meetings as standing invitees.

Robin Vela and Gontse Moseneke attend the meetings by invitation.

### **Election of Audit and Risk Committee members**

In terms of the Companies Act, shareholders are required to elect the members of this Committee at each Annual General Meeting. The Board confirms that the Audit and Risk Committee members are suitably skilled and experienced independent non-executive Directors. The appointment of Richard Linnell, Bill Guest and John Bentley is subject to shareholders re-electing them as members of the Committee at the next Annual General Meeting.

### **Meetings**

The Committee will meet at least twice per annum. The Chairman of the Committee will report to the Board after every Audit and Risk Committee meeting held. As previously stated, the Board as a whole acted on matters related to the Audit and Risk Committee for the period under review.

### **Role of the Committee**

The Audit and Risk Committee is a statutory committee under the new Companies Act and in terms of the recommendations set out in King III. The Committee has an independent role with accountability to the Board. The Committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King III and the responsibilities assigned by the Board.

### **External auditor independence**

The committee has to consider the independence of the external auditors and also has to nominate, for appointment such registered auditor of the Company.

The Board was satisfied with the independence of the external auditors and recommended the reappointment of Ernst and Young as the independent registered audit firm and the individual registered auditor, Iwan Hermanus Grobler. The audit firm and designated auditor are accredited to appear on the JSE List of Accredited Auditors.

### **Fees paid to external auditors and terms of engagement**

The Committee determines the fees to be paid to the auditor and also the auditor's terms of engagement. The approved normal annual audit fee for the financial period ending 28 February 2012 amounted to R600 000 and was approved by the Board.

## **Non-Audit services**

The committee determines the nature and extent of any non-audit services that the auditor may provide to the Company. There were no non-audit services approved for the period under review.

## **Evaluation of the annual financial statements**

The Board as a whole considered and commented on the reviewed interim financial statements, the accounting practices and the internal financial controls of the Group.

The Board considered, reviewed and discussed the reviewed interim Group financial statements with the independent external auditors and Finance Director. The Board is satisfied that the reviewed interim Group financial statements of the Company comply with International Financial Reporting Standards.

The external auditor had unrestricted access to the Group's records and management. There were no limitations imposed on the scope of the external audit. The auditor furnished a written report to the Board on significant findings arising from the reviewed interim audit and did not raise any significant matters of concern.

After agreeing that the going concern premise was appropriate the Board approved the reviewed interim Group financial statements on 20 November 2012.

## **Expertise and experience of the Financial Director and finance function**

The Board executed the responsibility in terms of paragraph 3.84(h) of the JSE Listings Requirements and confirmed that they are satisfied with the appropriateness of the expertise and experience of the Financial Director, Roger Rees.

Roger Rees was appointed Financial Director following the resignation of the Company's previous Financial Director. Subsequent to his appointment, Mr Rees informed the Company that he was unable to fulfil the role of full-time Financial Director due to other commitments.

In light of this unexpected resignation, SacOil has put in place the following interim measures:

1. Roger Rees remains as a consultant to the Company. He is supported by a fully qualified chartered accountant, Tariro Mudzimuirema, who is currently employed by SacOil in the capacity as financial manager.
2. Mr Rees, together with the financial manager, will oversee the functions of a Financial Director in the interim, with ultimate responsibility resting with the CEO.

SacOil is in the process of seeking a replacement to fulfil the position of Financial Director and has been permitted by the JSE until 31 May 2013 to make a formal appointment.

## **Internal audit**

The primary goal of internal audit is to evaluate the Company's risk management, internal control and corporate governance processes and ensure that they are adequate and are functioning correctly. Given the size of the Group, the internal audit function is performed by the Group finance department internally on Group companies. The Board as a whole is also considering the internal controls. While considering the information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Committee is of the opinion that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

## **Risk management**

The Board is responsible for the risk management process and management is accountable to the Board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the Group.

The Committee has a duty to:

- identify areas of governance non-compliance and propose remedial action;
- review risk management policies, processes risk philosophy and strategies;
- ensure risk management is integrated into business operations and ensure that management implements the appropriate risk responses;
- overseeing integrated reporting;
- evaluate the basis and adequacy of insurance cover;
- ensure internal audit is aligned with risk management processes;
- identify emerging areas of risk; and
- ensure compliance with legislation, regulation and governance codes, including King III.

## **Nomination and Remuneration Committee**

Members: John Bentley (Chairman); Richard Linnell and Gontse Moseneke.

Robin Vela attends the meetings by invitation.

The Nomination and Remuneration Committee will meet at least twice a year. The Chairman of the Remuneration Committee reports to the Board after every Remuneration Committee meeting held and further attends Annual General Meetings to answer questions of shareholders.

No executive Director participates in discussions of their own remuneration and benefits and neither do they have a vote at meetings.

Further details of attendance of the Remuneration Committee meetings are available on page 43.

## **Role of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee's roles and responsibilities include but are not limited to:

- identifying and evaluating suitable candidates for appointment to the Board and performing background checks on the identified individuals;
- in assessing new Directors, the committee assesses whether the basic requirements for directorship in the Companies Act are met;
- advises on the composition of the Board (structure, size and balance between non-executive and executive Directors);
- evaluation of the Directors and review the evaluation procedures and results;
- the Nomination Committee and the Board evaluate whether collectively (but not necessarily individually) the audit committee has the necessary skills to perform its function and responsibilities;
- determines, agrees and develops the Group's competitive remuneration policy to retain and regard skilled and quality staff;
- ensures that the remuneration policy is aligned with the Group strategy;
- determines and agrees to the remuneration packages for the executive Directors, to ensure that Directors and senior executives are fairly rewarded for their individual contributions to the overall performance of the Company. The Remuneration Committee consults from time to time with the CEO where the remuneration of other executives is concerned;
- they assess and review employee long-term incentive schemes and performance bonuses;
- determines and recommends to the Board the level of fees for non-executive Directors which are tabled for shareholder approval at the Annual General Meeting; and
- succession planning, particularly in respect of the CEO and executive management.

## **Remuneration structure**

The remuneration structure is delegated as follows:

- the Nomination and Remuneration Committee approves executive Directors' fees;
- the Nomination and Remuneration Committee approves executive committee members' fees as proposed by management; and
- management approves employees' remuneration.

## **Remuneration philosophy**

SacOil strives to create a performance-orientated remuneration philosophy which fairly rewards executives and employees for their respective contributions to achieving the Company's strategic, financial and operational objectives. The remuneration structures are to encourage sustainable, long-term wealth creation.

The following regarding the remuneration structures are highlighted:

- the remuneration philosophy is supportive of the Company's strategy;
- cost of employment is managed while employees, at the same time are rewarded in order to retain and motivate talented, skilled and high calibre executives and employees;
- the Company promotes a performance-based culture; and
- the Company strives to align executive rewards in the interest of shareholders.

The Board acknowledges the importance of motivating individual and team performances and therefore applies the remuneration philosophy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group rewards executive Directors and employees as follows:

- market-related fair annual packages (base salary and benefits), which are competitive owing to the portability of skills;
- market information is sourced from industry and executive remuneration surveys to benchmark executive remuneration in comparable positions;
- annual performance bonus; and
- participation in the SacOil Share Option Scheme.

### **Social and Ethics Committee**

Members: Gontse Moseneke (Chairman) and Bill Guest (member)

#### **Function**

The Social and Ethics Committee will monitor the Company's activities, having regard for any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- social and economic development, including the Company's standing in terms of goals and purposes of:
  - the 10 principles set out in the United Nations Global Compact Principles;
  - the OECD recommendations regarding corruption;
  - the Employment Equity Act; and
  - the Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including the Company's:
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - record of sponsorships, donations and charitable giving;
- the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including:
  - the Company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions;
  - the Company's employment relationships, and its contribution toward the educational development of its employees;
  - to draw matters within its mandate to the attention of the Board as occasion requires; and
  - to report, through one of its members, to shareholders at the Company's Annual General Meeting on the matters within its mandate.

### **Share dealings**

All Directors, officers and employees of the Company are advised of closed and prohibited periods in terms of the requirements of the JSE and the AIM Rules. Directors, employees, consultants and agents are prohibited from trading in the Group's securities during closed and prohibited periods.

Directors are required to obtain written clearance from the Chairman prior to dealing in the Company's shares. The Chairman is required to obtain approval from the Chairman of the Audit and Risk Committee before undertaking any share dealings. It is also mandatory for Directors to notify the Company secretary of any dealings in the Company's shares. This information is then disclosed on the SENS as well as on the Regulatory News Services ("RNS") of the LSE within 48 hours of the trade being effected. The Company maintains a record of any share dealings throughout the year.

Directors' interests are disclosed in paragraph 8.3 of the Circular.

## Summary of meeting attendances

### Key:

Apology	A
Not applicable	n/a
Present	P
Present – via telephone	Pt
Resigned	R

Board	26/03/12	23/05/12	01/08/12	30/10/12	12/11/12	19/12/12	23/01/13	07/02/13	12/02/13
Richard Linnell	Pt	P	P	P	Pt	Pt	Pt	A	P
Colin Bird	Pt	P	P	A	Pt	Pt	Pt	A	A
Robin Vela	Pt	P	P	P	Pt	Pt	Pt	Pt	P
Gontse Moseneke	Pt	P	P	P	Pt	Pt	Pt	Pt	P
Carina de Beer	Pt	P	P	R	R	R	R	R	R
John Bentley	Pt	P	P	P	Pt	Pt	Pt	Pt	P
Bill Guest	Pt	P	P	P	Pt	Pt	Pt	Pt	P
Roger Rees	n/a	n/a	n/a	n/a	n/a	Pt	Pt	Pt	P
Company secretary	Pt	P	P	P	Pt	Pt	Pt	Pt	P

Strategy	31/07/12	11/02/13
Richard Linnell	P	P
Gontse Moseneke	P	P
Colin Bird	P	A
Robin Vela	P	P
Carina de Beer	P	R
John Bentley	P	P
Bill Guest	P	P
Company secretary	P	P

Remco Committee	12/02/13
John Bentley	P
Bill Guest	P
Gontse Moseneke	P
Company secretary	P

Audit Committee	25/05/12	15/08/12	21/11/12	12/02/13
John Bentley	P	Pt	Pt	P
Bill Guest	P	Pt	Pt	P
Richard Linnell	P	P	Pt	A
Company secretary	P	P	Pt	P

### Going concern

The Board is satisfied that the Group has adequate resources to continue operating for the next 12 months and into the foreseeable future. The Group's *pro forma* financial information presented has been prepared on a going concern basis. The Board is apprised of the Group's going concern status at each Board meeting.

**Investor relations and communication with stakeholders**

The Company is committed to an ongoing interactive relationship with shareholders, investors, analysts and regulators. Investor relations activities include interim and final results presentations to investors which are available on the website.

**Sponsor (South Africa)**

Nedbank Capital, a division of Nedbank Limited, is the appointed sponsor of the Company.

**Nominated advisor (London)**

finnCap Limited is the appointed Nominated Advisor. Their address is 60 New Broad Street, London, EC2M 1JJ, United Kingdom.

**Transfer secretary**

Link Market Services South Africa Proprietary Limited is the appointed Transfer Secretary to the Group. They assist all SacOil Shareholders with enquiries pertaining to shareholdings. Shareholders can address shareholding related queries to PO Box 4844, Johannesburg, 2000 or can visit them at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001.

---

## EXTRACT OF THE SALIENT TERMS OF THE GAIRLOCH SUBSCRIPTION AGREEMENT

---

### PARTIES

The parties to the Gairloch Subscription Agreement are SacOil and Gairloch (the "Subscriber") (collectively, "the Parties").

### INTRODUCTION

In terms of the written loan agreement entered into by the Subscriber and SacOil dated 10 September 2012 ("Gairloch Loan Agreement 1"), the Subscriber has loaned and advanced the amount of USD1 million ("First Loan Agreement Capital Amount") to SacOil and, as at the Completion Date (as described below), the Parties agree that the amount of USD1 581 260.27 ("First Loan Agreement Repayment Amount") calculated as at 30 April 2013 ("Calculation Date") shall be due by SacOil to the Subscriber.

The Completion Date is defined to mean the second business day after the date of satisfaction or waiver of the last of the Conditions Precedent (as described below) or such later date as SacOil and the Subscriber may agree in writing, provided that in no event shall the Completion Date be extended beyond the Long Stop Date (being 31 May 2013 or such later date as the Parties may agree in writing).

In terms of the written loan agreement entered into by the Subscriber and SacOil dated 30 October 2012 ("Gairloch Loan Agreement 2") the Subscriber has loaned and advanced the amount of USD1 million ("Second Loan Agreement Capital Amount") to SacOil and, as at the Completion Date, the Parties agree that the amount of USD1 363 287.67 ("Second Loan Agreement Repayment Amount") calculated as at the Calculation Date shall be due by SacOil to the Subscriber.

In terms of the Gairloch Novated Loan Agreement (being collectively, the Gairloch Deed of Novation, the Gairloch Deed of Confirmation and Amendment and the Rencap Loan Agreement) the amount of USD11 249 000 ("Novated Loan Agreement Capital Amount") was advanced to SacOil and, as at the Completion Date, the Parties agree that the amount of USD14 623 300 ("Novated Loan Agreement Repayment Amount") calculated as at the Calculation Date shall be due by SacOil to the Subscriber.

Subject to the fulfilment of the Conditions Precedent, the Gairloch Nominees (being nominees of the Subscriber) shall subscribe for the Subscription Shares, being (i) in respect of Gairloch Nominee 1, 354 580 159 ordinary shares ("First Nominee Subscription Shares") of no par value in the share capital of SacOil ("Shares"); and (ii) in respect of Gairloch Nominee 2, 134 224 317 Shares ("Second Nominee Subscription Shares"), constituting an aggregate of 488 804 476 new Shares, or such other number of Shares calculated in accordance with clause 8.3 of the Gairloch Subscription Agreement (as described below).

The Subscription Price for the Subscription Shares is an aggregate Rand amount of R156 598 092 (being the Rand Equivalent (as described below) of USD17 568 248) equating to an individual subscription price for each Subscription Share of the Rand amount of R0.32 (being the Rand Equivalent of USD0.036). On the Completion Date the Subscriber's obligation to effect payment of the Subscription Price to SacOil shall be set off against SacOil's obligation to effect repayment of the Outstanding Loan Amount (as described below) to the Subscriber.

The Outstanding Loan Amount means the Rand equivalent of a USD amount calculated with reference to an agreed Rand-Dollar rate of exchange of USD1 = R8.9137 ("Rand Equivalent") of the aggregate Dollar amount of the First Loan Agreement Repayment Amount, the Second Loan Agreement Repayment Amount and the Novated Loan Agreement Repayment Amount, which aggregate Dollar amount constitutes, for avoidance of doubt (i) an aggregate capital amount of USD13 249 000 (being the aggregate of the First Loan Agreement Capital Amount, the Second Loan Agreement Capital Amount and the Novated Loan Agreement Capital Amount); (ii) interest on the First Loan Agreement Capital Amount calculated in accordance with the provisions of the Gairloch Loan Agreement 1 to the Calculation Date, (iii) interest on the Second Loan Agreement Capital Amount calculated in accordance with the provisions of the Gairloch Loan Agreement 2 to the Calculation Date; and (iv) interest on the Novated Loan Agreement Capital Amount calculated in accordance with the provisions of the Gairloch Novated Loan Agreement to the Calculation Date.

## CONDITIONS PRECEDENT

The operative provisions of the Gairloch Subscription Agreement are subject to the fulfilment of the following Conditions Precedent by not later than the Long Stop Date:

1. SacOil shall have delivered to the Subscriber a copy of a special resolution of the shareholders of SacOil approving the issue of the Subscription Shares to the Gairloch Nominees for the Subscription Price as a specific issue for cash;
2. SacOil shall have delivered to the Subscriber proof to the reasonable satisfaction of the Subscriber that the Subscription Shares shall have been admitted to trading on the JSE and AIM under the JSE Listings Requirements and the AIM Rules respectively (the "Admission"); and
3. all regulatory consents and approvals (including, without limitation, the approval of the Financial Surveillance Department of the South African Reserve Bank) required for the implementation of the transactions contemplated in the Gairloch Subscription Agreement shall have been granted either unconditionally or subject to such conditions as are acceptable to the Parties (as confirmed in writing) and, where required, such conditions have been satisfied.

## SUBSCRIPTION

The Subscriber shall, on or before the Completion Date, deliver to SacOil a copy of a resolution of the board of directors of each Gairloch Nominee authorising the subscription by such Gairloch Nominee for its Subscription Shares.

The Subscriber shall, within five business days of the date stated on the cover page of the Gairloch Subscription Agreement ("Signature Date"), deliver to SacOil a copy of a resolution of its board of directors authorising the execution of the Gairloch Subscription Agreement on the terms and conditions set out therein.

SacOil shall, within five business days of the Signature Date, deliver to the Subscriber a copy of a resolution of the board of directors of SacOil authorising the issue of the Subscription Shares to the Gairloch Nominees and the execution of the Gairloch Subscription Agreement on the terms and conditions set out therein.

The Subscriber shall at its cost, on receipt of written request from SacOil, forthwith furnish to SacOil all such information and documentation in regard to a Gairloch Nominee as may be required in order for SacOil to comply with all applicable law in relation to the subscription by such Gairloch Nominee for its Subscription Shares.

On the Completion Date the Subscriber shall procure that each Gairloch Nominee shall subscribe for its Subscription Shares.

The Subscription Price shall be due by the Subscriber to SacOil on the Completion Date and shall be settled in accordance with the provisions of clause 5 of the Gairloch Subscription Agreement.

SacOil shall, against settlement of the Subscription Price, on the Completion Date:

- (a) allot and issue all the Subscription Shares (and not part only) to the Gairloch Nominees being fully paid and free from all encumbrances;
- (b) cause the appropriate entries in SacOil's register of members maintained in terms of the Companies Act to be made by the relevant Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act, reflecting each Gairloch Nominee as the holder(s) of its Subscription Shares; and
- (c) hold a Board meeting or a shareholders meeting (as required) to appoint Ms Lola Akinleye and Mr Daniel Verheijen as non-executive Directors of SacOil with effect from the Completion Date; provided such individuals complete any document or notification required by the Companies Act.

## SETTLEMENT OF THE SUBSCRIPTION PRICE

1. Subject to 2, 3 and 4 below, the Subscriber's obligation to effect payment of the Subscription Price to SacOil on the Completion Date shall be discharged by way of set-off against SacOil's obligation to effect payment of the Outstanding Loan Amount to the Subscriber. The provisions of this clause are of application notwithstanding the nomination by the Subscriber of the Gairloch Nominees to subscribe for the Subscription Shares.
2. In the event that completion of the allotment and issue of the Subscription Shares to the Gairloch Nominees ("Completion") occurs on a date other than the Calculation Date, the Parties shall recalculate the Outstanding Loan Amount (and specifically the interest element under each Gairloch Loan Agreement) by changing the Calculation Date to the actual Completion Date and the difference between the Outstanding Loan Amount and the recalculated amount shall be the "Additional Company Cash Amount".
3. If Completion occurs prior to the Calculation Date then the Subscriber shall effect payment of the Additional Company Cash Amount to SacOil in cash within 30 business days of the Completion Date by way of electronic funds transfer into the bank account of SacOil.



4. If Completion occurs subsequent to the Calculation Date then SacOil shall effect payment of the Additional Company Cash Amount to the Subscriber in cash within 30 business days of the Completion Date by way of electronic funds transfer into the bank account of the Subscriber.

#### **SETTLEMENT AND TERMINATION OF THE LOAN AGREEMENTS**

The Parties agree that with effect from the Signature Date:

- (a) notwithstanding the terms of the Gairloch Loan Agreements, no interest shall be payable for the period commencing on the Signature Date and ending on the earlier of the Completion Date and the Long Stop Date provided that, if Completion does not occur on the Calculation Date, interest shall be payable in accordance with the terms of the relevant Gairloch Loan Agreement;
- (b) subject to (a) and (c), each Gairloch Loan Agreement shall continue in force and effect in accordance with its terms, notwithstanding the execution of the Gairloch Subscription Agreement and SacOil agrees that each covenant and representation set out in the Novated Loan Agreement shall apply *mutatis mutandis* to the Gairloch Subscription Agreement;
- (c) neither Party shall have any rights or obligations under the conversion notices issued by the Subscriber to SacOil under the Gairloch Loan Agreement 1 and the Gairloch Loan Agreement 2 from the Signature Date to the Long Stop Date provided that, if Completion does not occur prior to the Long Stop Date, such conversion notice shall be deemed to have been issued as at the Long Stop Date; and
- (d) notwithstanding the terms of the Gairloch Loan Agreements, SacOil shall be entitled during the period commencing on 7 April 2013 and ending on the earlier of the Completion Date and the Long Stop Date to prepay to the Subscriber in cash the outstanding amount of principal (together with all accrued and unpaid interest) due by SacOil to the Subscriber under the Gairloch Loan Agreements. In the event that SacOil should prepay to the Subscriber the outstanding amount of principal together with accrued and unpaid interest due by SacOil to the Subscriber under the Gairloch Loan Agreements as contemplated in this clause then the provisions of the Gairloch Subscription Agreement, other than clauses 1, 3.1, 6.1, 7 and 9 to 14 (inclusive) which shall remain of force and effect, shall cease to be of force and effect immediately upon such prepayment and the Subscriber shall not be entitled to exercise any rights under clause 4 of the Gairloch Subscription Agreement.

The Parties agree that, with effect from the later of the Completion Date, issue of the Subscription Shares or the payment of the Additional Company Cash Amount (if any):

- (a) SacOil shall irrevocably be deemed to have fulfilled all and any obligations to the Subscriber under the Gairloch Loan Agreements (including, without limitation, the full and final settlement of all payment obligations) and the Subscriber waives all and any claims arising out of the Gairloch Loan Agreements;
- (b) the Gairloch Loan Agreements and any document, agreement or correspondence related to the terms of the Gairloch Loan Agreements shall be irrevocably terminated and shall be of no further force or effect;
- (c) SacOil has no outstanding obligations of any nature whatsoever to the Subscriber under the written transaction deed dated 28 December 2012 entered into between the Parties ("Transaction Deed"); and
- (d) the Transaction Deed will be irrevocably terminated and of no further force and effect.

#### **EXPENSES**

Subject to the below, each of the Parties shall bear its own costs and expenses incurred in relation to the negotiation, preparation and execution of the Gairloch Subscription Agreement and the subscription for, and issue of, the Subscription Shares.

SacOil shall bear all costs associated with the Admission.

#### **WARRANTIES AND REPRESENTATIONS**

1. SacOil *inter alia* warrants and represents to the Subscriber on the Signature Date and (if Completion occurs) the Completion Date that on the Completion Date the Subscription Shares shall constitute 33.89% of the issued share capital of SacOil.
2. Clause 8.3 of the Gairloch Subscription Agreement provides that SacOil represents and warrants to the Subscriber that the warranties set out in clause 8.1 of the Gairloch Subscription Agreement are true, accurate and not misleading as at the Signature Date and (if Completion occurs) the Completion Date. If at any time prior to the Completion Date,

SacOil becomes aware that there would be any breach of the warranty set out in 1 above, SacOil (in consultation and agreement with the Subscriber) shall amend the number of Subscription Shares, First Nominee Subscription Shares and Second Nominee Subscription Shares to ensure the warranty set out in 1 above is true and accurate as at the Completion Date.

3. The Subscriber *inter alia* warrants and represents to SacOil on the Signature Date and (if Completion occurs) on the Completion Date that neither Gairloch Nominee is the registered holder of any Shares (other than, for avoidance of doubt, the Subscription Shares) or is a Related Party (as defined in paragraph 10.1(b) of the JSE Listings Requirements) of the Company.

## **LAW AND JURISDICTION**

The Gairloch Subscription Agreement and any non-contractual obligations connected with it shall be governed by English law and all disputes arising under, or in connection with the Gairloch Subscription Agreement shall be exclusively governed by and determined only in accordance with English law.

Any legal action in relation to the Gairloch Subscription Agreement or any agreement or document executed or effected under the Gairloch Subscription Agreement by a Party against the other Party or its property may be brought in any court of competent jurisdiction in England. Each Party irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court of competent jurisdiction in England in relation to both itself and its property.

---

## EXTRACT OF THE SALIENT TERMS OF THE ENCHA ENERGY SERVICES AGREEMENT

---

### PARTIES

The parties to the Encha Energy Services Agreement are SacOil and Encha Energy ("the Parties").

SacOil has agreed to appoint Encha Energy, which is desirous of accepting the appointment, as a service provider to SacOil, pursuant to which Encha Energy shall provide the Services to SacOil on the terms and subject to the conditions of the Encha Energy Services Agreement.

### SUSPENSIVE CONDITIONS

The operative provisions of the Encha Energy Services Agreement are subject to the fulfilment of the following suspensive conditions by not later than 31 August 2013, or such later date as the Parties may agree in writing;

1. the Acknowledgment of Debt and Suretyship shall have been duly executed by the parties thereto;
2. the delivery by each Party to the other Party of a certified copy of a resolution of its board of directors authorising the conclusion of the Encha Energy Services Agreement by such Party; and
3. to the extent that shareholder approval is required by a Party, the delivery to the other Party of a certified copy of a resolution of its members authorising the conclusion of the Encha Energy Services Agreement.

### DURATION

Subject to clauses 10 and 11 of the Encha Energy Services Agreement (relating to breach and termination), the Encha Energy Services Agreement shall commence on the first business day after the date of fulfilment of the last of the suspensive conditions and shall endure until the termination date (being the later of (i) the date on which the obligations of Encha Energy and Encha Group under the Acknowledgment of Debt and the Suretyship respectively have been discharged in full, and (ii) the date on which all payment obligations of SacOil to Encha Energy under the Encha Energy Services Agreement which have accrued prior to the date referred to in (i) have been settled in full).

### PROVISION OF SERVICES

Encha Energy shall for the term of the Encha Energy Services Agreement render the following services to SacOil ("Services"):

- utilise its reasonable commercial endeavours to assist SacOil in raising capital ("Capital Raising") including, without prejudice to the generality of the foregoing, the introduction of potential investors to SacOil;
- utilise its reasonable commercial endeavours to assist SacOil to procure the security required by any provider of funding to SacOil, which assistance may include, at the sole election of Encha Energy, the cession and pledge of SacOil Shares held by Encha Energy to any such funder in securitatem debiti (a "Share Pledge");
- utilise its reasonable commercial endeavours to introduce SacOil to Relevant Business Opportunities (see below) and to facilitate the execution by SacOil of Designated Transactions;
- promptly comply with all reasonable requests of SacOil pertaining to the rendering of the Services;
- perform the Services timeously and with due care and skill;
- furnish written reports to SacOil on progress in the rendering of the Services on a monthly basis, or on such other basis as agreed in writing between the Parties;
- attend meetings with SacOil on a monthly basis or on such other basis as SacOil may reasonably require to discuss the provision of the Services;
- at all times ensure that it has the professional ability, trained personnel and infrastructure to render the Services to SacOil;
- dedicate at least one properly trained and qualified person to the rendering of the Services to whom SacOil shall have reasonable access during normal business hours; and
- provide the Services with a degree of care, skill, attention and expertise consistent with the professional standard achieved by reasonable and prudent persons who provide services of the same type as the Services.

Encha Energy acknowledges that SacOil is entering into the Encha Energy Services Agreement relying on the particular skill, competence, experience and ability of Encha Energy to provide the Services to SacOil.

## **BUSINESS OPPORTUNITIES**

In the event that Encha Energy should identify an oil and gas related business opportunity (a "Relevant Business Opportunity") in which SacOil may potentially have an interest, it shall promptly notify SacOil thereof in writing (on an exclusive basis) and shall thereafter at the written request of SacOil:

- provide SacOil with all information in Encha Energy's possession pertaining to the Relevant Business Opportunity;
- assist SacOil in relation to the order of prioritisation of Relevant Business Opportunities;
- identify and advise SacOil in respect of existing or potential impediments to the exploitation of the Relevant Business Opportunity;
- assist SacOil to address and resolve any potential impediment to the exploitation of the Relevant Business Opportunity; and
- assist SacOil with the negotiation and conclusion of any agreement pertaining to the Relevant Business Opportunity.

SacOil undertakes in favour of Encha Energy that it shall consider all Relevant Business Opportunities presented to it by Encha Energy in good faith, with proper diligence and with the degree of care, skill, attention and expertise that would be reasonably expected of a listed junior oil and gas company.

SacOil shall promptly notify Encha Energy in writing (a "Declaration Notice") in the event that it decides not to pursue a Relevant Business Opportunity introduced to it by Encha Energy. Encha Energy shall not be entitled to pursue a Relevant Business Opportunity or to introduce a Relevant Business Opportunity to a third party or to acquire any interest in a transaction arising from a Relevant Business Opportunity unless Encha Energy is in receipt of a Declaration Notice from SacOil in relation to such Relevant Business Opportunity.

## **REMUNERATION**

If SacOil should successfully complete a Capital Raising with a third party exclusively introduced to SacOil by Encha Energy, then a fee (a "Capital Raising Fee") in an amount equivalent to 2% of the capital raised shall be due by SacOil to Encha Energy.

If SacOil implements a Designated Transaction then a fee (a "Transaction Fee") in an amount equivalent to 2% of the value of the relevant Designated Transaction shall be due by SacOil to Encha Energy.

If Encha Energy executes a Share Pledge and such Share Pledge becomes enforceable against Encha Energy then a fee (a "Pledge Fee") in an amount equivalent to 2% of the aggregate value of the SacOil Shares subject to the Share Pledge shall be due by SacOil to Encha Energy.

If any amount remains due by Encha Energy to SacOil under the Acknowledgment of Debt as at the date that a Capital Raising Fee or a Transaction Fee or a Pledge Fee (an "Encha Energy Service Fee") becomes due and payable by SacOil to Encha Energy, then SacOil's payment obligations to Encha Energy in respect of such Encha Energy Service Fee shall be set off against Encha Energy's payment obligations under the Acknowledgment of Debt.

If no amount remains due by Encha Energy to SacOil under the Acknowledgment of Debt as at the date that an Encha Energy Service Fee becomes due and payable or in the event that the set-off referred to above does not fully extinguish SacOil's obligations in regard to an Encha Energy Service Fee, then SacOil shall discharge its remaining obligations to Encha Energy in respect of an Encha Energy Service Fee by, at SacOil's sole election:

- effecting payment of the Encha Energy Service Fee to Encha Energy in cash; or
- issuing to Encha Energy such number of SacOil Shares as have an aggregate value equivalent to the Encha Energy Service Fee.

## **INDEMNITY**

Encha Energy indemnifies SacOil against any loss arising from any breach or any negligent or wilful act or omission by Encha in relation to the provision of the Services.

## **DEFAULT INTEREST**

Interest calculated at the prime rate shall accrue on the outstanding balance of all amounts due and payable, but unpaid, by a Party to the other Party from time to time in terms of the Encha Energy Services Agreement. Such interest shall be calculated on a daily basis from the due date of each such overdue amount to date of actual payment thereof and shall be compounded monthly in arrears and shall be paid by the Party in arrear on demand.

---

## EXTRACT OF THE SALIENT TERMS OF THE ACKNOWLEDGEMENT OF DEBT

---

### PARTIES

The parties to the Acknowledgment of Debt are SacOil and Encha Energy ("the Parties").

Encha Energy is indebted to SacOil and the Parties have reached agreement on the basis on which Encha Energy shall discharge its indebtedness to SacOil.

### ACKNOWLEDGEMENT OF DEBT

Encha Energy acknowledges that Encha Energy is indebted to SacOil in the amount of R75 million ("the Debt") arising from the following circumstances:

1. in 2011 Encha Energy acted as the agent of SacOil in respect of a proposed transaction ("the Proposed Transaction") in terms of which it was contemplated that SacOil would acquire an interest in Block 1 and Block 2, Albertine Graben, Democratic Republic of the Congo ("the Target Asset");
2. in pursuance of the Proposed Transaction Encha Energy, in its capacity as agent of SacOil, requested SacOil to advance an amount of R75 million (USD10 million) ("the Advance Amount") to a third party in order to secure certain rights in respect of the Target Asset;
3. as at the signature date the Proposed Transaction is not proceeding but the third party has failed to repay the Advance Amount to SacOil;
4. Encha Energy acknowledges and agrees that, in its capacity as agent of SacOil, it is obliged to procure the repayment of the Advance Amount to SacOil.

### SUSPENSIVE CONDITIONS

The operative provisions of the Acknowledgment of Debt are subject to the Encha Energy Services Agreement having been duly executed by the parties thereto and having become unconditional in accordance with its terms (including the fulfilment of the Suspensive Condition that the Encha Energy Services Agreement has been authorised and approved by Ordinary Resolution of SacOil Shareholders), by not later than 31 August 2013, or such later date as the Parties may agree in writing.

### PAYMENT DATE

Encha Energy undertakes to effect payment of the Debt to SacOil by no later than 28 February 2016.

### SET-OFF

In the event that any amount ("an Encha Fee") becomes due and payable by SacOil to Encha Energy under the Encha Energy Services Agreement, then Encha Energy's payment obligations to SacOil under the Acknowledgment of Debt shall be accelerated on the basis that an amount ("the Accelerated Amount") equivalent to the Encha Fee (or, in the event that an amount less than the Encha Fee remains due by Encha Energy to SacOil under the Acknowledgment of Debt, such lesser amount) shall become immediately due and payable by Encha Energy to SacOil. Encha Energy's obligation to effect payment to SacOil of the Accelerated Amount shall be set off against SacOil's obligation to effect payment of the Encha Fee to Encha Energy (as contemplated in the Encha Energy Services Agreement).

### ACCESS TO INFORMATION

- A. Encha Energy shall, as soon as possible after 28 February 2013 and, in any event, by no later than 60 days after 28 February 2013, forward a signed certificate from the auditors of Encha Group certifying the net asset value of each of Encha Energy and Encha Group as at the date of issue of such certificate ("Auditors' Certificate") to SacOil as at the end of the preceding financial year of Encha Group (being, in the first instance, 28 February 2012) based on audited financial statements.

- B. Encha Energy shall, as soon as possible after 28 February 2013 and, in any event, by no later than 60 days after 28 February 2013, forward an Auditors' Certificate to SacOil as at the end of its current financial year (being, in the first instance, 28 February 2013) based on management accounts. The aforesaid Auditors' Certificate shall contain statements that:
1. the consolidated net asset value of Encha Energy and Encha Group as at the date of the certificate exceeds, alternatively does not exceed, the amount of R100 million; and
  2. the auditors of Encha Group are aware or, alternatively, are not aware of any material event during the preceding 12 months that may result in the consolidated net asset value of Encha Energy and Encha Group falling below the amount of R100 million.

Encha Energy agrees that, for such time as any amount is outstanding by Encha Energy to SacOil under the Acknowledgment of Debt:

1. Encha Energy shall, within a period of 60 days after the end of each calendar quarter subsequent to 28 February 2013, furnish to SacOil an Auditors' Certificate as at the end of such calendar quarter;
2. Encha Energy shall, within a period of 60 days after the end of each financial year of Encha Group subsequent to 28 February 2013, furnish to SacOil an Auditors' Certificate of the nature contemplated in paragraph A above; and
3. Encha Energy shall, within a period of 60 days after the end of each financial year of Encha Group subsequent to 28 February 2013, furnish to SacOil an Auditors' Certificate of the nature contemplated in paragraph B above.

#### **BREACH**

Should Encha Energy breach any of the material provisions of the Acknowledgment of Debt and fail to remedy such breach within a period of 10 days after receipt of written notice from SacOil calling upon it to do so, then SacOil may:

1. claim immediate performance by Encha Energy of all of Encha Energy's obligations that are due for performance; or
2. cancel the Acknowledgement of Debt upon written notice to Encha Energy;

in either event without prejudice to SacOil's right to claim damages or to exercise any other rights that SacOil may have under the Acknowledgement of Debt or in law.

Deemed material breaches of the Acknowledgement of Debt include (i) insolvency events and (ii) if the consolidated net asset value of Encha Energy and Encha Group falls below the amount of R100 million.

#### **DEFAULT INTEREST**

Interest calculated at the prime rate plus 3% shall accrue on the outstanding balance of all amounts due and payable, but unpaid, by a Party to the other Party from time to time in terms of the Acknowledgment of Debt. Such interest shall be calculated on a daily basis from the due date of each such overdue amount to date of actual payment thereof and shall be compounded monthly in arrears and shall be paid by the Party in arrear on demand.

---

## EXTRACT OF THE SALIENT TERMS OF THE SURETYSHIP

---

### PARTIES

The parties to the Suretyship are SacOil and Encha Group ("the Parties").

### SURETYSHIP

Encha Group binds itself unto and in favour of SacOil as surety for and co-principal debtor *in solidum* with Encha Energy for the due and punctual payment of all sums and the due and proper performance of all obligations which Encha Energy may in the past or now or in the future owe to SacOil arising out of or in connection with the Acknowledgement of Debt (the "Secured Debt").

### TERMS AND CONDITIONS

In the event that Encha Energy should fail to fully and timeously comply with its payment obligations under the Acknowledgement of Debt, Encha Group will, on demand, pay to SacOil all monies and discharge all liabilities which now are or will at any time be due to SacOil by Encha Energy, including all interest, costs, commission and costs and expenses which SacOil may incur in obtaining payment of monies due to SacOil by Encha Energy arising out of the Secured Debt.

The Suretyship will not prejudice or affect or be prejudiced or affected by any other securities or guarantees which SacOil may now hereafter hold from Encha Energy.

Bankruptcy, liquidation, the institution of business rescue proceedings or the insolvency of Encha Energy will not affect or determine the liability of Encha Group under the Suretyship.

Encha Group has no right to require to SacOil whether before or after taking proceedings or obtaining or enforcing judgement against Encha Group to proceed against Encha Energy or to proceed against any security held from Encha Energy.

SacOil is authorised to apply any monies received by SacOil from Encha Energy or Encha Group against any indebtedness of Encha Energy to SacOil at SacOil's discretion.

Encha Group's obligations and liability under the Suretyship will continue to remain of full force and effect until such time as Encha Energy is entirely and finally released and discharged from all its payment obligations under the Acknowledgement of Debt.

Encha Group indemnifies and holds SacOil harmless against any damage, costs, loss or expense of whatsoever nature which SacOil may sustain arising out of, or in connection with, the enforcement, breach, cancellation or invalidity for any reason of any suretyship, contract, arrangement or understanding between Encha Energy and SacOil.

Encha Group renounces any benefits to which Encha Group may be entitled in law including the benefits of excussion, division, cession of action, revision of accounts and no value received.

The Suretyship will continue to bind Encha Group despite any amalgamation that may be effected by SacOil with any other company or companies and all rights conferred upon SacOil may be assigned to, and enforced by, any such company or companies.

Any amount Encha Group owes will bear interest at the rate of 3% above the prime rate as certified by any manager of the principal bankers of SacOil from the date on which the amount becomes due for payment by Encha Group until date of payment by Encha Group to SacOil.

Encha Group consents and submits to the non-exclusive jurisdiction of the South Gauteng, High Court, Johannesburg in regard to any claims which may arise out of, or in connection with, the Suretyship.

The provisions of the Suretyship shall be construed and interpreted according to the laws of South Africa and all disputes in connection with the Suretyship shall be determined in accordance with such laws.



## SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 1993/000460/06)  
Share code: SCL ISIN: ZAE000127460  
AIM share code: SAC  
("SacOil" or "the Company")

---

### NOTICE OF A GENERAL MEETING OF SACOIL SHAREHOLDERS

---

In this notice, unless the contrary appears from the context, words and phrases used shall have the defined meanings given thereto in the Circular of which this notice forms part.

Notice is hereby given that a General Meeting of SacOil Shareholders will be held at the Registered Office on Thursday, 30 May 2013, commencing at 10:00 for the purpose of considering and, if deemed fit, passing with or without modification, the following special and ordinary resolutions:

#### SPECIAL RESOLUTION NUMBER 1 – THE SPECIFIC ISSUE OF SACOIL SHARES

**"RESOLVED THAT**, in terms of the JSE Limited Listings Requirements and section 41(3) of the Companies Act, the Company is authorised to issue 354 580 159 SacOil Shares of no par value in the Company to Westglamry Limited (as a nominee of Gairloch Limited) at a price of R0.32037 per share and 134 224 317 SacOil Shares of no par value in the Company to Newdel Holdings Limited (as a nominee of Gairloch Limited) at a price of R0.32037 per share, as envisaged in the Gairloch Subscription Agreement entered into by Gairloch Limited and the Company on 5 April 2013."

#### NOTE TO SPECIAL RESOLUTION NUMBER 1

In terms of the JSE Limited Listings Requirements and the Companies Act, this resolution must be supported by at least 75% of the voting rights exercised on the resolution for it to be approved.

#### EXPLANATORY NOTE TO SPECIAL RESOLUTION NUMBER 1

The adoption of this special resolution will authorise the Company to issue 354 580 159 SacOil Shares to Westglamry Limited (as a nominee of Gairloch Limited) for R113 596 846 at the issue price of R0.32037 per SacOil Share and 134 224 317 SacOil Shares to Newdel Holdings Limited (as a nominee of Gairloch Limited) for R43 001 444 at the Issue Price of R0.32037 per SacOil Share in settlement of the Gairloch Loans.

#### SPECIAL RESOLUTION NUMBER 2 – THE REMUNERATION OF NON-EXECUTIVE DIRECTORS

**"RESOLVED THAT**, for the period to 28 February 2013 and until the Company's 2013 Annual General Meeting, payment by the Company of the following Board and committee fees for non-executive Directors for the financial years ending 28 February 2013 and 28 February 2014 be and are hereby authorised, in accordance with sections 66(8) – (9) of the Companies Act:

---

Name of Director	Annual fee (paid monthly in arrear)
Richard Linnell <sup>1</sup>	R480 000
John Bentley	£30 000
Bill Guest	£30 000
Colin Bird <sup>1</sup>	£30 000
Gontse Moseneke	R300 000

---



Note:

1. SacOil Shareholders are referred to the SENS announcement dated 11 April 2013 wherein it was announced that Colin Bird and Richard Linnell have resigned as Directors of the Company with immediate effect. The remuneration payable to Colin Bird and Richard Linnell shall be apportioned on a pro rata basis from 1 November 2012 to the date of resignation."

## **NOTE TO SPECIAL RESOLUTION NUMBER 2**

In terms of the Companies Act, this resolution must be supported by at least 75% of the voting rights exercised on the resolution for it to be approved.

## **EXPLANATORY NOTE TO SPECIAL RESOLUTION NUMBER 2**

Section 66(9) of the Companies Act provides that Directors' remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The adoption of this resolution will authorise the Company to pay the non-executive Directors.

## **SPECIAL RESOLUTION NUMBER 3 – THE REMUNERATION OF THE CHAIRMAN AND A NON-EXECUTIVE DIRECTOR/S TO BE APPOINTED**

"RESOLVED THAT, for the period until 28 February 2014 and for the period from 1 March 2014 until the date of the Company's 2014 Annual General Meeting, payment by the Company of the following Board and committee fees for the chairman and a non-executive Director/s of the Company to be appointed, be and are hereby authorised, in accordance with sections 66(8) – (9) of the Companies Act:

<b>Name of director</b>	<b>Annual Fee (paid monthly in arrear)</b>
Chairman	R480 000
Non-executive Director/s to be appointed	R300 000

## **NOTE TO SPECIAL RESOLUTION NUMBER 3**

In terms of the Companies Act, this resolution must be supported by at least 75% of the voting rights exercised on the resolution for it to be approved.

SacOil Shareholders shall be requested to approve, at the Company's 2013 Annual General Meeting, the appointment of the chairman and a non-executive Director/s to be appointed.

## **EXPLANATORY NOTE TO SPECIAL RESOLUTION NUMBER 3**

Section 66(9) of the Companies Act provides that directors' remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The adoption of this resolution will authorise the Company to pay a non-executive Director/s to be appointed.

## **ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ENCHA ENERGY SERVICES AGREEMENT**

"RESOLVED THAT, the Encha Energy Services Agreement concluded between SacOil and Encha Energy Proprietary Limited ("Encha Energy") on 28 February 2013, extracts of the salient terms of which are set out in Annexure 6 to this Circular, and a copy of which agreement is available for inspection and has been initialled by the Chairman for purposes of identification, be and is hereby approved."

## **NOTE TO ORDINARY RESOLUTION NUMBER 1**

Encha Energy is a related party in terms of the JSE Limited Listings Requirements. The entering into of the Encha Energy Services Agreement is not a "transaction" as defined by the JSE Limited Listings Requirements. Notwithstanding the aforementioned, the Directors believe that it is good corporate governance to ask SacOil Shareholders to consider and, if deemed fit, approve the Encha Energy Services Agreement. Encha Energy and its associates will be taken into account in determining a quorum at the General Meeting, but their votes will not be taken into account in determining the results of the voting in relation to this resolution.

The adoption of this ordinary resolution is a suspensive condition to the coming into force and effect of the Acknowledgement of Debt concluded between SacOil and Encha Energy.

## **EXPLANATORY NOTE TO ORDINARY RESOLUTION NUMBER 1**

The adoption of this ordinary resolution will authorise the Directors to implement the provisions of the Encha Energy Services Agreement.

## **ORDINARY RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO ISSUE SHARES FOR CASH**

**“RESOLVED THAT**, the Directors be and are hereby granted a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation, the JSE Limited Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to “public shareholders” as defined in the JSE Limited Listings Requirements and not related parties, unless the JSE otherwise agrees;
- the number of ordinary shares issued for cash shall not in aggregate in any one financial year exceed 15% (fifteen percent) of the Company’s issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year, plus any ordinary shares to be issued pursuant to the Specific Issue and a rights issue which has been announced, is irrevocable and fully underwritten, or an acquisition which has had final terms announced;
- this authority be valid until the Company’s next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on the net asset value and earnings per ordinary share, will be published at the time of every issuance; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company.”

## **NOTE TO ORDINARY RESOLUTION NUMBER 2**

In terms of the JSE Limited Listings Requirements, the approval of at least 75% of the votes cast by SacOil Shareholders present or represented by proxy at this General Meeting will be required for this authority to become effective.

## **EXPLANATORY NOTE TO ORDINARY RESOLUTION NUMBER 2**

The adoption of this ordinary resolution will authorise the Directors to issue all or any of the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company, the JSE Limited Listings Requirements, when applicable, and subject to the limitations stated in ordinary resolution number 2.

## **ORDINARY RESOLUTION NUMBER 3 – DIRECTORS’ AUTHORITY TO SIGN AND DO ALL SUCH THINGS AND TAKE SUCH FURTHER STEPS**

**“RESOLVED THAT**, subject to the passing of the aforementioned special and ordinary resolutions, any Director of the Company be and is hereby authorised and empowered to do all such things and to sign all documents including Company forms and take all such actions as he/she considers necessary to give effect to and implement the aforementioned resolutions which are proposed and passed at the General Meeting at which these resolutions are proposed.”

## **NOTE TO ORDINARY RESOLUTION NUMBER 3**

In terms of the JSE Limited Listings Requirements and the Companies Act, this resolution must be supported by more than 50% of the voting rights exercised on the resolution for it to be approved.

### EXPLANATORY NOTE TO ORDINARY RESOLUTION NUMBER 3

The adoption of this ordinary resolution will authorise the Directors to sign and do all such things and to sign all documents including Company forms and take all such actions as they consider necessary to give effect to and implement the aforementioned Resolutions.

#### Voting, proxies and electronic information

- A SacOil Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of Certificated Shareholders or SacOil Shareholders who have dematerialised their SacOil Shares with own-name registration, a form of proxy (*blue*) is attached hereto. Duly completed forms of proxy must be lodged at the Transfer Secretaries at the address below by no later than 10:00 on Wednesday, 29 May 2013 (or 24 hours before any adjourned General Meeting which date, if necessary, will be notified in the press and on SENS).
- SacOil Shareholders who have dematerialised their SacOil Shares and have not selected own-name registration must advise their CSDP or broker of their voting instructions should they be unable to attend the General Meeting but wish to be represented thereat. Dematerialised Shareholders without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the General Meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the Dematerialised Shareholder and their CSDP or broker.
- In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders.
- SacOil Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to Fusion Corporate Secretarial Services Proprietary Limited by no later than 09:00 on Wednesday, 29 May 2013 (marked for the attention of the company secretary, Melinda Gous) stating that they wish to participate via electronic communication at the General Meeting ("**Electronic Notice**"). In order for the Electronic Notice to be valid it must contain: (a) if the SacOil Shareholder is a natural person, a certified copy of their identity document, drivers licence and/or passport; and (b) if the SacOil Shareholder is not a natural person, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents, drivers licences and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number (the "**Contact Address/Number**") and (d) if the SacOil Shareholder wishes to vote via electronic communication, set out that the SacOil Shareholder wishes to vote via electronic communication. By no later than 24 hours prior to the General Meeting, the Company shall use its reasonable endeavours to notify a SacOil Shareholder at their Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the SacOil Shareholder can participate via electronic communication.

---

**Hand deliveries of proxy forms to:**

Link Market Services South Africa Proprietary Limited  
13th Floor, Rennie House, 19 Ameshoff Street  
Braamfontein  
Johannesburg, 2001

---

**Postal deliveries of proxy forms to:**

Link Market Services South Africa Proprietary Limited  
PO Box 4844  
Johannesburg, 2000

---

- The record date for the purpose of determining which SacOil Shareholders are entitled to participate in and vote at the General Meeting shall be Friday, 24 May 2013.
- Forms of proxy are to be received by no later than 10:00 on Wednesday, 29 May 2013 (or 24 hours before any adjourned General Meeting which date, if necessary, will be notified on SENS and in the press).

By order of the Board

Wednesday, 8 May 2013

**Registered Office**

2nd Floor, The Gabba  
Dimension Data Campus  
57 Sloane Street  
Bryanston, 2021  
(Postnet Suite 211, Private Bag X75, Bryanston, 2021)





## SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 1993/000460/06)  
 JSE share code: SCL ISIN: ZAE000127460  
 AIM share code: SAC  
 ("SacOil" or "the Company")

### FORM OF PROXY

This form of proxy is for the use by SacOil Shareholders who hold Certificated SacOil Shares or who are registered as own-name in dematerialised form, only. SacOil Shareholders who have dematerialised their SacOil Shares, other than with own-name registration, are requested to refer to the "Action required by SacOil Shareholders" provided on page 1 of this Circular to which this form of proxy is attached, for a full understanding of the action required by them.

For use by Certificated SacOil Shareholders and own-name dematerialised SacOil Shareholders, only, at the General Meeting of the Company to be held at 2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, Johannesburg on Thursday, 30 May 2013, commencing at 10:00, or at any adjournment thereof.

Any SacOil Shareholders entitled to vote at the General Meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

I/we

(full names in block letters please)

of

(address)

being the holder(s) of  SacOil Shares do hereby appoint (see note 2):

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her,  
 2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her,

3. the Chairman of the General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the Special Resolutions 1 and 2 and Ordinary Resolutions 1, 2 and 3 to be proposed thereat and at any adjournment thereof; and to vote for and/or against Special Resolutions 1 and 2 and Ordinary Resolutions 1, 2 and 3 and/or abstain from voting in respect of the SacOil Shares registered in my/our name(s), in accordance with the following instructions (see note 3):

Resolution	Number of SacOil Shares		
	For	Against	Abstain
<b>Special Resolution Number 1</b> – Approval of the Specific Issue			
<b>Special Resolution Number 2</b> – Approval of the remuneration of the non-executive Directors of SacOil			
<b>Special Resolution Number 3</b> – Approval of the remuneration of the chairman and a non-executive Director/s to be appointed			
<b>Ordinary Resolution Number 1</b> – Approval of the Encha Energy Services Agreement			
<b>Ordinary Resolution Number 2</b> – Approval of the general authority of the Directors to issue shares for cash			
<b>Ordinary Resolution Number 3</b> – Directors' authority to sign and do all such things and take such further steps			

**\*Note:** Please indicate with an "x" or the number of SacOil Shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2013

Signature/s

Name in BLOCK LETTERS (full name if signing in a representative capacity)

Assisted by (where applicable)

**Please read the notes on the reverse side hereof**

**Notes:**

1. A SacOil Shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the General Meeting". A proxy need not be a shareholder of the Company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A SacOil shareholder is entitled to one vote on a show of hands and on a poll, a SacOil Shareholder is entitled to one vote for each SacOil share held. A SacOil Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the SacOil Shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the SacOil Shareholders' votes.
3. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the SacOil Shares in respect of which the vote is given, unless notice in writing of such death, revocation or transfer is received by the transfer secretaries, not less than 24 hours before the commencement of the General Meeting.
4. If a SacOil Shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. The Chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
6. The completion and lodging of this form of proxy will not preclude the relevant SacOil Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such SacOil Shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairman of the General Meeting.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of SacOil Shares:
  - 9.1 any one holder may sign this form of proxy;
  - 9.2 the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of SacOil Shareholders appear in the Company's register of SacOil shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint SacOil Shareholder(s).
10. Forms of proxy should be lodged with or mailed to Link Market Services:

<b>Hand deliveries of proxy forms to:</b> Link Market Services South Africa Proprietary Limited 13th Floor, Rennie House 19 Ameshoff Street Braamfontein Johannesburg, 2001	<b>Postal deliveries of proxy forms to:</b> Link Market Services South Africa Proprietary Limited PO Box 4844 Johannesburg, 2000
--	---

to be received by no later than 10:00 on Wednesday, 29 May 2013 (or 24 hours before any adjourned General Meeting which date, if necessary, will be notified in the press and on SENS).
11. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies