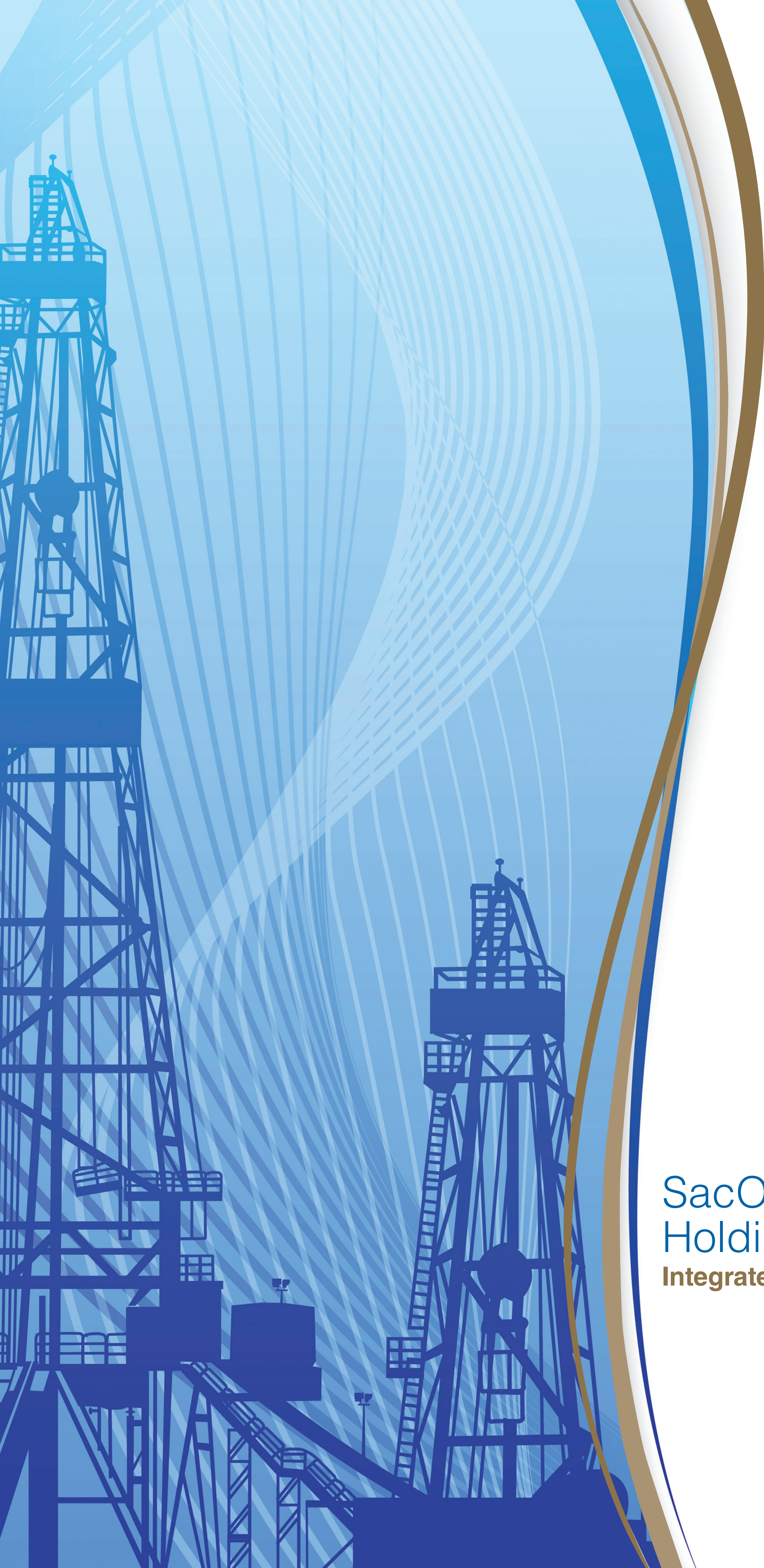

SacOil Holdings Limited

Integrated Annual Report 2013

ABOUT THIS REPORT AND SCOPE OF REPORTING

By reporting on the financial and non-financial performance of the Group, SacOil Holdings Limited's integrated report aims to provide an understandable and complete view of the business for the Group's shareholders, potential investors and stakeholders.

SacOil Holdings Limited ("SacOil") is a company incorporated in South Africa in accordance with the provisions of the Companies Act and complies with the principles of King III, unless otherwise stated, the Companies Act, the JSE Limited Listings Requirements and other legislative requirements. The Group subscribes to high ethical standards and principles of corporate governance. In addition, the Group adheres to International Financial Reporting Standards ("IFRS") in compiling its annual financial statements. Accordingly, we will report not only on our financial performance for the year under review but also on all other non-financial indicators, including sustainability, by disclosing information on safety, social, environmental and economic impacts and influences, both positive and negative and internal and external to all our stakeholders.

Considerable effort has been expended on presenting concise and focused information. The content of this integrated report is deemed to be useful and relevant to our stakeholders, enabling them to evaluate the ability of SacOil to create and sustain stakeholder value. The Statement from the Board of Directors is provided, offering the reader a comprehensive, integrated and high level overview of the Group's performance and outlook.

SCOPE OF REPORTING

This integrated report covers the financial year ended 28 February 2013 and is released within 2013. It provides an overview of operations, financial performance and integrated sustainability across all operating subsidiaries.

INTEGRATED BUSINESS

SacOil's commitment to an integrated and sustainable business approach is illustrated by its vision and mission as well as the deepening management resources in health, safety, environment, transformation and risk, aiding economic, social and environmental sustainability.

More detailed information is provided on the Group's website: www.sacoilholdings.com

FORWARD-LOOKING STATEMENT

The integrated report contains forward-looking statements that, unless otherwise indicated, reflect the Group and Company's expectations as at 28 February 2013. Actual results may differ materially from the Group and Company's expectations if known and unknown risks or uncertainties affect its business or if estimates or assumptions prove inaccurate. The Group and Company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The Group and Company disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason.

This report may contain forward-looking statements, including, but not limited to, statements as to the Group and Company's business, financial condition, liquidity, performance and prospects, and trends and developments in the markets in which the Group and Company operate. Forward-looking statements include all statements other than statements of historical fact and in some cases may be identified by terms such as "targets", "believes", "expects", "anticipates", "estimates", "aims", "intends", "will", "may", "would", "could" or, in each case, their negative or comparable terms. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors, which may be beyond the control of the Group and Company, its affiliates, agents and advisers, could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements in this report reflect the Group and Company's view with respect to future events as at the date hereof and are subject to known and unknown risks, uncertainties and assumptions relating to the Group and Company's operations, results of operations, financial condition, growth, strategy, liquidity and the markets in which the Group and Company operate. No assurance can be given that the forward-looking statements in this report will be realised. Forward-looking statements are not guarantees of future performance. The Group and Company, its affiliates, agents and advisers undertake no obligation and do not intend to update any forward-looking statements in this report to reflect events or circumstances after the date of this report.

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REFERENCE ICON

WWW WEBSITE REFERENCE ICON

CORPORATE PROFILE

"SacOil remains driven to unlock under-explored regions in Africa."

SacOil is a dual-listed JSE and AIM company whose mandate to date has been to build an independent African upstream oil and gas business with a balanced portfolio of assets in Africa.

SacOil focuses on opportunities within proven hydrocarbon basins, across the Exploration and Production ("E&P") spectrum. SacOil's interests and prospective interests include opportunities in Nigeria, the DRC and Malawi. Details of these interests are given on pages 06 to 10 of the integrated report.

SacOil has an experienced Board and executive management team with proven expertise in African oil and gas exploration and development, project management and finance. Being a company incorporated in South Africa, SacOil knows and understands the African continent very well.

SacOil is willing and able to operate through the exploration phase, but will focus on the establishment of strategic industry partnerships through the appraisal and development phase to manage portfolio risk and to ensure that the optimum technical and operating skills are applied to each opportunity.

WHY INVEST IN AFRICA?

Under Explored

– By 2020, Africa is envisaged to account for 20% of the world's oil and gas production

Significant Potential for Hydrocarbons

– Recent frontier discoveries (Sierra Leone, Ghana, Uganda and Mozambique)

Energy Security

– The need is great amongst African nations and is growing

African Ownership of Sovereign Assets

– Through primarily indigenous companies

WHY INVEST IN SACOIL?

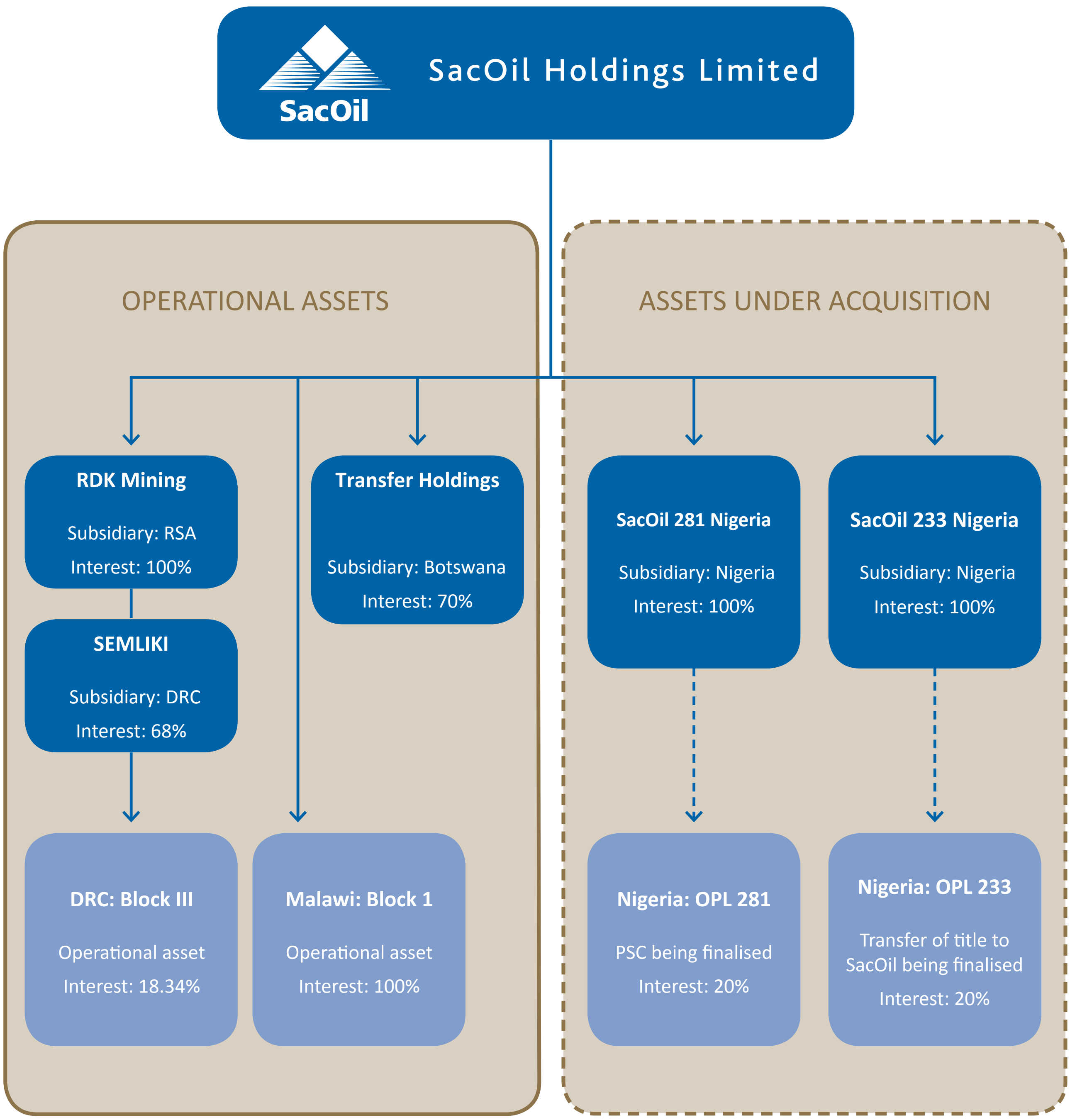
- A well-structured independent and emerging upstream oil and gas company;
- South African-based with a strong and knowledgeable entrepreneurial management team;
- Assets with significant upside potential;
- Partnerships with reputable and highly regarded oil and gas operating companies;
- Aggressive organic and acquisitive growth plans; and
- Access to European Capital Markets through our AIM listing.
- Access to African opportunities through a world class regulated exchange.

Note:

The integrated report includes financial and non-financial information of SacOil Holdings Limited ("the Company") and its subsidiaries, together the Group – the words Group and Company are used interchangeably throughout the report, except in the financial review.

CORPORATE INTERESTS

as at 28 February 2013



Subsequent to the year end Transfer Holdings was awarded exploration licences as detailed in note 33 to the annual financial statements.

CORPORATE STRATEGY

OUR VISION

Our vision is to build a balanced portfolio of African upstream assets in all phases of the E&P life cycle, in keeping with the principles of corporate, social and environmental responsibility.

OUR MISSION

Our mission is to be a first-class contender in the African oil and gas arena while leveraging our heritage through assets with significant upside potential and utilising our access to capital markets.

STRATEGY

Build an African footprint with a balanced portfolio of assets

- The opportunity to monetise assets

Explore early stage opportunities in Africa with low entry costs

- Establish credibility and support to advance projects

Seek partnerships with major oil and gas companies with extensive experience in Africa

- Relatively low and manageable funding requirements

Target discovered, but undeveloped or near-term production assets

- Leverage the value curve by bringing assets into account

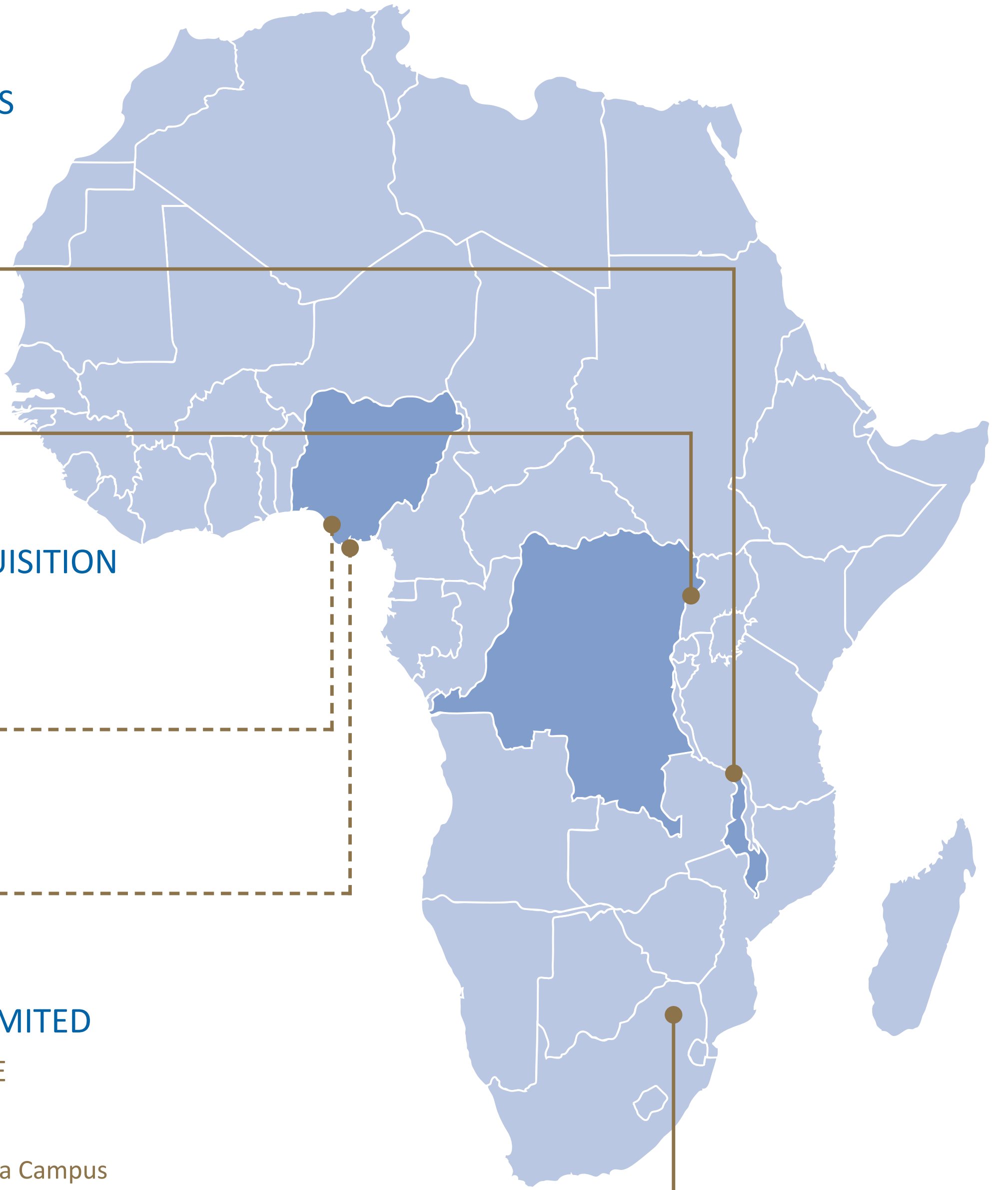
CORPORATE MILESTONES

Year	LEADERSHIP, MANAGEMENT AND FINANCE		OPERATIONS
2013	Announcement of the planned conversion of the Gairloch loans and the recapitalisation of the Company by way of a rights offer, both subject to shareholder approval	SEP	Request for tender for OPL 233 seismic survey
	Constitution of various Board committees Appointments of Roger Rees as Chief Executive Officer and Tariro Mudzimuirema as Finance Director effective 25 July 2013 Appointments of Vusi Pikoli and Ignatius Sehoole as independent non-executive directors effective 12 July 2013	JULY	
	Appointment of Tito Mboweni as the independent non-executive Chairman of the SacOil Board effective 10 June 2013 Appointments of Mzuvukile Maqetuka and Stephanus Muller as independent non-executive directors effective 10 June 2013	JUNE	
	Resignation of John Bentley, Bill Guest and Robin Vela from the SacOil Board	MAY	Commenced environmental risk screening for Block 1 in Malawi
	Resignation of Richard Linnell and Colin Bird from the SacOil Board	APR	
		JAN	Approval of OPL 233 extension work programme and budget
2012	Novation of Rencap loan to Gairloch	DEC	Malawi Block 1 acquired
	Cash and equity settlement of Yorkville loan	NOV	Extension of OPL 233 exploration phase by the Nigerian National Petroleum Corporation
		OCT	Renegotiation of farm-in and joint operating terms for OPL 233
	Appointment of Tariro Mudzimuirema as Finance Manager	SEPT	
	Rencap and Yorkville loans acquired	APR	SacOil assisted Nigdel to comply with licence conditions by posting performance bond on OPL 233
		AUG	Airborne gravity and magnetic survey acquired for Block III
		MAR	Total increases its interest in DRC Block III to 66.6%
		FEB	Renegotiation of OPL 281 farm-in terms with Transcorp – Transcorp undertook to carry its own capital contribution, significantly reducing capital contribution by SacOil
	Appointment of Jordaan Fouche as Vice President – Technical and New Business and Willem de Meyer as Vice President – Commercial	JAN	
2011	Appointment of Bradley Cerff as Vice President – Operations	MAY	
	Listing on AIM and appointment of John Bentley and Bill Guest as non-executive directors	APR	
		MAR	Farm-in agreement for Total to acquire 60% interest in DRC, Block III
	Public Investment Corporation (South Africa) takes a stake in SacOil	FEB	

COMPANY ASSETS

as at 28 February 2013

ASSETS – OVERVIEW



OPERATIONAL ASSETS

MALAWI — BLOCK 1
Oil potential
Onshore

DRC — BLOCK III
Oil potential
Onshore

ASSETS UNDER ACQUISITION

NIGERIA — OPL 281
Oil discovery
Onshore

NIGERIA — OPL 233
Oil discovery
Offshore

SACOIL HOLDINGS LIMITED

SOUTH AFRICA — HEAD OFFICE

The Gabba
Dimension Data Campus
Bryanston
Johannesburg

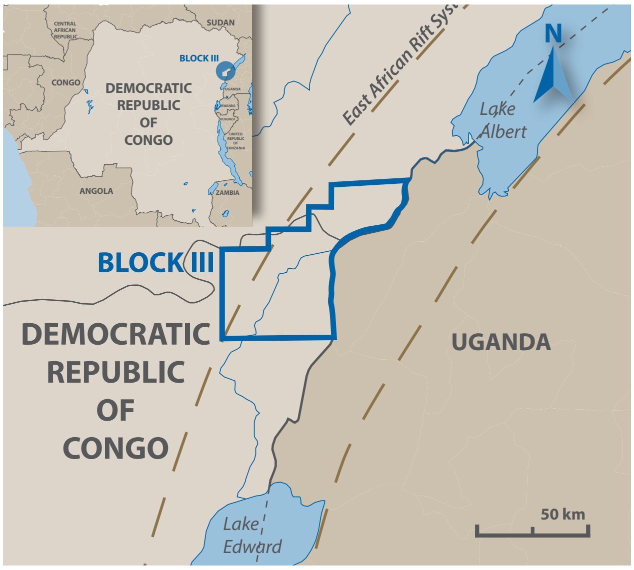
Subsequent to the year end, operational assets include the Botswana licences as detailed in note 33.

QUALIFIED PERSON REVIEW

The operational information contained in the following operational reviews has been reviewed by Bradley Cerff, Vice President – Operations, who is a member of the Society of Petroleum Engineers with more than 15 years' experience in petroleum exploration and management.

DRC – BLOCK III

- The Albertine Graben has resources discovered to date, estimated at approximately 1,200 MMbbls (P50 Contingent Resources)
- Looking forward to positive exploration results with Total as operator



Block III is an operational asset.

The Albertine Graben has resources discovered to date, estimated at approximately 1,200 MMbbls (P50 Contingent Resources). The address is said to have +2,500 MMbbls overall potential. The largest discovery in the escarpment play is the Kingfisher at 200 MMbbls and the largest discovery in the Victoria Nile Delta play is the Giraffe-Buffalo at 300 MMbbls – Block III is expected to contain both types of plays.

The licence area is 3,177 square kilometres and is located on the DRC side of the Albertine Graben Basin, part of the East African Rift System. The presence of a Petroleum System is envisaged to be likely in Block III as the play is on-trend with Lake Albert discoveries in Uganda, indicating high potential prospectivity of the Block.

There has been a delay of approximately twelve months to the planned work program for Block III, as a result of the civil unrest in the area. With the situation on the ground now stabilised, it is anticipated the seismic acquisition will take place within the next dry season, during Q1 2014.

OPERATIONAL OVERVIEW

- Successfully acquired an airborne gravity and magnetic survey over the northern part of Block III outside the Virunga National Park.
- Processing and interpretation of the data completed and confirms geological trend observed in the adjacent concessions in Uganda.
- The existence of a north-west to south-east trending basin confirmed.
- Planning for the acquisition of a 2D seismic survey to map potential oil and gas prospects has begun. Currently assessing three seismic bids to optimise the 2D seismic acquisition design according to the local topography.
- Following the review of the seismic data, subject to the positive identification of sub-surface geological structures that may contain oil and gas, the partners intend to drill an exploration well.

RESOURCE ESTIMATES

Estimate	Unrisked gross STOIIP (million stock tank barrels)	Unrisked gross GIIP – associated gas (million standard cubic feet)
Low estimate	853.87	256.16
Best estimate	**1,940.71**	**582.21**
High estimate	3,731.29	1,119.39

RESOURCE OVERVIEW

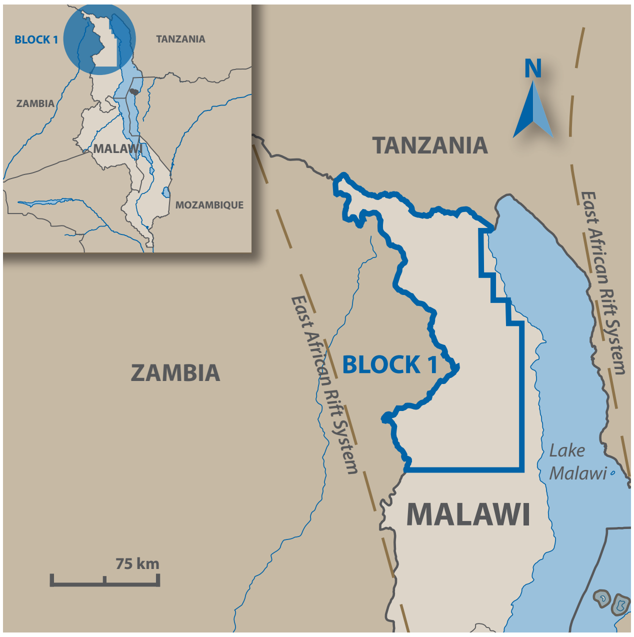
Gross STOIIP (unrisked)	Recovery factor (%)	Gross unrisked prospective resources (MMBOE)	Risk factor (%)	Gross risked prospective resources (MMBOE)	SacOil equity (%)	Risked prospective resources net to SacOil (MMBOE)
1,940.71	**33**	**642.91**	**21**	**134.67**	**12.5**	**16.83**

Source: Bayphase Limited – Competent Person's Report dated May 2012

WWW www.sacoilholdings.com/operations/drc

MALAWI – BLOCK 1

- Acquired December 2012
- Operatorship and 100% equity
- Exciting and prospective Rift basin play



Malawi lies on the Great Rift Valley, which has potential for oil and gas exploration and exploitation. Recent studies have concluded that Malawi may potentially see the discovery of hydrocarbons (oil and gas).

As reported by a number of authors, the Malawi Rift is characteristic of the western branch of the East African Rift system, composed of half-grabens of opposing asymmetry along its length. There are striking similarities between basins within the Malawi Rift, and others along the western branch. Each exhibits similar border-fault length, rift zone width and fault segment length.

The Malawi rift is partitioned into four opposing asymmetric half-grabens linked by accommodation zones.

The exploration licence area has been divided into six blocks covering Lake Malawi, the Vwaza Marsh, Lake Malombe and the Shire Valley.

SALIENT INFORMATION OF THE ASSET

Block 1 is located in the north western part of Malawi bordering Tanzania to the north and Zambia to the west. At 12,265 square kilometres, Block 1 is the second largest petroleum exploration block demarcated in Malawi.

OPERATIONAL OVERVIEW

- First operations have commenced.
- Planning associated with the environmental and social impact assessment is underway.
- Targeting to have work programme completed by the second quarter of 2014.

RESOURCE POTENTIAL

The block is located on trend with the East African Rift system which is a proven exploration province and has resulted in prolific oil discoveries in Sudan, Chad, Kenya and Uganda. It is hoped that the same Tertiary Rift system, which resulted in the prolific discoveries in Uganda, will be present in Malawi. This acquisition dovetails with SacOil's strategy which has already been proven in Lake Albert in the DRC.

www www.sacoilholdings.com/operations/malawi

NIGERIA – OPL 281

- Situated in prolific area of Niger Delta
- 100 MMBOE gross contingent resources
- All partners to carry cost proportionately

OPL 281 is an asset under acquisition with a PSC being finalised between the Nigerian National Petroleum Corporation and Transcorp (the operator).

OPL 281 is an onshore block situated in one of Nigeria's oil rich states in the community of the Obotebe Kingdom known simply as Delta. Delta is further sub-divided into three senatorial districts – Delta North, Delta South and Delta Central. OPL 281 is located in the Delta South area, approximately 20 kilometres from Warri, the economic nerve centre of the region.

In close proximity to OPL 281 is the renowned Forcados Crude Export Terminal and the Odidi Platform (the regional gas condensate processing plant) is located approximately 25 kilometres away.

OPERATIONAL OVERVIEW

- Production Sharing Contract released by NNPC to partner Transcorp and reviewed by SacOil.
- Completed seismic and well re-interpretation data.
- In process of engaging a Competent Person to certify contingent resources.
- 2013 work programme in place to reprocess existing and raw 3D seismic data over block and drill one well.

RESOURCE OVERVIEW

Gross contingent resources (MMBOE)[1]	Risk factor (%)	Gross risked contingent resources (MMBOE)	SacOil equity (%)	Risked contingent resources net to SacOil (MMBOE)
99.2	60	59.52	20	8.4[2]

Source: TRACS CPR Revised 12 April 2012

[1] *Most likely case.*

[2] *Equivalent net economic reserve.*

www www.sacoilholdings.com/operations/nigeria

NIGERIA – OPL 233

- Site survey successfully completed
- Additional data sourced to assist in identification of drilling prospects
- Approval of work programme and budget by the NNPC

OPL 233 is an asset under acquisition with an existing PSC with Nigdel (the operator) and a 20% transfer of title to SacOil.

OPL 233 is an offshore oil block that is located in the core shallow Marine area of the prolific Niger Delta region. It encompasses an area of approximately 126 square kilometres and is located in water depths ranging from 3 to 10 metres.

Although much of the block remains unevaluated, interpretation and assessments completed to date have mapped additional leads and prospects using the existing 2D seismic data and estimate an exploration upside, with prospective resources, which can be further evaluated with a 3D Ocean Bottom Cable (OBC) seismic survey.

Due to the block's location in the core area of the prolific Niger Delta play, close neighbours are oil majors such as Shell, Chevron and AGIP.

SALIENT INFORMATION OF THE ASSET

- Adjacent to Apoi field (600 MMbbls).
- 31.4 metres of net oil pay discovered in the Olobia-1 well.
- Significant potential upside exists in excess of 200 MMbbls of resources.
- SacOil assisted Nigdel to become compliant with licence conditions by posting the performance bond.

OPERATIONAL OVERVIEW

- In February 2013 the Nigerian National Petroleum Corporation (NNPC) approved the OPL 233 work programme and budget for 2013.
- The approved work programme includes the acquisition and processing of a 3D OBC seismic survey over the block and the preparatory work associated with the drilling of an exploration well.
- SacOil together with the joint venture partners are in the process of reviewing the existing seismic data in more detail and on completion, hope to be in a position to identify a number of additional leads and prospects for subsequent further investigation and drilling.

RESOURCE OVERVIEW

Gross contingent resources (MMBOE)[1]	Risk factor (%)	Gross risked contingent resources (MMBOE)	SacOil equity (%)	Risked contingent resources net to SacOil (MMBOE)
19.0	40	7.6	20	1.4[2]

Source: TRACS CPR Revised 12 April 2012

[1] Best estimate.

[2] Equivalent net economic reserve.

www www.sacoilholdings.com/operations/nigeria

SUSTAINABILITY

Business, our society and the environment are intrinsically connected in complex ways and SacOil believes that the sustainability of the Group within its operating environment should be a moral and economic imperative.

CORPORATE SOCIAL RESPONSIBILITY

SacOil supports the growing awareness of social, environmental and ethical matters when considering business practices. SacOil follows the principles of responsible corporate citizenship which imply an ethical relationship between the Group and the society in which it operates. The Group recognises it has corporate and social responsibilities to all stakeholders including the people and communities living in its areas of operation, to its partners, employees, shareholders, governments, regulators and the media. As part of conducting business in a responsible and sustainable manner, SacOil endeavours not to compromise its corporate or social responsibilities in pursuit of objectives.

At this point in time SacOil is in the process of reviewing and updating all its policy documents, procedures and measurements in place, which is reflective of the size of the organisation and the status of its assets and assets under acquisition.

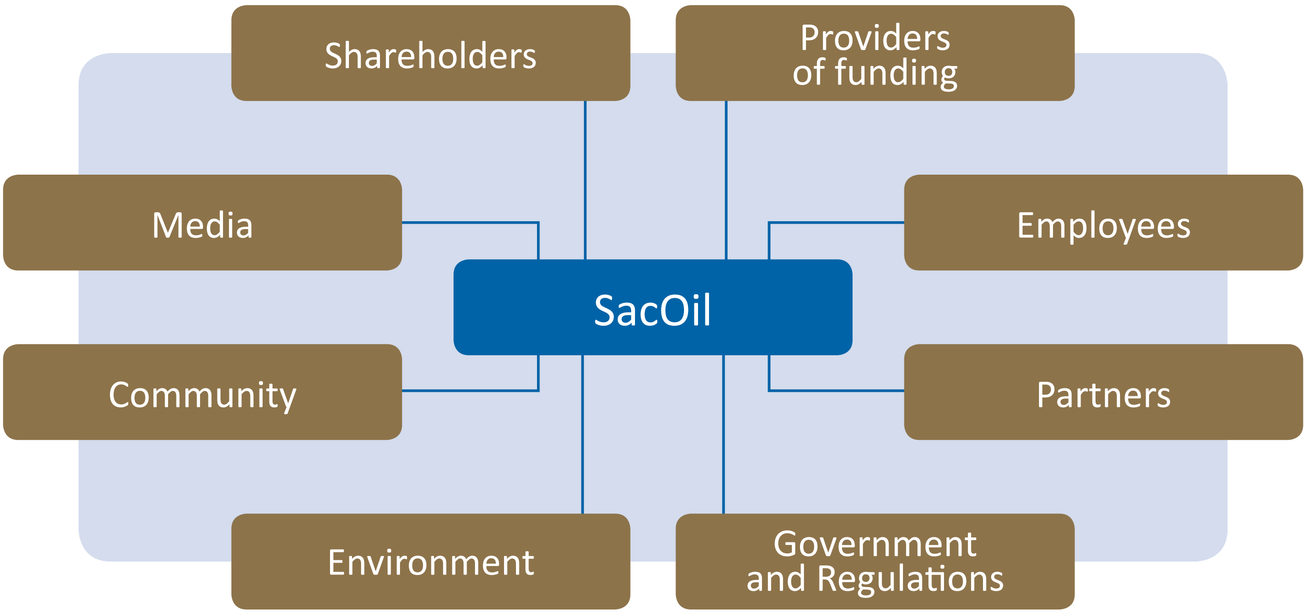
SacOil is in the process of improving measurements and the collection of sustainability information, which will assist in the assessment of its performance. This, together with additional information contained in this integrated annual report pertaining to risks, will benefit the Group and its stakeholders.

SacOil has endeavoured to provide information on performance indicators such as economic, environmental, labour practices and a decent work environment, human rights, society and product responsibility.

STAKEHOLDERS

SacOil is aware that building strong relationships with stakeholders is a key driver of success in any business and enables the Group to consistently improve its impact on the communities in which it operates.

Stakeholders include individuals or groups who potentially affect, or are affected by, the Group and its operations.



Shareholders

SacOil maintains dialogue with its key financial audiences, especially institutional and private shareholders and analysts based in South Africa as well as abroad.

The Investor Relations team together with the CEO and advisers manage the dialogue with these respective audiences. A pro-active stance in timely dissemination of appropriate information to stakeholders and shareholders through print and electronic news releases and the statutory publication of SacOil's financial performance is adopted.

The Company's website provides the latest and historical financial and other information of the Group.

The Board encourages shareholders to attend its Annual General Meeting, notice of which is contained in this integrated annual report, where shareholders will have the opportunity to put questions to the Board, including the Chairmen of the Board Committees. An Investor Relations Consultancy has been appointed which further disseminates information to the market and shareholders are also encouraged to contact the consultancy should they require additional information.

SUSTAINABILITY continued

In line with good corporate governance, care is given to ensure that price-sensitive information is released to all shareholders at the same time through SENS and RNS, in accordance with JSE and AIM Listings Requirements, respectively.

Providers of Funding

Providers of funding expect SacOil to meet its repayment obligations and maintain the assets provided as security for its indebtedness. SacOil manages this in conjunction with lenders through the regular reporting on covenant requirements and meeting its primary purpose of generating sustainable financial results.

Employees

SacOil is committed to offering equal opportunities to all its employees in a workplace free from discrimination. Performance rewards are based on merit and ability. All employee contracts are clear and fair. Staff are offered access to relevant training and development and encouraged to join professional bodies to enhance knowledge and career prospects.

SacOil is committed to achieving the highest possible standards of conduct and accountability and a structure which allows employees to openly report legitimate concerns relating to non-compliance to legal or Company regulations, dangers to health and safety, financial malpractice, damage to the environment, criminal offences or anything that may harm the reputation of the Company. Any of these can be reported without fear of penalty or punishment.

Partners

SacOil has the greatest respect for oil and gas exploration companies with which it partners in the various geographies in which it operates assets. Partner agreements are set out in a formal manner and SacOil adheres to agreement specifications.

Government and Regulations

Engagement through representation on industry bodies and meetings with representatives of national and provincial departments are regular practise in the various geographies in which assets are held. We are ideally placed to partner with national governments in an effort to achieve real and sustainable transformation and have had tremendous success with this due to knowledge of the oil and gas sector but most importantly knowledge of doing business in and with Africa.

Environment

SacOil's policy is for its operations to have as little impact on the environment as possible. Where operations impact communities, it is determined to protect what communities already have and at the Company's discretion, improve the living conditions of those within the immediate community. This will extend to protecting water resources, minimising pollution and noise abatement programmes.

At the outset of any exploration operation, baseline conditions will be established and changes thereafter monitored. These programmes will be directed to water and air quality programmes primarily with adverse trends being identified, sourced and remedied.

During any road construction or camp creation, any bush land, vegetation and trees will be protected as far as is reasonably possible. Where damage is incurred, existing vegetation will be rehabilitated or new appropriate vegetation will be planted.

Community

SacOil will, where possible, aim to improve the lives of local communities with the provision of appropriate community support, with a focus on education and medical needs.

Should exploration be successful and operations develop, then these programmes will be consistent with the oil production in the area and may extend to schools, farms and general community development.

Health and Safety

SacOil will require that, wherever possible, people from indigenous communities be employed and participate in its operations. SacOil and its contractors will conduct safety training programmes immediately after engagement and before commencement of work. This will be followed up by refresher courses to maintain acceptable levels of safety. All teaching will be based on the premise that every person is responsible for his/her own safety, and awareness of potential danger will be stressed.

Accident monitoring and prevention programmes will be implemented and statistics regularly produced. The intention of SacOil is that any exploration, development or production site has a nil accident frequency rate. However, close surveillance will be maintained to ensure that the accident frequency rates compare favourably with international oil and gas best practice.

Again when production sites commence, safety standards will be commensurate with industry norms and safety programmes and will be operated by industry safety specialists and outsourced, where applicable.

Media

SacOil actively engages with media through the regular distribution of press releases and updates as well as ensuring that press releases are posted on to the Company web-site as well as on international wires.

PRINCIPAL RISKS

An investment in SacOil is suited to investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment.

The principal risks and uncertainties of the Group and Company can be categorised as strategic, operational and financial risks and are summarised as follows:

Description of risk	Potential impact	Mitigation actions
Strategic and Corporate Risks		
Failure to develop and implement an appropriate strategy to achieve the Company's vision	Possibility that implementation of the strategy may not deliver the results expected by management, the directors and shareholders.	The development and implementation of strategy is closely monitored by the Board, taking into account both internal and external factors. Strategy is reviewed regularly and modified as necessary, based on changes in external circumstances, operations and results.
Corporate governance	A failure to comply with proper corporate governance codes and practices could lead to an erosion in investor confidence and a decrease in share price. It could also expose the Company and directors to shareholder action and possible litigation.	The Company's Board of directors and its committees are composed and structured in terms of the King III Code and Principles of Corporate Governance. The Board conducts its business accordingly and holds regular (at least quarterly) meetings to review Company business, policies and provide guidance to management. The Company has competent and experienced Board members.
Investor expectations	A failure to meet shareholder expectations can lead to a loss of shareholder confidence and reduction in the share price.	The Company maintains regular dialogue with the Group's shareholder base and the general public. The Company contracts professional Investor Relations Consultants. The Board is aware of reporting responsibilities and where necessary, takes advice to ensure that material information is released on a timely basis. It is the Company's policy not to comment publicly on market rumours or press speculation.
Unethical or improper business conduct	Short and medium-term disruption to the business, potential legal action and reputational harm. Potential negative impact on investor confidence.	The Company continually reviews its business policies and code of conduct, to which all employees subscribe. Close, positive and transparent working relationships are maintained with host governments, JV partners and all contractors.
Loss of key personnel as a result of failure to attract and retain critical skills	Short and medium-term disruption to the business; sub-optimal investment decisions and poor operational performance.	The Board, through its Nomination and Remuneration Committee, regularly reviews remuneration packages to ensure key executives and senior management are properly remunerated. Performance-based and long-term incentive programmes are in place. Employees are encouraged and supported to develop their potential and where appropriate, to further their qualifications. The Company strives to promote equal opportunities and to provide a positive working environment.

PRINCIPAL RISKS continued

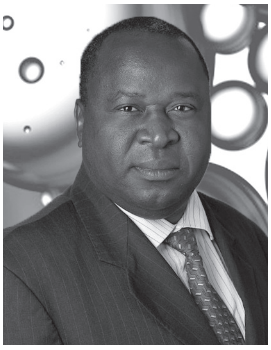
Description of risk	Potential impact	Mitigation actions
Operational Risks		
Political risk: Adverse changes to statutory or contractual terms, loss of title or nationalisation	Deterioration of the Company's intrinsic value and a decrease in its return on investment; at worst, a total loss of an asset/investment.	The Company maintains a geographically diverse asset portfolio. It strives to maintain positive and transparent relationships with host governments and regulatory bodies, applying the highest industry standards in its conduct, and in compliance with its licence and contractual obligations. The Company strives to operate in terms of transparent and robust host government agreements.
Poor social/local community relationships	Risk of damage to property, injury/death to personnel and inability to operate, leading to claims, disruptions, delays and a decrease in return on investment.	The Company strives to maintain a close, transparent relationship with local communities in the areas in which it operates. Considerable social relationship building and impact assessment is undertaken before commencing operations in any new territory. The Company strives to utilise local skills and labour and invests in programmes to benefit local communities. Property is insured against loss/damage as part of the Company's comprehensive insurance programme.
Failure to add new reserves/ resources or to progress projects through the value chain	Decrease in the Company's intrinsic value and poor return on investment. Company could stagnate or become overly reliant on a single country or asset.	The Company strives to build a geographical and life cycle diverse portfolio of assets in order to diversify exposure. The management team is technically highly-experienced with a proven track record of success. Management continuously applies their expertise to assess potential investment opportunities. All opportunities are rigorously evaluated and a full due diligence is conducted before being presented for approval to the Board. All assets in the portfolio are continuously monitored. Not all of the Company's assets are operated – in those cases, management maintains a close relationship with the operator and strives to participate with the operator in joint operating teams. In all instances operators chosen by SacOil are experienced, reputable and competent in their fields of expertise. All JV assets are managed in terms of industry standard JOA's.
Environment, health and safety risks	Damage to the environment may result in increased costs to remedy and could also lead to a loss of the right to operate. Injury to personnel and damage to equipment could result in delays and increased costs to repair/replace, leading to a reduction in return on investment.	The Company aims to maintain international best practise and standards in all its operations. It has implemented environmental, health and safety management systems of the highest standard. The Company conducts ESIAs before commencing any major activities and also formulates programmes to ensure that sites are properly restored. Through this, it aims to minimise any negative environmental, health and safety impacts of activities during and beyond project life cycles. The Company provides health and safety training at all levels of operations, and continually monitors performance and risks. Loss of/damage to property is insured as part of the Company's comprehensive insurance programme.

PRINCIPAL RISKS continued

Description of risk	Potential impact	Mitigation actions
Financial Risks		
Commodity price, exchange rate and interest rate risks	Fluctuations in commodity (in particular oil and gas) prices, currency exchange rates and interest rates, could have a negative impact on future cash flows, profitability and return on investment.	The Company does not currently have any production; however, assumptions made regarding future prices have an impact on the evaluation of investment opportunities. The Company utilises conservative assumptions when evaluating investment alternatives. As and when assets start to produce, the Company will evaluate the need to hedge price risk to the extent to which it is required to ensure its ability to meet its financial commitments.
Liquidity risk	The inability to maintain adequate cash through proper cash management and planning could in the extreme, threaten the Company's ability to continue operations.	A formal budgeting and forecasting process is in place and monthly cash forecasts are used to identify cash requirements and liquidity threats. Shortfalls are addressed in terms of the Company's financing plan. Cash deposits are held with reputable financial institutions.

BOARD AND MANAGEMENT

NON-EXECUTIVE DIRECTORS

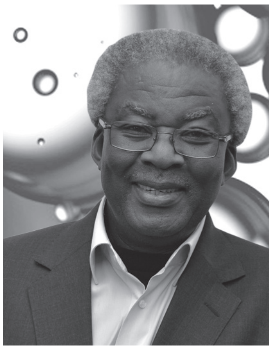


TITO TITUS MBOWENI (54)

Independent Non-executive Chairman
Appointed 10 June 2013

Tito Mboweni has a long and outstanding record of public service. Mr Mboweni is a former Minister of Labour in the Republic of South Africa from 1994 to 1998, as well as the eighth Governor of the South African Reserve Bank from 1999 to 2009, a Chancellor of the University of the North from 2002 to 2005, and one of the World Economic Forum's Global Leaders of Tomorrow.

Mr Mboweni is the independent non-executive chairman of AngloGold Ashanti Limited, the non-executive chairman of Nampak Limited, and an international advisor to Goldman Sachs International. He is a founder member of Mboweni Brothers Investment Holdings. He is also chairman of the fund raising committee of the Nelson Mandela Children's Hospital and a trustee and member of the finance committee of the Thabo Mbeki Foundation.



AMBASSADOR MZUVUKILE JEFF MAQETUKA (61)

Independent Non-executive Director
Appointed 10 June 2013

Ambassador Maqetuka has extensive pan-African experience having served as South Africa's Ambassador to the People's Democratic Republic of Algeria and as Director-General of the State Security Agency department of the Republic of South Africa.

IGNATIUS SIMON SEHOOLE (53)

Non-Executive Director
Appointed 12 July 2013

Mr Sehoole is a Chartered Accountant by qualification. He serves as a member of the Board of Directors of the Public Investment Corporation SOC Limited (the "PIC"). The other governance roles that he fulfils at the PIC are as follows:

- the Chairman of the Audit and Risk Committee;
- the Chairman of the Social and Ethics Committee;
- a member of the Human Resources and Remuneration Committee;
- a member of the REAM Committee; and
- a member of the Directors' Affairs Committee.

He also serves on the Board of Harith Fund Managers Proprietary Limited, in which the PIC is a shareholder. Outside of the PIC, Mr Sehoole serves on the Board of the Specialist Committee on Company Law, as well as on the Accounting Standards Board. Previously he was a member of the King Committee on Corporate Governance, a President of the South African Institute of Chartered Accountants and, until March 2010, the Chairman of the Audit Committee at the National Treasury.

BOARD AND MANAGEMENT continued

VUSUMZI PATRICK PIKOLI (55)

Independent Non-Executive Director
Appointed 12 July 2013

Mr Pikoli, an advocate by qualification, was previously the National Director of Public Prosecutions, and was the head of the National Prosecuting Authority. Prior to that he served as the Director-General of the Department of Justice and Constitutional Development. He is a former trustee of the Constitutional Court Trust, and formerly a member of the International Association of Anti-Corruption Authorities. Until February 2012 he was a director of the Forensic Investigation division at SizweNtsalubaGobodo. He previously also headed the forensics department at Gobodo Inc. Currently he is an independent director on the Board of Cricket South Africa, where he chairs the Social and Ethics Committee.

STEPHANUS HILGARD MULLER (52)

Independent Non-Executive Director
Appointed 10 June 2013

Mr Muller has extensive experience in the audit and investment banking disciplines, having qualified as a Charted Accountant in 1985, and served as an executive director of Gensec Bank Limited. Currently he sits on the Audit and Risk Committee of Amalgamated Appliance Holdings Limited and KAP Industrial Holdings Limited as an independent non-executive director.

GONTSE SAMUEL MOSENEKE (32)

Non-Executive Director
Appointed 31 August 2009

Chairman of Social and Ethics Committee and member of Nomination and Remuneration Committee

Gontse has a background in financial management and investment banking. He is part of the executive team at Encha Group Limited, a diversified investment holding company. He has also been involved in a project by the South African Oil and Gas Alliance to develop and market South Africa's engineering and related services capability. Gontse holds a BSc 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).

Directors who resigned subsequent to the reporting period

- **Richard Linnell – Independent Non-Executive Chairman**
  (Appointed 19 September 2002, resigned 11 April 2013)
- **Colin Bird – Independent Non-Executive Director**
  (Appointed 9 April 2008, resigned 11 April 2013)
- **John Bentley – Independent Non-Executive Director**
  (Appointed 1 May 2011, resigned 31 May 2013)
- **James William Guest – Independent Non-Executive Director**
  (Appointed 1 May 2011, resigned 31 May 2013)

BOARD AND MANAGEMENT continued

EXECUTIVE MANAGEMENT

ROGER REES (60)

Chief Executive Officer (Executive Director)
Appointed 25 July 2013

Roger has extensive public company experience, having been Group Finance Director for 11 years of Murray & Roberts Holdings Limited, one of South Africa's leading construction and engineering companies listed on the JSE. Roger was Chairman of Murray & Roberts International from 2000 to 2011 and also previously a director and deputy Chairman of Clough Limited, an ASX-listed oil and gas engineering company. Roger is a qualified Chartered Accountant. He spent his early career with Arthur Andersen, initially in London and then Johannesburg. He has significant international experience in acquisitions and disposals, due diligence and corporate finance.

TARIRO MUDZIMUIREMA (35)

Finance Director (Executive Director)
Appointed 25 July 2013

Tariro is a Chartered Accountant (South Africa) with more than 11 years' experience in finance, risk management, corporate governance and audit. After completing her degree at Rhodes University, Tariro joined PricewaterhouseCoopers ("PwC"), where she worked in the Johannesburg, Baltimore, London and Malawi offices, responsible for assurance engagements for listed and unlisted entities in the construction, mining and manufacturing industries. Upon leaving PwC, Tariro held various senior management roles responsible for compliance, financial management and business development. Tariro is a member of The South African Institute of Chartered Accountants and an associate of the London Institute of Risk Management.

BRADLEY ROBERT CERFF (40)

Vice President – Operations
Appointed 9 May 2011

Bradley has over 15 years experience in the Oil and Gas Exploration and Production Industry. Bradley joined SacOil from PetroSA where he held the position of Regional Manager for East and West Africa. He was responsible for upstream assets, business development and maintaining and developing a sustainable portfolio of exploration and production assets in West Africa. Bradley has experience in executing work programmes and budgets associated with upstream exploration assets. Furthermore, he has experience in identifying, evaluating and closing upstream exploration business development opportunities. Bradley has a Master's degree in Science and Business Administration focused on Foreign Direct Investment in the African oil and gas industries. He is also a member of the Society of Petroleum Engineers.

WILLEM DE MEYER (57)

Vice President – Commercial
Appointed 10 January 2012

Willem obtained a BSc Honours degree in Geophysics at the University of Pretoria and an MCom degree in Mineral Economics at the Rand Afrikaans University. His 25 years of technical and operational experience were gained in the oil and gas industry with PetroSA, the National Oil Company of South Africa and SOEKOR, which he joined in 1982. The latter subsequently became part of PetroSA. Willem has held a variety of senior managerial roles, including General Manager of E&P, Vice President of New Business and Chief Economist. A geophysicist by training, he is a member of the South African Geophysical Association and registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions.

JORDAAN FOUCHE (53)

Vice President – Technical and New Business
Appointed 10 January 2012

Jordaan holds an Honours degree in Geology and an MBA, both from the University of Stellenbosch. He has over 25 years experience in the oil and gas industry primarily as an investor in oil and gas companies and assets. Jordaan developed his operational and technical skills set as a geophysicist at SOEKOR/PetroSA, where he was a Project Leader and International Portfolio Manager and was extensively involved in both technical and commercial work, including seismic acquisition and interpretation, and the commercial analysis of oil and gas reservoirs. Jordaan was a founding member of the Earth Resource Investment Group, a leading and award-winning energy resource investment fund. Prior to that, he spent time as an Investment Analyst at Craton Capital and a Senior Project Manager at Industrial Development Corporation, a South African development finance institution.

Executive management resignation subsequent to the reporting period

- **Robin Vela – Chief Executive Officer (Executive Director)**
  (Appointed 25 February 2008, resigned 31 May 2013)

STATEMENT FROM THE BOARD OF DIRECTORS

Highlights

For the year under review

- Another geography and asset is added in Malawi
- Posting of performance bond on OPL 233
- Extension of OPL 233 exploration phase by the Nigerian National Petroleum Corporation
- Approval of OPL 233 extension work programme and budget
- Renegotiation of farm-in and joint operating terms for OPL 233
- Total acquires a further 6.67% interest in Block III from SacOil's partner in Semliki
- Airborne gravity and magnetic survey acquired for Block III

Subsequent to the year under review

- Appointment of Tito Mboweni to the SacOil Board as the independent non-executive Chairman
- Appointments of Vusumzi Pikoli, Ignatius Sehoole, Mzuvukile Maqetuka and Stephanus Muller to the SacOil Board as independent non-executive directors
- Appointments of Roger Rees as Chief Executive Officer and Tariro Mudzimuirema as Finance Director
- Constitution of various Board committees
- Planned recapitalisation of the Company through a renounceable Rights Offer
- Planned equity settlement of Gairloch loans
- Request for tender for OPL 233 seismic survey

Africa remains an exciting exploration destination, for SacOil as well as many multi-national oil and exploration companies, with continued success specifically in East Africa. Significant discoveries in the East African countries of Kenya and Tanzania and closer to home, in neighbouring Mozambique, have re-ignited investor interest in this previously under-explored region.

The year under review has seen SacOil continue to build on and grow our existing portfolio on the African continent. In December 2012 the Company was granted Block 1 in Malawi, a new geography for SacOil. The initial planning associated with the environmental and social impact assessment is underway in consultation with the Malawian government. We are targeting to have this work programme completed in the second quarter of 2014. Through the acquisition of Block 1 in northern Malawi, we demonstrated our ability to take operated positions in exploration assets on the African continent. With the establishment of a subsidiary in Botswana, we are now uniquely positioned to acquire acreage as well as potential assets in the country.

We also continue to move our existing assets up the value curve. Block III in the Democratic Republic of Congo has seen the operator complete an airborne geophysical survey and move one step closer to acquiring seismic data on the block. The current design envisages that a minimum of 400 km of 2D seismic data will be acquired during the last quarter of 2013. Continued emphasis on the Nigerian joint ventures has seen the Company take a step closer to obtaining title. During the year under review,

STATEMENT FROM THE BOARD OF DIRECTORS continued

SacOil continued to successfully build on its vision of being an African independent upstream oil and gas company, by expanding on its African footprint. SacOil also divested from the legacy non-core manganese processing plant to become a pure play oil and gas business during the year under review.

SacOil is capable of operating through the exploration phase, but remains focused on the establishment of strategic industry partnerships through the appraisal and development phases. This enables SacOil to manage portfolio risk and ensure that the optimum technical and operating skills are applied to each opportunity.

We welcome the appointments of Tito Mboweni, Vusumzi Pikoli, Mzuvukile Maqetuka and Stephanus Muller to the Board as independent non-executive directors and Ignatius Sehoole, as non-executive director. We further welcome the appointments of Roger Rees as the Chief Executive Officer and Tariro Mudzimuirema as the Finance Director. On 24 July 2013, the Board established its various Board sub-committees, the nature and composition which are detailed on page 35. These appointments open a new and exciting chapter for SacOil.

The new Board's focus will be to grow the organisation's asset base by putting in place clear frameworks and policy structures for management to execute. This includes, *inter alia*, targeting undeveloped or near-term producing assets where SacOil is able to leverage finance and expertise to bring the assets into production. SacOil's ability to access assets and opportunities with which to acquire further acreage in parts of Africa that are highly prospective, gives it a competitive advantage on the African continent.

The current economic environment remains challenging, with risk averse capital markets. This is reflected in the share price of SacOil and its small market capitalisation peers over the last 12 months. Our aim is to secure investment opportunities that have the potential to deliver early cash flow and provide a base for medium and longer-term growth of the Group.

The Board seeks to align stakeholders' and shareholders' expectations, through competent investments, while the execution of ongoing projects is expected to yield value accretive returns. We continue to strive to keep the market updated through operational updates, management contact and teleconferences with shareholders when information is required to be passed on and discussed.

CURRENT ASSETS – OPERATIONAL UPDATE

DEMOCRATIC REPUBLIC OF CONGO

SacOil and Total successfully completed the acquisition of a satellite imagery survey, completed all the prerequisite environmental and social baseline studies and conducted an airborne gravity and magnetic survey on the northern part of Block III, all outside the Virunga National Park.

"There is huge potential in DRC due to neighbouring oil and gas discoveries in Uganda, and SacOil is looking forward to positive results from our assets."

The preliminary processing of the Block III gravity and magnetic data broadly confirms the geological trend observed in the adjacent concessions in Uganda. It is expected that more detailed processing will identify features similar to those that were found to be oil bearing in Uganda.

Planning for the acquisition of a 2D seismic survey to map potential oil and gas prospects is underway and Total has initiated the seismic tendering process. Subject to the positive identification of sub-surface geological structures that may contain oil and gas, the partners intend to drill an exploration well, in order to determine the presence of oil and/or gas and the potential commercial viability of Block III.

WWW www.sacoilholdings.com/operations/drc

MALAWI

SacOil was awarded Block 1 on 12 December 2012 following negotiations with the Malawian authorities. SacOil is targeting to have a work programme completed by the second quarter of 2014. The initial planning associated with the environmental and social impact assessment are already underway in consultation with the Malawian government. The block is located in the north western part of Malawi bordering Tanzania to the north and Zambia to the west. At 12,265 square kilometres, it is the second largest petroleum exploration block demarcated in Malawi.

The block is located on trend with the East African Rift ("EAR") system, which is a proven exploration province in Sudan, Chad, Kenya and Uganda. We believe that the same Tertiary Rift system, which yielded the prolific discoveries in Uganda, will be present in Malawi. This acquisition dovetails with SacOil's strategy which has already been demonstrated in Lake Albert in the DRC.

WWW www.sacoilholdings.com/operations/malawi

NIGERIA

The Company continues to make positive progress on OPL 233 and OPL 281 in Nigeria, and are awaiting the final award of the OPL 281 PSC and perfection of title on both assets. On OPL 281, Transcorp, at the beginning of 2013, received a draft PSC from NNPC for comment and review. This draft was submitted back to NNPC at the end of January with minimal changes. In addition, SacOil has completed the seismic and well reinterpretation of the existing 3D seismic data, as required under Phase 1 of the exploration period, and is currently in the process of engaging with a competent person to certify the OPL 281 contingent resources. SacOil has identified substantial prospective resources in OPL 281, which will be evaluated by the competent person for certification.

STATEMENT FROM THE BOARD OF DIRECTORS continued

As previously reported, the execution of revised farm-in terms between the joint venture partners of the concession enhanced the value for SacOil shareholders as the Company will no longer be required to provide Transcorp with a carry on capital costs from the point of entry to first oil. Under the terms of the revised terms, all costs will be borne proportionately by Transcorp, EER and SacOil.

On 17 April 2012, SacOil procured from Ecobank a US$25 million Performance Bond ("the Bond") as part of its farm-in obligation for a 20% interest in OPL 233. The Bond was payable to the Nigerian National Petroleum Corporation ("NNPC"). The successful posting of the Bond allows the partners to proceed with the acquisition of up to 100 km^2 3D Ocean Bottom Cable ("OBC") seismic survey. Results of this survey are expected to enable the optimum placement of a well to appraise the Olobia-1 oil discovery.

The Joint Venture on OPL 233 was granted a one-year extension by NNPC in November 2012. This extension is subject to the fulfilment of the Phase 1 exploration work programme commitments, which include the acquisition of up to 100 square kilometres 3D OBC seismic survey and the drilling of an exploration well. A site survey has recently been successfully completed by a seismic contractor and the final report is being completed. Following the receipt of the site survey report, the seismic acquisition design parameters will be finalised and the OBC seismic survey is expected to be acquired during the next dry season in Q3 2013. The survey will enable the optimum placement of a well to appraise the Olobia-1 oil discovery on the block and for SacOil to develop an understanding of the blocks prospectively.

Furthermore, SacOil is in the process of reviewing the existing seismic data in more detail and, on completion, will update its internal evaluation of the OPL 233 resources. It has also sourced some additional 3D data on the south-western portion of the concession, which will assist in the identification of a number of additional leads and prospects for subsequent further evaluation of the block.

www www.sacoilholdings.com/operations/nigeria

RESULTS

2012 was a difficult year for fund raising and particularly challenging for junior resource companies. The results of the Group are dealt with in the financial review on pages 23 to 25.

RECAPITALISATION OF THE COMPANY AND EQUITY SETTLEMENT OF GAIRLOCH LOANS

SacOil concluded an agreement dated 12 September 2013 with Gairloch Limited ("Gairloch") for the conversion of R238.5 million (US$24.1 million) of debt and accrued interest provided by Gairloch to equity in SacOil by no later than 31 January 2014 (the "Specific Issue"), thereby leaving SacOil debt-free, reducing financing costs and significantly improving its balance sheet position.

Furthermore, the Company intends to raise additional capital of R570 million by way of a renounceable rights offer of 2 111 111 111 SacOil shares (the "Rights Offer Shares") at an issue price of R0.27 per share (the "Rights Offer"), which will be supported by one of the Company's largest shareholders, the Public Investment Corporation (SOC) Limited (the "PIC"), to the extent of *circa* R329 million. The ratio of rights offered for existing SacOil shares will be in proportion to each shareholder's respective shareholding in the Company.

The Specific Issue and the Rights Offer (the "Transactions") are inter-conditional and will result in a recapitalisation of the Company enabling it to actively pursue and develop its oil and gas prospects. It is expected that the Transactions will be concluded by 31 January 2014.

FUTURE PROSPECTS

The successful conclusion of the Transactions will enable the Company to further its exploration programmes with seismic acquisition activity in the DRC and Nigeria and the commencement of regional exploration activities in Malawi. This is expected to continue into 2014 with the possibility of appraisal drilling in Nigeria.

SacOil continues to be presented with value accretive opportunities on a bi-lateral basis, many of which are being carefully considered. Our aim is to ensure any new assets acquired move SacOil further up the value curve, de-risk our existing assets through stages in the upstream cycle or indeed geographic location, and offer more optionality to our stakeholders. The Company will continue to seek out new projects with specific focus on producing assets but continue to screen fiscally and regionally attractive exploration assets.

With the departure of Richard Linnell, Colin Bird, John Bentley, Bill Guest and Robin Vela from the Board, we would like to thank them for their contributions and guidance.

In closing, we would like to extend thanks all our hardworking employees, our suppliers and our partners for their ongoing contribution, commitment and support. Thank you also to all our stakeholders and shareholders for their guidance and encouragement to achieve our vision to become a successful African independent upstream oil and gas company.

Tito Mboweni
Chairman

16 September 2013

FINANCIAL REVIEW

OVERVIEW

For the year ended 28 February 2013 the Group reported a reduction in the loss from continuing operations to R70.1 million (2012: R104.1 million). Contributing towards this positive trend were the disposal of the loss-making Greenhills Manganese plant, the farm-out profit on the Block III exploration and evaluation asset, an increase in investment income by 59%, a 76% reduction in taxation and a 46% reduction in finance costs. For a more comprehensive account of the Group's financial position and performance, this review should be read in conjunction with the annual financial statements set out on pages 44 to 80 of the integrated annual report.

Although the Group's audit report contains an emphasis of matter with regard to the Group's ability to continue as a going concern, the Directors are confident that, upon completion of the proposed recapitalisation of the Company via the planned Rights Offer and the equity settlement of the Gairloch loans, the Group will be able to continue its operations for the foreseeable future, that is for the next 12 months.

FINANCIAL PERFORMANCE

The key financial indicators underpinning our financial performance during the past year were:

Rand	2013	2012	% change
Other income	**123 222 360**	248 612 642	(50)
Other operating costs	**(175 626 093)**	(161 990 719)	8
Investment income	**46 940 839**	29 455 933	59
Finance costs	**(23 837 213)**	(44 402 672)	(46)
(Loss)/profit before taxation*	**(29 300 107)**	62 783 968	(147)
Taxation	**(40 785 309)**	(166 884 559)	(76)
Loss for the year*	**(70 085 416)**	(104 100 591)	(33)
Basic loss per share (cents)*	**(5.93)**	(14.51)	(59)
Diluted loss per share (cents)*	**(5.93)**	(14.43)	(59)

* *From continuing operations.*

Other income

During the period under review the Group generated other income of R123.2 million (2012: R248.6 million) comprising:

- A profit of R71.1 million (2012: loss of R83.4 million included under "other operating costs") realised by Semliki Energy SPRL ("Semliki") on disposal of a 6.67% (2012: 60%) interest in Block III to Total RDC ("Total") in March 2012 (2012: March 2011) for a cash consideration of R76.0 million (US$10 million) (2012: R143.5 million (US$15 million)) and a future contingent consideration of R26.8 million (2012: R219.1 million). The transaction was initiated by and benefited SacOil's partner in Semliki. SacOil's effective interest in Block III has remained unchanged at 12.5%;
- Foreign exchange gains totalling R32.1 million (2012: R6.2 million). The Group's foreign exchange gains arise on translation of US dollar denominated loans receivable from Energy Equity Resources (Norway) Limited ("EERNL"), as well as on the cash that is collateralised as security on the performance bond for OPL 233; and
- A transaction break fee of R7.9 million (2012: nil) received from a third party and various other income items totalling R12.1 million (2012: nil).

The decrease in other income primarily reflects a decrease in the Group's farm-out activity offset by increases in foreign exchange gains.

Other operating costs

Other operating costs totalled R175.6 million (2012: R162.0 million) for the year under review. These costs primarily include:

- The write-down of R129.9 million (2012: nil) of future expected cash flows from the contingent consideration for the Block III farm-outs in March 2011 and March 2012. The write-down was necessitated by the change in timelines impacting the receipt of the contingent consideration and is reflective of the time value of money;
- Remuneration costs of R15.9 million (2012: R13.4 million);
- Audit fees of R4.0 million (2012: R0.3 million);
- Consulting fees totalling R3.7 million (2012: R11.0 million);
- Legal fees of R4.1 million (2012: R9.3 million); and
- Corporate costs totalling R4.6 million (2012: R8.6 million).

Included in the 2012 other operating costs were the loss of R83.4 million on the farm-out of Block III in March 2011 and the once-off AIM listing costs of R21.9 million.

Investment income

During the reporting period the Group generated investment income of R46.9 million (2012: R29.5 million) primarily comprising:

- Interest income of R37.6 million (2012: R15.6 million) earned on the loans receivable from EERNL. These loans increased to R177.4 million (2012: R66.2 million) in the current year due to EERNL's share of the performance bond cash collateral and related costs, interest and foreign exchange gains; and
- Interest income of R8.5 million (2012: R13.4 million) accruing to the Group as a result of the unwinding of the time value discount applied to the contingent consideration for Block III pursuant to the farm-outs in March 2011 and March 2012.

The unwinding of the discount applied to the contingent consideration resulted in the recognition of interest income of R8.5 million (2012: R13.4 million).

Finance costs

In order to fund the cash collateral of R79.4 million (US$10 million) required to post the performance bond on OPL 233, the Group secured borrowings from Renaissance BJM Securities (Proprietary) Limited ("Rencap") and Yorkville Advisors LLP ("Yorkville"). This additional funding requirement increased finance costs to R58.9 million (2012: R44.4 million). Of these costs, finance costs amounting to R35.1 million (2012: nil) have been capitalised to the OPL 233 asset under exploration and evaluation assets, as they are directly attributable to the acquisition of a qualifying asset (2012: nil).

FINANCIAL REVIEW continued

Taxation

The Group achieved a 76% reduction in taxation.

Taxation was significantly higher in 2012 as a result of deferred tax of R105.3 million on the initial recognition of the contingent consideration and capital gains tax of R41.0 million, on the farm-out of Block III in March 2011. The farm-out in the current year resulted in capital gains tax of R28.5 million (2012: R41.0 million). The current year net deferred tax credit was R32.7 million (2012: charge of R105.3 million) which comprised the following:

- Recognition of a deferred tax charge of R10.7 million (2012: R105.3 million) associated with the current contingent consideration;
- Recognition of a deferred tax credit of R67.3 million corresponding to the write-down of the prior contingent consideration; and
- Recognition of a deferred tax charge of R23.9 million associated with the unwinding of the discount and foreign exchange gains on the contingent consideration.

Other tax charges included withholding tax on foreign dividends of R8.1 million (2012: R10.2 million) and foreign taxes amounting to R36.9 million (2012: R10.2 million)

FINANCIAL POSITION

Non-current assets

Non-current assets increased by 9% as a result of increases in other financial assets and exploration and evaluation assets, offset by a decrease in property, plant and equipment. The US dollar-based long-term loan due from EER, included in other financial assets, increased to R93.5 million (2012: R66.2 million) in the current year due to the weakening of the Rand and accumulated interest. The Group also re-classified as long term, under other financial assets, a receivable of R56.7 million, following the re-negotiation of the terms of settlement of this financial asset during February 2013. This receivable which is due for settlement by February 2016 has been discounted to reflect the present value of the future receivable of R75.5 million. Refer to note 19 for details relating to this asset. Other loans due from operating partners also increased to R35.3 million (2012: R1.9 million) due to increases in activity in our operations.

The contingent consideration, under other financial assets, decreased to R181.5 million (2012: R263.3 million) as a result of the write down outlined above offset by the contingent consideration from the farm-out of Block III in March 2012 of R26.8 million (2012: R219.1 million) and interest income and foreign exchange gains amounting to R21.3 million.

The farm-out of Block III in March 2012 resulted in the de-recognition of a portion of exploration and evaluation assets amounting to R27.0 million (2012: R242.1 million). This decrease was offset by the capitalisation of borrowing costs amounting to R35.1 million to exploration and evaluation assets, in respect of the OPL 233 asset.

The disposal of the Greenhills plant resulted in the recognition of an impairment loss of R1.0 million (2012: nil) on the remeasurement of property, plant and equipment to fair value less costs to sell, and the de-recognition of R4.3 million of buildings, plant and equipment.

Current assets

Current assets increased by 85% as a result of increases in other financial assets and cash and cash equivalents, offset by decreases in inventory and trade and other receivables. Cash and cash equivalents as at 28 February 2013 included the revalued cash collateral of R89.1 million (US$10 million) (2012: nil) held as security for the performance bond on OPL 233. Other financial assets included the short-term loan due from EERNL of R83.8 million (2012: nil) which relates to EERNL's 50% share of costs relating to the cash collateral. The re-classification of a receivable of R75.5 million follows the re-negotiation of the settlement of this financial asset as outlined in note 19. The disposal of the Greenhills Manganese plant in September 2012 eliminated inventories (2012: R2.5 million) and trade receivables (2012: R3.6 million).

Non-current liabilities

Non-current liabilities decreased by 32% reflective of the decrease in deferred tax on the contingent consideration which decreased to R181.5 million (2012: R263.3 million).

Current liabilities

In order to fund the cash collateral of R79.4 million (US$10 million) required to post the performance bond on OPL 233, the Group secured borrowings from Rencap and Yorkville during April 2012. The Yorkville loan was settled in November 2012 through the issue of equity in SacOil Holdings Limited and a cash payment of US$1.0 million.

As announced on 31 December 2013, the Rencap loan was novated to Gairloch in December 2012. The loans due to Gairloch at 28 February 2013 were R129 million (2012: nil). On 12 September 2013, the Company concluded an agreement with Gairloch for the settlement of the loan through an issue of equity in SacOil, subject to shareholders approval. The loans continue to incur interest at 8% and 10% per month, respectively, until 30 September 2013, being the calculation date agreed with Gairloch under the Subscription and Settlement Agreement. A circular providing details of the loan conversion, incorporating a Notice of General Meeting, will be issued as soon as practicable.

The Group is also indebted to Nigdel for operating costs of R2.4 million on OPL 233 (2012: nil).

Taxes payable increased to R94.0 million (2012: R20.5 million) as a result of the capital gains tax on the 6.67% farm-out of Block III of R28.5 million, withholding tax on foreign dividends of R8.1 million and foreign taxes amounting to R36.9 million (2012: R20.5 million).

FINANCIAL REVIEW continued

Financing of the Group's activities

Total cash generated during the year was R83.3 million (2012: utilisation of R7.1 million) resulting in a year-end balance of R94.0 million (2012: R10.8 million). This cash is currently held as collateral for the performance bond on OPL 233 and will be utilised to fund future exploration activities of the Group.

Net cash from financing activities of R101.5 million (2012: R51.7 million) is reflective of the loans acquired by the Group to fund the R79.4 million (US$10 million) cash collateral required to post the performance bond on OPL 233. Further loans were also acquired to fund the working capital requirements of the Group. These loans were acquired as follows:

- R63.5 million (US$8 million) was acquired from Renaissance BJM Securities (Proprietary) Limited ("Rencap") in April 2012 to part fund the cash collateral.
- The Rencap loan was novated to Gairloch on 28 December 2012. The novated loan was R96 million (US$11.25 million).
- R30 million (US$3.4 million) was acquired from Yorkville Advisors LLP in April 2012 to part fund the cash collateral. This loan was repaid in November 2012.
- R8.2 million (US$1 million) was acquired from Gairloch in September 2012 to fund working capital requirements.
- R8.8 million (US$1 million) was acquired from Gairloch in October 2012 to part fund work programme commitments and working capital requirements.

OUTLOOK

The successful completion of the Transactions, as detailed on page 22, will see the Company recapitalised and able to fund its existing assets to June 2015.

The Group's underlying assets remain attractive. The proceeds of the Rights Offer will be applied to moving these assets up the value curve. Our stronger balance sheet will further allow us to pursue value enhancing opportunities on the African continent.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors of SacOil acknowledge their responsibility to ensure the integrity of the report. To that end they have collectively assessed the content of this integrated annual report and believe it addresses the Company's material issues and is a fair representation of the integrated performance of the Group and Company, based on the recommendations of the Audit and Risk Committee.

The Audit and Risk Committee and the Board have applied their minds to the report and believe that it addresses all material issues and represents fairly the integrated performance of the organisation.

The material issues defined and set out below are dealt with throughout this report:

SUMMARY OF THE MAIN COMPONENTS OF INTEGRATED REPORTING

Category	Issue	Description
Economic	Growth	Delivery of sustainable value to stakeholders
	Liquidity	Ensuring sufficient liquidity and capital to meet business objectives
	Project execution	Efficient risk-controlled delivery of quality projects
Financial	Integrated reporting	Provide a concise overview of the Group and Company through integrating social, environmental, economic and financial issues that impact its business operations
Social	People	Empowerment and upskilling employees
	Safety	Safety is a priority
Environmental	Impact of operations	Across the board commitment to environmental sustainability

DIRECTORS' REPORT

The Board of SacOil is pleased to present the integrated annual report for the year ended 28 February 2013.

21st century corporate reporting is evolving with a foundation of financial, management commentary, corporate social and ethical governance and remuneration, and sustainability reporting in a way that reflects their inter-dependence, as well as their inter-relation. The world has changed and reporting needs to follow the pace. The Board is committed to constantly improving reporting to stakeholders and shareholders by bringing together material and important information about the Group's and Company's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.

FINANCIAL RESULTS

The results of the Group and the state of its affairs are set out in the Group annual financial statements and accompanying notes for the year ended 28 February 2013.

OVERVIEW AND INTERESTS

SacOil is a dual-listed JSE and AIM company whose mandate is to build an African independent upstream oil and gas business with a balanced portfolio of assets in Africa. SacOil focuses on opportunities within proven hydrocarbon basins, across the E&P spectrum from "high impact" exploration opportunities, appraisal/near-term production through to production. SacOil's interests and prospective interests include low risk oil discoveries and potentially high impact exploration opportunities in Nigeria, DRC and Malawi and the rest of the African continent, respectively.

SacOil is willing and able to operate through the exploration phase but will focus on the establishment of strategic industry partnerships through the appraisal and development phases to manage portfolio risk and ensure that the optimum technical and operating skills are applied to each opportunity.

DIVIDENDS

No dividend has been proposed or declared for the year ended 28 February 2013. The potential payment of dividends will be evaluated by the Board yearly. At this point in time the Board believes it prudent to utilise cash within the operations.

STATED CAPITAL

The Company has issued the following ordinary shares during the year under review and up to the date of signature of this annual report:

Date	Beneficial shareholder	Ordinary shares	Cents per ordinary share	In terms of
13 November 2012	Yorkville	35 072 412	32	Specific issue
9 July 2012	Yorkville	24 578 863	34	Specific issue
4 May 2012	Yorkville	32 135 560	49	Specific issue
23 March 2012	Yorkville	29 328 257	43	Specific issue

Refer to note 23 to the Group annual financial statements for a reconciliation of the number of shares in issue for the year under review.

On 12 September 2013, SacOil released an announcement through SENS and RNS announcing that it had reached an agreement with Gairloch Limited to convert debt into equity. Through the issue of 883.4 million new ordinary shares, SacOil will raise approximately R238.5 million which will be used to settle the entire indebtedness to Gairloch. The issue share price is R0.27 per share which is a discount of 4.6% to the volume weighted average traded price of SacOil shares over 30 business days prior to the date of the suspension.

The transaction is subject to the approval of SacOil shareholders, the approvals of the JSE and AIM for admission of the shares to trade on the respective markets and all other regulatory consents and approvals required for the implementation of the specific issue. The transaction is dilutive on an earnings and headline earnings per share basis, however the settlement of debt and the reduction in costs will have a down-the-line positive effect on the business. Refer further to note 33.

A circular providing the details of the loan conversion, incorporating a Notice of General Meeting, will be issued as soon as practicable.

DIRECTORS

Details of the Company's directors can be found on pages 16 to 19 of this integrated report.

DIRECTORS' AND MANAGEMENT'S INTERESTS IN SHARES

Directors' and management's interests in the issued capital of the Company as at the date of this report are as follows:

	2013 Direct beneficial	2013 % of issued capital	2012 Direct beneficial	2012 % of issued capital
Robin Vela[3]	**11 939 196**	**1.25**	11 939 196	1.30
Colin Bird[1]	**7 852 610**	**0.82**	8 502 610	0.93
Carina de Beer[2]	**–**	**–**	200 000	0.02
Bradley Cerff	**110 000**	**0.02**	150 000	0.02
	19 901 806	**2.09**	20 791 806	2.27

[1] *Colin Bird resigned from the SacOil Board on 11 April 2013.*

[2] *Resigned on 30 July 2012.*

[3] *Resigned on 31 May 2013.*

There were no changes to the directors' interests in shares from 1 March 2013 to the date of this integrated report.

EVENTS AFTER THE REPORTING PERIOD

The following events occurred after the reporting period and are detailed in note 33 to the Annual Financial Statements:

- Conclusion of an agreement with Gairloch to facilitate the equity settlement of the Gairloch loans;
- The proposal of the recapitalisation of the Company by way of a renounceable rights offer of R570 million;
- The non-payment by EERNL of the loan owed to SacOil which became due and payable on 31 May 2013;
- The acquisition of exploration licences in Botswana; and
- The suspension of trade in the Company's shares on the JSE and AIM.

SPECIAL RESOLUTIONS PASSED

During the period under review the Company passed the following special resolutions:

1. To authorise the Company or its directors or any of its subsidiaries to, by way of general authority, repurchase shares issued by the Company; and
2. To provide financial assistance in terms of sections 44 and 45 of the Companies Act.

LITIGATION UPDATE

MR MODIBANE

The Company previously reported on two actions instituted by Joseph Modibane (Modibane) in the North Gauteng High Court. In his first action, Modibane alleges 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 Ordinary shares to him. Modibane further alleges that in consequence of the Company's alleged unlawful conduct he is entitled to claim damages from 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, 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 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 advisers 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 reported 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.

GOVERNANCE REPORT

The Board, its committees and our employees are committed to the principles of transparency, fairness, integrity and accountability in dealings with all stakeholders and shareholders.

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 as required by the JSE Listings Requirements is explained, as well as the reasons for not applying certain recommended principles. The Company 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 endorses the fundamental principles of good financial, social ethical and environmental practices as set out in King III, the QCA Corporate Governance Guidelines for AIM Companies and the UK Corporate Governance Code.

Recommendations of King III that were not applied are listed below. The Board will continue to consider the recommendations of King III with reference to the Company's size and stage of development. A register of King III compliance is available on the Company's website: www.sacoilholdings.com/about-us/corporate-governance/king-iii-compliance

No.	King III Principle and Recommended Practice	Explanation
2.18.5	Every Board should have a minimum of two executive directors of which one should be the CEO and the other director responsible for finance.	The Finance Directors Carina de Beer and Roger Rees resigned during the financial year. Subsequently the Company received a dispensation from the JSE to appoint a Finance Director by 31 August 2013. Tariro Mudzimuirema was appointed as the Finance Director on 25 July 2013.
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	A matrix for the evaluation and review of the performance of directors is in the process of being finalised for consideration and approval.
3.2.3	Audit Committee members should be suitably skilled and experienced independent non-executive directors. The Chairman of the Board should not be the Chairman or member of the Audit Committee.	The Chairman of the Board remained a member of the Audit and Risk Committee for the period under review. The Chairman of the Board resigned subsequent to the year-end. The composition of the newly constituted Audit Committee does not comply with principles of King III. Ignatius Sehoole is a member of the Audit Committee but is not an independent non-executive director. Although he is not independent the Board's view is that his extensive experience will be significantly beneficial to the committee. Refer to page 35.
6.4.6	The Board should delegate to management the implementation of an effective compliance framework and processes. An independent suitably skilled compliance officer may be appointed.	The Board as a whole with the assistance of its sub-committees considers and oversees compliance. There is no independent compliance position within the Company at present, but this is being considered by the Board.
7 **7.1** **7.2** **7.3** **7.4** **7.4.5**	Internal Audit: The Board should ensure that there is an effective risk based internal audit; Internal Audit should follow a risk-based approach to its plan; Internal Audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management; The Audit Committee should be responsible for overseeing internal audit; and Internal Audit should be strategically positioned to achieve its objectives.	The Company does not have an independent internal audit function. The Audit and Risk Committee together with the external auditors fulfil this function as the size of the Company does not justify the cost of developing and maintaining an Internal Audit function. The Board remains ultimately responsible to oversee internal financial processes and more disclosure in this regard is available on page 42 of the integrated annual report.
9.3	Sustainability reporting and disclosure should be independently assured.	There was no external assurance on the integrated report. The Board will consider obtaining external assurance on the integrated report including the cost implications thereof going forward.

JSE and AIM

The Company complied with the Listings Requirements of the JSE and also with the AIM Rules for Companies ("AIM Rules").

Companies Act, 2008 (Act 71 of 2008), as amended

The Company complied with the Companies Act.

BOARD OF DIRECTORS

The Board gave strategic direction to the Company and Group for the year under review under the chairmanship of Richard Linnell. On 11 April 2013, SacOil announced the resignation of Richard Linnell as Chairman of the SacOil Board. Tito Mboweni has been appointed as the new Chairman with effect from 10 June 2013.

The Board retains full and effective control over the Company and monitors executive management in implementing plans, policies, tactics, procedures 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 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 to ensure that it remains relevant.

Board composition

At year-end, the Board of directors consisted of five non-executive directors and one executive director. The Company did not have a Finance Director at year-end, following the resignation of Roger Rees as Finance Director on 23 December 2012 (appointed 6 December 2012). Until 25 July 2013, Roger Rees remained a consultant to the Company and was supported by a Chartered Accountant, Tariro Mudzimuirema, who was employed by the Company as a finance manager. Roger Rees oversaw the compilation of the annual financial statements. The JSE Limited allowed the Company a period of seven months to appoint a Financial Director, following the resignation of Roger Rees on 23 December 2012. Tariro Mudzimuirema was subsequently appointed as the Finance Director on 25 July 2013. Following the resignation of Robin Vela as Chief Executive Officer, Roger Rees was appointed as the Chief Executive Officer on 25 July 2013.

Background information of directors and managers appear on pages 16 to 19 of this integrated annual report.

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

As at 28 February 2013 the composition of the Board was as follows:

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

The following director was appointed during the financial year under review:

Roger Rees	Finance Director (appointed 6 December 2012)

The following directors resigned during the financial year under review:

Carina de Beer	Finance Director (resigned 30 July 2012)
Roger Rees	Finance Director (resigned 23 December 2012)

The following directors resigned subsequent to the financial year under review:

Richard Linnell	Independent non-executive Chairman (resigned 11 April 2013)
Colin Bird	Non-executive Director (resigned 11 April 2013)
Bill Guest	Non-executive Director (resigned 31 May 2013)
John Bentley	Non-executive Director (resigned 31 May 2013)
Robin Vela	Chief Executive Officer (resigned 31 May 2013)

Directors noted on page 35 were appointed subsequent to the financial year under review.

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 36.

Main duties and responsibilities of the directors

Directors' duties and responsibilities are prescribed by law. In the interest of good governance the Board discharges the duties and responsibilities which are listed below but are not limited to:

The Board

- Acts as focal point for and custodian of corporate governance in line with the Board Charter which sets out the Board's responsibilities;
- Monitors the relationship between management and the stakeholders of the Company;
- Seeks the optimum balance for the 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 Company's strategic direction is in line with the 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 Company;
- Ensures that the Company is and is seen to be a responsible corporate citizen;
- Ensures that the 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 Company has 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 Company;
- Agrees upon procedures to manage conflicts of interest;
- Delegates the necessary authority to management for the day-to-day operations of the Company;
- Is responsible for the governance of risk;
- Is responsible for information technology ("IT") governance;
- Ensures that the solvency and liquidity of the Company is continuously monitored;
- Ensures that the Company complies 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 Company's reputation;
- Ensures the integrity of the Company's integrated report; and
- Reports on the effectiveness of the Company's systems 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 will forthwith be evaluated annually.

The core functions of the Chairman are highlighted as follows:

- Sets the ethical standards for the Board, the Group 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 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 judgement 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 are not encumbered with specific management responsibility. These directors are not full-time salaried employees of the Company and/or any of its subsidiaries. None of the non-executive directors has 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 advisers. 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 nine years. The Board will measure their independence in line with the policy on measuring independence.

It is confirmed that the independent 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 advisers 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 had two executive directors during the year under review but only one executive director at year-end, who resigned on 31 May 2013 and was replaced by Roger Rees as Chief Executive Officer effective 25 July 2013. The appointment of an additional executive director, being the Finance Director was also made on 25 July 2013. The executive directors are involved in the day-to-day management of the Company and the Group and are full-time employees.

In the best interests of the Company and the Group, the executive directors carefully manage the conflict between management responsibilities and fiduciary duties as directors.

The executive directors have entered into service contracts with the Company and the contracts are reviewed annually.

The CEO's performance is evaluated by the Chairman on an annual basis.

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 and the Group in accordance with approved business plans and budgets;
- Prioritising the allocation of capital and other resources;
- Establishing the best management and other 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 set criteria. Certain authorities have been delegated to the CEO to manage the day-to-day business affairs of the Company and the Group. However, in terms of statute and the Company and Group'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

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

Factors considered by the Board include the following but are not restricted to:

- Evolving circumstances and needs of the Company and the Group;
- Appropriate mix of executive and independent non-executive directors;
- Need to have sufficient directors to structure Board committees appropriately;
- Requirements for skills and knowledge to make business judgement calls on behalf of the Company and Group;
- Regulatory requirements.

A formal and transparent procedure is in place for the appointment of directors. The Nomination and Remuneration Committee is responsible for selecting and recommending the appointment of competent, qualified and experienced directors to the Board. 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.

Re-appointment to the Board is not automatic and directors may offer themselves for re-election.

In terms of section 6.1 of the Memorandum of Incorporation, any appointment of a director must be confirmed by shareholders at the Annual General Meeting following such appointment.

The rotation of directors is more fully governed in terms of section 6.2 of the Memorandum of Incorporation. One-third of the directors, or if their number is not a multiple of 3, then the number nearest to, but not less than one-third, shall retire from office at each Annual General Meeting. The names of the directors eligible for re-election are submitted at the Annual General Meeting, accompanied by appropriate biographical details set out in the integrated report. The Company has not adopted a retirement age for directors.

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 and the Group. Directors receive regular briefings on changes in risks, laws and the environment. The induction and ongoing training of directors are conducted through a formal process.

The Company and the Group are committed to providing continuing professional development training opportunities to directors and officers.

COMPANY SECRETARY

The services and advice of the Company Secretary are available to all directors. The Company Secretary is Fusion Corporate Secretarial Services (Pty) Limited. The Company Secretary is responsible for the functions specified in the Companies Act. The appointment and removal of the Company Secretary is a matter to be dealt with by the Board.

The Board empowers the Company Secretary to enable her to properly fulfil her duties. The Board is satisfied with the competence, experience and expertise of the Company Secretary.

The Company Secretary:

- Has an arm's length relationship with the Board;
- Is not a director of the Company;
- Assists the Nomination and Remuneration Committee with the nomination and appointment of directors;
- Provides guidance to the Board regarding their duties, responsibilities and powers;
- Provides guidance to directors regarding good governance procedures;
- Ensures that the Board and committee charters are kept up to date;
- Prepares and circulates Board and committee papers;
- Elicits responses, input and feedback for Board and Board committee meetings;
- Assists in drafting yearly plans;
- Prepares and circulates minutes of the Board and committee meetings;
- Assists with evaluating the Board, committees and individual directors.

COMMITTEE STRUCTURE

The directors have delegated specific functions to committees to assist the Board in meeting its overall responsibilities. The Board has established standing committees in this regard. These committees all act in accordance with approved terms of reference which are reviewed annually by the Board to ascertain levels of performance and effectiveness.

The Company has the following sub-committees:

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

NOMINATION AND REMUNERATION COMMITTEE

Members: John Bentley (Chairman) (resigned 31 May 2013); Bill Guest (resigned 31 May 2013) and Gontse Moseneke.

Other board members and management attend meetings by invitation.

One meeting was held during the year on 12 February 2013.

The Chairman of the Remuneration Committee reports to the Board after every Remuneration Committee meeting held.

Executive directors do not participate in discussions relating to their own remuneration and benefits and neither do they have a vote at meetings.

Further details of attendance of the Nomination and Remuneration Committee meetings are available on page 36.

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;
- Assessing new directors according to the basic requirements for directorship in the Companies Act;
- Advising on the composition of the Board (structure, size and balance between non-executive and executive directors);
- Evaluation of the directors and reviewing the evaluation procedures and results;
- Evaluating with the Board whether collectively (but not necessarily individually) the Audit Committee has the necessary skills to perform its function and responsibilities;
- Determining, agreeing and developing the Company's competitive remuneration policy to retain and regard skilled and quality staff;

- Ensuring that the remuneration policy is aligned with the Group strategy;
- Determining and agreeing 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 Group. The Remuneration Committee consults from time to time with the CEO where the remuneration of other executives is concerned;
- Assessing and reviewing employee long-term incentive schemes and performance bonuses;
- Determining and recommending 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' remuneration;
- The Nomination and Remuneration Committee approves executive committee members' remuneration 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 and Group's strategic, financial and operational objectives. The remuneration structures encourage sustainable, long-term wealth creation.

The following factors regarding the remuneration structures are highlighted:

- The remuneration philosophy is supportive of the Company's and Group'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 Group promotes a performance-based culture; and
- The Group 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 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 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 for benchmarking executive remuneration in comparable positions and annual performance bonuses; and
- Participation in the SacOil Share Option Scheme (refer to page 41 for details of options granted).

SOCIAL AND ETHICS COMMITTEE

Members: Gontse Moseneke (Chairman) and Bill Guest (member) (resigned 31 May 2013).

Function

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

- Social and economic development, including the Group'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 Group's:
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - Contribution to the development of the communities in which its activities are predominantly conducted; and
  - Record of sponsorships, donations and charitable giving;
- The environment, health and public safety, including the impact of the Group's activities;
- Consumer relationships including the Group's advertising, public relations and compliance with consumer protection laws;
- Labour and employment, including:
  - The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - The Group's employment relationships, and its contribution towards 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.

No Social and Ethics Committee meetings were held during the year under review.

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 Company'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 Securities Exchange News Service ("SENS") of the JSE as well as on the Regulatory News Service ("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 on page 28 of the integrated annual report.

ANALYSIS OF SHAREHOLDING

An analysis of the Company's shareholding at 28 February 2013 can be found on page 81 of the integrated annual report.

GOING CONCERN

The Board is satisfied that the planned recapitalisation of the Company together with the planned equity settlement of the Gairloch loans, as referred to on page 22 of the integrated annual report, will ensure that the Group has adequate resources to continue operating for the next 12 months. The Group financial statements presented have 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.

Although the Group did not present the interim and final results in a presentation format to the stakeholders, management is available to stakeholders with any questions relating to the performance of the Group. SacOil continues to be committed to open relationships with stakeholders.

On 24 July 2013, the Board established its various board sub-committees, the nature and composition which is detailed below:

SPONSOR (SOUTH AFRICA)

Nedbank Capital is the appointed Sponsor of the Company. Their address is: Third Floor Block F, 135, Rivonia Road, Sandown, Sandton, 2196, South Africa; PO Box 1144, Johannesburg, 2000, South Africa.

NOMINATED ADVISER AND JOINT BROKER (LONDON)

Finn Cap Limited is the appointed nominated adviser. 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 Company. They assist all our shareholders with enquiries pertaining to shareholdings. Shareholders can address shareholding related queries to PO Box 4844, Johannesburg, 2000 or visit them at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001.

NEW BOARD

Following the resignations of previous Board members on 11 April 2013 and 31 May 2013 as detailed on page 30, the following individuals were appointed to the SacOil Board:

Tito Mboweni	Chairman	(appointed 10 June 2013)
Mzuvukile Maqetuka	Independent non-executive Director	(appointed 10 June 2013)
Stephanus Muller	Independent non-executive Director	(appointed 10 June 2013)
Vusi Pikoli	Independent non-executive Director	(appointed 12 July 2013)
Ignatius Sehoole	Non-executive Director	(appointed 12 July 2013)
Roger Rees	Chief Executive Officer	(appointed 25 July 2013)
Tariro Mudzimuirema	Finance Director	(appointed 25 July 2013)

On 24 July 2013, the Board established its various Board sub-committees, the nature and composition of which is detailed below:

Committee	Chairman	Members
Audit Committee	Stephanus Muller	Ignatius Sehoole, Mzuvukile Maqetuka
Nomination Committee	Tito Mboweni	Stephanus Muller, Mzuvukile Maqetuka, Gontse Moseneke
Remuneration Committee	Mzuvukile Maqetuka	Tito Mboweni, Vusi Pikoli
Social and Ethics Committee	Vusi Pikoli	Gontse Moseneke, Mzuvukile Maqetuka, Ignatius Sehoole
Investment Committee	Ignatius Sehoole	Gontse Moseneke, Stephanus Muller
Technical Advisory Committee	To be appointed	Ignatius Sehoole, other member still to be appointed

GOVERNANCE REPORT continued

SUMMARY OF MEETING ATTENDANCES

March 2012 – February 2013

Key	
Present	P
Apology	A
Resigned	R

Board	**26 Mar 2012**	**23 May 2012**	**01 Aug 2012**	**30 Oct 2012**	**12 Nov 2012**	**19 Dec 2012**	**23 Jan 2013**	**07 Feb 2013**	**12 Feb 2013**
Richard Linnell	P	P	P	P	P	P	P	A	P
Colin Bird	P	A	P	A	P	P	A	A	A
Robin Vela	P	P	P	P	P	P	P	P	P
Gontse Moseneke	P	P	P	P	P	P	P	P	P
Carina de Beer	P	P	P	R	R	R	R	R	R
John Bentley	P	P	P	P	P	P	P	P	P
Bill Guest	P	P	P	P	P	P	P	P	P
Roger Rees (Invitee)						P	R	R	R
Company Secretary	P	P	P	P	P	P	P	P	P

Audit and Risk Committee	**25 May 2012**	**15 Aug 2012**	**21 Nov 2012**	**12 Feb 2013**
Bill Guest	P	P	P	P
Richard Linnell	P	P	P	A
John Bentley	P	A	P	P
Company Secretary	P	P	P	P

Nomination and Remuneration Committee	**12 Feb 2013**
John Bentley	P
Bill Guest	P
Gontse Moseneke	P
Company Secretary	P

AUDIT AND RISK COMMITTEE REPORT

DEAR SHAREHOLDER

We are pleased to present our report for the financial year ended 28 February 2013. This report of the Audit and Risk Committee is presented to shareholders in compliance with the requirements of the Companies Act, 2008 (71 of 2008), as amended.

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

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

Members: Bill Guest (Chairman and independent non-executive director) (resigned 31 May 2013); Richard Linnell (resigned 11 April 2013) and John Bentley (resigned 31 May 2013). The new Audit Committee members are Stephanus Muller (Chairman), appointed on 10 June 2013, Mzuvukile Maqetuka and Ignatius Sehoole, appointed on 10 June 2013 and 12 July 2013, respectively. All members of the Audit Committee are independent non-executive directors, with the exception of Ignatius Sehoole. The independent external auditors, Ernst & Young Inc., attend meetings as standing invitees.

Other directors attend meetings by invitation. The Company Secretary acts as secretary to the committee.

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, with the exception of Ignatius Sehoole, who is not independent. The appointment of the Audit Committee is subject to shareholders electing them as members of the committee at the Annual General Meeting.

Biographical details of the committee members appear on pages 16 to 19.

FEES

Fees paid to the committee members are detailed on page 41 and the proposed fees for 2014 are disclosed on page 85.

MEETINGS

The committee meets at least twice per annum. The Chairman of the committee reports to the Board after every Audit and Risk Committee meeting held.

ROLE OF THE COMMITTEE

The Audit and Risk Committee is a statutory committee constituted under the 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 nominates for appointment registered auditors of the Company.

The Board was satisfied with the independence of the external auditors and recommended the re-appointment of Ernst & Young Inc. as the independent registered audit firm, led by Iwan Grobler, the individual registered auditor.

Ernst and Young Inc. is a JSE-accredited audit firm.

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 under audit was R1 400 000 (one million four hundred thousand Rand) 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 Group. The external auditors, Ernst & Young Inc., provided non-audit services to the Group relating to various projects. The fee for non-audit services amounted to R910 500 (nine hundred and ten thousand five hundred Rand).

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

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

The Board considered, reviewed and discussed the Group annual financial statements with the independent external auditors and finance team. The Board is satisfied that the Group annual financial statements 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 annual audit and raised the going concern matter noted in note 35 to the annual financial statements.

After agreeing that the going concern premise was appropriate the Board approved the Group annual financial statements on 06 September 2013. These Group annual financial statements will be open for discussion at the forthcoming Annual General Meeting. The Chairman of the committee, and in the instance of

AUDIT AND RISK COMMITTEE REPORT continued

his absence, the other members of the committee, will attend the Annual General Meeting to answer questions falling under the mandate of the committee.

EXPERTISE AND EXPERIENCE OF THE FINANCE DIRECTOR AND FINANCE FUNCTION

The Board's responsibility in terms of paragraph 3.84(h) of the JSE Listings Requirements had reference. The Company did not have a Financial Director at year-end, however the Board was satisfied with the skills and experience of the finance team, as an interim measure, until the appointment of a Financial Director, by 31 August 2013, in terms of the dispensation awarded by the JSE. Tariro Mudzimuirema was appointed as the Financial Director on 25 July 2013.

INTERNAL AUDIT

The primary goal of internal audit is to evaluate the Group's risk management, internal control and corporate governance processes and to ensure that they are adequate and are functioning correctly. The internal audit function is performed by the Group finance department internally on Group companies. The Board as a whole is also considering internal controls. While considering the information and explanations given by management and 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 to ensure that management implements the appropriate risk responses;
- Oversee 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 lll.

APPROVAL OF THE AUDIT AND RISK COMMITTEE REPORT

The Board as a whole, being responsible for the Audit and Risk Committee Report, confirms that this report has been approved.

Stephanus Muller
Chairman – Audit Committee

16 September 2013

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee has pleasure in presenting the remuneration report for the financial year ended 28 February 2013. This remuneration report sets out information applicable to the Group's remuneration philosophy, executive remuneration and directors' fees. This report has been approved by the Board on the recommendation of the Nomination and Remuneration Committee, and comprises the following sections:

- Nomination and Remuneration Committee Overview
- Key Remuneration Decisions Taken
- Remuneration Policy and Overview
- Components of Remuneration
- Detailed Audited Information

NOMINATION AND REMUNERATION COMMITTEE OVERVIEW

Composition

The members of the Nomination and Remuneration Committee are John Bentley (Chairman) (resigned 31 May 2013), Bill Guest (resigned 31 May 2013) and Gontse Moseneke, who are all non-executive directors. The Chief Executive Officer attends committee meetings by invitation. The Company Secretary acts as secretary to the committee. External advisers are used to provide market information as and when required.

The new members of the Nominations Committee are Tito Mboweni (Chairman), Mzuvukile Maqetuka and Stephanus Muller, all appointed on 10 June 2013. All members of the Nominations Committee are independent non-executive directors.

The new members of the Remuneration Committee are Mzuvukile Maqetuka (Chairman), Tito Mboweni and Vusi Pikoli, appointed on 10 June 2013 and 12 July 2013, respectively. All members of the Remuneration Committee are independent non-executive directors.

Role and responsibilities

The committee is satisfied that it has fulfilled its responsibilities in compliance with its mandate. Responsibilities of the committee include:

- Developing and managing a competitive remuneration policy that is aligned with the Group strategy and attracts and retains skilled and quality executives;
- Determining and agreeing terms of employment and remuneration of executive directors;
- Approval of the design and targets for share incentive plans and performance bonuses; and
- Conducting performance evaluations for the directors to promote consistent and high levels of performance.

Meeting attendance

The Nomination and Remuneration Committee met once during the year. Attendance at meetings is set out on page 36 of the integrated annual report. No director participates in discussions involving his remuneration.

KEY REMUNERATION DECISIONS TAKEN

The following key decisions were made during the financial year ended 28 February 2013:

- Approval by shareholders of the amended share option scheme at the AGM held on 30 November 2012;
- From November 2012, non-executive directors have not been paid any fees as the special resolution proposing the fee structure for the year did not receive the required number of votes for approval;
- Benchmarked, reviewed and set the salaries for the executive directors; and
- Review and approval of the 2014 remuneration policy.

REMUNERATION POLICY AND OVERVIEW

The Group strives to create opportunity to attract, motivate and retain employees of the right calibre and skills, rewarding employees fairly and equitably, and motivating them to achieve the highest levels of performance in alignment with the Group's strategic objectives and shareholder value creation.

COMPONENTS OF REMUNERATION

The Group has a simple remuneration structure. The remuneration package comprises core fixed elements (base salary and other benefits) and two performance-based variable elements (performance bonus and share option plan).

NOMINATION AND REMUNERATION COMMITTEE REPORT continued

DETAILED AUDITED REMUNERATION INFORMATION

Aggregate emoluments paid to directors are detailed below:

Executive	Salary R	Bonus R	Payment in terms of mutual agreement R	Total R
2013				
Robin Vela[5]	**2 350 000**	**–**	**–**	**2 350 000**
Carina de Beer[1]	**1 075 000**	**–**	**250 000**	**1 325 000**
Total	**3 425 000**	**–**	**250 000**	**3 675 000**
2012				
Robin Vela	2 404 166	2 350 000	16 387 755[2]	21 141 921
Colin Bird	250 060[4]	–	5 462 585[3]	5 712 645
Carina de Beer[1]	1 412 500	1 500 000	–	2 912 500
Total	4 066 726	3 850 000	21 850 340	29 767 066

[1] *Resigned as director and employee effective 30 July 2012.*
[2] *Once-off contractual bonus for the successful admission to AIM paid as cash in the amount of R2 500 000 and 6 489 605 shares at R2.14.*
[3] *Once-off contractual bonus for the successful admission to AIM paid as 2 552 610 shares at R2.14.*
[4] *Remuneration for executive director services for the period March 2011 to October 2011.*
[5] *Resigned as director and employee effective 31 May 2013.*

Non-Executive	Total R
2013	**Fees**
Richard Linnell[1]	**262 500**
John Bentley[2]	**300 639**
Bill Guest[2]	**300 355**
Colin Bird[1]	**360 425**
Gontse Moseneke	**112 500**
Total	**1 336 419**
2012	
Richard Linnell	282 767
John Bentley	277 383
Bill Guest	277 372
Colin Bird	188 558
Gontse Moseneke	133 755
Total	1 159 835

[1] *Resigned on 11 April 2013.*

[2] *Resigned on 31 May 2013.*

NOMINATION AND REMUNERATION COMMITTEE REPORT continued

Options held during the year

Name of director	Date granted	Share price at grant date R	Exercise price R	As at 29 February 2012	Lapsed	As at 28 February 2013	Vesting date	Expiry date
Richard Linnell	21-Nov-08	0.57	0.82	6 297 921	–	**6 297 921***	21-Nov-08	20-Nov-18
	21-Nov-08	0.56	0.82	3 148 960	–	**3 148 960***	21-Nov-09	20-Nov-19
	21-Nov-08	0.55	0.82	3 148 960	–	**3 148 960***	21-Nov-10	19-Nov-20
Robin Vela	21-Nov-08	0.57	0.82	4 198 614	–	**4 198 614#**	21-Nov-08	20-Nov-18
	21-Nov-08	0.56	0.82	2 099 307	–	**2 099 307#**	21-Nov-09	20-Nov-19
	21-Nov-08	0.55	0.82	2 099 307	–	**2 099 307#**	21-Nov-10	19-Nov-20
	08-Jul-10	0.40	0.29	2 099 307	–	**2 099 307#**	08-Jul-10	06-Jul-20
	08-Jul-10	0.40	0.29	1 049 654	–	**1 049 654#**	08-Jul-11	06-Jul-21
	08-Jul-10	0.40	0.29	1 049 654	–	**1 049 654#**	08-Jul-12	07-Jul-22
Brian Christie	21-Nov-08	0.57	0.82	4 198 614	–	**4 198 614**	21-Nov-08	20-Nov-18
	21-Nov-08	0.56	0.82	2 099 307	–	**2 099 307**	21-Nov-09	20-Nov-19
	21-Nov-08	0.55	0.82	2 099 307	–	**2 099 307**	21-Nov-10	19-Nov-20
Colin Bird	21-Nov-08	0.57	0.82	6 297 921	–	**6 297 921***	21-Nov-08	20-Nov-18
	21-Nov-08	0.56	0.82	3 148 960	–	**3 148 960***	21-Nov-09	20-Nov-19
	21-Nov-08	0.55	0.82	3 148 960	–	**3 148 960***	21-Nov-10	19-Nov-20
Carina de Beer	08-Jul-10	0.40	0.29	933 542	(933 542)	**–**	08-Jul-10	06-Jul-20
	08-Jul-10	0.40	0.29	783 229	(783 229)	**–**	08-Jul-11	06-Jul-21
	08-Jul-10	0.40	0.29	783 229	(783 229)	**–**	08-Jul-12	07-Jul-22
Gontse Moseneke	08-Jul-10	0.40	0.29	1 566 458	–	**1 566 458**	08-Jul-10	06-Jul-20
	08-Jul-10	0.40	0.29	783 229	–	**783 229**	08-Jul-11	06-Jul-21
	08-Jul-10	0.40	0.29	783 229	–	**783 229**	08-Jul-12	07-Jul-22

** Share options lapsed on 11 April 2013, the date of resignation of Richard Linnell and Colin Bird from the SacOil Board.*
 # Share options lapsed on 31 May 2013, the date of resignation of Robin Vela from the SacOil Board.

Tito Mboweni
Chairman – Nominations Committee

16 September 2013

Mzuvukile Maqetuka
Chairman – Remuneration Committee

16 September 2013

GOVERNANCE

STATEMENT OF ACCOUNTABILITY AND RESPONSIBILITY

The directors are responsible for the maintenance of accounting records and for the preparation, integrity and fair presentation of the annual financial statements and Group annual financial statements of SacOil Holdings Limited. The annual financial statements of the Group for the year ended 28 February 2013 have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa, the Financial Reporting Guides issued by SAICA and the Listings Requirements of the JSE and are consistent with those of the previous year. They have been prepared on a going concern basis and include amounts based on judgements and estimates made by management. Based on forecasts, the directors have no reason to believe that the Group or Company will not be a going concern in the foreseeable future.

The directors have also prepared the other information included in this integrated annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

There has been no material change in the affairs and trading position of the Company and its subsidiaries since the date of signature of the audit report and the date of the notice of annual general meeting.

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the Group or Company, which may have a material effect on the Group's financial position or which have had a material effect during the 12 months preceding the date of the notice of annual general meeting. The financial statements have been audited by the independent accounting firm, Ernst & Young Inc., which was given unrestricted access to all financial records and related data, including minutes of all shareholders', directors' and committee meetings of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The independent auditors' report is presented on page 43.

The financial statements have been prepared under the supervision of Roger Rees.

The financial statements were approved by the Board of directors on 06 September 2013 and are signed on its behalf by:

Stephanus Muller
Director

Roger Rees
Chief Executive Officer

16 September 2013

COMPANY SECRETARY CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), I certify that, to the best of my knowledge and belief, SacOil Holdings Limited has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Melinda Gous
Fusion Corporate Secretarial Services (Proprietary) Limited
Company Secretary

16 September 2013

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SACOIL HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the consolidated and separate financial statements of SacOil Holdings Limited set out on pages 44 to 80, which comprise the statements of financial position as at 28 February 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information and the table entitled Detailed Audited Remuneration Information set out on page 40 of the Nomination and Remuneration Committee Report.

Directors' Responsibility for the Consolidated Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SacOil Holdings Limited as at 28 February 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 35 to the financial statements which indicates that the company has loans with Gairloch Limited which are due for repayment and farm in fees which would become payable to Nigdel and Transcorp upon receiving title to OPL 233 and OPL 281 respectively and that the company does not currently have adequate funding to make such repayments/payments. Note 35 also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Other Reports Required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Inc.
Director: **Iwan Hermanus Grobler**
Registered Auditor
Chartered Accountant (SA)

Ernst & Young
52 Corlett Drive
Illovo
2196

16 September 2013

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2013

		Group		Company	
	Notes	2013 R	Restated* 2012 R	2013 R	2012 R
Other income		**123 222 360**	248 612 642	**79 598 149**	13 481 039
Other operating costs		**(175 626 093)**	(161 990 719)	**(75 806 189)**	(74 231 009)
(Loss)/profit from operations		**(52 403 733)**	86 621 923	**3 791 960**	(60 749 970)
Share-based payment expense		**–**	(8 891 216)	**–**	(8 891 216)
Operating (loss)/profit	7	**(52 403 733)**	77 730 707	**3 791 960**	(69 641 186)
Investment income	8	**46 940 839**	29 455 933	**69 016 897**	67 268 547
Finance costs	9	**(23 837 213)**	(44 402 672)	**(23 837 213)**	(44 402 672)
(Loss)/profit before taxation		**(29 300 107)**	62 783 968	**48 971 644**	(46 775 311)
Taxation	10	**(40 785 309)**	(166 884 559)	**(8 122 869)**	(10 342 750)
(Loss)/profit for the year from continuing operations		**(70 085 416)**	(104 100 591)	**40 848 775**	(57 118 061)
Discontinued operation					
(Loss)/profit for the year from discontinued operation	12	**(1 526 959)**	2 791 163	**(1 526 959)**	2 791 163
(Loss)/profit for the year		**(71 612 375)**	(101 309 428)	**39 321 816**	(54 326 898)
Other comprehensive loss:					
Release of revaluation reserve on impairment/ depreciation of property, plant and equipment		**(1 045 359)**	(340 000)	**(1 045 359)**	(340 000)
Taxation related to components of other comprehensive income	10	**–**	95 200	**–**	95 200
Other comprehensive loss for the year, net of taxation	13	**(1 045 359)**	(244 800)	**(1 045 359)**	(244 800)
Total comprehensive (loss)/income for the year		**(72 657 734)**	(101 554 228)	**38 276 457**	(54 571 698)
(Loss)/profit attributable to:					
Equity holders of the parent		**(55 627 404)**	(101 294 322)	**39 321 816**	(54 326 898)
Non-controlling interest		**(15 984 971)**	(15 106)	**–**	–
		(71 612 375)	(101 309 428)	**39 321 816**	(54 326 898)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(56 672 763)**	(101 539 122)	**38 276 457**	(54 571 698)
Non-controlling interest		**(15 984 971)**	(15 106)	**–**	–
		(72 657 734)	(101 554 228)	**38 276 457**	(54 571 698)
Loss per share from continuing operations					
Basic (cents)	28	**(5.93)**	(14.51)		
Diluted (cents)	28	**(5.93)**	(14.43)		
Loss per share from continuing operations and discontinued operation					
Basic (cents)	28	**(6.10)**	(14.12)		
Diluted (cents)	28	**(6.09)**	(14.04)		

* *Due to a change in accounting policy certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in note 3.*

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 28 February 2013

	Notes	Group 2013 R	Group Restated* 2012 R	Company 2013 R	Company 2012 R
ASSETS					
Non-current assets					
Property, plant and equipment	15a	**317 008**	6 148 362	**317 008**	6 148 362
Exploration and evaluation assets	16	**162 859 167**	153 056 333	**896 740**	–
Other intangible assets	15b	**161 760**	–	**161 760**	–
Investments in subsidiaries	17	**–**	–	**44 729 571**	20 155 777
Loans to Group companies	18	**–**	–	**180 069 277**	76 674 172
Other financial assets	19	**371 719 195**	331 430 863	**161 777 957**	68 170 715
Total non-current assets		**535 057 130**	490 635 558	**387 952 313**	171 149 026
Current assets					
Inventories	20	**–**	2 540 131	**–**	2 540 131
Other financial assets	19	**84 803 036**	–	**84 803 036**	–
Trade and other receivables	21	**3 665 149**	85 219 043	**3 663 692**	85 200 462
Cash and cash equivalents	22	**94 032 416**	10 774 298	**4 703 471**	10 590 140
Total current assets		**182 500 601**	98 533 472	**93 170 199**	98 330 733
Total assets		**717 557 731**	589 169 030	**481 122 512**	269 479 759
EQUITY AND LIABILITIES					
Shareholders' equity					
Stated capital	23	**534 172 123**	486 184 423	**534 172 123**	486 184 423
Reserves	23	**26 681 469**	29 743 531	**26 681 469**	29 743 531
Accumulated loss		**(219 700 074)**	(188 602 491)	**(241 776 141)**	(283 114 660)
Equity attributable to equity holders of parent		**341 153 518**	327 325 463	**319 077 451**	232 813 294
Non-controlling interest		**22 298 155**	109 943 833	**–**	–
Total shareholders' equity		**363 451 673**	437 269 296	**319 077 451**	232 813 294
Liabilities					
Non-current liabilities					
Deferred tax liability	24	**72 588 101**	105 304 059	**–**	–
Provisions	25	**–**	1 065 972	**–**	1 065 972
Total non-current liabilities		**72 588 101**	106 370 031	**–**	1 065 972
Current liabilities					
Loan from Group company	18	**–**	–	**318 292**	–
Other financial liabilities	26	**175 574 827**	12 496 195	**131 375 827**	12 496 195
Current tax payable		**93 962 655**	20 495 100	**18 370 418**	10 247 550
Trade and other payables	27	**11 980 475**	12 538 408	**11 980 524**	12 856 748
Total current liabilities		**281 517 957**	45 529 703	**162 045 061**	35 600 493
Total liabilities		**354 106 058**	151 899 734	**162 045 061**	36 666 465
Total equity and liabilities		**717 557 731**	589 169 030	**481 122 512**	269 479 759
Number of shares in issue	23	**953 340 791**	832 225 699		
Net asset value per share (cents)		**38.12**	52.54		
Net tangible asset value per share (cents)		**21.04**	34.15		

** Due to a change in accounting policy certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in note 3.*

FINANCIALS

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2013

	Stated capital (Note 23) R	Revaluation reserve (Note 23) R	Share-based payment reserve (Note 23) R	Total reserves R	Restated* Accumulated loss R	Total equity attributable to equity holders of the parent R	Non-controlling interest (NCI) R	Total equity R
Group								
Balance at 1 March 2011	374 029 488	2 055 747	27 932 584	29 988 331	(96 199 385)	307 818 434	161 760 088	469 578 522
Changes in equity:								
Loss for the year	–	–	–	–	(101 294 322)	(101 294 322)	(15 106)	(101 309 428)
Other comprehensive loss for the year	–	(244 800)	–	(244 800)	–	(244 800)	–	(244 800)
Total comprehensive loss for the year	–	(244 800)	–	(244 800)	(101 294 322)	(101 539 122)	(15 106)	(101 554 228)
Issue of shares	112 154 935	–	–	–	–	112 154 935	–	112 154 935
Share options issued	–	–	8 891 216	8 891 216	–	8 891 216	–	8 891 216
Share options lapsed	–	–	(8 891 216)	(8 891 216)	8 891 216	–	–	–
Dividends	–	–	–	–	–	–	(51 801 149)	(51 801 149)
Total changes	112 154 935	(244 800)	–	(244 800)	(92 403 106)	19 507 029	(51 816 255)	(32 309 226)
Balance at 29 February 2012	**486 184 423**	**1 810 947**	**27 932 584**	**29 743 531**	**(188 602 491)**	**327 325 463**	**109 943 833**	**437 269 296**
Changes in equity:								
Loss for the year	**–**	**–**	**–**	**–**	**(55 627 404)**	**(55 627 404)**	**(15 984 971)**	**(71 612 375)**
Other comprehensive loss for the year	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**–**	**(1 045 359)**
Total comprehensive loss for the year	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**(55 627 404)**	**(56 672 763)**	**(15 984 971)**	**(72 657 734)**
Issue of shares	**47 987 700**	**–**	**–**	**–**	**–**	**47 987 700**	**–**	**47 987 700**
Share options lapsed	**–**	**–**	**(1 251 115)**	**(1 251 115)**	**1 251 115**	**–**	**–**	**–**
Acquisition of non-controlling interest	**–**	**–**	**–**	**–**	**22 513 118**	**22 513 118**	**(47 086 913)**	**(24 573 795)**
Transfer on disposal of assets	**–**	**(765 588)**	**–**	**(765 588)**	**765 588**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(24 573 794)**	**(24 573 794)**
Total changes	**47 987 700**	**(1 810 947)**	**(1 251 115)**	**(3 062 062)**	**(31 097 583)**	**13 828 055**	**(87 645 678)**	**(73 817 623)**
Balance at 28 February 2013	**534 172 123**	**–**	**26 681 469**	**26 681 469**	**(219 700 074)**	**341 153 518**	**22 298 155**	**363 451 673**
Company								
Balance at 1 March 2011	374 029 488	2 055 747	27 932 584	29 988 331	(237 678 978)	166 338 841	–	166 338 841
Changes in equity:								
Loss for the year	–	–	–	–	(54 326 898)	(54 326 898)	–	(54 326 898)
Other comprehensive loss for the year	–	(244 800)	–	(244 800)	–	(244 800)	–	(244 800)
Total comprehensive loss for the year	–	(244 800)	–	(244 800)	(54 326 898)	(54 571 698)	–	(54 571 698)
Issue of shares	112 154 935	–	–	–	–	112 154 935	–	112 154 935
Share options issued	–	–	8 891 216	8 891 216	–	8 891 216	–	8 891 216
Share options lapsed	–	–	(8 891 216)	(8 891 216)	8 891 216	–	–	–
Total changes	112 154 935	(244 800)	–	(244 800)	(45 435 682)	66 474 453	–	66 474 453
Balance at 29 February 2012	**486 184 423**	**1 810 947**	**27 932 584**	**29 743 531**	**(283 114 660)**	**232 813 294**	**–**	**232 813 294**
Changes in equity:								
Profit for the year	**–**	**–**	**–**	**–**	**39 321 816**	**39 321 816**	**–**	**39 321 816**
Other comprehensive loss for the year	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**–**	**(1 045 359)**
Total comprehensive (loss)/income for the year	**–**	**(1 045 359)**	**–**	**(1 045 359)**	**39 321 816**	**38 276 457**	**–**	**38 276 457**
Issue of shares	**47 987 700**	**–**	**–**	**–**	**–**	**47 987 700**	**–**	**47 987 700**
Share options lapsed	**–**	**–**	**(1 251 115)**	**(1 251 115)**	**1 251 115**	**–**	**–**	**–**
Transfer on disposal of assets	**–**	**(765 588)**	**–**	**(765 588)**	**765 588**	**–**	**–**	**–**
Total changes	**47 987 700**	**(1 810 947)**	**(1 251 115)**	**(3 062 062)**	**41 338 519**	**86 264 157**	**–**	**86 264 157**
Balance at 28 February 2013	**534 172 123**	**–**	**26 681 469**	**26 681 469**	**(241 776 141)**	**319 077 451**	**–**	**319 077 451**

** Due to a change in accounting policy certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in note 3.*

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 28 February 2013

		Group		Company	
	Notes	**2013 R**	2012 R	**2013 R**	2012 R
Cash flows from operating activities					
Cash used in operations	29	**(18 156 924)**	(133 918 365)	**(24 840 504)**	(126 818 932)
Interest income		**843 988**	(1 447 623)	**101 753**	(1 467 738)
Dividends received	8	**–**	–	**24 573 794**	51 237 750
Finance costs		**–**	(44 402 672)	**–**	(44 402 672)
Tax paid		**(33 714)**	(40 990 200)	**–**	–
Net cash used in operating activities		**(17 346 650)**	(220 758 860)	**(164 957)**	(121 451 592)
Cash flows from investing activities					
Purchase of property, plant and equipment	15a	**(8 200)**	(504 209)	**(8 200)**	(504 209)
Purchase of exploration and evaluation assets		**(8 478 078)**	(508 907)	**(896 740)**	–
Purchase of other intangible assets	15b	**(184 869)**	–	**(184 869)**	–
Sale of exploration and evaluation assets		**75 997 000**	143 465 700	**–**	–
Loans advanced to Group companies		**–**	–	**(60 543 778)**	(6 062 689)
(Increase)/decrease in loans and receivables		**(68 190 699)**	19 493 215	**(39 427 998)**	17 385 490
Net cash (used in)/from investing activities		**(864 846)**	161 945 799	**(101 061 585)**	10 818 592
Cash flows from financing activities					
Proceeds on share issue	23	**–**	80 000 000	**–**	80 000 000
Proceeds from other financial liabilities		**150 617 203**	23 580 182	**119 913 670**	23 580 182
Acquisition of non-controlling interest		**(24 573 795)**	–	**(24 573 795)**	–
Finance lease payments		**–**	(90 508)	**–**	(90 508)
Dividends paid to NCI		**(24 573 794)**	(51 801 149)	**–**	–
Net cash from financing activities		**101 469 614**	51 688 525	**95 339 875**	103 489 674
Total movement in cash and cash equivalents for the year		**83 258 118**	(7 124 536)	**(5 886 667)**	(7 143 326)
Cash and cash equivalents at the beginning of the year		**10 774 298**	17 898 834	**10 590 138**	17 733 466
Cash and cash equivalents at the end of the year	22	**94 032 416**	10 774 298	**4 703 471**	10 590 140

1 GENERAL INFORMATION

SacOil Holdings Limited (the Company, together with its subsidiaries, the Group), is a company incorporated in South Africa and is listed on both the JSE and AIM Market of the of the London Stock Exchange. General Company information is included on the inside of the back cover of the integrated annual report. SacOil focuses on opportunities within proven hydrocarbon basins across the exploration and production spectrum. SacOil's interests include exploration assets in Nigeria, Malawi and the DRC.

The consolidated financial statements of the Group for the year ended 28 February 2013 were authorised for issue in accordance with a resolution of the directors dated 06 September 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated and separate annual financial statements of SacOil Holdings Limited and all of its subsidiaries for the year ended 28 February 2013 have been prepared in accordance with the Group's accounting policies, which comply with International Financial Reporting Standards, as well as the Financial Reporting Guides as issued by SAICA, the Listings Requirements of the JSE Limited and the Companies Act of South Africa, and are consistent with those of the previous year, except for the change in accounting policy as detailed in note 3. These financial statements have been prepared under the historical cost convention and are presented in Rand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business (Refer to page 35 and note 35).

2.2 Basis of consolidation

Subsidiaries are those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights or has *de facto* control over operations. The existence and effect of potential voting rights that are currently exerciseable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances, transactions, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest, even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 Transactions with non-controlling interests

Non-controlling shareholders are treated as equity participants. Acquisitions and disposals of additional interests in the Group's subsidiaries are accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired is recognised directly in equity. Profits or losses arising on transactions with non-controlling interests where control is maintained subsequent to the disposal are recognised directly in equity. Any dilution gains or losses are also recognised directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39: Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Investments in subsidiaries

Investments in subsidiaries held by the Company are stated at cost less any provision for impairment.

2.6 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker is the Strategy Committee.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated and separate annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate annual financial statements are presented in South African Rands ("Rand") which is the Group's functional and presentation currency. The functional currency of all subsidiaries is also the Rand.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.8 Property, plant and equipment

Buildings comprised plant buildings at the Greenhills plant, which was disposed of during the year. Buildings were shown at fair value, based on valuations by external independent valuers, less subsequent depreciation and impairment losses. Valuations were performed with sufficient regularity to ensure that the fair value of a revalued asset did not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation was eliminated against the gross carrying amount of the asset and the net amount was restated to the revalued amount of the asset.

All other property, plant and equipment (excluding mining claims) is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive income, under operating expenses, during the financial period in which they are incurred.

Mining claims held prior to the disposal of the Greenhills plant were not exploited and were therefore not depreciated.

Buildings were depreciated over 8 years. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and fittings	6 years
Motor vehicles	5 years
Computer equipment	3 – 5 years
Buildings*	8 years
Plant and equipment*	8 years

* *Assets belonged to the Greenhills plant which was disposed of during the year.*

Depreciation is charged to the statement of comprehensive income under operating expenses in the year in which it occurs.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are assessed annually for impairment. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.9 Exploration and evaluation assets

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Exploration and evaluation assets (continued)

(ii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable fees, employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This review includes confirming that exploration drilling is still underway or firmly planned, or that it has been determined, or work is underway to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through profit or loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

(iii) Farm-outs – in the exploration and evaluation phase

In accounting for farm-outs, the Group:

- Derecognises the portion of the asset sold to the farmee;
- Recognises the consideration received or receivable from the farmee, which represents the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor;
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed. A gain is only recognised when the value of the consideration can be determined reliably. If not, the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets;
- Tests the retained interest for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of exploration and evaluation assets is recognised as a financial asset initially at fair value and subsequently in line with 2.11.1 below.

Costs incurred on behalf of the Group under cost carry arrangements are not capitalised pending the outcome of exploration activities and are considered to be dependent on uncertain events within the scope of IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Should a liability be possible a contingent liability is disclosed. Should the liability be probable a provision is recognised. Should an asset be probable a contingent asset is recognised. An asset is capitalised to exploration and evaluation assets when it is virtually certain that future economic benefits will be received.

2.10 Other intangible assets

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Other intangible assets (continued)

Internally-generated intangible assets, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

The useful life of the Group's computer software is three years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.11 Financial instruments

2.11.1 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

(i) Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

The loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans to Group companies', 'other financial assets', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 18, 19, 21 and 22).

(ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial instruments (continued)

2.11.1 Financial assets (continued)

Loans and receivables (continued)

(ii) Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.11.2 Financial liabilities

The Group classifies its financial liabilities as loans and borrowings. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and borrowings

(i) Recognition and measurement

Loans and borrowings are recognised initially at fair value.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income.

Loans and borrowings are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities. The Group's loans and borrowings comprise 'loans from Group companies', 'other financial liabilities' and 'trade payables' in the statement of financial position (notes 18, 26 and 27).

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss in the statement of comprehensive income.

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11.4 Fair value of financial instruments

The Group does not hold financial instruments traded in an active market. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

2.12 Impairment of assets

2.12.1 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of assets (continued)

2.12.1 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.12.2 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.13 Inventories

The Group disposed of the Greenhills plant during the year and no longer holds inventories. Inventories were stated at the lower of cost and net realisable value. Cost was determined using the first-in, first-out (FIFO) method. The cost of finished goods comprised raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excluded borrowing costs. Net realisable value was the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented under non-current assets as other financial assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and subsequently at amortised cost using the effective interest method. In the consolidated and separate statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs (under debt-raising fees) of the loan to the extent that it is probable that all of the facility will be drawn down.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group does not expect reimbursements on any of its provisions. The expense relating to a provision is presented in the statement of comprehensive income.

Decommissioning liability

The provision for decommissioning represented the cost that was expected to be incurred to rectify environmental damage at the Greenhills plant. Accordingly, an asset was recognised and included in property, plant and equipment. Decommissioning costs were provided at the present value of the costs estimated to settle the obligation. Expert evaluation was used to estimate the quantum of such costs. Estimated future costs of decommissioning were reviewed regularly and adjusted as appropriate for new evidence or changes in legislation or technology. Changes in estimates were capitalised or reversed against the relevant assets. Gains or losses on the expected disposal of mining assets were not taken into account when estimating the costs. The costs for the restoration of site damage, which arose during production, were provided at their net present values and charged against operating profits as extraction progressed. Changes in the measurement of a liability which arose during production were charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflected the current market assessment of the time value of money and the risks specific to the obligation.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.20 Revenue – sale of goods

The Group disposed of the Greenhills plant during the year and no longer generates revenue. Revenue was measured at the fair value of the consideration received or receivable, and represented amounts receivable for goods supplied, stated net of discounts, returns and value-added taxes. The Group recognised revenue when the amount of revenue could be reliably measured and when it was probable that future economic benefits would flow to the entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate. Interest income is included under 'investment income' in the statement of comprehensive income.

2.22 Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included under 'investment income' in the statement of comprehensive income.

2.23 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Offsetting
Deferred and current income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The Group has no cash-settled share-based payment transactions.

Equity-settled transactions
Equity-settled transactions include share options granted to directors and also include transactions that are equity-settled by the Group. The cost of equity-settled transactions is recognised on the grant date, together with a corresponding increase in other capital reserves in equity, over the period during which the performance and/or services are fulfilled. The cumulative expense recognised in employee benefit expenses for equity-settled transactions at each reporting period, reflects the extent to which the vesting period has expired, and the Group's best estimate of the number of equity instruments that will ultimately vest. The initial valuation of the expense at the grant date is not revalued and is credited to equity through profit or loss.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. In estimating fair value, the Group uses the most appropriate valuation model which is dependent on the terms and conditions of each grant. The estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings and headline earnings per share. Equity-settled transactions are detailed in note 14.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Share-based payments (continued)

Equity-settled transactions (continued)

The Company also enters into equity-settled share-based payment arrangements with non-employees for services received. The cost of these transactions is recognised on the effective date of the transaction, with a corresponding increase in equity (stated capital). The cost is measured by reference to the value of the services received unless this cannot be determined reliably, in which case it is measured as the fair value of the equity instruments given up. Refer to note 23 for details on these transactions.

2.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.26 Employee benefits

Defined contribution plan

The Group made contributions to a provident fund in respect of employees at the Greenhills plant which was disposed of during the year. Provident fund payments were charged as an expense as they fell due. The Group no longer makes contributions to pension schemes.

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered), is recognised in the period in which the service is rendered and is not discounted.

2.27 Leases

Operating leases – lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3 CHANGE IN ACCOUNTING POLICY

In the prior financial period the Group capitalised costs paid by Total on behalf of Semliki Energy SPRL, a subsidiary within the Group, in terms of a cost carry arrangement under the farm-in agreement for Block III. These costs increased the Block III exploration and evaluation asset resulting in a corresponding increase in liabilities representing the amounts owed to Total. To align its accounting practices with comparable companies in the industry, the Group has decided not to capitalise these costs but rather to use the requirements of IAS 37: Provisions, Contingent Liabilities and Contingent Assets, and only recognise the liability and corresponding asset on the occurrence of the contingent event (Refer to note 34.) Comparative figures have been restated to reflect the change in accounting policy. As a result of the change in accounting policy, the following adjustments were made to the Group financial statements:

As of and for the year ended 29 February 2012	Adjustments R
Decrease in exploration and evaluation assets	(28 939 490)
Decrease in long-term borrowings	(28 939 490)
Increase in deferred tax liability	11 575 796
Decrease in non-controlling interest	(5 787 898)
Increase in taxation	11 575 796
Increase in loss for the year	11 575 796
Increase in loss per share (cents)	0.81
Increase in diluted loss per share (cents)	0.80

There were no adjustments required for the 2011 financial year-end as the cost carry arrangement only commenced during the 2012 financial year. The reversal of the cost carry in the 2012 financial year results in the elimination of all costs capitalised by the Group in terms of the old accounting policy. No adjustments are therefore necessary in the current financial year.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets or liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements, key assumptions and other key sources of estimation uncertainty at 28 February 2013 that may have a significant effect on the amounts recognised in the financial statements:

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact on whether the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is impaired in profit or loss in the period when the new information becomes available. Exploration and evaluation assets are detailed in note 16.

4.2 Fair value of financial instruments and re-estimation of cash flows on financial instruments

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including a discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is applied in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk, volatility, commodity prices and foreign currency risk.

Estimates and assumptions are taken into account in the re-estimation of cash flows relating to financial instruments, including the determination of geological chances of success to make a commercial discovery, existing information on resources as well as success rates of discoveries in the vicinity of the location of the Group's assets. Changes in these judgements, estimates and assumptions as a result of further production history and additional information could materially affect the reported fair value of financial assets and liabilities. Refer to note 19.

The Group makes use of independent competent persons to evaluate and value its existing resources and reserves. Reports are prepared in accordance with standard geological and engineering methods generally accepted by the oil and gas industry, in particular the 2007 SPE Petroleum Resource Management System Guide.

4.3 Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Contingencies are disclosed in note 34.

5 ADOPTION OF NEW AND REVISED STANDARDS

5.1 Standards, amendments and interpretations effective in 2012

The following amendments became effective in 2012 but are not applicable to the Group:

Amendments to IFRS 1 – First-time Adoption on Hyperinflation and Fixed Dates
Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfer of Financial Assets
Amendment to IAS 12 – Deferred Taxes: Recovery of Underlying Assets

5.2 Standards and amendments issued but not yet effective

The following standards and amendments are not yet effective and will not have an impact on the Group:

Amendments to IAS 19 – Employee Benefits
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards
Amendment to IFRS 7 – Financial Instruments: Disclosures
Amendment to IAS 12 – Income Taxes
Amendment to IAS 1 – Presentation of Financial Statements
Amendments to IAS 32 – Financial Instruments: Presentation
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

5 ADOPTION OF NEW AND REVISED STANDARDS (continued)

5.2 Standards and amendments issued but not yet effective (continued)

The following standards and amendments are not yet effective. Management is considering the effect of the changes:

IFRS 9 – Financial Instruments (effective 1 January 2015)

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard also includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39: Financial Instruments Recognition and Measurement, without change, except for financial liabilities that are designated at fair value through profit or loss.

IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

IFRS 11 – Joint Arrangements (effective 1 January 2013)

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2013)

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

IFRS 13 – Fair Value Measurement (effective 1 January 2013)

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 27 – Separate Financial Statements (effective 1 January 2013)

IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor.

IAS 28 – Associates and Joint Ventures (effective 1 January 2013)

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

6 SEGMENTAL REPORTING

The Group operates in four geographical locations which form the basis of the information evaluated by the Group's chief decision-maker. For management purposes the Group is organised and analysed by these locations. These locations are: South Africa, Nigeria, DRC and Malawi. Operations in South Africa relate to the general management, financing and administration of the Group.

	Note	Nigeria R	DRC R	Malawi R	South Africa R	Consolidated R
2013						
Other income		**–**	**87 537 316**	**–**	**35 685 044**	**123 222 360**
Investment income		**742 237**	**8 510 118**	**–**	**37 688 484**	**46 940 839**
Finance costs		**–**	**–**	**–**	**(23 837 213)**	**(23 837 213)**
Other operating expenses		**(1 577 049)**	**(130 320 152)**	**–**	**(43 728 892)**	**(175 626 093)**
Taxation		**(33 713)**	**(32 628 727)**	**–**	**(8 122 869)**	**(40 785 309)**
Loss for the year from continuing operations		**(868 525)**	**(66 901 445)**	**–**	**(2 315 446)**	**(70 085 416)**
Loss from discontinued operation	12					**(1 526 959)**
Loss for the year						**(71 612 375)**
Segment assets – non-current		**87 596 152**	**255 836 529**	**896 740**	**190 727 709**	**535 057 130**
Segment assets – current		**89 139 856**	**58 510**	**–**	**93 302 235**	**182 500 601**
Segment liabilities – non-current		**–**	**(72 588 101)**	**–**	**–**	**(72 588 101)**
Segment liabilities – current		**(44 199 000)**	**(75 592 235)**	**–**	**(161 726 722)**	**(281 517 957)**

	Nigeria R	DRC R	Malawi R	South Africa R	Consolidated R
2012					
Other income	–	235 131 603	–	13 481 039	248 612 642
Investment income	–	13 411 635	–	16 044 298	29 455 933
Finance costs	–	–	–	(44 402 672)	(44 402 672)
Share-based payment expense	–	–	–	(8 891 216)	(8 891 216)
Other operating expenses	(5 983 357)	(124 436 680)	–	(31 570 682)	(161 990 719)
Taxation	–	(156 541 809)	–	(10 342 750)	(166 884 559)
Loss for the year from continuing operations	(5 983 357)	(32 435 251)	–	(65 681 983)	(104 100 591)
Profit from discontinued operation					2 791 163
Loss for the year					(101 309 428)
Segment assets – non-current	51 674 701	364 641 781	–	74 319 076	490 635 558
Segment assets – current	–	66 902	–	98 466 570	98 533 472
Segment liabilities – non-current	–	(105 304 059)	–	(1 065 972)	(106 370 031)
Segment liabilities – current	–	(10 247 550)	–	(35 282 153)	(45 529 703)

Business segments

The operations of the Group comprise one class of business, being oil and gas exploration and development.

	Notes	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
7 OPERATING (LOSS)/PROFIT					
Operating (loss)/profit for the year is stated after accounting for the following income/(expense) items:					
Profit/(loss) on the sale of exploration and evaluation assets		**71 693 375**	(83 446 480)	**–**	–
Provision for impairment	18, 21	**4 695 905**	–	**36 777 000**	–
(Losses)/gains on remeasurement of financial assets		**(129 912 403)**	219 138 297	**–**	–
Foreign exchange gains		**32 124 253**	6 179 190	**28 112 322**	1 923 174
Break fee received		**7 772 999**	–	**7 772 999**	–
Management fees (charged to subsidiaries)		**–**	–	**32 081 095**	–
Share-based payment expense	14	**–**	(8 891 216)	**–**	(8 891 216)
Corporate costs		**(4 620 289)**	(8 629 246)	**(4 620 289)**	(8 629 246)
Auditors' remuneration		**(4 022 695)**	(290 000)	**(4 022 695)**	(290 000)
Audit fees – current reporting period		**(1 400 000)**	(244 400)	**(1 400 000)**	(244 400)
Audit fees – previous reporting period		**(1 712 189)**	(45 600)	**(1 712 189)**	(45 600)
Other services		**(910 506)**	–	**(910 506)**	–
Employee benefit expense	11	**(15 874 546)**	(13 376 296)	**(15 874 546)**	(13 376 296)
Accounting fees		**(605 725)**	(260 000)	**(605 725)**	(260 000)
Consulting fees		**(3 734 259)**	(10 971 691)	**(3 734 259)**	(10 971 691)
Legal fees		**(4 125 246)**	(9 309 148)	**(3 426 575)**	(9 309 148)
Travel and accommodation		**(3 019 724)**	(3 381 041)	**(3 019 724)**	(3 381 041)
Bad debts written off		**(1 092 344)**	–	**(684 595)**	–
Depreciation		**(481 841)**	(1 000 116)	**(481 841)**	(1 000 116)
Property, plant and equipment		**(458 732)**	(1 000 116)	**(458 732)**	(1 000 116)
Other intangible assets		**(23 109)**	–	**(23 109)**	–
Rentals – premises		**(1 103 621)**	(564 101)	**(1 103 621)**	(564 101)
Broker fees		**(1 205 393)**	(89 552)	**(1 205 393)**	(89 552)
8 INVESTMENT INCOME					
Dividend income					
Subsidiaries – foreign		**–**	–	**24 573 794**	51 237 750
Interest income					
Interest receivable – loans		**37 586 732**	15 574 822	**37 586 732**	15 574 822
Interest receivable – Group companies		**–**	–	**6 754 619**	–
Interest received – cash and cash equivalents		**843 989**	455 975	**101 752**	455 975
Imputed interest on financial assets		**8 510 118**	13 425 136	**–**	–
		46 940 839	29 455 933	**44 443 103**	16 030 797
		46 940 839	29 455 933	**69 016 897**	67 268 547
9 FINANCE COSTS					
Cash and cash equivalents		**–**	2 837	**–**	2 837
South African Revenue Services		**–**	279 041	**–**	279 041
Finance leases		**–**	3 008	**–**	3 008
Cash settlement of equity conversion		**–**	44 025 981	**–**	44 025 981
Discounting of financial asset	19	**18 773 246**	–	**18 773 246**	–
Interest payable to financial institutions		**5 063 967**	91 805	**5 063 967**	91 805
		23 837 213	44 402 672	**23 837 213**	44 402 672

FINANCIALS

		Note	Group 2013 R	Group 2012* R	Company 2013 R	Company 2012 R
10	**TAXATION**					
	Major components of the tax expense are detailed below:					
	Current					
	Foreign taxes		**(8 122 869)**	(10 247 550)	**(8 122 869)**	(10 247 550)
	Foreign estimated penalties		**(36 891 180)**	(10 247 550)	**–**	–
	Foreign capital gains tax		**(28 487 218)**	(40 990 200)	**–**	–
			(73 501 267)	(61 485 300)	**(8 122 869)**	(10 247 550)
	Deferred					
	Arising from the estimated future contingent consideration receivable	24	**32 715 958**	(105 304 059)	**–**	–
	Arising from the revaluation of property, plant and equipment		**–**	(95 200)	**–**	(95 200)
			(40 785 309)	(166 884 559)	**(8 122 869)**	(10 342 750)
	Reconciliation of the tax expense					
	Reconciliation between applicable tax rate and average effective tax rate:		**%**	%	**%**	%
	Applicable tax rate		**28.00**	28.00	**28.00**	28.00
	Permanent differences		**(9.34)**	(5.73)	**24.87**	(5.73)
	Capital gains tax		**(4.07)**	–	**2.64**	–
	Foreign taxes – subsidiaries		**(238.43)**	–	**17.12**	–
	Deferred tax asset not recognised		**91.54**	(23.53)	**(55.51)**	(23.53)
	Average effective tax rate		**(132.30)**	(1.26)	**17.12**	(1.26)
	Tax losses for which no deferred tax asset has been recognised		**6 702 822**	81 009 937	**6 702 822**	81 009 937

** Taxation numbers for 2012 have been restated to reflect the change in accounting policy as detailed in note 3.*

		Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
11	**EMPLOYEE BENEFIT EXPENSE**				
	Salaries and wages	**15 744 367**	13 175 389	**15 744 367**	13 175 389
	Pension costs – defined contribution plans	**130 178**	200 907	**130 178**	200 907
	Total	**15 874 545**	13 376 296	**15 874 545**	13 376 296

Details of individual director's emoluments and share options are set out on pages 40 and 41 of this report.

12 DISCONTINUED OPERATION

The Greenhills manganese processing plant ("the plant") was sold on 1 October 2012 and met the criteria for a discontinued operation in terms of IFRS 5.32. The plant was not a discontinued operation or classified as held for sale at 29 February 2012 as management had not committed to a plan to dispose of the plant. The comparative statements of comprehensive income have been re-presented to show the discontinued operation separately from continuing operations. The Board committed to a plan to sell the plant early in 2012 following a strategic decision to focus the Group's efforts and resources on the core oil and gas business.

Group and Company	Note	2013 R	2012 R
Results of discontinued operation			
Revenue		**9 882 587**	37 172 586
Cost of sales		**(7 261 686)**	(26 569 161)
Gross profit		**2 620 901**	10 603 425
Operating expenses		**(4 147 860)**	(7 812 262)
(Loss)/profit for the year		**(1 526 959)**	2 791 163
Basic (loss)/earnings per share (cents)	28	**(0.17)**	0.39
Diluted (loss)/earnings per share (cents)	28	**(0.17)**	0.39
Cash flows used in discontinued operations			
Net cash used in operating activities		**(322 989)**	(1 015 228)
The Greenhills operation was sold for R7 million, payable as follows:			R
1 October 2013			1 000 000
1 October 2014			2 000 000
1 October 2015			2 000 000
1 October 2016			2 000 000
Total consideration			7 000 000
The present value of these future cash receipts is R5 647 200 and is included under other financial assets (note 19).			

13 OTHER COMPREHENSIVE LOSS

	Gross R	Tax R	Net R
Group and Company			
Components of comprehensive loss – 2013			
Movements on revaluation			
Release of revaluation reserve on impairment of property, plant and equipment	**(1 045 359)**	**–**	**(1 045 359)**
Group and Company			
Components of other comprehensive loss – 2012			
Movements on revaluation			
Release of revaluation reserve on depreciation of property, plant and equipment	(340 000)	95 200	(244 800)

14 SHARE-BASED PAYMENTS

The Group operates a share option scheme for directors and employees of the Group. Options are granted at the discretion of the Nomination and Remuneration Committee taking into account various factors that promote improved performance within the Group. Options are issued at the 15-day volume weighted average price per share on the JSE on the grant date. The options expire after 10 years if they remain unexercised and are forfeited if the director or employee leaves the Group, except at the discretion of the Board. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Details of share options outstanding during the year are as follows:

	2013		2012	
Group and Company	**Number of share options**	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
At 1 March	**51 817 666**	**0.72**	51 817 666	0.72
Forfeited during the year	**(2 500 000)**	**0.40**	–	–
At 28/29 February	**49 317 666**	**0.74**	51 817 666	0.72
Exercisable at 28/29 February	**49 317 666**		49 201 455	

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	**Expiry date**	**Exercise price (cents)**	**Number of share options 2013**	2012
28 November 2008	27 November 2018	0.82	**41 986 136**	41 986 136
8 July 2010	7 July 2020	0.29	**7 331 530**	9 831 530
			49 317 666	51 817 666

No share options were granted during the year (2012: 8 891 216). The Group uses the traditional Black-Scholes model for valuing share options.

There were no equity-settled share-based payments in the current year. Equity-settled share-based transactions that occurred during the prior year are detailed below:

Date	**Nature of transaction**	**Number of shares issued**	**Issue price R**	**Fair value R**
2012				
31 March 2011	Call options issued to Rencap in terms of a facility agreement	12 021 122	0.74	8 891 216
4 April 2011	Shares issued to Rencap *in lieu* of fees	796 577	2.16	1 720 606
8 May 2011	Shares issued to directors for the successful admission of the Company to AIM	9 042 215	2.14	19 350 340
		21 859 914		29 962 162

	Group and Company	Buildings R	Plant and equipment R	Furniture and fittings R	Motor vehicles R	Computer equipment R	Mining claims R	Total R
15a	**PROPERTY, PLANT AND EQUIPMENT**							
	Cost							
	At 1 March 2011	5 369 960	1 892 737	–	340 000	19 350	18 000	7 640 047
	Additions	–	–	129 867	119 219	255 123	–	504 209
	At 29 February 2012	5 369 960	1 892 737	129 867	459 219	274 473	18 000	8 144 256
	At 1 March 2012	**5 369 960**	**1 892 737**	**129 867**	**459 219**	**274 473**	**18 000**	**8 144 256**
	Additions	**–**	**–**	**8 200**	**–**	**–**	**–**	**8 200**
	Disposals	**(5 369 960)**	**(1 892 737)**	**–**	**(340 000)**	**–**	**(18 000)**	**(7 620 697)**
	At 28 February 2013	**–**	**–**	**138 067**	**119 219**	**274 473**	**–**	**531 759**
	Accumulated depreciation and impairment							
	At 1 March 2011	671 185	250 144	–	68 000	6 449	–	995 778
	Depreciation	643 194	227 315	11 650	74 324	43 633	–	1 000 116
	At 29 February 2012	1 314 379	477 459	11 650	142 324	50 082	–	1 995 894
	At 1 March 2012	**1 314 379**	**477 459**	**11 650**	**142 324**	**50 082**	**–**	**1 995 894**
	Depreciation	**228 039**	**74 442**	**21 758**	**47 939**	**86 554**	**–**	**458 732**
	Impairment	**493 458**	**551 901**	**–**	**–**	**–**	**–**	**1 045 359**
	Disposals	**(2 035 876)**	**(1 103 802)**	**–**	**(145 556)**	**–**	**–**	**(3 285 234)**
	At 28 February 2013	**–**	**–**	**33 408**	**44 707**	**136 636**	**–**	**214 751**
	Net book value							
	At 1 March 2011	4 698 775	1 642 593	–	272 000	12 901	18 000	6 644 269
	At 29 February 2012	4 055 581	1 415 278	118 217	316 895	224 391	18 000	6 148 362
	At 28 February 2013	**–**	**–**	**104 659**	**74 512**	**137 837**	**–**	**317 008**

Based on the assessment done at 28 February 2013, there is no change in the useful lives of the assets above. No assets are held as security for the Group's borrowings.

Property, plant and equipment was impaired during the year to write-down the carrying value of buildings and plant and equipment on disposal, to fair value less costs to sell. The impairment loss was recognised in other comprehensive income as a reduction in the revaluation reserve.

		Computer software R
15b	**OTHER INTANGIBLE ASSETS**	
	Group and Company	
	Cost	
	At 1 March 2012	–
	Additions	184 869
	At 28 February 2013	**184 869**
	Amortisation	
	At 1 March 2012	–
	Amortisation	(23 109)
	At 28 February 2013	**(23 109)**
	Net book value	
	At 28 February 2013	**161 760**

FINANCIALS

16 EXPLORATION AND EVALUATION ASSETS

Group	2013 Cost R	2013 Accumulated amortisation R	2013 Carrying value R	2012* Cost R	2012* Accumulated amortisation R	2012* Carrying value R
Exploration and evaluation assets	**162 859 167**	**–**	**162 859 167**	153 056 333	–	153 056 333

Reconciliation of exploration and evaluation assets – 2013

	Opening balance R	Additions R	Adjustments R	Disposals R	Total R
Block III DRC	**101 381 633**	**–**	**–**	**(27 015 358)**	**74 366 275**
OPL 281 Nigeria	**47 712 172**	**–**	**(3 639 250)**	**–**	**44 072 922**
OPL 233 Nigeria	**3 962 528**	**42 642 598**	**(3 081 896)**	**–**	**43 523 230**
Other	**–**	**896 740**	**–**	**–**	**896 740**
	153 056 333	**43 539 338**	**(6 721 146)**	**(27 015 358)**	**162 859 167**
Reconciliation of exploration and evaluation assets – 2012*					
Block III DRC	342 967 267	508 907	–	(242 094 541)	101 381 633
OPL 281 Nigeria	47 712 172	–	–	–	47 712 172
OPL 233 Nigeria	3 962 528	–	–	–	3 962 528
	394 641 967	508 907	–	(242 094 541)	153 056 333

Company	2013 Cost R	2013 Accumulated amortisation R	2013 Carrying value R
Exploration and evaluation asset	**896 740**		**896 740**

Reconciliation of exploration and evaluation assets – 2013

	Opening balance R	Additions R	Adjustments R	Disposals R	Total R
Other	**–**	**896 740**	**–**	**–**	**896 740**

** Restated as disclosed in note 3.*

As at 28 February 2013, R7.5 million of exploration expenditures have been capitalised in respect of OPL 233. These expenditures relate to the Group's share of costs under the Production Sharing Agreement with respective partners. Additions also include R0.9 million (US$100 000) in respect of the Malawi Block 1 licence. During the year, the Group capitalised borrowing costs amounting to R35.1 million (2012: nil) in respect of the OPL233 exploration and evaluation asset. Specific borrowings were acquired to fund the OPL233 asset at an interest rate of 21% per annum (compounded) and fees totalling $3.4 million, and were subsequently refinanced at an interest rate of 10% per month (Refer to note 26).

On 12 March 2012, Semliki disposed of a 6.66% (2012: 60.00%) interest in Block III for a cash consideration of R76.0 million (2012: R143.5 million) and an undiscounted future contingent consideration amounting to R99.4 million ($11.3 million) (2012: R700.4 million ($79,2 million)). At 28 February 2013 R26.8 million (2012: R219.1 million) has been recognised in respect of this contingent consideration. The disposal resulted in the derecognition of a portion of the exploration and evaluation asset with a carrying value of R31.0 million (2012: R242.1 million) and the recognition of a profit on disposal of R71.7 million (2012: loss of R83.4 million). Refer to note 19 for details on the contingent consideration. Assumptions on the time it will take to develop the asset are detailed in note 19.

Adjustments to the OPL 233 and OPL 281 assets relate to promote fees. These fees will now be recovered from EER and are included in amounts due from EER in other financial assets (note 19).

The effect of the change in accounting policy on exploration and evaluation assets is given in note 3.

An overview of the Group's exploration and evaluation assets is given on pages 6 to 10 of the integrated annual report.

17 INVESTMENTS IN SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, percentage interest and country of registration, is given below:

Name of company	Country of registration	Percentage holding 2013 %	Percentage holding 2012 %	Carrying amount 2013 R	Carrying amount 2012 R
Directly held:					
SacOil (Proprietary) Limited	RSA	**50**	50	**19 818 125**	19 818 125
Pioneer Coal (Proprietary) Limited	RSA	**100**	100	**318 292**	318 292
Baltimore Manganese Mine (Proprietary) Limited	RSA	**100**	100	**1**	1
RDK Mining (Proprietary) Limited	RSA	**100**	100	**24 591 370**	100
Bushveld Pioneer (Proprietary) Limited	RSA	**100**	100	**100**	100
Semliki Energy SPRL	DRC	**–**	50	**–**	17 476
SacOil 141 Nigeria Limited	Nigeria	**100**	100	**561**	561
SacOil 233 Nigeria Limited	Nigeria	**100**	100	**561**	561
SacOil 281 Nigeria Limited	Nigeria	**100**	100	**561**	561
				44 729 571	20 155 777
Indirectly held:					
Semliki Energy SPRL	DRC	**68**	32	**24 591 270**	–

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
18 LOANS TO GROUP COMPANIES				
Loan to Group companies:				
SacOil 141 Nigeria Limited[1]	**–**	–	**933 776**	793 044
SacOil 233 Nigeria Limited[2]	**–**	–	**114 454 749**	5 809 960
SacOil 281 Nigeria Limited[2]	**–**	–	**74 661 448**	51 048 412
Semliki Energy SPRL[1]	**–**	–	**22 099 499**	19 021 856
Baltimore Manganese Mine (Proprietary) Limited[3]	**–**	–	**450**	450
Bushveld Pioneer (Proprietary) Limited[3]	**–**	–	**450**	450
	–	–	**212 150 372**	76 674 172
Less: Provision for impairment[4]	**–**	–	**(32 081 095)**	–
	–	–	**180 069 277**	76 674 172
Loan from Group company:				
Pioneer Coal (Proprietary) Limited[3]	**–**	–	**(318 292)**	–
	–	–	**179 750 985**	76 674 172

[1] *These loans are interest free, unsecured and have no fixed repayment terms. These loans are denominated in US dollars.*

[2] *The loans bear interest at 5.25% per annum (2012: nil), are unsecured and have no fixed repayment terms. These loans are denominated in US dollars.*

[3] *These loans are interest free, unsecured and have no fixed repayment terms. The loans are denominated in Rands.*

[4] *The Group has raised a provision against all the management fees charged to its Nigerian subsidiaries (note 30), pending the approval of the future remittance of the fees by the Nigerian Office of Technology and Promotion (NOTAP), as required by Nigerian exchange control regulations.*

The carrying values of loans to/from Group companies are equal to their fair values. All loans are not expected to be repaid within 12 months.

	Note	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
19 OTHER FINANCIAL ASSETS					
Non-current:					
Contingent consideration[4]		**181 470 254**	263 260 148	**–**	–
Deferred consideration on disposal of Greenhills plant	12	**4 701 795**	–	**4 701 795**	–
Loan due from DIG[1]		**35 315 725**	1 929 982	**6 844 741**	1 929 982
Advance payment against future services[2]		**56 716 754**	–	**56 716 754**	–
Loan due from EER[3]		**93 514 667**	66 240 733	**93 514 667**	66 240 733
		371 719 195	331 430 863	**161 777 957**	68 170 715
Current:					
Loan due from EER[3]		**83 857 631**	–	**83 857 631**	–
Deferred consideration on disposal of Greenhills plant	12	**945 405**	–	**945 405**	–
		84 803 036	–	**84 803 036**	–
		456 522 231	331 430 863	**246 580 993**	68 170 715

[1] *The loan is interest free, unsecured and has no fixed repayment terms. The loan is denominated in Rands. This loan is not expected to be repaid in the next 12 months. The carrying value of the loan is equal to its fair value. The increase in the DIG loan reflects the taxes recoverable from DIG in respect of the capital gains tax payable by Semliki on the farm-out of the 6.67% interest in Block III, which transaction was initiated by and solely benefited DIG.*

[2] *Included in trade and other receivables at 29 February 2012 was an amount of R75.5 million relating to an advance against asset negotiation rights (note 21). During the current financial year the Company renegotiated the settlement of this advance and concluded an Acknowledgment of Debt agreement with Encha Energy, on 28 February 2013, in terms of which Encha Energy acknowledged its indebtedness to SacOil in the amount of R75.5 million.*

Encha Energy's acknowledgement of indebtedness is secured by a deed of suretyship (the "Suretyship") executed by Encha Group Limited ("Encha") in favour of SacOil on 28 February 2013 in terms of which Encha binds itself as surety for, and co-principal debtor with, Encha Energy for the payment obligations of Encha Energy to SacOil under the Acknowledgement of Debt agreement. Encha Energy has undertaken to effect repayment of the debt to SacOil, by no later than 29 February 2016. This has resulted in the re-classification of the financial asset as a long-term asset at 28 February 2013. As the future value of this asset is R75.5 million, the financial asset recognised at 28 February 2013 is R56.7 million, representing the present value of this future receivable. The discount amounting to R18.8 million, representing a discount rate of 10%, has been included in finance costs (note 9). The carrying value of the advance is equal to its fair value.

3 *The long-term loan bears interest at 25% per annum (on a compound basis) and is repayable in three equal annual instalments, the first such instalment becoming due 60 business days after first oil production by taking that proportion of EER's entitlement to petroleum that equals one-third of the outstanding capital plus interest accrued. The second and third instalments will become payable on the same principle from EER's subsequent entitlement to petroleum.*

The short-term loan bears interest at 25% per annum (on a compound basis) and was repayable by 31 May 2013. The loan is secured by a cession and pledge over Energy Equity Resources (Norway) Limited's shares in its subsidiary EER 233 Nigeria Limited which owns a 20% interest in OPL 233. Refer to note 33 for events that occurred after the reporting period in relation to the loan.

The carrying values of the loans approximate their fair values.

4 *The farm-in agreement between Semliki and Total provides for a cash payment by Total to Semliki upon the occurrence of certain future events ("contingent consideration"). As there is a contractual right to receive cash from Total, Semliki has recognised a financial asset in its statement of financial position. The asset was initially recognised at its fair value. Subsequently, the financial asset meets the definition of a loan and receivable and is accounted for at amortised cost taking into account interest revenue and currency movements. At each reporting period SacOil revises its estimate of receipts from the financial asset in line with the requirements of IAS 39. Included in the statement of comprehensive income is a re-measurement loss of R129.9 million (2012: nil) representing the write-down of future expected cash flows from the contingent consideration for the Block III Farm-outs in March 2011 and March 2012. The write-down was necessitated by the change in timelines impacting the receipt of the contingent consideration and is reflective of the time value of money. At 28 February 2013 the carrying value and fair value of the financial asset are R181.5 million (2012: R263.3 million). A deferred tax credit amounting to R32.7 million (2012: charge of R105.3 million) was recognised in the statement of comprehensive income in relation to this contingent consideration. The assumptions used to measure the contingent consideration are detailed below:*

19 OTHER FINANCIAL ASSETS (continued)

Probability of exploration success (single well)	*26%*
Probability of at least one success from two wells	*45%*
Probability of successful completion, given exploration success	*89%*
Discount rate	*10%*
First investment date ("FID")	*28 February 2018*
First oil date ("FOD")	*28 February 2022*
Valuation date	*28 February 2013*
First contingent consideration	
FID	*$42 549 000*
FOD	*$36 680 000*
Second contingent consideration	
FID	*$4 635 000*
FOD	*$6 660 000*

Should the probability factors applied to the valuation model be increased or decreased by 10%, all other variables held constant, post-tax loss would have been R69 819 423 lower and R42 131 103 higher, respectively.

The carrying value of the contingent consideration is equal to its fair value.

None of the above financial assets are past due.

	Group		Company	
	2013 R	2012 R	**2013 R**	2012 R
20 INVENTORIES				
Raw materials	–	472 117	–	472 117
Product in process	–	352 531	–	352 531
Engineering stock	–	1 129 899	–	1 129 899
Finished product	–	585 584	–	585 584
	–	2 540 131	–	2 540 131
21 TRADE AND OTHER RECEIVABLES				
Trade receivables	–	3 646 478	–	3 645 373
Other financial assets[2]	–	75 490 000	–	75 490 000
Value-added tax	**3 488 394**	1 611 041	**3 488 038**	1 611 041
Other receivables[1]	**4 872 660**	4 471 524	**4 871 559**	4 454 048
	8 361 054	85 219 043	**8 359 597**	85 200 462
Less: Provision for impairment[1]	**(4 695 905)**	–	**(4 695 905)**	–
	3 665 149	85 219 043	**3 663 692**	85 200 462

[1] At 28 February 2013, other receivables included an amount of R4.4 million (2012: R4.4 million) relating to employee taxes recoverable from employees of the Company by virtue of their service agreements. An administrative oversight was reported and rectified in the prior year in respect of the non-payment of these taxes to SARS. A provision for impairment has been recognised against this receivable.
[2] Details relating to the reclassification of this financial asset are included in note 19.

The carrying amounts of all trade and other receivables are equal to their fair values. All trade and other receivables are denominated in Rand.

All classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables mentioned above. The Group does not hold collateral as security for receivables.

	Group		Company	
	2013 R	2012 R	**2013 R**	2012 R
22 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**4 677 192**	3 137 098	**4 488 103**	2 952 940
Short-term deposits	**215 368**	7 637 200	**215 368**	7 637 200
	4 892 560	10 774 298	**4 703 471**	10 590 140
Restricted cash	**89 139 856**	–	–	–
	94 032 416	10 774 298	**4 703 471**	10 590 140

Restricted cash comprises the cash collateral of US$10 million (2012: nil) paid to Ecobank to secure the performance bond on OPL 233. The cash is held in the bank account of SacOil's wholly-owned subsidiary, SacOil 233 Nigeria Limited. The remainder of the performance bond is secured by a first ranking legal charge over SacOil's investment in SacOil 233 Nigeria Limited.

		2013 R	2012 R
23	**STATED CAPITAL AND RESERVES**		
	Group and Company		
	Stated capital		
	Authorised		
	Number of ordinary shares with no par value	**10 000 000 000**	10 000 000 000
	Allotted equity share capital		
	As at 1 March	**486 184 423**	374 029 488
	Issued during the year for cash	**–**	80 000 000
	Non-cash shares issued	**47 987 700**	32 154 935
	As at 28/29 February	**534 172 123**	486 184 423
	Reconciliation of number of shares issued:		
	Reported as at 1 March	**832 225 699**	674 090 410
	Issued during the year for cash	**–**	123 051 410
	Non-cash shares issued	**121 115 092**	35 083 879
	As at 28/29 February	**953 340 791**	832 225 699

Non-cash shares issued in the current year comprise:

Date	Nature of transaction	Number of shares issued	Issue price R	Fair value R
2013				
23 March 2012	Yorkville – specific issue for cash	**29 328 257**	**0.43**	**12 628 000**
4 May 2012	Yorkville – specific issue for cash	**32 135 560**	**0.49**	**15 815 400**
9 July 2012	Yorkville – specific issue for cash	**24 578 863**	**0.34**	**8 328 300**
13 November 2012	Yorkville – specific issue for cash	**35 072 412**	**0.32**	**11 216 000**
		121 115 092		**47 987 700**
2012				
4 April 2011	Shares issued to Rencap *in lieu* of fees	796 577	2.16	1 720 606
8 May 2011	Shares issued to directors for the successful admission of the Company to AIM	9 042 215	2.14	19 350 340
13 December 2011	Equity settlement of Yorkville loan	14 318 181	0.44	6 300 000
9 February 2012	Equity settlement of Yorkville loan	10 926 906	0.44	4 783 989
		35 083 879		32 154 935

	2013 R	2012 R
Revaluation reserve		
At 1 March	1 810 947	2 055 747
Release of revaluation reserve on impairment or depreciation of property, plant and equipment	(1 045 359)	(244 800)
Transfer on disposal of assets	(765 588)	–
At 28/29 February	–	1 810 947
Share-based payment reserve		
At 1 March	27 932 584	27 932 584
Options issued	–	8 891 216
Options lapsed	(1 251 115)	(8 891 216)
At 28/29 February	26 681 469	27 932 584
Total reserves	26 681 469	29 743 531

Nature and purpose of reserves

Revaluation reserve

The revaluation reserve was used to record increases in fair value of plant and equipment and decreases relating to the depreciation or impairment of the fair value gain. Plant and equipment associated with this reserve was disposed of during the year resulting in the transfer of the reserve to accumulated loss.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. This reserve is also used to recognise the value of equity-settled share-based payment transactions with third parties. These transactions are disclosed in note 14.

	Note	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
24 DEFERRED TAX					
Deferred liability					
Contingent consideration relating to the sale of exploration and evaluation assets		**(72 588 101)**	(105 304 059)	**–**	–
The gross movement on the deferred income tax account is as follows:					
At 1 March		**(105 304 059)**	–	**–**	–
Contingent consideration relating to the sale of exploration and evaluation assets	10	**32 715 958**	(105 304 059)	**–**	–
At 28/29 February		**(72 588 101)**	(105 304 059)	**–**	–
Unrecognised deferred tax asset					
Unused tax losses not recognised as deferred tax assets		**6 702 822**	81 009 937	**6 702 822**	81 009 937

25 PROVISIONS

Group and Company Reconciliation of provisions – 2013	Opening balance	Additions	Disposals	Total
Provision for decommissioning	**1 065 972**	**60 000**	**(1 125 972)**	**–**
Reconciliation of provisions – 2012				
Provision for decommissioning	945 972	120 000	–	1 065 972

The provision for decommissioning represented the estimated cost of restoring site damage after the commencement of mining activities at the Greenhills plant. The plant was disposed of on 1 October 2012 as detailed in note 12. Decommissioning costs in an amount of R60 000, representing an increase in the provision, were charged to operating expenses prior to this disposal. In terms of an environmental evaluation conducted the restoration liability was estimated at R1.6 million.

	Group 2013 R	Group 2012* R	Company 2013 R	Company 2012 R
26 OTHER FINANCIAL LIABILITIES				
Yorkville Advisors LLP	**–**	12 496 195	**–**	12 496 195
Gairloch Limited[1]	**128 978 015**	–	**128 978 015**	–
Energy Equity Resources (Norway) Limited[2]	**44 199 000**	–	**–**	–
Nigdel United Oil Company Limited[3]	**2 397 812**	–	**2 397 812**	–
	175 574 827	12 496 195	**131 375 827**	12 496 195

** Restated as disclosed in note 3.*

[1] *On 28 December 2012, the Company entered into a series of agreements that novated the loan from Renaissance BJM Securities (Proprietary) Limited ("Rencap") to Gairloch Limited ("Gairloch"). The Rencap loan was raised during April 2012 to part fund the R79.4 million (US$10 million) cash collateral requirement for posting the performance bond on OPL 233. The loan novated to Gairloch was R96.0 million (US$11.25 million) and bears interest at 10% per month. The loan is denominated in US dollars, is repayable by 31 December 2013 and is secured by SacOil's shares in its subsidiary RDK Mining which owns a 68% interest in Semliki Energy SPRL, the holder of an 18.34% interest in Block III. Other loans obtained from Gairloch amounting to R13.4 million (US$1.6 million) bear interest at 8% and 10% per month, respectively, and are unsecured. The loans were repayable on 9 March 2013 and 28 April 2013. Refer to note 33 for events that occurred after the reporting period in relation to these loans.*

[2] *The EER liability relates to EER's 50% share of the R89.1 million (US$10 million) cash collateral, exclusive of interest, held in the bank account of SacOil's wholly-owned subsidiary, SacOil 233 Nigeria Limited, as disclosed in note 22. There are no repayment terms for this liability as the cash collateral will be utilised to fund the work programme on OPL 233.*

[3] *Amounts payable to Nigdel United Oil Company Limited comprise the Group's share of costs related to exploration activities covered by the Production Sharing Agreement.*

	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
27 TRADE AND OTHER PAYABLES				
Trade payables	**4 397 613**	1 871 313	**4 397 613**	1 871 313
Accruals	**2 722 655**	5 488 599	**2 722 655**	5 806 941
Other payables	**4 860 207**	5 178 496	**4 860 256**	5 178 494
	11 980 475	12 538 408	**11 980 524**	12 856 748

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

	Group 2013 R	Group 2012 R
28 (LOSS)/EARNINGS PER SHARE		
From continuing and discontinued operations		
Basic (cents)	**(6.10)**	(14.12)
Diluted (cents)	**(6.09)**	(14.04)
From discontinued operation		
Basic (cents)	**(0.17)**	0.39
Diluted (cents)	**(0.17)**	0.39
From continuing operations		
Basic (cents)	**(5.93)**	(14.51)
Diluted (cents)	**(5.93)**	(14.43)
Loss for the year used in the calculation of the basic and diluted loss per share from continuing operations and discontinued operation	**(55 627 404)**	(101 294 322)
Loss/(profit) for the year from discontinued operation	**1 526 959**	(2 791 163)
Loss used in the calculation of basic and diluted loss per share from continuing operations	**(54 100 445)**	(104 085 485)
Weighted average number of ordinary shares used in the calculation of basic loss per share	**912 157 573**	717 411 053
Add: Dilutive share options	**540 006**	4 142 477
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**912 697 579**	721 553 530
Headline loss per share		
Basic (cents)	**(8.10)**	(5.02)
Diluted (cents)	**(8.10)**	(4.99)
Reconciliation of headline loss:		
Loss for the year from continuing operations and discontinued operation	**(55 627 404)**	(101 294 322)
Adjust for:		
(Profit)/loss on sale of exploration and evaluation assets attributable to equity holders of the parent	**(18 290 947)**	65 254 812
	(73 918 351)	(36 039 510)

	Note	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
29 CASH USED IN OPERATIONS					
(Loss)/profit before taxation		**(30 827 065)**	65 575 131	**47 444 685**	(43 984 148)
Adjustments for:					
Depreciation		**481 841**	660 117	**481 841**	660 117
(Profit)/loss on sale of assets		**(71 693 375)**	83 446 480	**–**	–
Management fees received		**–**	–	**(32 081 095)**	–
Foreign exchange gains		**(26 084 808)**	–	**(30 001 888)**	–
Provision for impairment		**4 695 905**	–	**36 777 000**	–
Financial asset at amortised cost		**129 912 403**	(246 688 928)	**–**	(11 557 325)
Dividends received	8	**–**	–	**(24 573 794)**	(51 237 750)
Interest received	8	**(46 940 839)**	(29 455 933)	**(44 443 103)**	(16 030 797)
Finance costs	9	**23 837 213**	44 402 672	**23 837 213**	44 402 672
Bad debts		**1 092 344**	–	**684 595**	–
Other non-cash items		**(9 101 278)**	(1 648 888)	**(9 101 278)**	–
Movements in provisions	25	**(1 065 972)**	120 000	**(1 065 972)**	120 000
Share-based payment expense	14	**–**	8 891 216	**–**	8 891 216
Equity-settled expenses	14	**–**	21 070 948	**–**	21 070 948
Changes in working capital:					
Decrease/(increase) in inventories		**2 540 131**	(131 655)	**2 540 132**	(131 655)
Decrease/(increase) in trade and other receivables		**4 994 415**	(78 901 197)	**4 977 290**	(78 891 891)
Increase/(decrease) in trade and other payables		**2 161**	(1 258 328)	**(316 130)**	(130 319)
		(18 156 924)	(133 918 365)	**(24 840 504)**	(126 818 932)

FINANCIALS

		Note	Group 2013 R	Group 2012 R	Company 2013 R	Company 2012 R
30	**RELATED PARTIES**					
	Related parties of the Group include entities detailed in note 18, joint operating partners, entities in which the Company directors hold directorships and key management. Key management include directors (executive and non-executive) and members of the executive committee.					
	The following transactions were carried out with related parties:					
(a)	Transactions with entities in which the Company directors hold directorships					
	Lonsa (Proprietary) Limited – fees for services by Robin Vela as executive director		–	7 254 166	–	7 254 166
	Johannes de Beer Incorporated – fees for services by Carina de Beer as executive director		–	2 912 500	–	2 912 500
			–	10 166 666	–	10 166 666
(b)	Transactions with Group companies					
	Management fees		–	–	**32 081 095**	–
	SacOil 233 Nigeria Limited		–	–	**17 365 882**	–
	SacOil 281 Nigeria Limited		–	–	**14 715 213**	–
	Interest income		–	–	**6 754 619**	–
	SacOil 233 Nigeria Limited		–	–	**3 569 200**	–
	SacOil 281 Nigeria Limited		–	–	**3 185 419**	–
			–	–	**38 835 714**	–
(c)	Transactions with joint venture partners					
	Fees and interest		**61 123 320**	274 930 519	**116 046 325**	11 670 371
(d)	Key management compensation					
	Non-executive directors:					
	Fees		**1 336 419**	1 159 846	**1 336 419**	1 159 846
	Executive directors:					
	Salaries		**3 675 000**	4 066 726	**3 675 000**	4 066 726
	Bonuses		–	3 850 000	–	3 850 000
	Share-based payments		–	21 850 340	–	21 850 340
			3 675 000	29 767 066	**3 675 000**	29 767 066
	Other key management:					
	Salaries		**5 057 500**	1 016 651	**5 057 500**	1 016 651
	Bonuses		**675 000**	–	**675 000**	–
			5 732 500	1 016 651	**5 732 500**	1 016 651
	Key management's interests in the issued share capital of the Company are detailed on page 28 of the integrated annual report.					
(e)	Year balances					
	Loans receivable from subsidiary	18	–	–	**212 150 372**	76 674 172
	Loan payable to subsidiary	18	–	–	**(318 292)**	–
	Loans and receivables from joint operating partners*		**450 875 030**	406 920 863	**240 933 794**	143 660 715

** Reflects the contingent consideration due from Total, the advance payment to Encha Energy and loans due from EER and DIG as disclosed in notes 19 and 21.*

	2013 R	2012 R
31 FINANCIAL INSTRUMENTS BY CATEGORY		
Group		
Loans and receivables		
Other financial assets	**456 522 231**	331 430 863
Trade receivables	**–**	79 136 478
Cash and cash equivalents	**94 032 416**	10 774 298
Total	**550 554 647**	421 341 639
Loans and borrowings		
Other financial liabilities	**175 574 827**	12 496 195
Trade payables	**7 120 268**	7 359 912
Total	**182 695 095**	19 856 107
Company		
Loans and receivables		
Loans to Group companies	**212 150 372**	76 674 172
Other financial assets	**246 580 994**	68 170 715
Trade receivables	**–**	79 135 373
Cash and cash equivalents	**4 703 471**	10 590 140
Total	**463 434 837**	234 570 400
Loans and borrowings		
Loan from Group company	**318 292**	–
Other financial liabilities	**131 375 827**	12 496 195
Trade payables	**7 120 268**	7 678 254
Total	**138 814 387**	20 174 449

The carrying values of the above financial instruments are equal to their fair values.

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets or liabilities. The Group's foreign currency exposures are managed by Group finance. Management is looking into the implementation of foreign currency hedging to manage foreign currency exposures within the Group.

At 28 February 2013, if the Rand had weakened or strengthened by 11% against the US dollar with all other variables held constant, Group post-tax loss for the year would have been R30.0 million (2012: R19.4 million) lower and R30.0 million (R17.6 million) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated financial assets (note 19), cash and cash equivalents (note 22) and borrowings (note 26).

At 28 February 2013, if the Rand had weakened or strengthened by 11% against the US dollar, with all other variables held constant, Company post-tax profit for the year would have been R28.4 million (2012: R17.1 million) higher and R28.4 million (2012: R17.1 million) lower, mainly as a result of foreign exchange gains and losses on the translation of US dollar denominated financial assets (note 19), US dollar denominated loans to Group companies (note 18) and borrowings (note 26).

Included in the statement of financial position are the following amounts denominated in currencies other than the Rand:

	2013 R	2012 R
Group		
US dollars		
Financial assets	**447 982 409**	404 990 881
Financial liabilities	**175 574 827**	12 496 195
Company		
US dollars		
Financial assets	**389 521 771**	218 404 005
Financial liabilities	**131 375 827**	12 496 195

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short-term borrowings and cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to source all borrowings at fixed interest rates, thereby eliminating cash flow interest rate risk. The Group analyses its interest rate exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. The scenarios are run only for liabilities that represent the major interest-bearing positions. Variations in interest rate have a minimal impact on the Group's cash and cash equivalents.

At 28 February 2013, if interest rates had strengthened or weakened by 10%, Group and Company post-tax profit for the year would have been R1.5 million (2012: R54 739) lower and R1.5 million (2012: R54 209) higher, mainly as a result of the Group's short-term borrowings included under other financial liabilities (note 26).

(iii) Price risk

The Group has no financial instruments exposed to price risk.

32 FINANCIAL RISK MANAGEMENT (continued)

32.1 Financial risk factors (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, including deposits with banks and financial institutions, the contingent and deferred considerations and loans to operating partners. For banks and financial institutions, only independently-rated parties with high credit ratings are accepted. The Group obtains security for all loans advanced to operating partners. The Group trades only with recognised and creditworthy third parties to minimise the risk of default on the contingent and deferred considerations.

As at 28 February 2013, management does not expect any losses from non-performance by counterparties. The Group's maximum exposure to credit risk at 28 February 2013 was R550.6 million (2012: R421.3 million). The Company's maximum exposure to credit risk at 28 February 2013 was R463.4 million (2012: R234.6 million).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed for the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	**R < 1 year**
At 28 February 2013	
Short-term borrowings	**203 195 102**
Trade and other payables (note 27)	**7 120 268**
Total	**210 315 370**
At 29 February 2012	
Short-term borrowings	12 496 195
Trade and other payables (note 27)	7 359 912
Total	19 856 107

Company	**R < 1 year**
At 28 February 2013	
Short-term borrowings	**158 996 103**
Loan from Group company (note 18)	**318 292**
Trade and other payables (note 27)	**7 120 268**
Total	**166 434 663**
At 29 February 2012	
Short-term borrowings	12 496 195
Trade and other payables (note 27)	7 678 254
Total	20 174 449

32 FINANCIAL RISK MANAGEMENT (continued)

32.2 Capital management

The Group manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. The Group's funding needs are met through a combination of debt and equity.

The capital structure of the Group consists of net debt, which includes financial liabilities after deducting cash and cash equivalents, and equity attributable to equity shareholders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

The Group monitors capital on the basis of the net debt ratio, that is, the ratio of net debt to net debt plus equity. The net debt ratios at 28 February 2013 and 29 February 2012 were as follows:

	2013	2012
Short and long-term financial liabilities (note 26)	**175 574 827**	12 496 195
Less: Cash and cash equivalents (note 22)	**(94 032 416)**	(10 774 298)
Net debt	**81 542 411**	1 721 897
Total equity	**363 451 673**	437 269 296
Total capital	**444 994 084**	438 991 193
Gearing ratio	**18%**	0%

The increase in net debt ratio during 2013 resulted primarily from the borrowings sourced to fund the cash collateral requirement for posting the performance bond on OPL 233.

33 EVENTS AFTER THE REPORTING PERIOD

The following event took place from the period 1 March 2013 to the date of this report:

Equity settlement of the Gairloch loans

Subsequent to the year-end, Gairloch Limited ("Gairloch") exercised its rights under the three loans agreements, to require SacOil to equity settle loans owed to Gairloch. On 12 September 2013 SacOil concluded an agreement with Gairloch for the conversion of debt to equity in SacOil. Under terms of this agreement debt totalling R238.5 million (US$24.1 million) will be converted into 883 449 144 new SacOil ordinary shares at R0.27 (US$0.0272876) per share. The share issue price represents a 4.6% discount to the volume weighted average traded price of the SacOil shares on the JSE over the 30 business days prior to the date of the suspension. Shareholders are referred to the announcement dated 12 September 2013 issued on SENS and RNS for further details on the loan conversion.

Rights Offer

Shareholders are advised that the Company intends to raise additional capital of up to R570 million by way of a renounceable rights offer of 2 111 111 111 SacOil shares at an issue price of R0.27 per share (the "Rights Offer"). The Rights Offer will be supported by one of the Company's largest shareholders, the Public Investment Corporation (SOC) Limited ("PIC"), to the extent of *circa* R329 million. The ratio of rights offered for existing SacOil shares will be in proportion to each shareholder's respective shareholding in the Company. Shareholders are referred to the announcement dated 12 September 2013 issued on SENS and RNS for further details on the Rights Offer.

Loan advanced to EERNL

The short-term loan due from EERNL, as disclosed in note 19, became due and payable on 31 May 2013. As at the date of this integrated annual report EERNL has not fulfilled its repayment obligations in respect of this loan. Discussions are in progress to agree a repayment schedule for this overdue amount. The Company is also considering its position in respect of the default provisions of the loan agreement underlying this receivable. The loan has not been impaired as the value of the security exceeds the carrying value of the loan. Refer to note 19 for details of the security provided by EERNL.

Acquisition of exploration licences

The Company announced on 9 May 2013 that its Botswana subsidiary, Transfer Holdings (Proprietary) Limited, had been advised by the Botswana Department of Mines that these exploration licences were duly approved and ready for collection. The petroleum exploration licences numbers 123/2013, 124/2013 and 125/2013 were awarded to Transfer Holdings (Proprietary) Limited on 29 April 2013. A further announcement in relation to these licences will be released in due course.

Suspension of trade in the Company's shares on the JSE and AIM

An application was made to the JSE and AIM for the trading of the Company's shares to be suspended on both exchanges following the resignations from the Board of two non-executive directors and the Chief Executive Officer as announced on SENS and RNS on 31 May 2013, at which point the Company did not have a fully constituted Board. Shareholders are further referred to the announcement issued on SENS and RNS on 12 September 2013, regarding the progress made in obtaining a lifting of the suspension on both the JSE and AIM.

34 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments – Group	R 2013	R 2012
Exploration and evaluation assets – work programme commitments – due within 12 months	**221 242 262**	–
Exploration and evaluation assets – work programme commitments – due within 13 – 28 months	**243 379 394**	–
Total	**464 621 656**	–
Contingent liabilities – Group		
Performance bond on OPL 233 issued by Ecobank in respect of OPL 233 exploration activities	**132 597 000**	–
Cost carry arrangement with Total	**20 411 689**	28 939 490
Farm-in and transaction fees on receipt of title to OPL 233	**115 801 380**	98 695 400
Farm-in and transaction fees on receipt of title to OPL 281	**128 177 100**	109 243 000
Total	**396 987 169**	236 877 890

Performance bond

In April 2012, the Group posted a $25 million performance bond to support the work programme on OPL 233. This performance bond is secured by a R89.1 million ($10 million) cash collateral as disclosed in note 22. The remainder of the performance bond, disclosed as a contingent liability, is secured by a first ranking legal charge over SacOil's investment in SacOil 233 Nigeria Limited.

Cost carry arrangement

The farm-in agreement between Semliki and Total provides for a carry of costs by Total on behalf of Semliki. Total will be entitled to recover these costs, being Semliki's share of the costs on Block III, plus interest, from future oil revenues. The contingency becomes probable when production of oil commences and will be raised in full at that point. Only at 28 February 2013 Total has incurred R20.4 million (2012: R28.9 million) of costs on behalf of Semliki. Should this liability be recognised, a corresponding increase in assets will be recognised, which, together with existing exploration and evaluation assets, will be recognised as development infrastructure assets (Refer to note 3.)

Farm-in and transaction fees

OPL 233

A farm-in fee of R93.7 million (2012: R79.9 million) (US$10.6 million) is due to Nigdel United Oil Company Limited upon the formal approval by the Nigerian government of the assignment of title to SacOil 233 Nigeria Limited in relation to OPL 233. A transaction fee of R22.1 million (2012: R18.8 million) (US$2.5 million) is due to Energy Equity Resources (Norway) Limited upon the receipt of title to OPL 233, pursuant to the provisions of the Master Joint Venture Agreement.

OPL 281

A farm-in fee of R106.1 million (2012: R90.4 million) (US$12 million) is due to Transnational Corporation of Nigeria Limited upon the formal approval by the Nigerian government of the assignment of title to SacOil 281 Nigeria Limited in relation to OPL 281. A transaction fee of R22.1 million (2012: R18.8 million) (US$2.5 million) is due to Energy Equity Resources (Norway) Limited upon the receipt of title to OPL 281, pursuant to the provisions of the Master Joint Venture Agreement.

35 GOING CONCERN

SacOil incurred a total comprehensive loss for the year ended 28 February 2013 of R72.7 million (2012: R101.6 million). The group continues to incur losses. The Company and Group are currently experiencing liquidity challenges.

As indicated in the Statement from the Board of Directors, on page 22 of the integrated annual report, the Board plans to recapitalise the Company by way of a renounceable rights offer for R570 million to be completed by 31 January 2014 ("the Rights Offer"). The Board also plans to equity settle the Gairloch Loans by 31 January 2014 under the terms of the Subscription and Settlement Agreement concluded with Gairloch on 12 September 2013 ("the Specific Issue). The completion of both transactions is dependent upon future material uncertain events which are discussed below. Furthermore, the Company's projected cash flows to 31 August 2014 include the following assumptions some of which are subject to material uncertainties as discussed in further detail below:

- A cash inflow from the loan receivable from Energy Equity Resources (Norway) Limited ("EERNL") of $22.5 million;
- Cash inflow arising from rights issue proceeds amounting to R570 million;
- Cash outflows from farm-in fees payable to Nigdel and Transcorp totalling $22.6 million the timing of which is uncertain;
- Cash outflows from seismic and operating costs for OPL233 amounting to $9.6 million; and
- Settlement of the full debt payable to Gairloch Limited by means of a conversion to capital rather than a settlement in cash.

35 GOING CONCERN (continued)

The features of these cash flows are further described below:

Rights offer and equity settlement of Gairloch loans

It is imperative that SacOil obtains shareholder approval for both the Rights Offer and Gairloch debt conversion to equity. In terms of section 41(3) of the Companies Act, as SacOil will be issuing shares with voting power exceeding 30% of the voting power of all the Company's shares immediately prior to both the Specific Issue and the Rights Offer, approval by way of a special resolution is also required from SacOil shareholders (the "Companies Act Resolution"). Both these transactions require at least a 75% vote in favour of the transactions.

Management has engaged with some of the Company's shareholders to determine the levels of support and appetite for the Rights Offer. To date, the Company has obtained support for 58% of the Rights Offer value, representing an irrevocable undertaking by the Public Investment Corporation ("PIC") to support the Rights Offer to the extent of circa R329 million. Although the outcome of the shareholders' approval and the extent of the subscription to the Rights Offer cannot be determined with certainty at this stage, the Board is reasonably confident that the approval of the Rights Offer will be successful. The less certain element to this is the extent to which shareholders will follow their rights giving rise to the raising of the full R570 million worth of capital. Furthermore, ongoing communications with various shareholders have demonstrated a general understanding of the immediate need to convert the Gairloch Loans which continue to accrue onerous finance charges. Again, the Board is reasonably confident that shareholders' approval for the equity settlement of the Gairloch Loans will be obtained because the Board believes that the key factors that have previously caused shareholders to vote against conversion have been addressed.

Loan receivable from EERNL

As noted in note 33, EERNL has not met its repayment obligations on the short term loan repayment, which became due and payable on 31 May 2013. The Company is in discussions with EERNL to renegotiate payment terms and is also considering its rights in terms of the default provisions underlying the loan agreement. It is uncertain at this stage whether EERNL will meet its repayment obligations on or before the proposed repayment date. Should non-payment of the short term loan continue, SacOil will consider enforcing the security provided by EERNL, being EERNL's shares in its subsidiary EER 233 Nigeria Limited which owns a 20% interest in OPL 233, through the disposal of this interest, to recover amounts owed.

Farm-in and transaction fees

The payment of farm-in and transaction fees is dependent upon the receipt of title to OPL233 and OPL 281. These fees are payable within 30 days of the receipt of title. As at the date of the release of this annual report, the Company has been unable to determine the likely timing of the receipt of title to both OPL233 and OPL 281 as these are subject to regulatory approvals not within the control of the company. The Board's current plan is to fund these fees from the proceeds of the Rights Offer. Should title be received prior to the completion of the Rights Offer, the Company would be unable to fund these fees in the ordinary course of business. It is management's intention to renegotiate the timing of settlement of the fees should title be received before funds are available.

OPL 233 work programme costs

The Company needs to fund $9.6 million of seismic and operating costs up to 31 January 2014. The current arrangement is that EERNL will fund these costs on behalf of SacOil, as a repayment mechanism for the amounts owed to SacOil. It is uncertain whether EERNL will honour these payment obligations given that EERNL did not meet its repayment obligations at 31 May 2013. Should EERNL continue to default, SacOil will consider enforcing the security provided by EERNL as noted above. SacOil would nevertheless in the interim be responsible to fund these costs in the event EERNL does not honour their commitment. SacOil currently does not have the funds available to make these payments.

The Board is however confident that the proposed conversion of the Gairloch debt to equity and the Rights issue will be approved by the shareholders, and that through this action SacOil will have appropriately addressed the material uncertainties with respect to going concern. It is on this basis that management have decided to prepare the financial statements on a going concern basis. In the interim SacOil needs to secure access to interim funding facilities to be able to pay for its daily operational costs. Management have sought to secure an interim overdraft facility with one of its Financiers. A facility of R6 million has been approved subject to the following suspensive conditions:

1) The conclusion of the Gairloch Subscription and Settlement Agreement confirming the conversion of the Gairloch debt to equity;
2) The PIC providing an irrevocable undertaking to support R329m of the rights offer (A condition which has been met); and
3) The company obtaining irrevocable undertakings from the requisite number of shareholders to vote in favour of the resolutions to give effect to the full Gairloch loan conversion and rights offer, including the whitewash resolution in relation to the PIC's holding.

These conditions give rise to material uncertainties which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SHAREHOLDER INFORMATION

Shareholder information
Company: SacOil Holdings Limited
Register date: 24 February 2013
Issued share capital: 953 340 791

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	602	22.06	248 523	0.03
1 001 – 10 000 shares	821	30.08	4 228 130	0.44
10 001 – 100 000 shares	954	34.96	36 734 194	3.85
100 001 – 1 000 000 shares	288	10.55	99 002 162	10.39
1 000 001 – 10 000 000 shares	52	1.91	190 427 426	19.97
10 000 001 shares and over	12	0.44	622 700 356	65.32
Totals	2 729	100.00	953 340 791	100.00
Distribution of shareholders				
Banks/Brokers	30	1.10	148 886 531	15.62
Close Corporations	44	1.61	47 956 378	5.03
Individuals	2 490	91.24	246 185 018	25.82
Insurance Company	1	0.04	81 163 097	8.51
Investment Companies	5	0.18	51 517 606	5.40
Mutual Funds	1	0.04	220 000	0.02
Nominees and Trusts	78	2.86	22 984 904	2.41
Other Corporations	27	0.99	2 862 583	0.30
Private Companies	44	1.61	118 862 625	12.47
Public Companies	8	0.29	74 095 085	7.77
Retirement Funds	1	0.04	158 606 964	16.65
Totals	2 729	100.00	953 340 791	100.00
Public/non-public shareholders				
Public shareholders	2 711	99.34	565 807 818	59.35
Non-public shareholders	18	0.66	387 532 973	40.65
Directors	3	0.11	19 901 806	2.09
Associates of the Company holdings	10	0.37	65 111 421	6.83
Strategic holdings	5	0.18	302 519 746	31.73
Totals	2 729	100.00	953 340 791	100.00
Beneficial shareholders holding 5% or more				
Encha Group Limited			197 020 828	20.67
Government Employees Pension Fund			158 606 964	16.64
Metropolitan			81 163 097	8.51
Totals			436 790 889	45.82

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of shareholders of the Company will be held on Friday, 29 November 2013 at 10:00 at 2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, to deal with such business as may lawfully be dealt with at the Annual General Meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Companies Act"), the Memorandum of Incorporation ("MOI") of the Company and the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

The record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company for the purpose of being entitled to attend and vote at the Annual General Meeting is Friday, 22 November 2013.

Annual General Meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate at the Annual General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

The consolidated audited annual financial statements of the Group (as approved by the Board of directors of the Company), including the Directors' report, the Audit Committee report and the external auditors' report for the year ended 28 February 2013, have been distributed as required and will be presented to shareholders.

The complete annual financial statements are set out on pages 44 to 80 of the integrated report.

1. ORDINARY RESOLUTION NUMBER 1

Confirmation of appointment of directors

It was resolved that shareholders confirm the following directors' appointments in terms of section 6(1)(7) of the Company's Memorandum of Incorporation:

1.1 Tito Mboweni.
1.2 Mzuvukile Maqetuka.
1.3 Stephanus Muller.
1.4 Vusi Pikoli.
1.5 Ignatius Sehoole.
1.6 Roger Rees.
1.7 Tariro Mudzimuirema.

The proposed confirmations detailed in 1.1 and 1.7 above constitute separate ordinary resolutions and will be considered by means of separate resolutions.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution."

2. ORDINARY RESOLUTION NUMBER 2

Re-appointment of external auditors

Resolved that shareholders authorise the Board to re-appoint Ernst & Young Inc., situated at Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, 2196, South Africa, as the independent external auditors and Iwan Grobler as the individual designated auditor of the Company for the ensuing year and to determine the remuneration of the auditors.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

3. ORDINARY RESOLUTION NUMBER 3

Election of Audit Committee members

Resolved that shareholders elect, each by way of a separate vote, the following, non-executive directors, as members of the SacOil Audit Committee subject to passing of ordinary resolution number 1, with effect from the end of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company:

3.1 Stephanus Muller (Chairman, independent non-executive director).
3.2 Ignatius Sehoole (non-executive director).
3.3 Mzuvukile Maqetuka (independent non-executive director).

Brief biographies of these directors offering themselves for election as members of the SacOil Audit and Risk committee are set out in the report on pages 16 and 17 of the integrated annual report.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

4. ORDINARY RESOLUTION NUMBER 4

Endorsement of SacOil's remuneration policy

Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors and the members of Board committees for their services as directors and members of committees), as set out in the integrated annual report on pages 34 and 39.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

5. ORDINARY RESOLUTION NUMBER 5

General authority to directors to allot and issue authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such ordinary shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements, when applicable, such authority to remain in force until the next Annual General Meeting."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

6. ORDINARY RESOLUTION NUMBER 6

General authority to issue shares for cash

"Resolved that, subject to the general authority proposed in terms of ordinary resolution number 5 above and the JSE Listings Requirements, 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 MOI of the Company, the JSE Listings Requirements, when applicable, subject to the following limitations:

- 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 Listings Requirements and not related parties, unless the JSE otherwise agrees;
- the number of ordinary shares issued for cash shall not in the aggregate in any one financial year exceed 15% 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 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 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 share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to the issue; 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% of the weighted average traded price on the JSE of those ordinary shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company."

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

7. ORDINARY RESOLUTION NUMBER 7

Authority to sign all required documents

"Resolved that, subject to the passing of the ordinary and special resolutions at the Annual General Meeting, any director of the Company or the Company Secretary shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary and special resolutions."

8. SPECIAL RESOLUTION NUMBER 1

General authority to acquire (repurchase) shares

"Resolved that the Company be and is hereby authorised by way of a general authority as contemplated in section 48 of the Companies Act and in terms of the JSE Listings Requirements, to acquire from time to time any or all of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company and the provisions of the Companies Act, when applicable and provided that:

- Any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- This general authority shall be valid until the earlier of the Company's next Annual General Meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of

the Company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;

- An announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- Acquisitions of ordinary shares in aggregate in any one financial year may not exceed 20% of the Company's ordinary issued share capital, as the case may be, as at the date of passing of this special resolution number 1;
- Ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares traded for the five business days immediately preceding the date the transaction. The JSE should be consulted for a ruling if the Company's securities have not traded in this five-business-day period;
- The Company has been given authority by its MOI;
- At any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- The Company and/or its subsidiaries undertake that they will not enter the market to so acquire the Company's shares until the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the JSE Listings Requirements;
- A resolution has been passed by the Board of directors confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity test and that since the test was done, there have been no material changes to the financial position of the Company; and
- The Company and/or its subsidiaries not acquiring any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service ("SENS") prior to the commencement of the prohibited period."

The directors undertake that they will not effect a general repurchase of shares as contemplated above unless the following can be met:

- o the Company and the Group would in the ordinary course of their business be able to pay their debts for a period of 12 months after the date of the notice of Annual General Meeting;
- o the consolidated assets of the Company and the Group would exceed the consolidated liabilities of the Company and the Group for a period of 12 months after the date of the notice of Annual General Meeting, respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the latest accounting policies used in the financial statements contained in the integrated annual report;
- o the issued share capital and reserves of the Company and the Group would be adequate for the purposes of the Company and the Group's business for a period of 12 months after the date of the notice of Annual General Meeting; and
- o the Company and the Group's working capital would be adequate for their requirements for a period of 12 months after the date of the notice of Annual General Meeting.

The JSE Listings Requirements require, in terms of Section 11.26, the following disclosures, which appear in the integrated annual report:

- Directors and management – refer to pages 16 to 19 of the integrated annual report.
- Major shareholders – refer to page 81 of the integrated annual report.
- Directors' interests in securities – refer to page 28 of the integrated annual report.
- Share capital of the Company – refer to note 23 on page 70 of the integrated annual report.

Litigation statement

In terms of Section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 16 to 19 of the integrated annual report of which this notice of the Annual General Meeting forms part, have disclosed on page 28 of the integrated report, legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 16 to 19 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice of Annual General Meeting.

The directors have no specific intention, at present, for the Company or its subsidiaries to acquire any of the Company's shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the Company and its shareholders.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire the shares issued by the Company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the Company general authority to acquire its own issued ordinary shares on such terms, conditions and at such amounts determined from time to time by the directors of the Company based on the limitations set out above.

Pursuant to and in terms of the JSE Listings Requirements, the directors of the Company hereby state:

- The directors of the Company have no specific intention to effect the provisions of special resolution number 1 but will, however, continually review this position having regard to prevailing circumstances.
- The intention of the Company and/or its subsidiaries is to utilise the general authority to repurchase; if at some future date the cash resources of the Company are in excess of its requirements.
- The method by which the Company and any of its subsidiaries intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

9. SPECIAL RESOLUTION NUMBER 2

Remuneration of non-executive directors

"Resolved that the Board and Committee fees for non-executive directors for the financial year ending 28 February 2014, as set out in the note below, be and are hereby authorised, in accordance with sections 66(8) – (9) of the Companies Act and that the Company may continue to pay directors' fees at the annual rates specified in the note below, for the period from 1 March 2014 until the Company's 2014 Annual General Meeting."

Name of director	Annual fee (paid monthly in arrears)
Tito Mboweni	R480 000
Vusi Pikoli	R300 000
Ignatius Sehoole	R300 000
Mzuvukile Maqetuka	R300 000
Gontse Moseneke	R300 000
Stephanus Muller	R300 000

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason and effect of special resolution number 2

The Companies Act requires shareholder approval of directors' fees prior to payment of such fees.

10. SPECIAL RESOLUTION NUMBER 3

Financial assistance in terms of sections 44 and 45 of the Companies Act

"Resolved that the Board of directors of the Company be and is hereby authorised subject to sections 44 and 45 of the Companies Act, the Company's MOI and the JSE Listings Requirements, to provide direct or indirect financial assistance to a director or prescribed officer of the Company or of a related or inter-related company, to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 3."

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason for and effect of special resolution number 3

The reason for and effect of the special resolution referred to above, is to permit the Company to provide direct or indirect financial assistance to the entities referred to above.

This notice constitutes notice in terms of section 45(5) of the Companies Act that the Board has passed the same resolution, which resolution will take effect on the passing of special resolution number 3 set out above.

Voting instructions

In terms of the Companies Act, any member entitled to attend and vote at the above Annual General Meeting may appoint one or more persons as proxy, to attend and speak and vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be deposited at the office of the transfer secretaries not later than 48 hours before the time fixed for the Annual General Meeting (excluding Saturdays, Sundays and gazetted South African public holidays).

If your SacOil ordinary shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant ("CSDP") or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the Annual General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard to abstain from voting.

Dematerialised shareholders whose ordinary shares are held in a nominee account must **not** complete the attached form of proxy. Unless you advise your CSDP or broker timeously in terms of the agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to attend the Annual General Meeting or send a proxy to represent you at the Annual General Meeting, your CSDP or broker will assume you do not wish to attend the Annual General Meeting or send a proxy. If you wish to attend the Annual General Meeting, your CSDP or broker will issue the necessary letter of representation to you to attend the Annual General Meeting.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to attend the Annual General Meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

Shareholder rights

It is requested that forms of proxy should be forwarded to reach the Company's transfer secretaries at the address given below by no later than 10:00 on Wednesday, 27 November 2013.

In terms of sections 63(2) and 63(3) of the Companies Act, shareholders or their proxies may participate at the Annual General Meeting by way of telephone conference call and, if they wish to do so:

- Must contact the Company Secretary (by email at the address melinda@fusioncorp.co.za) by no later than 10:00 on Wednesday, 27 November 2013 in order to obtain a pin number and dial-in details for that conference call;
- Will be required to provide reasonably satisfactory identification; and
- Will be billed separately by their own telephone service providers for their telephone call to participate at the Annual General Meeting.

Melinda Gous

By order of the Board

16 September 2013

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING AND PROPOSED RESOLUTIONS (continued)

1. CONFIRMATION OF APPOINTMENT OF DIRECTORS

Tito Mboweni, Vusi Pikoli, Ignatius Sehoole and Mzuvukile Maqetuka have been nominated as directors to the Board following requests from material shareholders of the Company. Stephanus Muller, Roger Rees and Tariro Mudzimuirema were nominated as directors by the Board.

2. RE-APPOINTMENT OF EXTERNAL AUDITOR

The Audit and Risk Committee considered and assessed the independence of the external auditor, Ernst & Young Inc., situated at Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, 2196, South Africa, in accordance with section 90 of the Companies Act. The Audit and Risk Committee were satisfied with Ernst & Young Inc.'s independence. Furthermore, the Audit and Risk Committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that Iwan Grobler, the reporting accountant and individual auditor, is accredited to appear on the JSE List of Accredited Auditors, in compliance with Section 22 of the JSE Listings Requirements. The Audit and Risk Committee nominated the re-appointment of Ernst & Young Inc. as registered auditor for the 2013/2014 financial year, with Iwan Grobler as the individual designated auditor of the Company for the ensuing year. The Board has accepted the recommendation of the Audit and Risk Committee subject to shareholder approval as required in terms of section 90(1) of the Companies Act.

The auditors will remain the appointed auditors until the conclusion of the next Annual General Meeting of the Company. The remuneration of the auditors shall be fixed by agreement with the Company.

3. ELECTION OF AUDIT COMMITTEE MEMBERS

In terms of section 94(2) of the Companies Act, the Company must elect an Audit Committee comprising at least three members. The Audit Committee is no longer a Committee of the Board, but a committee elected by the shareholders at each Annual General Meeting. The proposed members of the Audit Committee have experience in audit, accounting, economics, human resources, commerce and general industry, among others.

The Board confirms that Stephanus Muller and Mzuvukile Maqetuka are independent non-executive directors as contemplated in the King III Code of Governance Principles for South Africa and the JSE Listings Requirements. Each member of the Audit Committee of the Company is a suitably qualified and skilled director of the Company. The members of the committee are not involved in the day-to-day management of the business or have not been so involved at any time during the previous financial year. None of the members are a prescribed officer or full-time employee of the Company or another related or inter-related company, or have been such an officer or employee at any time during the previous three financial years. None of the members were a material supplier or customer of the Group.

4. ENDORSEMENT OF SACOIL'S REMUNERATION POLICY

The endorsement of SacOil's remuneration policy is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's remuneration policy in the remuneration of executive directors.

5. GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED ORDINARY SHARES

In terms of the Company's MOI, the Board may with the prior approval of the Company in general meeting, subject to the statutes and the approval of the JSE Listings Division (where necessary), issue authorised but unissued ordinary shares in the Company to such person or persons on such terms and conditions and with such rights or restrictions attached thereto as the directors may determine.

The existing general authority granted by the shareholders at the previous Annual General Meeting, will expire at the Annual General Meeting to be held on Friday, 29 November 2013, unless renewed. The authorities will be subject to the Companies Act and the JSE Listings Requirements. The aggregate number of ordinary shares able to be allotted and issued in terms of this authority is limited as set out in the respective resolution.

The directors request shareholder approval for the renewal of this authority as it would be advantageous for the business to make use of the authority if opportunities arise.

6. GENERAL AUTHORISATION TO ISSUE SHARES FOR CASH

This enables the directors to issue shares for cash subject to compliance with the Companies Act, the Company's MOI and the JSE Listings Requirements.

7. AUTHORITY TO SIGN ALL REQUIRED DOCUMENTS

This requests authority to be given to any director or the Company Secretary to sign such documents and execute such actions as will be required to register and give effect to the resolutions passed.

8. GENERAL AUTHORITY TO ACQUIRE (REPURCHASE) SHARES

This is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own shares, which general authority shall be valid until the earlier of the Company's next Annual General Meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that this general authority shall not extend beyond 15 months from the date of the passing of special resolution number 1.

9. REMUNERATION OF NON-EXECUTIVE DIRECTORS

In terms of sections 66(8) – (9) of the Companies Act, remuneration may only be paid to directors for their service as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a Company's MOI.

10. FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

This general authority would greatly assist the Company, *inter alia,* with making inter-company loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to members for approval which might impede the negotiations and add time and expense. If approved, this general authority will expire at the end of two years.

This general authority also authorises financial assistance to any of the Company's directors, or prescribed officers or to any other person who is a beneficiary of the share incentive scheme in order to facilitate their participation.

The Board must when considering such assistance either for the specific recipient, or generally for a category, ensure that:

- The Company will satisfy the solvency and liquidity test immediately after providing the financial assistance; and
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

FORM OF PROXY

SACOIL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1993/000460/06)
("SacOil" or "the Company")
ISIN: ZAE000127460 JSE Share Code: SCL AIM Share Code: SAC

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD AT 10:00 AT 2ND FLOOR, THE GABBA DIMENSION DATA CAMPUS, 57 SLOANE STREET, BRYANSTON, ON FRIDAY, 29 NOVEMBER 2013 – FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALISED ORDINARY SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

Holders of dematerialised ordinary shares, other than "own name" registration, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP to issue them with the necessary authorisation to attend the Annual General Meeting in person or provide their CSDP of broker with their voting instructions should they not wish to attend the Annual General Meeting in person but wish to be represented thereat.

I/We

(Please print)
of

(Address)
being the registered holder(s) of ordinary shares in the capital of the Company, do hereby appoint:

1. or failing him/her,

2. or failing him/her,

the Chairman of the Annual General Meeting, as my/our proxy to act on my/our behalf at the Annual General Meeting of the Company which will be held on Friday, 29 November 2013, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	Ordinary resolution number 1: Confirmation of appointment of directors			
	1.1 Tito Mboweni			
	1.2 Mzuvukile Maqetuka			
	1.3 Stephanus Muller			
	1.4 Vusi Pikoli			
	1.5 Ignatius Sehoole			
	1.6 Roger Rees			
	1.7 Tariro Mudzimuirema			
2.	Ordinary resolution number 2: Re-appointment of external auditors			
3.	Ordinary resolution number 3: Election of Audit Committee members			
	3.1 Stephanus Muller			
	3.2 Ignatius Sehoole			
	3.3 Mzuvukile Maqetuka			
4.	Ordinary resolution number 4: Endorsement of SacOil's remuneration policy			
5.	Ordinary resolution number 5: General authority to directors to allot and issue authorised but unissued ordinary shares			
6.	Ordinary resolution number 6: General authority to issue shares for cash			
7.	Ordinary resolution number 7: Authority to sign all required documents			
8.	Special resolution number 1: General authority to acquire (repurchase) shares			
9.	Special resolution number 2: Remuneration of non-executive directors			
10.	Special resolution number 3: Financial assistance in terms of sections 44 and 45 of the Companies Act			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he or she deems fit.

Signed at on 2013

Signature

Assisted by me (where applicable)

Please read the summary and notes on the reverse hereof.

SUMMARY AND NOTES TO FORM OF PROXY

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - o the relevant shareholder; or
  - o the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

NOTES TO FORM OF PROXY

1. An ordinary shareholder holding dematerialised shares by "own name" registration, or who holds shares that are not dematerialised, may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the Chairman of the Annual General Meeting. A proxy need not be a shareholder of the Company.
2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him or her bears to the aggregate amount of the nominal value of all the shares issued by the Company. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he or she deems fit in respect of the entire shareholder's votes exercisable thereat. An ordinary shareholder or his or her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the ordinary shareholder.
3. If any ordinary shareholder does not indicate on this instrument that his or her proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he or she thinks fit.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
5. 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 waved by the Chairman of the Annual General Meeting.
6. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
7. A proxy may not delegate his or her authority to act on behalf of the shareholder, to another person.
8. It is requested that this form of proxy should be completed and returned to the Company's transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), so as to reach them by no later than 10:00 on Wednesday, 27 November 2013.
9. Should a shareholder lodge this form of proxy with the transfer secretaries less than 24 hours before the Annual General Meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the Annual General Meeting before the appointed proxy exercises any such shareholder's rights at the Annual General Meeting.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST.

GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in the integrated annual report

TECHNICAL:

BOE	Barrels of Oil Equivalents, a metric unit used by oil production companies and oil transportation companies to measure both the rate of oil production or transportation (i.e. in barrel of oil equivalents per day) as well as total proven reserves in the ground.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.
CPR	Competent Person's Report.
CSR	Corporate Social Responsibility.
E & P	Exploration & Production.
EAR	The East African Rift system.
ESIA	Environmental and Social Impact Assessment.
EWT	Extended Well Test
Exploration Well	A well drilled to look for oil and gas in an area where no known oil or gas exists.
Farm-out	Farm-out is an assignment or partial assignment of an oil and gas interest from one party to another party.
GIIP	Gas Initially In Place – the total gas content of a reservoir before the commencement of production.
JOA	Joint Operating Agreement.
JVs	Joint Venture(s).
Leads	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.
MBOE	One Thousand Barrels of Oil Equivalents, i.e. one thousand BOE.
MMbbls	Millions of barrels.
MMBOE	Million Barrels of Oil Equivalents, i.e. one million BOE.
MMBOED	Million Barrels of Oil Equivalents per Day and measures a daily rate of oil production.
NNPC	Nigerian National Petroleum Corporation.
O & G	Oil and Gas.
OBC	Ocean Bottom Cable Survey (3D survey).
Prospect or **Prospects**	A project associated with a potential accumulation that is sufficiently well-defined to represent a viable drilling target.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Recovery Factor	That proportion of the oil or gas volume in a reservoir which can be technically and economically recovered.
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
Stakeholders	A person, group, organisation, member or system with a direct interest, involvement, or investment in our activities, and who affects or can be affected by an organisation's actions. SacOil's stakeholders include employees, shareholders, local communities, NGOs, the media, governments, regulatory authorities and research organisations.
STOIIP	Stock Tank Oil Initially In Place.
Sustainability	A strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model. Unlike corporate social responsibility which retroactively addresses issues, sustainability implies a forward trajectory, not looking to the past actions of a company, but looking forward by adapting the nature of the company.

FINANCIAL:

Admission	Admission of all the SacOil Ordinary Shares to trading on AIM on or about 8 April 2011.
AGM	Annual General Meeting.
AIM	London Stock Exchange's Alternative Investment Market.
Block III	Block III, Albertine Graben in the DRC.
CGU	Cash-generating unit.

GLOSSARY OF TERMS AND ABBREVIATIONS (continued)

Terms and abbreviations used in the integrated annual report (continued)

CSDP	A Central Securities Depository Participant, appointed by individual SacOil shareholders for the purpose of and in regard to Dematerialisation in terms of the Security Services Act, 36 of 2004, as amended.
Dematerialise or **Dematerialisation**	The process whereby physical share certificates are replaced with electronic records evidencing ownership of SacOil ordinary shares for the purposes of Strate, as contemplated in the Securities Services Act, 36 of 2004, as amended.
DIG	DIG Oil (Proprietary) Limited (Registration number: 2007/003931/07), a private company incorporated in accordance with the laws of South Africa, which is controlled by Andrea Brown.
DRC	Democratic Republic of the Congo.
EER	Energy Equity Resources Limited (Registration number: 5308516), a company duly incorporated in accordance with the laws of England and Wales.
Gairloch	Gairloch Limited.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
IT	Information Technology.
JSE	JSE Limited (Registration number: 2005/022839/06), a company duly registered and incorporated with limited liability under the Company laws of South Africa and licensed as an exchange under the Securities Services Act, 36 of 2004, as amended.
King III	The King Report on Corporate Governance is a ground-breaking code of corporate governance in South Africa issued by the King Committee on Corporate Governance. Compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange.
Listings Requirements	Listings Requirements of the JSE.
LSE	London Stock Exchange.
NCI	Non-Controlling Interest.
OPL 233	Oil prospecting licence No. 233 over concession block 233 in Nigeria.
OPL 281	Oil prospecting licence No. 281 over concession block 281 in Nigeria.
PSC	Production Sharing Contract – a contract signed between a host government and an oil and gas exploitation company, regulating how much of the oil and gas produced from a production concession each will receive.
Q1 2013	First quarter of the financial year of 2013 (January 2013 – March 2013).
Q2 2013	Second quarter of the financial year of 2013 (April 2013 – June 2013).
Q3 2013	Third quarter of the financial year of 2013 (July 2013 – September 2013).
Q4 2013	Fourth quarter of the financial year of 2013 (October 2013 – December 2013).
Rencap	Renaissance BJM Securities (Proprietary) Limited (South Africa), a company duly incorporated in accordance with the laws of South Africa with registration number: 1987/000175/07.
RNS	The Regulatory News Service of the LSE.
RSA or South Africa	The Republic of South Africa.
Ordinary Shares or **SacOil Ordinary Shares**	Ordinary shares in the issued capital of SacOil.
SacOil (Proprietary) Limited	South Africa Congo Oil Company (Proprietary) Limited (Registration number: 2007/024617/07), a private company incorporated in accordance with the laws of South Africa and which company's shares are held 50% by SacOil and 50% by DIG.
SAICA	The South African Institute of Chartered Accountants.
S & EC	Social and Ethics Committee.
Semliki	Semliki Energy SPRL (Registration number: KG8779/M), a company incorporated in the DRC and which company's shares are held 50% by SacOil and 50% by DIG.
SENS	The Securities Exchange News Service of the JSE.
Shareholders	SacOil shareholders.
Total	Total E & P RDC (Registration number: 712 081 382 RCS), a company incorporated in accordance with the laws of France.
Yorkville	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.
VWAP	Volume Weighted Average Price.

CONVERSION TABLE

The following table sets forth standard conversions from Standard Imperial Units to the International System of Units (or metric units):

To convert from	To	Multiply by
boe	mcf	6
mcf	cubic metres	28.316
bbls	cubic metres	0.159
cubic metres	bbls oil	6.290
cubic metres	cubic feet	35.315
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405

CORPORATE INFORMATION

COUNTRY OF INCORPORATION
The Republic of South Africa

LEGAL FORM
Public interested entity

REGISTRATION NUMBER
1993/000460/06

SHARE CODES
JSE code: SCL Primary listing
AIM code: SAC Secondary listing
ISIN: ZAE000127460

REGISTERED OFFICE, DOMICILE AND PHYSICAL ADDRESS
2nd Floor, The Gabba
Dimension Data Campus
57 Sloane Street
Bryanston
2021

POSTAL ADDRESS
PostNet Suite 211
Private Bag X75
Bryanston
2021

CONTACT DETAILS
Tel: +27 (0) 11 575 7232
Fax: +27 (0) 11 576 2258
Email: info@sacoilholdings.com
Website: www.sacoilholdings.com

ADVISERS

Company Secretary	Fusion Corporate Secretarial Services (Proprietary) Limited
Transfer Secretaries (SA)	Link Market Services South Africa (Proprietary) Limited
Transfer Secretaries (UK)	Computershare Investor Services (Jersey) Limited
Corporate Legal Advisors (SA and UK)	Norton Rose
Auditors	Ernst & Young Inc.
JSE Sponsor (SA)	Nedbank Capital Limited
Nominated Advisor (UK)	finnCap Limited