REVIEWED INTERIM RESULTS

for the six months ended 31 August 2013

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

SacOil Holdings Limited is pleased to announce its results for the six months ended 31 August 2013

OVERVIEW

SacOil is an independent African oil and gas company, dual-listed on the JSE and AIM, and has business operations that are focused across the African continent. Currently, the Group operates in the following jurisdictions: the Democratic Republic of Congo ("DRC"); the Republic of Malawi; the Republic of Botswana; and the Federal Republic of Nigeria. Further, the Company continues to evaluate opportunities to secure high-impact acreage in other established and prolific hydrocarbon basins in Africa.

OPERATIONS

Shareholders are referred to the announcement issued on SENS and RNS on 8 November 2013, in which the Company communicated a detailed update on its asset-level operations. The operational highlights for the period under review include:

- DRC, Block III: 2D seismic data acquisition currently being planned and expected to commence within the next dry season in Q1 2014;
- Nigeria, OPL 233: Execution of 2013 work programme and 3D seismic data acquisition currently underway;
- Nigeria, OPL 281: Re-interpretation of seismic and well data;
- Malawi, Block 1: Planning of environmental and social impact assessment; and
- Botswana: Granting of licences 123, 124 and 125.

FINANCIAL REVIEW

For the six months ended 31 August 2013, the Group reported a profit of R27,0 million (2012: loss of R11,8 million) primarily arising from an increase in investment income earned and decreases in finance and operating costs, relative to the corresponding prior period.

Other income for the period under review comprised foreign exchange gains amounting to R43,7 million (2012: R38,9 million) arising on the remeasurement of the following US Dollar denominated balances:

- the loans receivable from Energy Equity Resources (Norway) Limited ("EERNL");
- the Block III contingent consideration; and
- the cash collateral deposited with Ecobank.

The 21% overall decrease in other income is primarily attributable to the once-off profit on disposal of the 6,67% interest in Block III and the once-off break fee received from a third party in the corresponding prior period.

Other operating costs decreased by 50% to R11,5 million (2012: R23,2 million) during the period under review. The reduction is primarily attributable to decreases in corporate, remuneration, consulting, legal and travel and accommodation costs.

Investment income for the period under review comprised:

- interest income from loans of R34,2 million (2012: R18,9 million);
- interest earned on cash and cash equivalents of R0,2 million (2012: R0,4 million); and
- imputed interest income of R12,5 million (2012: R7,9 million) arising from the unwinding of the time value discount applied to the contingent consideration for Block III.

Investment income increased by R19,7 million relative to the corresponding prior period, reflective of an increase in the amounts advanced to EERNL, the compounding effect of the interest accruals and the impact of the weak Rand.

The Group's finance costs of R10,5 million (2012: R21,5 million) relate to interest on the two US$1 million loans acquired from Gairloch Limited ("Gairloch") during September 2012 and October 2012, to fund working capital requirements of the Group and work programme commitments for OPL 233. During the period under review the Group incurred further interest charges amounting to R32,6 million on the Gairloch novated loan. This interest has been capitalised to the OPL 233 exploration and evaluation asset, as it relates to a qualifying asset.

Taxation decreased by 13% to R41,7 million (2012: R48,1 million). Taxation was comparatively higher in the corresponding prior period as a result of the once-off capital gains tax incurred on the disposal of the 6,67% interest in Block III.

Exploration and evaluation assets increased by R43,8 million to R206,7 million (28 February 2013: R162,9 million) during the period under review as a result of the Group capitalising exploration expenditures amounting to R11,2 million and borrowing costs totalling R32,6 million in relation to OPL 233.

Other financial assets, under non-current assets, comprise:

- the US Dollar denominated contingent consideration for Block III of R221,9 million (28 February 2013: R181,5 million);
- the US Dollar denominated long-term loan due from EERNL of R123,5 million (28 February 2013: R93,5 million);
- the proceeds receivable on the sale of the Greenhills plant of R4,9 million (28 February 2013: R4,7 million);
- the advance payment against future services of R59,5 million (28 February 2013: R56,7 million); and
- the loan due from DIG Oil (Proprietary) Limited.

The overall increase of 20% in other financial assets, under non-current assets, is primarily a result of foreign exchange gains and interest amounting to R70,4 million on the contingent consideration and on the loan due from EERNL.

Other financial assets, under current assets, comprise:

- the US Dollar denominated short-term loan due from EERNL of R150,7 million (28 February 2013: R83,9 million); and
- the proceeds receivable on the sale of the Greenhills plant of R1,0 million (28 February 2013: R0,9 million).

The R66,9 million overall increase in other financial assets, under current assets, is primarily the result of foreign exchange gains and interest on the short-term loan due from EERNL.

Cash and cash equivalents comprise the revalued US$10 million cash collateral held as security for the performance bond on OPL 233 of R103,2 million (28 February 2013: R89,1 million) and cash deposits amounting to R0,3 million (28 February 2013: R4,9 million). The 10% increase in cash and cash equivalents is primarily attributable to foreign exchange gains resulting from the weaker Rand.

Other financial liabilities comprise the three loans owed to Gairloch totalling R235,1 million (28 February 2013: R129,0 million), operating costs owed to Nidgel United Oil Company amounting to R9,8 million (28 February 2013: R2,4 million), EERNL's 50% share of the cash collateral of R51,5 million (28 February 2013: R44,2 million) and makewhole costs owed to Yorkville under the Standby Equity Distribution Agreement totalling R0,4 million (28 February 2013: nil). The 69% increase in other financial liabilities is primarily attributable to foreign exchange losses and interest on the Gairloch loans amounting to R106,1 million, foreign exchange losses amounting to R7,3 million on EERNL's share of the cash collateral, and foreign exchange losses and additional costs relating to the amounts owed to Nigdel totalling R7,4 million.

GOING CONCERN

The Board is satisfied that the planned recapitalisation of the Company, as referred to in the General Meeting Circular to SacOil shareholders dated 7 November 2013, will ensure that the Group has adequate resources to continue operating for the next 12 months. The Group interim financial statements presented have been prepared on a going concern basis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August 2013

	Notes	Reviewed Six months to 31 August 2013 R	Restated* Reviewed Six months to 31 August 2012 R
Other income		**43 737 699**	55 213 642
Other operating costs		**(11 501 668)**	(23 198 827)
Operating profit	4	**32 236 031**	32 014 815
Investment income	5	**46 927 405**	27 203 337
Finance costs		**(10 474 963)**	(21 517 167)
Profit before taxation		**68 688 473**	37 700 985
Taxation		**(41 712 659)**	(48 072 518)
Profit/(loss) for the period from continuing operations		**26 975 814**	(10 371 533)
Discontinued operation			
Loss for the period from discontinued operation	7	**–**	(1 414 628)
Profit/(loss) for the period		**26 975 814**	(11 786 161)
Total comprehensive profit/(loss) for the period		**26 975 814**	(11 786 161)
Profit/(loss) attributable to:			
Equity holders of the parent		**26 284 839**	(12 472 750)
Non-controlling interest		**690 975**	686 589
		26 975 814	(11 786 161)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		**26 284 839**	(12 472 750)
Non-controlling interest		**690 975**	686 589
		26 975 814	(11 786 161)
Earnings/(loss) per share from continuing operations			
Basic (cents)	8	**2,76**	(1,43)
Diluted (cents)	8	**2,76**	(1,43)
Earnings/(loss) per share from continuing and discontinued operations			
Basic (cents)	8	**2,76**	(1,62)
Diluted (cents)	8	**2,76**	(1,61)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2013

	Notes	Reviewed 31 August 2013 R	Audited 28 February 2013 R
ASSETS			
Non-current assets			
Property, plant and equipment		**253 773**	317 008
Exploration and evaluation assets	9	**206 659 432**	162 859 167
Other intangible assets		**130 949**	161 760
Other financial assets	10	**445 099 456**	371 719 195
Total non-current assets		**652 143 610**	535 057 130
Current assets			
Other financial assets	10	**151 707 934**	84 803 036
Trade and other receivables		**3 672 368**	3 665 149
Cash and cash equivalents	11	**103 580 730**	94 032 416
Total current assets		**258 961 032**	182 500 601
Total assets		**911 104 642**	717 557 731
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital		**534 172 123**	534 172 123
Reserves		**6 001 847**	26 681 469
Accumulated loss		**(172 735 613)**	(219 700 074)
Equity attributable to equity holders of parent		**367 438 357**	341 153 518
Non-controlling interest		**22 989 130**	22 298 155
Total shareholders' equity		**390 427 487**	363 451 673
Liabilities			
Non-current liabilities			
Deferred tax liability		**88 755 267**	72 588 101
Total non-current liabilities		**88 755 267**	72 588 101
Current liabilities			
Other financial liabilities	12	**296 808 352**	175 574 827
Current tax payable		**119 540 560**	93 962 655
Trade and other payables		**15 572 976**	11 980 475
Total current liabilities		**431 921 888**	281 517 957
Total liabilities		**520 677 155**	354 106 058
Total equity and liabilities		**911 104 642**	717 557 731
Number of shares in issue		**953 340 791**	953 340 791
Net asset value per share (cents)		**40,95**	38,12
Net tangible asset value per share (cents)		**19,26**	21,02

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2013

	Reviewed Six months to 31 August 2013 R	Reviewed Six months to 31 August 2012 R
Cash flows from operating activities		
Cash used in operations	**(8 739 666)**	(122 076 336)
Interest income	**217 185**	354 795
Tax paid	**32 412**	–
Net cash used in operating activities	**(8 490 069)**	(121 721 541)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	**(4 210 593)**	–
Sale of exploration and evaluation assets	**–**	75 997 000
Receipts from loans and receivables	**4 303 501**	–
Net cash from investing activities	**92 908**	75 997 000
Cash flows from financing activities		
Proceeds from other financial liabilities	**3 288 700**	148 382 917
Dividends paid to non-controlling interest	**–**	(24 573 794)
Net cash from financing activities	**3 288 700**	123 809 123
Total movement in cash and cash equivalents for the period	**(5 108 461)**	78 084 582
Foreign exchange gains on cash and cash equivalents	**14 656 775**	6 259 400
Cash and cash equivalents at the beginning of the period	**94 032 416**	10 774 298
Cash and cash equivalents at the end of the period	**103 580 730**	95 118 280

1. Basis of preparation

The consolidated condensed interim financial statements of the Group, comprised SacOil Holdings Limited and its subsidiaries (together "the Group"), for the six months ended 31 August 2013, have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the preparation and disclosure requirements of IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in the manner required by the South African Companies Act, No. 71, 2008. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed as is normal practice.

Principal accounting policies

The same accounting policies, presentation and methods of computation have been followed in these consolidated condensed interim financial statements of the Group as those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2013, except for the change in accounting policy detailed in note 3. The adoption of the following standards, which became effective during the period under review, had no material impact on the results, except for the disclosures required by these standards:

- IFRS 10: Consolidated Financial Statements;
- IFRS 11: Joint Arrangements;
- IFRS 12: Disclosure if Interests in Other Entities; and
- IFRS 13: Fair Value Measurement.

All of the Group's financial instruments are held at amortised cost. The fair values thereof would be influenced by numerous factors the most significant of which include credit risk, other forms of non-performance risk (for financial liabilities), and interest rate risk. Management is of the opinion that, taking into account the value of collateral, as well as payment options, the fair value of the financial instruments is expected to approximate the carrying value thereof.

The consolidated condensed interim financial statements of the Group should be read in conjunction with the Group's consolidated annual financial statements for the year ended 28 February 2013.

Notes to oil and gas disclosure

In accordance with AIM Guidelines, Bradley Cerff is the qualified person that has reviewed the technical information contained in this news release. Bradley has over 16 years' experience in the oil and gas industry with a Masters Degree in Science and Business Administration focused on Foreign Direct Investment in the African oil and gas industry. He is also a member of the Society of Petroleum Engineers.

2. Auditors' review report

The consolidated condensed interim financial statements of the Group for the six months ended 31 August 2013 have been reviewed by Ernst & Young Inc. A copy of the auditors' unqualified review opinion, which includes an emphasis of matter paragragh for the going concern matters noted in note 16, is available for inspection at the registered office of the Company.

These consolidated condensed interim financial statements have been prepared under the supervision of the interim Finance Director, Tariro Mudzimuirema (Chartered Accountant).

3. Change in accounting policy

During the period ended 31 August 2012, 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 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 13). As a result of the change in accounting policy, the following adjustments were made to the Group consolidated condensed interim financial statements:

As of and for the period ended 31 August 2012	Adjustments R
Decrease in exploration and evaluation assets	(20 638 362)
Decrease in long-term borrowings	(20 638 362)
Decrease in deferred tax liability	(3 320 451)
Increase in non-controlling interest	3 146 188
Decrease in taxation	(3 320 451)
Decrease in loss for the period	(3 320 451)
Decrease in loss per share (cents)	(0,02)
Decrease in diluted loss per share (cents)	(0,02)

4. Operating profit	31 August 2013 R	31 August 2012 R
Profit on sale of exploration and evaluation assets	**–**	40 926 877
Loss on re-measurement of financial assets	**–**	(31 621 739)
Foreign exchange gains	**43 737 699**	38 945 883
Break fee received	**–**	6 962 621
Impairment of property, plant and equipment	**–**	(1 456 572)
Corporate costs	**(1 496 983)**	(3 012 342)
Auditors' remuneration	**(140 926)**	(2 315 189)
Employee benefit expense	**(5 171 965)**	(6 251 827)
Accounting fees	**(20 000)**	(388 375)
Consulting fees	**(759 620)**	(2 109 224)
Legal fees	**(947 065)**	(2 373 166)
Travel and accommodation	**(691 390)**	(1 793 602)
Depreciation	**(94 046)**	(373 271)
Property, plant and equipment	**(63 235)**	(373 271)
Other intangible assets	**(30 811)**	–
Rentals – premises	**(561 303)**	(492 313)
Brokers' fees	**(744 998)**	(838 488)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2013	Stated capital R	Revaluation reserve R	Share-based payment reserve 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
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**
Changes in equity:								
Profit for the period	–	–	–	–	26 284 839	26 284 839	690 975	**26 975 814**
Total comprehensive profit for the period	–	–	–	–	26 284 839	26 284 839	690 975	**26 975 814**
Share options lapsed	–	–	(20 679 622)	(20 679 622)	20 679 622	–		**–**
Total changes	–	–	(20 679 622)	(20 679 622)	46 964 461	26 284 839	690 975	**26 975 814**
Balance at 31 August 2013	534 172 123	–	6 001 847	6 001 847	(172 735 613)	367 438 357	22 989 130	**390 427 487**
For the six months ended 31 August 2012								
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)/profit for the period	–	–	–	–	(12 472 750)	(12 472 750)	686 589	**(11 786 161)**
Total comprehensive profit/(loss) for the period	–	–	–	–	(12 472 750)	(12 472 750)	686 589	**(11 786 161)**
Issue of shares	36 771 700	–	–	–	–	36 771 700	–	**36 771 700**
Acquisition of non-controlling interest	–	–	–	–	24 693 273	24 693 273	(49 267 068)	**(24 573 795)**
Dividends	–	–	–	–	–	–	(24 573 794)	**(24 573 794)**
Total changes	36 771 700	–	–	–	12 220 523	48 992 223	(73 154 273)	**(24 162 050)**
Balance at 31 August 2012	522 956 123	1 810 947	27 932 584	29 743 531	(176 381 968)	376 317 686	36 789 560	**413 107 246**

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

	31 August 2013	31 August 2012
5. Investment income		
Interest receivable – loans	**34 225 495**	18 904 637
Interest received – cash and cash equivalents	**217 185**	354 795
Imputed interest on financial assets	**12 484 725**	7 943 905
	46 927 405	27 203 337

6. Segmental reporting

The Group operates in five 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, Botswana and Malawi. Operations in South Africa relate to the general management, financing and administration of the Group.

For the six months ended 31 August 2013

	Nigeria R	DRC R	Malawi R	Botswana R	South Africa R	Consolidated R
Other income	–	27 078 912	–	–	16 658 787	43 737 699
Investment income	211 077	9 693 141	–	–	37 023 187	46 927 405
Finance costs	–	–	–	–	(10 474 963)	(10 474 963)
Other operating expenses	(17 793)	–	–	(8 241)	(11 475 634)	(11 501 668)
Taxation	32 413	(34 612 756)	–	–	(7 132 316)	(41 712 659)
Profit/(loss) for the period	225 697	2 159 297	–	(8 241)	24 599 061	26 975 814
Segment assets – non-current	131 009 869	324 724 643	896 740	386 548	195 125 810	652 143 610
Segment assets – current	103 235 757	67 931	–	–	155 657 344	258 961 032
Segment liabilities – non-current	–	(88 755 267)	–	–	–	(88 755 267)
Segment liabilities – current	(51 508 000)	(94 037 825)	–	–	(286 376 063)	(431 921 888)

For the six months ended 31 August 2012

	Nigeria R	Restated* DRC R	Malawi R	Botswana R	South Africa R	Consolidated R
Other income	–	33 615 107	–	–	21 598 535	55 213 642
Investment income	294 337	7 943 905	–	–	18 965 095	27 203 337
Finance costs	(21 194 404)	–	–	–	(322 763)	(21 517 167)
Other operating expenses	(1 368 139)	–	–	–	(21 830 688)	(23 198 827)
Taxation	–	(43 157 759)	–	–	(4 914 759)	(48 072 518)
(Loss)/profit for the period from continuing operations	(22 268 206)	(1 598 747)	–	–	13 495 420	(10 371 533)
Loss from discontinued operation (note 7)	–	–	–	–	(1 414 628)	(1 414 628)
(Loss)/profit for the period	(22 268 206)	(1 598 747)	–	–	12 080 792	(11 786 161)
Segment assets – non-current	44 953 555	348 420 250	–	–	81 384 007	474 757 812
Segment assets – current	84 638 853	8 699 856	–	–	175 104 978	268 443 687
Segment liabilities – non-current	–	(103 166 818)	–	–	–	(103 166 818)
Segment liabilities – current	(42 166 500)	(55 542 551)	–	–	(134 214 940)	(231 923 991)

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

7. Discontinued operation

The Board committed to a plan to sell the Greenhills manganese processing plant ("the Plant") early in 2012 following a strategic decision to focus the Group's efforts and resources on the core oil and gas business. The Plant was therefore classified as held for sale at 31 August 2012. The Plant was subsequently sold on 1 October 2012 and met the criteria of a discontinued operation in terms of IFRS 5.32 at 28 February 2013.

Results of discontinued operation	31 August 2012 R
Revenue	9 113 711
Cost of sales	(7 328 296)
Gross profit	1 785 415
Operating expenses	(3 200 043)
Loss for the period	(1 414 628)
Basic loss per share (cents)	(0,18)
Diluted loss per share (cents)	(0,18)
The Plant 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

At 31 August 2013 the present value of these future cash receipts is R5 925 154 (28 February 2013: R5 647 200) and is included under other financial assets.

8. Earnings/(loss) per share	31 August 2013	31 August 2012
From continuing and discontinued operations		
Basic (cents)	**2,76**	(1,62)
Diluted (cents)	**2,76**	(1,61)
From discontinued operation		
Basic (cents)	**–**	(0,18)
Diluted (cents)	**–**	(0,18)
From continuing operations		
Basic (cents)	**2,76**	(1,43)
Diluted (cents)	**2,76**	(1,43)
Profit/(loss) for the period used in the calculation of the basic and diluted earnings/(loss) per share from continuing and discontinued operations	**R** **26 284 839**	R (12 472 750)
Loss for the period from discontinued operations	**–**	1 414 628
Profit/(loss) used in the calculation of basic and diluted earnings/(loss) per share from continuing operations	**26 284 839**	(11 058 122)
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	**953 340 791**	771 061 757
Add: Dilutive share options	**–**	1 350 251
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	**953 340 791**	772 412 008
Headline earnings/(loss) per share		
Basic (cents)	**2,76**	(2,60)
Diluted (cents)	**2,76**	(2,60)
Reconciliation of headline earnings/(loss)	**R**	R
Profit/(loss) for the period from continuing and discontinued operations	**26 284 839**	(12 472 750)
Adjust for:		
Impairment of property, plant and equipment	**–**	1 456 572
Profit on sale of exploration and evaluation assets attributable to equity holders of the parent	**–**	(9 060 997)
Headline earnings/(loss) for the period	**26 284 839**	(20 077 175)

9. Exploration and evaluation assets

For the six months ended 31 August 2013

	At February 2012 R	Adjust-ments R	Disposals R	Restated* At 31 August 2012 R	Additions R	At February 2013 R	Additions R	At August 2013 R
Block III DRC	101 381 633	–	(27 015 358)	74 366 275	–	74 366 275	–	74 366 275
OPL 281 Nigeria	47 712 172	(3 639 250)	–	44 072 922	–	44 072 922	–	44 072 922
OPL 233 Nigeria	3 962 528	(3 081 896)	–	880 632	42 642 598	43 523 230	43 413 717	86 936 947
Botswana	–	–	–	–	–	–	386 548	386 548
Malawi	–	–	–	–	896 740	896 740	–	896 740
	153 056 333	(6 721 146)	(27 015 358)	119 319 829	43 539 338	162 859 167	43 800 265	206 659 432

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

OPL 233

During the period under review the Group capitalised borrowing costs totalling R32,6 million (2012: nil) and incurred further exploration expenditures totalling R10,8 million (2012: nil).

Botswana

During the period under review the Group acquired three exploration licences in Botswana for R0,4 million.

Block III

During the corresponding prior period, Semliki SPRL, a subsidiary of SacOil, sold to Total RDC a 6,67% interest in Block III resulting in the derecognition of R27,0 million of exploration and evaluation assets.

Adjustments

Adjustments to the OPL 281 and OPL 233 assets in the corresponding prior period relate to promoter fees. These fees will now be recovered from EERNL and are included in amounts due from EERNL under current other financial assets (note 10).

10. Other financial assets	31 August 2013 R	28 February 2013 R
Non-current:		
Contingent consideration	**221 888 167**	181 470 254
Deferred consideration on disposal of Greenhills Plant	**4 933 216**	4 701 795
Loan due from DIG	**35 314 943**	35 315 725
Advance payment against future services	**59 508 337**	56 716 754
Loan due from EER	**123 454 793**	93 514 667
	445 099 456	371 719 195
Current:		
Loan due from EER	**150 715 996**	83 857 631
Deferred consideration on disposal of Greenhills Plant	**991 938**	945 405
	151 707 934	84 803 036
Total	**596 807 390**	456 522 231

11. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Bank balances	**344 973**	4 677 192
Short-term deposits	**–**	215 368
	344 973	4 892 560
Restricted cash	**103 235 757**	89 139 856
	103 580 730	94 032 416

Restricted cash comprises the cash collateral of US$10 million (28 February 2013: US$10 million) 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.

12. Other financial liabilities		
Gairloch Limited	**235 084 090**	128 978 015
Energy Equity Resources (Norway) Limited	**51 508 000**	44 199 000
Yorkville Advisors LLP	**429 742**	–
Nigdel United Oil Company Limited	**9 786 520**	2 397 812
	296 808 352	175 574 827

13. Contingent assets and liabilities Commitments	31 August 2013 R	31 August 2012 R
Exploration and evaluation assets – work programme commitments	**413 938 891**	–

Work programme commitments will be funded from the proceeds of the rights offer. Details of the rights offer are provided in note 15.

Contingent liabilities	31 August 2013 R	28 February 2013 R
Performance bond on OPL 233 issued by Ecobank in respect of OPL 233 exploration activities	**154 524 000**	132 597 000
Cost carry arrangement with Total	**32 861 257**	20 411 689
Farm-in and transaction fees on receipt of title to OPL 233	**134 950 960**	115 801 380
Farm-in and transaction fees on receipt of title to OPL 281	**149 373 200**	128 177 100
	471 709 417	396 987 169

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 R103,2 million ($10 million) (28 February 2013: R89,1 million (US$10 million)) cash collateral as disclosed in note 11. 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. At 31 August 2013, Total had incurred R32,9 million (28 February 2013: R20,4 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 R109,2 million (28 February 2013: R93,7 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 R25,8 million (28 February 2013: R22,1 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 R123,6 million (28 February 2013: R106,1 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 R25,8 million (28 February 2013: R22,1 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.

14. Dividends

The Board has resolved not to declare any dividends to shareholders for the period under review.

15. Subsequent events

Equity settlement of the Gairloch Loans

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 the terms of this agreement debt totalling *circa* 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. For details relating to the equity settlement of the Gairloch Loans, shareholders are referred to the circular distributed to shareholders dated 7 November 2013. This circular is also available on the SacOil website: www.sacoilholdings.com.

Rights Offer

As previously announced on 12 September 2013, 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 ("Right Offer 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 Government Employees Pension Fund ("GEPF"), managed by 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. For details relating to Rights Offer, shareholders are referred to the circular distributed to shareholders dated 7 November 2013. This circular is also available on the SacOil website: www.sacoilholdings.com.

Bridge Loan Facility

On 27 September 2013, SacOil obtained a temporary overdraft facility of R15 million from Nedbank subject to the fulfilment of certain conditions precedent, some of which have already been met. The outstanding conditions precedent will be fulfilled on 6 December 2013, subject to SacOil shareholders approving the resolutions to give effect to the Whitewash Resolution, the Specific Issue and Rights Offer, as defined in the circular posted to shareholders on 7 November 2013.

Loan advanced to EERNL

The short-term loan due from EERNL, as disclosed in note 10, became due and payable on 31 May 2013. As at the date of the release of the interim results 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 provided exceeds the carrying value of the loan. The loan is secured by EERNL's shares in its subsidiary EER233 Nigeria which holds a 20% interest in OPL 233, subject to government approval.

16. Going concern

As indicated in the General Meeting Circular to SacOil shareholders dated 7 November 2013 ("Circular"), the Board plans to recapitalise the Company by way of a renounceable rights offer of 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 30 November 2014 include the following assumptions some of which are subject to material uncertainties as discussed in further detail below:

- Cash inflow from the loan receivable from EERNL of R161,2 million (US$16,1 million);
- Cash inflow arising from rights issue proceeds amounting to R570,0 million;
- Cash outflows from farm-in fees payable to Nigdel and Transcorp totalling R226,0 million (US$22,6 million) the timing of which is uncertain; and
- Settlement of the full debt payable to Gairloch by means of a conversion to capital rather than a settlement in cash.

The features of these cash flows are further described below:

Rights Offer and equity settlement of Gairloch Loans

The resolutions required to give effect to the Rights Offer and Specific Issue are detailed in the Circular in the Notice of General Meeting. It is imperative that SacOil obtains shareholder approval for both the Rights Offer and Specific Issue. SacOil has prepared its working capital forecast on the basis that the Specific Issue and Rights Offer are approved by shareholders, and that the Rights Offer is fully subscribed for.

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 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. As detailed in the Circular in Annexure 6, the Company has received irrevocable undertakings in favour of the resolutions required to give effect to the Rights Offer and Specific Issue, from shareholders with a 23,9% total equity interest in SacOil. Subsequent to the issue of the Circular, SacOil received a further irrevocable undertaking from the PIC, representing the GEPF a 16,6% shareholder in SacOil, to vote in favour of the resolutions detailed in the Circular, excluding the Whitewash Resolution, as referred to therein. 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 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.

Loan receivable from EERNL

EERNL has not met its repayment obligations on the short-term loan repayment, which became due and payable on 31 May 2013. To date, EERNL has paid US$1 million of the US$12,5 million owed to SacOil at 31 May 2013 (31 August 2013: US$14,6 million). 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 OPL 233 and OPL 281. These fees are payable within 30 days of the receipt of title. As at the date of the release of the interim results, the Company has been unable to determine the likely timing of the receipt of title to both OPL 233 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.

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 Board is however confident that the Specific Issue and the Rights Offer 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 has decided to prepare the financial statements on a going concern basis. In the interim SacOil has secured an interim funding facility, as detailed under note 15, which will enable it to pay for its daily operational costs and work programme commitments on OPL 233.

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.

By order of the Board

Roger Rees
Chief Executive

Johannesburg
22 November 2013

CORPORATE INFORMATION

Registered office and physical address:
2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, 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

Directors:
Roger Rees *(Chief Executive Officer)*, Tariro Mudzimuirema *(Finance Director)*, Tito Mboweni**
Mzuvukile Maqetuka**, Stephanus Muller**, Vusi Pikoli**, Ignatius Sehoole*, Gontse Moseneke*
(*) Non-executive Director; (**) Independent Non-executive Directors

Advisers:

Company Secretary	Fusion Corporate Secretarial Services (Proprietary) Limited
Transfer Secretaries South Africa	Link Market Services South Africa (Proprietary) Limited
Transfer Secretaries United Kingdom	Computershare Investor Services (Jersey) Limited
Corporate Legal Advisers	Norton Rose Fullbright South Africa
Auditors	Ernst & Young Inc.
JSE Sponsor	Nedbank Capital
AIM Nominated Adviser	finnCap Limited