

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this front cover.

### Action required

- If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all of your SacOil Shares, please forward this Circular to the purchaser of such SacOil Shares or to the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
- SacOil Shareholders are referred to page 2 of this Circular, which sets out the action required by them.



# SacOil

## SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/000460/06)

JSE share code: SCL ISIN: ZAE000127460

AIM share code: SAC

## CIRCULAR TO SACOIL SHAREHOLDERS

regarding:

- a renounceable rights offer of up to 2 111 111 111 Rights Offer Shares at an issue price of R0.27 per Share in the ratio of 220.80013 Rights Offer Shares for every 100 SacOil Shares held at the close of business on Friday, 3 January 2014;

and incorporating:

- a form of instruction in respect of a renounceable (nil paid) letter of allocation (to be completed by holders of Certificated Shares only).

**Rights Offer opens at 09:00 on Monday, 6 January 2014**

**Rights Offer closes at 12:00 on Friday, 24 January 2014**

Investment Bank, Corporate Advisor  
and Sponsor



Legal Advisor:  
South African Law



Independent Reporting Accountants



Nominated Advisor



Date of issue: Monday, 6 January 2014

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

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## CORPORATE INFORMATION AND ADVISORS

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The definitions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this "Corporate information and advisors" section.

### **Registered Office**

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

### **Investment Bank, Corporate Advisor and Sponsor**

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

### **Legal Advisor – South African law**

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

### **Nominated Advisor**

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

### **Jersey Registrars**

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

**Place of incorporation: Pretoria, South Africa**

### **Company Secretary**

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

### **Independent Reporting Accountants**

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

### **SA Transfer Secretaries**

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

### **UK Depositary**

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

**Date of incorporation: 1 February 1993**

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## ACTION REQUIRED BY SACOIL SHAREHOLDERS

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The definitions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this "Action required by SacOil Shareholders" section.

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

1. If you are in any doubt as to what action to take, consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all of your SacOil Shares, this Circular should be handed to the purchaser of such SacOil Shares or the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
3. This Circular contains information relating to the Rights Offer. You should carefully read through this Circular and decide how you wish to treat the rights allocated to you in terms of the Rights Offer.
4. **ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS**

If you are a Qualifying Shareholder of Certificated Shares, a form of instruction will be enclosed with this Circular and a letter of allocation will be created in electronic form with the Transfer Secretaries, to afford you the same rights and opportunities as those who have already dematerialised their SacOil Shares.

If you wish to subscribe for all or part of your entitlement, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rands, with the Transfer Secretaries as follows:

**Hand deliveries to:**

Link Market Services  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
Johannesburg  
2001

**Postal deliveries to:**

Link Market Services  
PO Box 4844  
Johannesburg  
2000

so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 24 January 2014.

If you do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of, or renounce, all or part of your entitlement or do nothing; in which case your rights will lapse.

If you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the Transfer Secretaries so as to be received by them by no later than 12:00 on Friday, 17 January 2014.

The Transfer Secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the Transfer Secretaries nor SacOil will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising from, the timing of such sales, the price obtained, or the failure to dispose of such entitlements. Please note that the last day to trade letters of allocation is Friday, 17 January 2014.

If you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the Transfer Secretaries so as to be received by no later than 12:00 on Friday, 24 January 2014, together with proof of payment of the aggregate subscription amount payable in respect of the Rights Offer Shares subscribed for. Such payment may be made by non-residents by way of a banker's draft for the appropriate amount. Certificated Shareholders may also make such payment by way of (i) electronic funds transfer; (ii) cash deposit; or (iii) internet transfer into the bank account referred to in the accompanying form of instruction. The account number set out in the accompanying form of instruction, assigned for use by the renounee, must be used as the identifying reference number for such payment. Neither the Company nor the Transfer Secretaries will identify or allocate any electronic funds transfer, cash deposit, internet transfer or other payment received into such bank account unless such transfer or other payment is clearly referenced with such reference number. Renounees must attach a certified true copy of their identification document to the form of instruction, where Forms B and C are completed.

Excess applications for additional Rights Offer Shares will be allowed. If you wish to apply for additional Rights Offer Shares, you must complete Blocks (7) and (8) in the enclosed form of instruction and return it to the Transfer Secretaries, so as to be received by no later than 12:00 on Friday, 24 January 2014, together with sufficient funds to cover such application in accordance with your instruction. Such payment may be made by non-residents by way of a banker's draft for the appropriate amount. Certificated Shareholders may also make such payment by way of (i) electronic funds transfer; (ii) cash deposit; or (iii) internet transfer into the bank account referred to in the accompanying form of instruction. The account number set out in the accompanying form of instruction, assigned for use by the renounee, must be used as the identifying reference number for such payment. Neither the Company nor the Transfer Secretaries will identify or allocate any electronic funds transfer, cash deposit, internet transfer or other payment received into such bank account unless such transfer or other payment is clearly referenced with such reference number. The right to apply for excess applications is transferable on renunciation of the letters of allocation.

Refund payments in respect of unsuccessful applications for excess applications will be made to the relevant applicants, at their own risk, on or about Wednesday, 29 January 2014. No interest will be paid on monies received in respect of unsuccessful applications.

If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed form of instruction, either from the Qualifying Shareholders or from any person in whose favour the rights have been renounced, by 12:00 on Friday, 24 January 2014, then the rights to those unsubscribed Rights Offer Shares will be deemed to have been declined and the entitlement will lapse.

## 5. ACTION REQUIRED BY DEMATERIALIZED SHAREHOLDERS

If you are a Qualifying Shareholder holding Dematerialised Shares, you will not receive a printed form of instruction. Your CSDP or broker will credit your account with the number of rights to which you are entitled and you should receive notification from your CSDP or broker in this regard. If you are not contacted by your CSDP or broker, you should contact your CSDP or broker and provide them with your instructions.

If you do not wish to subscribe for all of the rights allocated to you, you may either dispose of, or renounce, all or part of your entitlement.

If you wish to sell all or part of your entitlement, you are required to instruct your CSDP or broker as to the number of Rights Offer Shares you wish to sell. Please note that the last day to trade the letters of allocation is Friday, 17 January 2014.

If you wish to renounce your entitlement in favour of any named renounee, you are required to instruct your CSDP or broker as to the number of Rights Offer Shares you wish to renounce, and in favour of whom you wish to renounce those Rights Offer Shares, in the manner and within the time stipulated in the agreement governing the relationship with your CSDP or broker.

If you wish to subscribe for all or part of your entitlement, you are required to instruct your CSDP or broker as to the number of Rights Offer Shares for which you wish to subscribe, in the manner and within the time stipulated in the agreement governing the relationship with your CSDP or broker.

CSDPs effect payment on a delivery-versus-payment basis and therefore you must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

Excess applications for additional Rights Offer Shares will be allowed. If you wish to apply for excess applications, you should instruct your CSDP or broker as to the number of excess applications for which you wish to apply, by the cut-off time required by the CSDP or broker, and ensure that sufficient funds are deposited with your CSDP or broker. The right to apply for additional Rights Offer Shares is transferable on renunciation of the letters of allocation.

Instructions to your CSDP or broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Rights Offer Shares in terms of the Rights Offer.

SacOil does not take responsibility, and will not be held liable, for any failure on the part of any CSDP or broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to sell the Rights Offer Shares allocated.

## 6. **JURISDICTION**

The distribution of this Circular, the form of instruction, the transfer of the Rights Offer Shares, and/or the rights to subscribe for the Rights Offer Shares in jurisdictions other than the Common Monetary Area may be restricted by law, and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. Neither this Circular, nor any form of instruction, may be regarded as an offer in any jurisdiction in which it is illegal to make such an offer. In those circumstances, this Circular is sent for information purposes only. It is the responsibility of any person outside the Common Monetary Area (including, without limitation, nominees, agents and trustees for such persons) receiving this Circular and wishing to take up Rights Offer Shares under the Rights Offer, to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

If a premium can be obtained over the expenses of the sale, the rights of SacOil Shareholders in the jurisdictions in which it is illegal to make an offer will be sold by the Transfer Secretaries on the JSE for the benefit of such SacOil Shareholders, in accordance with this section. Any premium over the expenses of the sale of the rights of SacOil Shareholders in these jurisdictions (including applicable taxes, brokerage fees and commissions) shall be remitted to such SacOil Shareholders.

None of SacOil, the Transfer Secretaries or any broker appointed by them or SacOil, will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising out of, the timing of such sales or the remittance of the net proceeds of such sales.

## 7. **NON-RESIDENTS**

The Rights Offer contained in this Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, the United Kingdom, Japan or in any other jurisdiction in which, or to any person to whom it would not be lawful to make such an offer.

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## SALIENT DATES AND TIMES

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The definitions commencing on page 6 of this Circular apply, *mutatis mutandis*, to this "Salient dates and times" section.

<b>Details</b>	<b>Date</b>
Declaration announcement and finalisation announcement released on SENS on	Friday, 6 December 2013
Declaration announcement and finalisation announcement published in the press on	Monday, 9 December 2013
Last day to trade in Shares on the JSE in order to settle by the Record Date and thus be recorded as a Shareholder in order to be entitled to participate in the Rights Offer on	Tuesday, 24 December 2013
Shares trade ex-Rights Offer entitlement on the JSE from	Friday, 27 December 2013
Listing and trading on the JSE of the letters of allocation from the commencement of trade on	Friday, 27 December 2013
Record Date in order to be entitled to participate in the Rights Offer on	Friday, 3 January 2014
Rights Offer opens at 09:00 and the Circular, including a form of instruction (where applicable), mailed to SacOil Shareholders on	Monday, 6 January 2014
Letters of allocation credited to an electronic account held at the Transfer Secretaries in respect of Certificated Shareholders on	Monday, 6 January 2014
CSDP or broker accounts credited with entitlements in respect of Dematerialised Shareholders on	Monday, 6 January 2014
Last day to trade in the letters of allocation on the JSE in order to settle by close of the Rights Offer on	Friday, 17 January 2014
Listing and trading on the JSE of Rights Offer Shares commences at 09:00 on	Monday, 20 January 2014
Payment to be made, and form of instruction to be lodged, with the Transfer Secretaries by holders of Certificated Shares by 12:00 on	Friday, 24 January 2014
Rights Offer closes at 12:00 on	Friday, 24 January 2014
Record date for the letters of allocation on	Friday, 24 January 2014
Rights Offer Shares issued on	Monday, 27 January 2014
CSDP or broker accounts of holders of Dematerialised Shares debited and updated with Rights Offer Shares and share certificates posted to SacOil Shareholders	Monday, 27 January 2014
Results of the Rights Offer announcement released on SENS on	Monday, 27 January 2014
Results of the Rights Offer announcement published in the press on	Tuesday, 28 January 2014
Refund payments, if applicable, and share certificates posted to Certificated Shareholders in respect of excess applications, on or about	Wednesday, 29 January 2014
Dematerialised Shareholders will have their accounts at their CSDP or broker credited with excess Shares (if applicable) and debited with the cost thereof (if applicable) on	Wednesday, 29 January 2014

**Notes:**

1. All times indicated above and in this Circular are local times in South Africa.
2. SacOil Shares may not be dematerialised/rematerialised between Friday, 27 December 2013 and Friday, 3 January 2014, both days inclusive.
3. CSDPs effect payment in respect of Dematerialised Shareholders on a delivery-versus-payment method.
4. This Circular is available in English only. Copies may be obtained from the Registered Office of SacOil and Nedbank Capital at the addresses set out in the "Corporate information and advisors" section of this Circular between Monday, 6 January 2014 and Friday, 24 January 2014 and on SacOil's website [www.sacoilholdings.com](http://www.sacoilholdings.com) from Monday, 6 January 2014.

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## DEFINITIONS

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

"AIM"	the Alternative Investment Market of the LSE;
"Board" or "Director(s)"	the board of directors of SacOil whose names are reflected in the General Meeting Circular;
"CEO"	chief executive officer;
"Certificated Share(s)"	SacOil Share(s) which have not been dematerialised and which are held in physical form as share certificate(s) or other Document(s) of Title;
"Certificated Shareholder(s)"	holders of Certificated Share(s);
"Circular"	this bound circular, dated Monday, 6 January 2014, including its annexures;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
"Companies Act"	the Companies Act, No. 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011 promulgated under the Companies Act;
"CSDP"	a Central Securities Depository Participant, appointed by individual SacOil Shareholder(s) for the purpose of, and in regard to, dematerialisation in terms of the Financial Markets Act;
"Dematerialised Share(s)"	SacOil Share(s) that have been dematerialised through a CSDP or broker and replaced by electronic record(s) of ownership under the Strate system;
"Dematerialised Shareholder(s)"	holders of Dematerialised Shares;
"Document(s) of Title"	share certificate(s), transfer deed(s) or form(s), balance receipt(s) or any other document(s) of title acceptable to SacOil in respect of Certificated Shareholder(s);
"DRC"	the Democratic Republic of Congo;
"EPS"	earnings per share;
"EER"	Energy Equity Resources (Norway) Limited, (Registration number 05216886), a company duly incorporated in accordance with the laws of England and Wales;
"FD"	financial director;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012;
"Gairloch"	Gairloch Limited (Registration number 352430), a limited liability company registered in the British Virgin Islands with Dr Olatunji Olowolafe as the controlling shareholder;
"Gairloch Nominees"	collectively, Gairloch Nominee 1 and Gairloch Nominee 2 and "Gairloch Nominee" shall have a corresponding meaning;
"Gairloch Nominee 1"	Westglamry Limited, a company registered and incorporated in the British Virgin Islands with Gairloch as the controlling shareholder;
"Gairloch Nominee 2"	Newdel Holdings Limited, a company registered and incorporated in British Virgin Islands, owned 80% by Verod Holdings and 20% by Gairloch;



“General Meeting”	the general meeting of SacOil Shareholders, held at the Registered Office, on Friday, 6 December 2013 as more fully set out in the notice of General Meeting attached to the General Meeting Circular;
“General Meeting Circular”	the circular, dated Thursday, 7 November 2013, including its annexures, the notice of General Meeting and the form of proxy attached thereto;
“GEPF”	the Government Employees Pension Fund;
“HEPS”	headline earnings per share;
“Independent Reporting Accountants”	Ernst & Young Inc. (Registration number 2005/002308/21), registered auditor, a firm of chartered accountants (SA) and the independent reporting accountants to SacOil;
“Investment Bank, Corporate Advisor and Sponsor”	Nedbank Capital, a division of Nedbank Limited (Registration number 1951/000009/06);
“JSE”	the securities exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in South Africa, licensed as an exchange under the Financial Markets Act;
“King III”	the King Report on Governance for South Africa, 2009;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Thursday, 31 October 2013;
“Legal Advisor(s)”	Norton Rose Fulbright South Africa (Incorporated as Deneys Reitz Inc.) (Registration number 1984/003385/21), a private company incorporated and registered in South Africa and the legal advisor to SacOil on South African law;
“Listings Requirements”	the JSE Listings Requirements, as amended from time to time;
“LSE”	the London Stock Exchange;
“m”	million;
“Malawi”	the Republic of Malawi;
“Memorandum of Incorporation”	the memorandum of incorporation of SacOil, as amended from time to time;
“NAV”	net asset value per share;
“Nigeria”	the Federal Republic of Nigeria;
“Nominated Advisor”	finnCap Limited (Registration number 6198898), a company duly incorporated in accordance with the laws of England and Wales;
“PIC”	the Public Investment Corporation (SOC) Limited (Registration number 2005/009094/06), a corporation created in terms of the Public Investment Corporation Act, 2004, as amended and duly registered and incorporated under the laws of South Africa;
“PIC Undertaking”	the irrevocable undertaking provided by the PIC dated 14 August 2013, whereby the PIC irrevocably agreed to support the Rights Offer up to a maximum amount of R329 211 713 as fund manager for the GEPF, a Shareholder of SacOil;
“Qualifying Shareholder”	a holder of SacOil Shares registered as such on the Register on the Record Date;
“Rand” or “R”	the South African Rand, the lawful currency of South Africa;
“Record Date”	the record date in order to be entitled to participate in the Rights Offer, being Friday, 3 January 2014;
“Register”	collectively, the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;

"Registered Office"	the registered office of SacOil, being 2nd Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021;
"Rights Offer"	a renounceable rights offer of up to 2 111 111 111 Rights Offer Shares at an issue price of R0.27 per Share in the ratio of 220.80013 Rights Offer Shares for every 100 SacOil Shares held at the close of business on Friday, 3 January 2014;
"Rights Offer Shares"	a maximum of 2 111 111 111 new SacOil Shares which are to be offered to SacOil Shareholders pursuant to the Rights Offer;
"SacOil" or the "Company"	SacOil Holdings Limited (Registration number 1993/000460/06), a public company incorporated and registered in South Africa and the Shares of which are listed on AIM and the JSE;
"SacOil Group" or the "Group"	SacOil and its subsidiaries;
"SacOil Share(s)" or "Share(s)"	ordinary shares with no par value in the issued share capital of SacOil;
"SacOil Shareholder(s)" or "Shareholder(s)"	holder(s) of SacOil Shares;
"Senior Managers"	the senior managers of the SacOil Group;
"SENS"	the Securities Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;
"South African Exchange Control Regulations"	the South African Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
"Specific Issue"	the specific issue of the Specific Issue Shares to the Gairloch Nominees, in settlement of SacOil's indebtedness to Gairloch, as more fully set out in the General Meeting Circular;
"Specific Issue Shares"	883 449 144 SacOil Shares to be issued to the Gairloch Nominees, being the nominees of Gairloch, for an aggregate subscription consideration of R238 531 269 at R0.27 per SacOil Share in terms of the Gairloch Subscription Agreement, as defined in the General Meeting Circular;
"Strate"	Strate Limited (Registration number 1998/022242/06), a company incorporated and registered in South Africa and the electronic settlement system for transactions that take place on the JSE and off-market trades;
"TNAV"	tangible net asset value per share;
"Total"	Total E&P RDC (Registration number 712 081 382 RCS), a company incorporated and registered in France;
"Transfer Secretaries"	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated and registered in South Africa and the transfer secretaries to SacOil;
"UK"	United Kingdom;
"US" or "United States"	United States of America;
"USD"	the United States Dollar, the lawful currency of the United States;
"VAT"	Value Added Tax, payable in terms of the Value Added Tax Act, No. 89 of 1991, as amended; and
"Whitewash Resolution"	the ordinary resolution of SacOil Shareholders as contemplated in Regulation 86(4) of the Companies Regulations to waive the benefit of a mandatory offer from the PIC in terms of section 123(3) of the Companies Act, in the event that the GEPF's shareholding post the Specific Issue and the Rights Offer is equal to or exceeds 35% of SacOil's issued share capital.



## SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/000460/06)

JSE share code: SCL ISIN: ZAE000127460

AIM share code: SAC

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### Directors

Tito Mboweni\* (*Chairman*)

Roger Rees (*CEO*)

Tariro Mudzimuirema (*FD*)

Ignatius Sehoole\*

Gontse Moseneke\*

Mzuvukile Maqetuka\*

Stephanus Muller\*

Vusumzi Pikoli\*

\* *Independent non-executive Director*

# *Non-executive Director*

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## CIRCULAR TO SACOIL SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

SacOil Shareholders are referred to the SENS announcement, dated 12 September 2013, wherein it was announced, *inter alia*, that subject to the fulfilment of the conditions thereto, the Company would undertake to raise up to R570 million by way of the Rights Offer, through the issue of 2 111 111 111 new SacOil Shares at an issue price of R0.27 per Share.

In respect of the Rights Offer, SacOil Shareholders are invited to apply for excess applications and should these be available, they will be allocated to applicants in an equitable manner by the Directors in accordance with the provisions of paragraph 5.33 of the Listings Requirements.

As detailed in paragraph 3.3 of this Circular, SacOil has received an irrevocable undertaking from the PIC to follow its rights in respect of the Rights Offer up to a maximum amount of R329 211 713 as fund manager of the GEPP.

The purpose of this Circular is to provide SacOil Shareholders with relevant information relating to the Rights Offer, in order for SacOil Shareholders to make an informed decision as to whether or not to participate in the Rights Offer. As a result of the Rights Offer, SacOil will be issuing more than 25% of its currently issued share capital, and, in compliance with the Listings Requirements, has published revised listing particulars which were attached to the General Meeting Circular.

### 2. SALIENT INFORMATION ON SACOIL

#### 2.1 Nature of the business

SacOil is a South African based JSE and AIM-listed oil and gas exploration company focused exclusively on operations in Africa, where it has a competitive advantage through its experienced commercial and technical teams. To date, SacOil's interests and prospective interests include opportunities in the DRC, Malawi, Botswana and Nigeria. SacOil continues to evaluate a number of opportunities to secure new value accretive acreage in other established and prolific African hydrocarbon basins.

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

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

## 2.2 **Assets and prospects**

### **Malawi: Block 1**

Initial planning associated with the environmental and social impact assessments is underway following the award of Block 1 in Malawi during December 2012. In consultation with the Malawian government, SacOil is currently targeting to complete all environmental work by third quarter 2014.

Block 1 is located in the North Western part of Malawi bordering Tanzania to the north and Zambia to the west. The licence is located on trend with the East African rift system which is a proven exploration province with prolific oil discoveries in Sudan, Chad, Kenya and Uganda. Through initial work completed, SacOil's technical team anticipates that the same tertiary rift system will be present in Malawi.

### **DRC: Block III**

Total successfully acquired an airborne gravity and magnetic survey over the northern part of Block III outside the Virunga National Park. The interpretation of the processed gravity and magnetic survey confirms the geological trend observed in the adjacent concessions in Uganda. Features similar to those found to be oil-bearing in Uganda in the Albertine Graben have been identified. With this positive geological information, planning for the acquisition of a 2D seismic survey has begun. The current design envisages that a minimum 400 km 2D seismic data will be acquired during the next dry season, which is first quarter 2014.

### **Botswana licences 123/2013, 124/2013 and 125/2013**

Transfer Holdings (Proprietary) Limited, a Botswana subsidiary of SacOil, was awarded petroleum exploration licence numbers 123/2013, 124/2013 and 125/2013 on 29 April 2013.

### **Nigeria: OPL 233**

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 Ocean Bottom Cable ("OBC") seismic survey to be acquired over the block and the drilling of an exploration well. The awarding of the seismic contract is currently being finalised.

### **Nigeria: OPL 281**

SacOil has completed the seismic and well re-interpretation 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 a Competent Person for certification.

Subject to final NNPC approvals, the 2014 work programme could entail the reprocessing of existing and raw 3D seismic data over the block and the drilling of one exploration well.

### **Prospects**

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

## 3. **THE RIGHTS OFFER**

### 3.1 **Introduction**

SacOil is undertaking a renounceable Rights Offer to raise up to R570 million, through the offer of the Rights Offer Shares at an issue price of R0.27 per Share in the ratio of 220.80013 Rights Offer Shares for every 100 SacOil Shares held as at the close of business on Friday, 3 January 2014.

### 3.2 **Rationale for the Rights Offer**

The purpose of the Rights Offer is to raise additional capital to recapitalise the Company, thereby enabling it to actively pursue and develop its oil and gas prospects.

### 3.3 PIC Undertaking

SacOil has received from the PIC, the fund manager of the GEPP, a 16.64% Shareholder of SacOil, the PIC Undertaking in which the PIC has irrevocably agreed to support the Rights Offer up to a maximum amount of R329 211 713.

In the event that the GEPP achieves a shareholding in SacOil of 35% or more of the issued share capital of SacOil after the implementation of the Specific Issue, as more fully detailed in the General Meeting Circular, and the Rights Offer, as a result of fulfilling its obligation under the PIC Undertaking, the PIC would have been required to make a mandatory offer to all SacOil Shareholders in terms of section 123 of the Companies Act, which would have been classified as an affected transaction in terms of section 117 of the Companies Act.

In terms of the Regulation 86(4) of the Companies Regulations, SacOil proposed to SacOil Shareholders at the General Meeting the Whitewash Resolution, as further detailed in the General Meeting Circular, to waive the benefit of the mandatory offer from the PIC. SacOil Shareholders resolved, at the General Meeting, that the Whitewash Resolution be approved.

The Directors have made due and careful enquiry to confirm that the PIC is able to meet its obligations with regards to the Rights Offer.

For further information on the PIC refer to Annexure 2 to this Circular.

### 3.4 Terms of the Rights Offer

SacOil hereby offers, by way of the Rights Offer, to the SacOil Shareholders the Rights Offer Shares, at an issue price of R0.27 per Share, payable in full upon acceptance in Rands, in the ratio of 220.80013 Rights Offer Shares for every 100 Shares held on the Record Date. The Company intends to raise, via the Rights Offer, a maximum amount of R570 million.

The Rights Offer price of R0.27 per Share represents a:

- 4.6% discount to the volume weighted traded price of SacOil Shares as quoted on the exchange operated by the JSE for 30 days immediately prior to the suspension of trading of the Shares on the JSE and AIM on 31 May 2013; and
- 3.6% discount to the closing price of SacOil Shares on the JSE on the Last Practicable Date.

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with the existing issued SacOil Shares in terms of both voting and distribution rights.

The entitlement of each Qualifying Shareholder holding Certificated Shares is reflected in the appropriate block in the form of instruction, which is attached to this Circular.

Qualifying Shareholders holding Dematerialised Shares will not receive a printed form of instruction. Their CSDP or broker accounts will automatically be credited with their entitlements.

Fractional entitlements to Shares resulting from the Rights Offer will be rounded down to the nearest whole number if they are less than 0.5, and will be rounded up to the nearest whole number if they are equal to or greater than 0.5.

SacOil Shareholders not holding a multiple of 100 SacOil Shares will receive entitlements in accordance with the table of entitlements contained in Annexure 1 to this Circular.

Excess applications will be allowed as detailed in paragraph 4.3 below.

### 3.5 Opening and closing dates of the Rights Offer

The Rights Offer will open at 09:00 on Monday, 6 January 2014 and close at 12:00 on Friday, 24 January 2014.

## 4. PROCEDURES FOR ACCEPTANCE, PAYMENT, RENUNCIATION AND SALE OF RIGHTS

### 4.1 Procedures for acceptance of Rights Offer entitlements

#### Certificated Shareholders

If you are a Qualifying Shareholder and/or have had rights renounced in your favour, and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with payment

of the subscription price, with the Transfer Secretaries, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 24 January 2014. Once received by the Transfer Secretaries, the acceptance is irrevocable and may not be withdrawn. If payment is not received on or before 12:00 on Friday, 24 January 2014, the Qualifying Shareholder or renounee concerned will be deemed to have declined the offer to acquire Rights Offer Shares pursuant to the Rights Offer. The Rights Offer is not subject to a minimum subscription.

#### **Dematerialised Shareholders**

If you are a Qualifying Shareholder holding Dematerialised Shares, you will not receive a printed form of instruction. If you wish to sell all or part of your entitlement or renounce your entitlement in favour of any renounee, you are required to instruct your CSDP or broker as to either (i) the number of rights you wish to sell or (ii) the number of rights you wish to renounce and in favour of whom you wish to renounce those rights in the manner and within the time stipulated in the agreement governing the relationship with your CSDP or broker. If you wish to subscribe for all or part of your entitlement, you are required to instruct your CSDP or broker as to the number of Rights Offer Shares for which you wish to subscribe, in the manner and within the time stipulated in the agreement governing the relationship with your CSDP or broker.

### **4.2 Procedures for sale or renunciation of Rights Offer entitlements**

#### **Certificated Shareholders**

If you are a Qualifying Shareholder holding Certificated Shares, and do not wish to subscribe for all of the rights allocated to you as reflected in the enclosed form of instruction, you may either dispose of, or renounce, all or part of your entitlement. If you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the Transfer Secretaries to be received by no later than 12:00 on Friday, 17 January 2014. The Transfer Secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. If you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the Transfer Secretaries, to be received by no later than 12:00 on Friday, 24 January 2014, together with proof of payment of the aggregate subscription amount payable in respect of the Rights Offer Shares subscribed for. Such payment may be made by non-residents by way of a banker's draft for the appropriate amount. Certificated Shareholders may also make such payment by way of (i) electronic funds transfer; (ii) cash deposit; or (iii) internet transfer into the bank account referred to in the accompanying form of instruction. The account number set out in the accompanying form of instruction, assigned for use by the renounee, must be used as the identifying reference number for such payment. Neither the Company nor the Transfer Secretaries will identify or allocate any electronic funds transfer, cash deposit, internet transfer or other payment received into such bank account unless such transfer or other payment is clearly referenced with such reference number. Renounees must attach a certified true copy of their identity document to the form of instruction, where Forms B and C are completed.

#### **Dematerialised Shareholders**

If you are a Qualifying Shareholder holding Dematerialised Shares, and wish to sell or renounce some or all of the rights allocated to you, you should make the necessary arrangements with your CSDP or broker in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

### **4.3 Excess applications**

All Rights Offer Shares not taken up in terms of the Rights Offer will be available to the holders of letters of allocation, who may apply for excess applications.

The right to apply for additional Rights Offer Shares is automatically transferred by, and to the extent of, any renunciation.

#### **Certificated Shareholders**

Certificated Shareholders who wish to apply for Rights Offer Shares in addition to those allocated to them in terms of the Rights Offer, may do so by indicating the number of additional Rights Offer Shares that they wish to subscribe for in Blocks (7) and (8) on the form of instruction and by enclosing payment, in accordance with paragraph 4.4 of this Circular, for such additional Rights Offer Shares with their subscription.

#### **Dematerialised Shareholders**

Dematerialised Shareholders who wish to apply for Rights Offer Shares in addition to those allocated to them in terms of the Rights Offer, should advise their CSDP or broker as to the number of additional Rights Offer Shares for which they wish to apply and ensure that they have sufficient funds in their account.

Should there be excess Rights Offer Shares available for allocation after all Rights Offer Shares have been taken up in terms of the Rights Offer, these will be allocated to applicants in an equitable manner by the Directors in accordance with the provisions of paragraph 5.33 of the Listings Requirements.

Non-equitable allocations of excess applications will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 Rights Offer Shares.

An announcement will be published on SENS on Monday, 27 January 2014 and in the press on Tuesday, 28 January 2014, stating the results of the Rights Offer and the allocation of any excess applications.

Payments refunding monies in respect of unsuccessful excess applications by Certificated Shareholders for excess applications will be made to the relevant applicants, at their risk, on or about Wednesday, 29 January 2014. No interest will be paid on monies received in respect of unsuccessful excess applications.

#### 4.4 **Payment by Rights Offer recipients and/or their renounees**

##### **Certificated Shareholders**

Applicable to non-resident Certificated Shareholders, a banker's draft (drawn on a registered bank, crossed "not transferable" and with the words "or bearer" or "or order" deleted), payable to "SacOil Holdings Limited Rights Offer 2014", for the total amount due in respect of the number of Shares to be acquired in the currency of South Africa, together with a properly completed form of instruction, must be lodged by Certificated Shareholders as follows:

##### **Hand deliveries to:**

Link Market Services  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
Johannesburg  
2001

##### **Postal deliveries (at the risk of the holder) to:**

Link Market Services  
PO Box 4844  
Johannesburg  
2000

by no later than 12:00 on Friday, on 24 January 2014.

Certificated Shareholders may also make payment by way of (i) electronic funds transfer; (ii) cash deposit; or (iii) internet transfer into the bank account referred to in the accompanying form of instruction. The account number set out in the accompanying form of instruction, assigned for use by the renounee, must be used as the identifying reference number for such payment. Neither the Company nor the Transfer Secretaries will identify or allocate any electronic funds transfer, cash deposits, internet transfer or other payment received into such bank account unless such transfer or other payment is clearly referenced with such reference number.

##### **Dematerialised Shareholders**

CSDPs will effect payment on a delivery-versus-payment basis in respect of Dematerialised Shareholders.

Dematerialised Shareholders must instruct their CSDP or broker as to the action they must take to enable the CSDP or broker to act timeously on their behalf in terms of the agreement entered into between the Dematerialised Shareholders and their CSDP or broker.

## 5. **JURISDICTION**

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer, and this Circular and form of instruction should not be forwarded or transmitted to any person in any territory other than where it is lawful to make such an offer.

The Rights Offer Shares have not been, and will not be, registered under the Securities Act of the United States. Accordingly, the Rights Offer Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act of the United States. This Circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. This Circular does not constitute an offer of any securities for sale in the United States or to United States persons.

The Rights Offer contained in this Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, the United Kingdom, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Shareholders resident outside the Common Monetary Area should consult their professional advisors to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade their entitlement.

Shareholders holding SacOil Shares on behalf of persons who are resident outside the Common Monetary Area are responsible for ensuring that taking up the Rights Offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

## 6. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is, therefore, not comprehensive. It must be read together with paragraph 5 above. If SacOil Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisors.

The Rights Offer Shares will not be freely transferable from South Africa and will have to be dealt with in terms of the South African Exchange Control Regulations.

### 6.1 Non-residents outside the Common Monetary Area

SacOil Shareholders who are resident outside the Common Monetary Area should obtain advice whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their rights in terms of the Rights Offer.

### 6.2 Non-residents of the Common Monetary Area

Pursuant to the South African Exchange Control Regulations and upon specific approval of the SARB, non-residents, excluding former residents of the Common Monetary Area, will be allowed to:

- take up rights allocated to them in terms of the Rights Offer;
- purchase letters of allocation on the JSE;
- subscribe for the Rights Offer Shares arising in respect of the letters of allocation purchased on the JSE; and
- apply for excess applications,

provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate, and share certificates issued pursuant to such applications, will be endorsed "non-resident".

### 6.3 Former residents of the Common Monetary Area ("emigrants")

Where a right in terms of the Rights Offer becomes due to a former resident of the Common Monetary Area, which right is based on Shares blocked in terms of the South African Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the Rights Offer;
- purchase letters of allocation on the JSE;
- subscribe for the Rights Offer Shares arising in respect of the letters of allocation purchased on the JSE; and
- apply for excess applications.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any Rights Offer Shares' certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of letters of allocation or arising from the sale of blocked Shares will be credited to the blocked accounts of the emigrants concerned.

Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required



and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

New share certificates issued pursuant to the Rights Offer to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the South African Exchange Control Regulations. Where the emigrant's Shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be dispatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

## 7. STOCK EXCHANGE LISTINGS

The JSE has granted separate listings for:

- the letters of allocation in respect of the Rights Offer from the commencement of trading on the JSE on Friday, 27 December 2013 to Friday, 17 January 2014 (both days inclusive); and
- the Shares to be issued pursuant to the Rights Offer from the commencement of trading on the JSE on Monday, 20 January 2014.

Listing fees of R183 659.49 (excluding VAT) are payable in respect of the Shares issued pursuant to the Rights Offer.

## 8. FINANCIAL INFORMATION RELATING TO THE SPECIFIC ISSUE AND THE RIGHTS OFFER

The financial information relating to the Specific Issue and the Rights Offer was fully disclosed in the General Meeting Circular based on SacOil's published annual results for the year ended 28 February 2013. Subsequent to this, Sacoil has released their interim results for the six months ended 31 August 2013, on 22 November 2013.

Financial information relating to the Specific Issue and the Rights Offer based on SacOil's reviewed interim results for the six months ended 31 August 2013 is presented below.

The unaudited *pro forma* financial effects of the Specific Issue and Rights Offer on SacOil's EPS, HEPS, NAV and TNAV is set out below. The unaudited *pro forma* financial information is presented for illustrative purposes only, and, because of its nature, it may not fairly present SacOil's financial position, changes in equity, and results of operations or cash flows. The financial information is the responsibility of the Board.

Details of the unaudited *pro forma* financial information on the statement of comprehensive income and statement of financial position is contained in Annexure 3 to this Circular.

The independent reporting accountants' report on the unaudited *pro forma* financial information on the statement of comprehensive income and statement of financial position is set in Annexure 4 to this Circular.

### Unaudited *pro forma* financial information of the Specific Issue and the Rights Offer

Details	Interim financial results <sup>1</sup>	Adjustments – Gairloch Loans <sup>2</sup>	Before the Transactions <sup>3,11</sup>	<i>Pro forma</i> adjustments – Rights Offer <sup>4</sup>	After the Rights Offer <sup>5</sup>	<i>Pro forma</i> adjustments – Specific Issue <sup>7</sup>	After the Transactions <sup>9</sup>	Change (%) <sup>10</sup>
EPS (cents)	2.76	–	2.76	(1.90)	0.86	0.48	1.34	(51.45)
Diluted EPS (cents)	2.76	–	2.76	(1.90)	0.86	0.48	1.34	(51.45)
HEPS (cents)	2.76	–	2.76	(1.90)	0.86	0.48	1.34	(51.45)
Diluted HEPS (cents)	2.76	–	2.76	(1.90)	0.86	0.48	1.34	(51.45)
NAV (cents)	40.95	0.81	41.76	(10.26)	31.50	(1.04)	30.46	(27.06)
TNAV (cents)	19.28	0.22	19.50	5.07	24.57	0.51	25.08	28.62
Weighted average number of Shares in issue	953 340 791	–	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046	314.11
Weighted average number of Shares in issue for dilution	953 340 791	–	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046	314.11
Number of Shares in issue	953 340 791	–	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046	314.11

#### Notes:

1. The "Interim financial results" column indicates the financial information which has been extracted from SacOil's historical reviewed interim results for the six months ended 31 August 2013.

2. The "Adjustments – Gairloch Loans" column indicates the adjustments in respect of the Gairloch Loans. Subsequent to 31 August 2013, the Gairloch Loans incurred further interest charges amounting to R12 863 297. R11 088 966 of this interest is attributable to the Gairloch Novated Loan Agreement (as defined in the General Meeting Circular) and is split equally between SacOil's wholly owned subsidiary SacOil 233 Nigeria Limited and EER, and is capitalised to the OPL 233 asset under "exploration and evaluation assets" and the EER loan under "other financial assets", respectively. The movement in Accumulated Loss is a result of the remaining interest expense of R1 774 331 and foreign exchange gains amounting to R9 416 123 on all the Gairloch Loans also incurred subsequent to 31 August 2013. These adjustments resulted in a total increase in "Other financial liabilities" of R3 447 714.
3. The "Before the Transactions" column indicates the impact of item 2 above on the "Interim financial results".
4. The "Pro forma adjustments – Rights Offer" column takes into account the *pro forma* adjustments in respect of the Rights Offer, namely the issue of 2 111 111 111 SacOil Shares ("Rights Offer Shares") for R570 000 000 at the Issue Price of R0.27 per ordinary share. In this respect, Rights Offer costs of R2 872 661 have been deducted from equity.
5. The *pro forma* statement of comprehensive income figures are based on the assumption that the Rights Offer was implemented on 1 March 2013 while the statement of financial position figures are based on the assumption that the Rights Offer was implemented on 31 August 2013.
6. The "After the Rights Offer" column indicates the *pro forma* financial results after taking into account items 1 to 5 above.
7. The "Pro forma adjustments – Specific Issue" column takes into account the issue of 883 449 144 SacOil Shares to the Gairloch Nominees for R238 531 269 at the Issue Price of R0.27 per Share under the terms of the Gairloch Subscription Agreement (as defined in the General Meeting Circular). In this respect, Specific Issue costs of R1 202 139 have been deducted from equity.
8. The *pro forma* statement of comprehensive income figures are based on the assumption that the Specific Issue was implemented on 1 March 2013, while the statement of financial position figures are based on the assumption that the Specific Issue was implemented on 31 August 2013.
9. The "After the Transactions" column indicates the *pro forma* financial results after taking into account items 1 to 8 above.
10. The "Changes (%)" column is calculated as the difference between "After the Transactions" column and the "Before the Transactions" column, as a percentage of the "Before the Transactions" column.
11. The issue of Shares announced on SENS on 2 October 2013 has not been included in the *pro forma* financial information on the basis of materiality.

## 9. DETAILS OF SHARE CAPITAL MOVEMENT

- 9.1 The share capital of SacOil as at the Last Practicable Date is as follows:

<b>Before the Specific Issue and the Rights Offer</b>	<b>R</b>
<b>Authorised share capital</b>	
10 000 000 000 ordinary shares of no par value	
<b>Stated share capital</b>	
956 118 568 ordinary shares of no par value	534 863 367

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

<b>After the Specific Issue and the Rights Offer</b>	<b>R</b>
<b>Authorised share capital</b>	
10 000 000 000 ordinary shares of no par value <sup>1</sup>	
<b>Stated share capital</b>	
3 947 901 046 ordinary shares of no par value <sup>2</sup>	1 338 628 592

**Notes:**

1. There will be no changes to the authorised share capital of SacOil as a result of the Specific Issue and Rights Offer.
2. Costs of R4 074 800 related to the Specific Issue and Rights Offer have been deducted from equity.
3. The Specific Issue Shares and the Rights Offer Shares are of the same class as the SacOil Shares currently in issue, rank *pari passu* in every respect and are fully paid up. SacOil has no preferred or deferred Shares in issue.
4. No SacOil Shares are held in treasury.

## 10. DIRECTORS AND DIRECTORS' INTERESTS

Information on the Directors and Senior Managers of SacOil are fully disclosed in the General Meeting Circular.

## 11. MARKET VALUE OF SACOIL SHARES

Information on the market value of SacOil Shares is detailed in the General Meeting Circular.

## 12. GOVERNING LAW

This Circular will be governed by, and construed in accordance with, the laws of South Africa and shall be subject to the exclusive jurisdiction of the South African Courts.

### 13. MATERIAL CHANGES STATEMENT

The Company has obtained a convertible bridge loan facility of USD20.5 million from the PIC ("the PIC Loan Facility") to fulfil the Group's financing obligations relating to its assets in advance of receipt of funds from the Rights Offer. The PIC Loan Facility was advanced to SacOil at a rate of interest linked to the three-month Johannesburg Interbank Agreed Rate and is repayable by 31 January 2014. It is anticipated that the repayment of the PIC Loan Facility will be through the issue of a sufficient number of Rights Offer Shares to the PIC at R0.27 per Share, pursuant to the PIC Undertaking.

Save for the Specific Issue, the Rights Offer and the PIC Loan Facility (as detailed above), there have been no material changes in the financial or trading position of SacOil since the end of the last financial period for which reviewed interim financial results have been published.

### 14. MATERIAL ARRANGEMENTS, UNDERTAKINGS OR AGREEMENTS

Save as set out in this Circular, no arrangements, undertakings, or agreements, other than in the ordinary course of business, have been concluded by SacOil as at the Last Practicable Date.

### 15. MATERIAL BORROWINGS

#### 15.1 Material borrowings

Details of material borrowings advanced to the Company, as at the Last Practicable Date, are set out in the General Meeting Circular.

#### 15.2 Directors' loans

No loans have been made or security furnished by the Company to, or for the benefit of, any Director or manager or associate of any Director or manager of the Company, save for those detailed in the General Meeting Circular.

#### 15.3 Commitments and contingent liabilities

The SacOil Group had the following material commitments and contingent liabilities as at the interim financial period ended 31 August 2013:

<b>Commitments</b>	<b>R</b>
Exploration and evaluation assets – work programme commitments	413 938 891
Exploration and evaluation commitments will be funded from the proceeds of the Rights Offer.	
<b>Contingent liabilities</b>	
Performance bond on OPL 233 issued by Ecobank in respect of OPL 233 exploration activities	154 524 000
Cost carry arrangement with Total	32 861 257
Farm-in and transaction fees on receipt of title to OPL 233	134 950 960
Farm-in and transaction fees on receipt of title to OPL 281	149 373 200
<b>Total</b>	<b>471 709 417</b>

#### **Performance bond**

In April 2012, the Group posted a USD25 million performance bond to support the work programme on OPL 233. This performance bond is secured by a R103.2 million (USD10 million) cash collateral as disclosed in note 11 of the Reviewed Interim Results for the six months ended 31 August 2013. 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 has incurred R32.9 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.

### **Farm-in and transaction fees OPL 233**

A farm-in fee of R109.2 million (USD10.6 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 (USD2.5 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 (USD12 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 (USD2.5 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.

## **16. LITIGATION STATEMENT**

SacOil's litigation statement is fully disclosed in the General Meeting Circular.

## **17. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors:

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

## **18. CORPORATE GOVERNANCE**

The Board is fully committed to the principles of the Code of Corporate Practices and Conduct as set out in King III. The Board recognises that it is ultimately responsible for conducting the affairs of the Company with integrity and in accordance with generally accepted corporate practices.

The Company's corporate governance statement is set out in the General Meeting Circular.

## **19. CONSENTS**

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

## **20. EXPENSES RELATING TO THE RIGHTS OFFER**

Expenses relating to the Rights Offer are fully disclosed in the General Meeting Circular.

## **21. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- the Memorandum of Incorporation of SacOil and its subsidiaries;
- the PIC Undertaking;
- copies of service agreements with Directors and Senior Managers;
- the *pro forma* financial information of SacOil;
- the Independent Reporting Accountants' report on the unaudited *pro forma* financial information of SacOil;
- the audited annual financial statements of SacOil for the three financial years ended 2011, 2012 and 2013;

- the reviewed interim results of SacOil for the six months period ended 31 August 2013;
- consent letters of the appointed professional advisors as set out in paragraph 19 of this Circular; and
- a signed copy of this Circular.

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

**Roger Rees**  
*CEO*

6 January 2014

**Registered Office**

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

**Transfer Secretaries**

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

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**TABLE OF ENTITLEMENT**


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The number of Rights Offer Shares to which Qualifying Shareholders will be entitled is set out below, based on the assumption that SacOil Shareholders will be entitled to 220.80013 Rights Offer Shares for every 100 SacOil Shares held. SacOil Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up and fractions of less than 0.5 being rounded down. Only whole numbers of Rights Offer Shares will be issued, in accordance with the Listings Requirements.

<b>Number of existing SacOil Shares held</b>	<b>Number of Rights Offer Shares to which Shareholder is entitled</b>	<b>Rounded number of Rights Offer Shares to which a Shareholder is entitled</b>	<b>Number of existing SacOil Shares held</b>	<b>Number of Rights Offer Shares to which Shareholder is entitled</b>	<b>Rounded number of Rights Offer Shares to which a Shareholder is entitled</b>
1	2.20800	2	24	52.99203	53
2	4.41600	4	25	55.20003	55
3	6.62400	7	26	57.40803	57
4	8.83201	9	27	59.61604	60
5	11.04001	11	28	61.82404	62
6	13.24801	13	29	64.03204	64
7	15.45601	15	30	66.24004	66
8	17.66401	18	31	68.44804	68
9	19.87201	20	32	70.65604	71
10	22.08001	22	33	72.86404	73
11	24.28801	24	34	75.07204	75
12	26.49602	26	35	77.28005	77
13	28.70402	29	36	79.48805	79
14	30.91202	31	37	81.69605	82
15	33.12002	33	38	83.90405	84
16	35.32802	35	39	86.11205	86
17	37.53602	38	40	88.32005	88
18	39.74402	40	41	90.52805	91
19	41.95202	42	42	92.73605	93
20	44.16003	44	43	94.94406	95
21	46.36803	46	44	97.15206	97
22	48.57603	49	45	99.36006	99
23	50.78403	51	46	101.56806	102

<b>Number of existing SacOil Shares held</b>	<b>Number of Rights Offer Shares to which Shareholder is entitled</b>	<b>Rounded number of Rights Offer Shares to which a Shareholder is entitled</b>	<b>Number of existing SacOil Shares held</b>	<b>Number of Rights Offer Shares to which Shareholder is entitled</b>	<b>Rounded number of Rights Offer Shares to which a Shareholder is entitled</b>
47	103.77606	104	83	183.26411	183
48	105.98406	106	84	185.47211	185
49	108.19206	108	85	187.68011	188
50	110.40007	110	86	189.88811	190
51	112.60807	113	87	192.09611	192
52	114.81607	115	88	194.30411	194
53	117.02407	117	89	196.51212	197
54	119.23207	119	90	198.72012	199
55	121.44007	121	91	200.92812	201
56	123.64807	124	92	203.13612	203
57	125.85607	126	93	205.34412	205
58	128.06408	128	94	207.55212	208
59	130.27208	130	95	209.76012	210
60	132.48008	132	96	211.96812	212
61	134.68808	135	97	214.17613	214
62	136.89608	137	98	216.38413	216
63	139.10408	139	99	218.59213	219
64	141.31208	141	100	220.80013	221
65	143.52008	144	200	441.60026	442
66	145.72809	146	300	662.40039	662
67	147.93609	148	400	883.20052	883
68	150.14409	150	500	1 104.00065	1 104
69	152.35209	152	600	1 324.80078	1 325
70	154.56009	155	700	1 545.60091	1 546
71	156.76809	157	800	1 766.40104	1 766
72	158.97609	159	900	1 987.20117	1 987
73	161.18409	161	1 000	2 208.00130	2 208
74	163.39210	163	2 000	4 416.00260	4 416
75	165.60010	166	3 000	6 624.00390	6 624
76	167.80810	168	4 000	8 832.00520	8 832
77	170.01610	170	5 000	11 040.00650	11 040
78	172.22410	172	6 000	13 248.00780	13 248
79	174.43210	174	7 000	15 456.00910	15 456
80	176.64010	177	8 000	17 664.01040	17 664
81	178.84811	179	9 000	19 872.01170	19 872
82	181.05611	181	10 000	22 080.01300	22 080

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**STATUTORY DETAILS OF THE PIC**


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<b>Name of company</b>	Public Investment Corporation (SOC) Limited	
<b>Country of incorporation and domicile</b>	South Africa	
<b>Date of incorporation</b>	1911	
<b>Nature of business and principal activities</b>	Investment management	
<b>Directors</b>	Mr Nhlanhla Nene (Deputy Minister of Finance)	Non-executive Chairman
	Mr Elias Masilela	Chief Executive Officer
	Dr Daniel Matjila	Chief Investment Officer
	Ms Matshepo More	Chief Financial Officer
	Mr Patrick Mngconkola	Non-executive
	Mr Roshan Morar	Non-executive
	Ms Moira Moses	Non-executive
	Mr Vuyo Jack	Non-executive
	Mr Ignatius Sehoole	Non-executive
	Mr Jan Strydom	Non-executive
	Ms Rejane Woodroffe	Non-executive
<b>Registered office and business address</b>	Block C Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Extension 6 Menlo Park Pretoria	
<b>Postal address</b>	Private Bag X187 Pretoria South Africa 0001	
<b>Auditors</b>	Office of the Auditor General of South Africa	
<b>Bankers</b>	Nedbank	
<b>Secretary</b>	Wilhelmina JF Louw	
<b>Registration number</b>	2005/009094/06	
<b>Share Capital</b>		<b>2012</b>
<b>Authorised</b>		
100 Ordinary Shares of R10 each		R1 000
<b>Issued</b>		
100 Ordinary Shares of R10 each		R1 000

**Note:** There are no shares held in reserve.

**Public Investment Corporation (SOC) Limited disclaimer**

Public Investment Corporation (SOC) Limited (PIC), Registration number 2005/009094/06, is a licensed financial services provider, FSP 19777, approved by the Registrar of Financial Services Providers ([www.fsb.co.za](http://www.fsb.co.za)) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002).



The PIC is wholly owned by the South African government, with the Minister of Finance as a shareholder representative.

Products offered by the PIC do not provide any guarantees against capital losses. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full invested amount. Past performance is not necessarily a guide to future investment performance.

Personal trading by staff is restricted to ensure that there is no conflict of interest. All directors and employees who are likely to have access to price sensitive and unpublished information in relation to the PIC are further restricted in their dealings. All employees are remunerated with salaries and standard short-term and long-term incentives. No commission or incentive is paid by the PIC to any persons and all inter-group transactions are done on an arm's length basis.

The PIC has comprehensive crime and professional indemnity insurance.

For more details on the PIC please visit [www.pic.gov.za](http://www.pic.gov.za).

## PRO FORMA FINANCIAL INFORMATION OF SACOIL

Based on SacOil's reviewed interim results for the six months ended 31 August 2013, the *pro forma* financial effects of the Rights Offer and the Specific Issue on SacOil's reported EPS, HEPS, NAV and TNAV is set out below. The Rights Offer will occur before the Specific Issue as detailed in the General Meeting Circular, per paragraph 2.4.8.

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

The Independent Reporting Accountants' report on the *pro forma* financial information on the statement of comprehensive income and statement of financial position is set in Annexure 4 to this Circular.

### PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF SACOIL AFTER THE SPECIFIC ISSUE AND RIGHTS OFFER

R's	Interim Financial Results <sup>1</sup>	<i>Pro forma</i> adjustments – Rights Offer <sup>2</sup>	After the Rights Offer <sup>4</sup>	<i>Pro forma</i> adjustments – Specific Issue <sup>5</sup>	After the Transactions <sup>7</sup>
Other income	43 737 699	–	43 737 699	27 347 683	71 085 382
Other operating costs	(11 501 668)	–	(11 501 668)	–	(11 501 668)
<b>Profit from operations</b>	<b>32 236 031</b>	<b>–</b>	<b>32 236 031</b>	<b>27 347 683</b>	<b>59 583 714</b>
Investment income	46 927 405	–	46 927 405	–	46 927 405
Finance costs	(10 474 963)	–	(10 474 963)	9 851 101	(623 862)
<b>Profit before taxation</b>	<b>68 688 473</b>	<b>–</b>	<b>68 688 473</b>	<b>37 198 784</b>	<b>105 887 257</b>
Taxation	(41 712 659)	–	(41 712 659)	(10 415 660)	(52 128 319)
<b>Profit for the period</b>	<b>26 975 814</b>	<b>–</b>	<b>26 975 814</b>	<b>26 783 124</b>	<b>53 758 938</b>
<b>Total comprehensive profit for the period</b>	<b>26 975 814</b>	<b>–</b>	<b>26 975 814</b>	<b>26 783 124</b>	<b>53 758 938</b>
<b>Headline earnings</b>	<b>26 284 839</b>	<b>–</b>	<b>26 284 839</b>	<b>26 783 124</b>	<b>53 067 963</b>
<b>Profit attributable to:</b>					
Owners of the parent	26 284 839	–	26 284 839	26 783 124	53 067 963
Non-controlling interest	690 975	–	690 975	–	690 975
<b>Profit for the period</b>	<b>26 975 814</b>	<b>–</b>	<b>26 975 814</b>	<b>26 783 124</b>	<b>53 758 938</b>
<b>Total comprehensive profit attributable to:</b>					
Owners of the parent	26 284 839	–	26 284 839	26 783 124	53 067 963
Non-controlling interest	690 975	–	690 975	–	690 975
<b>Total comprehensive profit</b>	<b>26 975 814</b>	<b>–</b>	<b>26 975 814</b>	<b>26 783 124</b>	<b>53 758 938</b>
<b>Earnings per share</b>					
EPS (cents)	2.76	(1.90)	0.86	0.48	1.34
Diluted EPS (cents)	2.76	(1.90)	0.86	0.48	1.34
HEPS (cents)	2.76	(1.90)	0.86	0.48	1.34
Diluted HEPS (cents)	2.76	(1.90)	0.86	0.48	1.34
Number of Shares in issue	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046
Weighted average number of Shares in issue	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046
Weighted average number of Shares in issue for dilution	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046

**Notes:**

1. The "Interim Financial Results" column indicates the financial information which has been extracted from SacOil's historical reviewed interim financial results for the six months ended 31 August 2013.
2. The "Pro forma adjustments – Rights Offer" column takes into account the *pro forma* adjustments in respect of the Rights Offer, namely the issue of 2 111 111 111 SacOil Shares ("Rights Offer Shares") for R570 000 000 at the Issue Price of R0.27 per ordinary share.
3. The *pro forma* statement of comprehensive income figures are based on the assumption that the Rights Offer was implemented on 1 March 2013.
4. The "After the Rights Offer" column indicates the *pro forma* financial results after taking into account items 1 to 3 above.
5. The "Pro forma adjustments – Specific Issue" column takes into account the adjustments in respect of the Specific Issue, namely the elimination of finance costs amounting to R9 851 101 and foreign exchange losses amounting to R27 347 683 in respect of the Gairloch Loans which were included in the statement of comprehensive income at 31 August 2013. The "Pro forma adjustments – Specific Issue" are expected to have a continuing effect on the Company.
6. The *pro forma* statement of comprehensive income figures are based on the assumption that the Specific Issue was implemented on 1 March 2013.
7. The "After the Transactions" column indicates the *pro forma* financial results after taking into account items 1 to 6 above.
8. No interest on cash balances has been taken into account.
9. Proceeds from the Rights Offer will be used to fund working capital.

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF SACOIL AFTER THE SPECIFIC ISSUE AND RIGHTS OFFER**

R's	Interim Financial Results <sup>1</sup>	Adjustments – Gairloch Loans <sup>2</sup>	Before the Transactions <sup>3,10</sup>	Pro forma adjustments – Rights Offer <sup>4</sup>	After the Rights Offer <sup>6</sup>	Pro forma adjustments – Specific Issue <sup>7</sup>	After the Transactions <sup>9</sup>
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	253 773	–	253 773	–	253 773	–	253 773
Exploration and evaluation assets	206 659 432	5 544 483	212 203 915	–	212 203 915	–	212 203 915
Other intangible assets	130 949	–	130 949	–	130 949	–	130 949
Other financial assets	445 099 456	–	445 099 456	–	445 099 456	–	445 099 456
<b>Total non-current assets</b>	<b>652 143 610</b>	<b>5 544 483</b>	<b>657 688 093</b>	<b>–</b>	<b>657 688 093</b>	<b>–</b>	<b>657 688 093</b>
<b>Current assets</b>							
Other financial assets	151 707 934	5 544 483	157 252 417	–	157 252 417	–	157 252 417
Trade and other receivables	3 672 368	–	3 672 368	–	3 672 368	–	3 672 368
Cash and cash equivalents	103 580 730	–	103 580 730	567 127 339	670 708 069	(1 202 139)	669 505 930
<b>Total current assets</b>	<b>258 961 032</b>	<b>5 544 483</b>	<b>264 505 515</b>	<b>567 127 339</b>	<b>831 632 854</b>	<b>(1 202 139)</b>	<b>830 430 715</b>
<b>TOTAL ASSETS</b>	<b>911 104 642</b>	<b>11 088 966</b>	<b>922 193 608</b>	<b>567 127 339</b>	<b>1 489 320 947</b>	<b>(1 202 139)</b>	<b>1 488 118 808</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Shareholders' equity</b>							
Stated capital	534 172 123	–	534 172 123	567 127 339	1 101 299 462	237 329 130	1 338 628 592
Reserves	6 001 847	–	6 001 847	–	6 001 847	–	6 001 847
Accumulated loss	(172 735 613)	7 641 792	(165 093 821)	–	(165 093 821)	–	(165 093 821)
<b>Equity attributable to equity holders</b>	<b>367 438 357</b>	<b>7 641 792</b>	<b>375 080 149</b>	<b>567 127 339</b>	<b>942 207 488</b>	<b>237 329 130</b>	<b>1 179 536 618</b>
Non-controlling interest	22 989 130	–	22 989 130	–	22 989 130	–	22 989 130
<b>Total shareholders equity</b>	<b>390 427 487</b>	<b>7 641 792</b>	<b>398 069 279</b>	<b>567 127 339</b>	<b>965 196 618</b>	<b>237 329 130</b>	<b>1 202 525 748</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Deferred tax liability	88 755 267	–	88 755 267	–	88 755 267	–	88 755 267
<b>Total non-current liabilities</b>	<b>88 755 267</b>	<b>–</b>	<b>88 755 267</b>	<b>–</b>	<b>88 755 267</b>	<b>–</b>	<b>88 755 267</b>
<b>Current liabilities</b>							
Other financial liabilities	296 808 352	3 447 174	300 255 526	–	300 255 526	(238 531 269)	61 724 257
Current taxation payable	119 540 560	–	119 540 560	–	119 540 560	–	119 540 560
Trade and other payables	15 572 976	–	15 572 976	–	15 572 976	–	15 572 976
<b>Total current liabilities</b>	<b>431 921 888</b>	<b>3 447 174</b>	<b>435 369 062</b>	<b>–</b>	<b>435 369 062</b>	<b>(238 531 269)</b>	<b>196 837 793</b>

R's	Interim Financial Results <sup>1</sup>	Adjustments – Gairloch Loans <sup>2</sup>	Before the Transactions <sup>3,10</sup>	<i>Pro forma</i> adjustments – Rights Offer <sup>4</sup>	After the Rights Offer <sup>6</sup>	<i>Pro forma</i> adjustments – Specific Issue <sup>7</sup>	After the Transactions <sup>9</sup>
<b>Total liabilities</b>	520 677 155	3 447 174	524 124 329	–	524 124 329	(238 531 269)	285 593 060
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>911 104 642</b>	<b>11 088 966</b>	<b>922 193 608</b>	<b>567 127 339</b>	<b>1 489 320 947</b>	<b>(1 202 139)</b>	<b>1 488 118 808</b>
NAV (cents)	40.95	0.81	41.76	(10.26)	31.50	(1.04)	30.46
TNAV (cents)	19.28	0.22	19.50	5.07	24.57	0.51	25.08
Number of Shares in issue	953 340 791	–	953 340 791	2 111 111 111	3 064 451 902	883 449 144	3 947 901 046

**Notes:**

1. The "Interim Financial Results" column indicates the financial information which has been extracted from SacOil's historical reviewed interim financial results for the six months ended 31 August 2013.
2. The "Adjustments – Gairloch Loans" column indicates the adjustments in respect of the Gairloch Loans. Subsequent to 31 August 2013, the Gairloch Loans incurred further interest charges amounting to R12 863 297. R11 088 966 of this interest is attributable to the Gairloch Novated Loan Agreement (as defined in the General Meeting Circular) and is split equally between SacOil's wholly owned subsidiary SacOil 233 Nigeria Limited and EER, and is capitalised to the OPL 233 asset under "exploration and evaluation assets" and the EER loan under "other financial assets", respectively. The movement in *Accumulated Loss* is a result of the remaining interest expense of R1 774 331 and foreign exchange gains amounting to R9 416 123 on all the Gairloch Loans also incurred subsequent to 31 August 2013. These adjustments resulted in a total increase in "Other financial liabilities" of R3 447 714.
3. The "Before the Transactions" column indicates the impact of item 2 above on the "Interim Financial Results".
4. The "Pro forma adjustments – Rights Offer" column takes into account the *pro forma* adjustments in respect of the Rights Offer, namely the issue of 2 111 111 111 SacOil Shares ("Rights Offer Shares") for R570 000 000 at the Issue Price of R0.27 per ordinary share. In this respect, Rights Offer costs of R2 872 661 have been deducted from equity.
5. The *pro forma* statement of financial position figures are based on the assumption that the Rights Offer was implemented on 31 August 2013.
6. The "After the Rights Offer" column indicates the *pro forma* financial results after taking into account items 1 to 5 above.
7. The "Pro forma adjustments – Specific Issue" column takes into account the issue of 883 449 144 SacOil Shares to the Gairloch Nominees for R238 531 269 at the Issue Price of R0.27 per ordinary share under the terms of the Gairloch Subscription Agreement (as defined in the General Meeting Circular). In this respect, Specific Issue costs of R1 202 139 have been deducted from equity.
8. The *pro forma* statement of financial position figures are based on the assumption that the Specific Issue was implemented on 31 August 2013.
9. The "After the Transactions" column indicates the *pro forma* financial position after taking into account items 1 to 8 above.
10. The issue of Shares announced on SENS on 2 October 2013 has not been included in the *pro forma* financial information on the basis of materiality.

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

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

### **Independent Reporting Accountants' Assurance report on the compilation of the *pro forma* financial information included in a circular**

To the Directors of SacOil Holdings Limited

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of SacOil Holdings Limited by the directors. The *pro forma* financial information, as set out in Annexure 3 on pages 24 to 26 of the Circular relating to the Specific Issue of 883 449 144 SacOil Shares to nominees of Gairloch for R238 531 269 at an issue price of R0.27 per SacOil Share in settlement of the Gairloch loans and a renounceable Rights Offer of up to 2 111 111 111 SacOil Shares at an issue price of R0.27 per SacOil Share in the ratio of 220.80013 Rights Offer Shares for every 100 SacOil Shares held, consists of the statement of comprehensive income and statement of financial position (collectively the "*pro forma* financial information") and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in paragraphs 2 and 3 of the General Meeting Circular, on the Company's financial position as at 31 August 2013, and the company's financial performance for the six months then ended, as if the corporate action or event had taken place at 31 August 2013 and for the six months then ended. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's reviewed interim results for the six months ended 31 August 2013.

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

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 8 on page 15 of the Circular.

### **Reporting accountants' responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in the Circular which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether *the pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2013 would have been as presented.

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

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

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

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

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

### **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 3 on page 24.

### **Ernst & Young Inc.**

*Director:* Iwan Hermanus Grobler  
Reporting Accountant Specialist  
Registered Auditor

2 December 2013”