REVIEWED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2014

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")

HIGHLIGHTS

- Cementing of Board and executive team
- Transition from development to production initiated
- Acquisition of 20% interest in Nigeria's OPL 233 completed; seismic survey initiated
- Completion of satellite imagery survey for Botswana assets and ESIA initiation in Malawi
- Strategic entry into Egypt through 100% acquisition of Lagia Oil Field
- Active review of capital structure and funding options

Dr Thabo Kgogo, Chief Executive of SacOil, commented: "We attained a number of milestones during this period with the support of a new Board and re-energised executive team.

In particular, the acquisition of Lagia Oil Field in Egypt marks our transition from a development to a production company supported by a reserve base able to deliver production and cash flow in the near term. This transformational transaction also provides us with greater access to the capital markets as we roll out our strategy to build a substantial pan-African exploration and production business.

Looking ahead, our funding situation remains a top priority and we will continue to work towards the successful resolution of the loan situation with EERNL but also actively review alternative options, including rebalancing of our portfolio. The completion of the forensic investigation and resolution of the matters raised will remain a priority of the Board."

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 9 October 2014, in which the Company communicated a detailed update on its asset-level operations.

FINANCIAL REVIEW

The Group reported a decrease of 23% in profit after tax to R20.7 million for the six months ended 31 August 2014 compared to R27.0 million for the corresponding prior comparative period. Although the Group's investment income increased by 64%, the resultant increase was off-set by foreign exchange losses on the Group's financial assets coupled with higher other operating costs.

The increase in investment income is attributable to the compounding effect of the interest accruals on the loan advanced to Energy Equity Resources (Norway) Limited ("EERNL"). Furthermore, the loan now attracts interest of 32% compared to 30% for the corresponding prior comparative period, following the renegotiation of the loan repayment terms (refer to note 13). The composition of investment income is disclosed in note 4.

Other operating costs, as disclosed in note 3, increased by 305% to R46.6 million (2013: R11.5 million) during the period under review. The Group impaired its financial assets by R19.7 million (2013: nil). The increase is also reflective of the Group's investment in business development activities.

The Group's foreign exchange losses for the six months total R7.2 million (2013: R43.7 million foreign exchange gains). The US dollar / Rand exchange rate was less volatile during the six months under review compared to the corresponding prior comparative period when it fluctuated between R8.8398/US$1 and R10.3016/US$1 at the beginning and end of the reporting period, respectively.

The Group extinguished all its debt in January 2014, resulting in the elimination of borrowing costs (2013: R10.5 million).

Exploration and evaluation assets increased by R29.2 million to R296.0 million (28 February 2014: R266.8 million) as a result of the Group capitalising the seismic survey costs relating to OPL 233.

Other financial assets, as disclosed in note 8, increased by R35.2 million to R691.1 million (28 February 2014: R655.9 million). The net movement comprises:

- An increase in interest of R73.4 million on the EERNL loan (R59.4 million), contingent consideration (R10.7 million) and other financial assets (R3.3 million);
- A part repayment of the EERNL loan of R10.6 million;
- An impairment charge of R19.7 million against the EERNL loan; and
- Foreign exchange losses totalling R7.9 million.

Cash and cash equivalents comprise the translated US$10 million cash collateral held as security for the performance bond on OPL 233 of R106.7 million (28 February 2014: R108.1 million) and cash deposits amounting to R214.0 million (28 February 2014: R273.5 million). The decrease in cash is reflective of the Group's investment in the OPL 233 seismic survey, business development activities and normal operating costs.

Other financial liabilities, as disclosed in note 10, decreased by R20.9 million, reflecting the settlement of the amounts owed to Nigdel United Oil Company, the operator of OPL 233.

GOING CONCERN

The Board continues to explore funding and other alternatives available to the Group to 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 as detailed in note 14.

REPORTABLE IRREGULARITY

The Board of SacOil recently engaged Ernst & Young Inc. to carry out a forensic investigation on specific historical transactions of the Company between 1 August 2011 and 30 November 2011 relating to the Company's unsuccessful attempt to acquire interests in Block I and II in the DRC, amongst other matters.

Based on matters raised in the preliminary forensic report, Ernst & Young Inc., the Company's external auditors, have reported to the Independent Regulatory Board for Auditors that they have reason to believe that Reportable Irregularities committed by previous members of management took place. These Reportable Irregularities relate to matters which do not affect the current condensed consolidated interim financial statements. The directors do not expect that future losses will arise from the matters raised.

The forensic investigation represents a key step taken by the Board to address historical governance issues.

Shareholders will be kept informed of progress made regarding this matter.

CHANGE IN DIRECTORATE

On 1 June 2014 the new CEO, Dr Thabo Kgogo, joined SacOil and was appointed to the Board. On 11 August 2014 Bradley Cerff was appointed to the Board as an Executive Director.

OUTLOOK

Good progress has been made across the existing portfolio of exploration and appraisal assets during the period.

The acquisition of the Lagia Oil Field in Egypt completed in October 2014 marks an inflexion point in SacOil's investment profile with the Company transitioning from a pure exploration play to an exploration and production business with cash-generating assets.

SacOil is now focusing on its funding situation and will assess various alternatives to ensure that an adequate capital structure is in place to deliver on its stated strategy. This may include a combination of portfolio rebalancing, rationalisation of assets and alternative funding options which are being continually assessed. The resolution of the US$18 million loan due to SacOil by EERNL is a top priority which is anticipated to be resolved before the end of the financial year.

Longer term, SacOil will continue to execute on ongoing projects in the Democratic Republic of Congo, Malawi, Botswana and Nigeria which are all expected to yield significant future milestones and value for the Group. The partnership announced in March 2014 between SacOil, the Public Investment Corporation of South Africa and the Instituto De Gestão Das Participações Do Estado in Mozambique regarding the investigation of gas opportunities and future distribution of gas in southern Africa also offers exciting prospects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Reviewed Six months to 31 August 2014 R	Reviewed Six months to 31 August 2013 R
Other income		–	43 737 699
Other operating costs		(46 575 517)	(11 501 668)
Operating (loss)/profit	3	(46 575 517)	32 236 031
Investment income	4	77 001 921	46 927 405
Finance costs		(646)	(10 474 963)
Profit before taxation		30 425 758	68 688 473
Taxation		(9 756 554)	(41 712 659)
Profit for the period		20 669 204	26 975 814
Total comprehensive income for the period		20 669 204	26 975 814
Profit/(loss) attributable to:			
Equity holders of the parent		22 320 598	26 284 839
Non-controlling interest		(1 651 394)	690 975
		20 669 204	26 975 814
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		22 320 598	26 284 839
Non-controlling interest		(1 651 394)	690 975
		20 669 204	26 975 814
Earnings per share			
Basic (cents)	6	0.72	2.76
Diluted (cents)	6	0.72	2.76

CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Six months to 31 August 2014 R	Reviewed Six months to 31 August 2013 R
Cash flows from operating activities		
Cash used in operations	(24 114 839)	(8 739 666)
Interest income	3 528 096	217 185
Tax received	–	32 412
Net cash used in operating activities	(20 586 743)	(8 490 069)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(29 233 332)	(4 210 593)
Purchase of property, plant and equipment	(28 986)	–
Receipts from loans and receivables	10 607 190	4 303 501
Net cash (used in)/from investing activities	(18 655 128)	92 908
Cash flows from financing activities		
(Repayment of)/proceeds from other financial liabilities	(20 220 311)	3 288 700
Net cash (used in)/from financing activities	(20 220 311)	3 288 700
Total movement in cash and cash equivalents for the period	(59 462 182)	(5 108 461)
Foreign exchange (losses)/gains on cash and cash equivalents	(1 411 861)	14 656 775
Cash and cash equivalents at the beginning of the period	381 579 766	94 032 416
Cash and cash equivalents at the end of the period	320 705 723	103 580 730

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Reviewed Six months to 31 August 2014 R	Audited Twelve months to 28 February 2014 R
ASSETS			
Non-current assets			
Property, plant and equipment		216 164	247 207
Exploration and evaluation assets	7	296 012 868	266 809 536
Other intangible assets		130 172	175 476
Other financial assets	8	461 698 405	433 344 048
Total non-current assets		758 057 609	700 576 267
Current assets			
Other financial assets	8	229 396 582	222 542 359
Trade and other receivables		4 549 486	649 764
Cash and cash equivalents	9	320 705 723	381 579 766
Total current assets		554 651 791	604 771 889
Total assets		1 312 709 400	1 305 348 156
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital		1 109 977 054	1 109 977 054
Reserves		6 001 847	6 001 847
Accumulated loss		(157 105 558)	(179 426 156)
Equity attributable to equity holders of parent		958 873 343	936 552 745
Non-controlling interest		10 567 082	12 218 476
Total shareholders' equity		969 440 425	948 771 221
Liabilities			
Non-current liabilities			
Deferred tax liability		93 820 127	92 498 394
Total non-current liabilities		93 820 127	92 498 394
Current liabilities			
Other financial liabilities	10	53 242 500	74 167 311
Share-based payment liability		1 066 000	–
Current tax payable		183 250 024	176 856 253
Trade and other payables		11 890 324	13 054 977
Total current liabilities		249 448 848	264 078 541
Total liabilities		343 268 975	356 576 935
Total equity and liabilities		1 312 709 400	1 305 348 156
Number of shares in issue		3 086 169 261	3 086 169 261
Net asset value per share (cents)		31.41	30.74
Net tangible asset value per share (cents)		21.82	22.10

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2014	Stated capital R	Share-based payment reserve R	Accumulated loss R	Total equity attributable to equity holders of the parent R	Non-controlling interest R	Total equity R
Balance at 28 February 2014	1 109 977 054	6 001 847	(179 426 156)	936 552 745	12 218 476	948 771 221
Changes in equity:						
Profit/(loss) for the period	–	–	22 320 598	22 320 598	(1 651 394)	20 669 204
Total comprehensive income/(loss) for the period	–	–	22 320 598	22 320 598	(1 651 394)	20 669 204
Total changes	–	–	22 320 598	22 320 598	(1 651 394)	20 669 204
Balance at 31 August 2014	1 109 977 054	6 001 847	(157 105 558)	958 873 343	10 567 082	969 440 425
For the six months ended 31 August 2013						
Balance at 28 February 2013	534 172 123	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 income for the period	–	–	26 284 839	26 284 839	690 975	26 975 814
Share options lapsed	–	(20 679 622)	20 679 622	–	–	–
Total changes	–	(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	(172 735 613)	367 438 357	22 989 130	390 427 487

NOTES

1 BASIS OF PREPARATION

The consolidated condensed interim financial statements of the Group, comprising SacOil Holdings Limited and its subsidiaries (together "the Group"), for the six months ended 31 August 2014, 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 of 2008 (as amended).

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 2014.

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 2014.

The following new IFRS and/or IFRICs were effective for the first time for this interim period from 1 January 2014:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities
- Amendments to IAS 32, Off-setting Financial Assets and Financial Liabilities
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-financial Assets
- Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting

The above standards did not have an impact on the Group's results.

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 18 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 AUDITOR'S REVIEW REPORT

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements. These interim condensed consolidated financial statements for the period ended 31 August 2014 have been reviewed by Ernst & Young Inc. who expressed an unmodified review conclusion. They have been prepared under the supervision of the Group's Financial Director: Tariro Mudzimuirema CA (SA).

The unqualified review report includes an Emphasis of Matter Paragraph on material uncertainties relating to the going concern of the entity.

The report also includes an "Other Legal and Regulatory Requirements" paragraph with respect to reportable irregularities which were reported in terms of section 45 of the Auditing Profession Act to the Independent Regulatory Board for Auditors (IRBA). The reportable irregularities are based on the further analysis by the external auditors of the preliminary findings of a forensic investigation into the historical conduct of the affairs of the Company, which investigation was instituted by the Company on the instruction of the board. The board is considering the section 45 report to the IRBA in relation to the reportable irregularities, with a view to take such action as is appropriate.

A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

		31 August 2014 R	31 August 2013 R
3	**OPERATING (LOSS)/PROFIT**		
	Foreign exchange (losses)/gains	(7 243 168)	43 737 699
	Provision for impairment of financial asset (note 8)	(19 736 842)	–
	Corporate costs	(1 533 726)	(1 496 983)
	Auditor's remuneration	(1 017 750)	(140 926)
	Employee benefit expense	(8 780 907)	(5 171 965)
	Accounting fees	(34 400)	(20 000)
	Consulting fees	(2 084 710)	(759 620)
	Legal fees	(485 718)	(947 065)
	Travel and accommodation	(1 627 679)	(691 390)
	Depreciation	(105 334)	(94 046)
	Property, plant and equipment	(60 030)	(63 235)
	Other intangible assets	(45 304)	(30 811)
	Rentals – premises	(497 871)	(561 303)
	Broker's fees	(545 863)	(744 998)

4 INVESTMENT INCOME

	31 August 2014 R	31 August 2013 R
Interest receivable – loans	59 430 348	34 225 495
Interest received – cash and cash equivalents	3 528 096	217 185
Imputed interest on financial assets	14 043 477	12 484 725
	77 001 921	46 927 405

5 SEGMENTAL REPORTING

The Group operates in five geographical locations which form the basis of the information evaluated by the Group's chief operating 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.

	Nigeria R	DRC R	Malawi R	Botswana R	South Africa R	Consolidated R
For the six months ended 31 August 2014						
Other income	–	–	–	–	–	–
Investment income	109	10 718 172	–	–	66 283 640	77 001 921
Finance costs	–	(621)	–	–	(25)	(646)
Other operating expenses	(1 003 951)	(1 627 639)	–	(491 032)	(43 452 895)	(46 575 517)
Taxation	(11)	(14 602 884)	–	–	4 846 341	(9 756 554)
Profit/(loss) for the period	(1 003 853)	(5 512 972)	–	(491 032)	27 677 061	20 669 204
Segment assets						
– non-current	220 393 305	303 726 387	866 740	386 548	232 684 629	758 057 609
– current	106 732 672	38 425 476	–	–	409 493 643	554 651 791
Segment liabilities						
– non-current	–	(91 744 045)	–	–	(2 076 082)	(93 820 127)
– current	(53 242 500)	(146 310 390)	–	(222 400)	(49 673 558)	(249 448 848)
For the six months ended 31 August 2013						
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
– current	103 235 757	67 931	–	–	155 657 344	258 961 032
Segment liabilities						
– non-current	–	(88 755 267)	–	–	–	(88 755 267)
– current	(51 508 000)	(94 037 825)	–	–	(286 376 063)	(431 921 888)

6 EARNINGS PER SHARE

	31 August 2014 R	31 August 2013 R
Basic (cents)	0.72	2.76
Diluted (cents)	0.72	2.76
Profit for the period used in the calculation of the basic and diluted earnings per share	22 320 598	26 284 839
Weighted average number of ordinary shares used in the calculation of basic earnings per share	3 086 169 261	953 340 791
Issued shares at the beginning of the reporting period	3 086 169 261	953 340 791
Effect of shares issued during the reporting period (weighted)	–	–
Add: Dilutive share options	2 325 710	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	3 088 494 971	953 340 791
Headline earnings per share		
Basic (cents)	0.72	2.76
Diluted (cents)	0.72	2.76
Reconciliation of headline earnings		
Profit for the period	22 320 598	26 284 839
Headline earnings for the period	22 320 598	26 284 839

7 EXPLORATION AND EVALUATION ASSETS

	At 28 February 2013	Additions	At 31 August 2013	Additions	At 28 February 2014	Additions	Disposals	At 31 August 2014
Block III DRC	74 366 275	–	74 366 275	–	74 366 275	–	–	74 366 275
OPL 281 Nigeria	44 072 922	–	44 072 922	–	44 072 922	–	–	44 072 922
OPL 233 Nigeria	43 523 230	43 413 717	86 936 947	60 150 104	147 087 051	29 233 332	–	176 320 383
Botswana	–	386 548	386 548	–	386 548	–	–	386 548
Malawi	896 740	–	896 740	–	896 740	–	(30 000)	866 740
	162 859 167	43 800 265	206 659 432	60 150 104	266 809 536	29 233 332	(30 000)	296 012 868

OPL 233

No borrowing costs have been capitalised during the period under review (August 2013: R32.6 million), as the Group settled the debt previously incurred to finance OPL 233, in January 2014. Exploration expenditures totalling R29.3 million (August 2013: R10.8 million) have been capitalised, primarily relating to the seismic survey.

8 OTHER FINANCIAL ASSETS

	31 August 2014 R	28 February 2014 R
Non-current		
Contingent consideration	229 360 113	221 493 152
Deferred consideration on disposal of Greenhills Plant	3 442 662	3 281 164
Advance payment against future services	65 459 171	62 388 430
Loan due from EER	163 436 459	146 181 302
	461 698 405	433 344 048
Current		
Loan due from EER	237 930 825	210 835 454
Loan due from DIG	47 097 098	47 694 469
Deferred consideration on disposal of Greenhills Plant	1 983 876	1 890 811
	287 011 799	260 420 734
Less: Provision for impairment	(57 615 217)	(37 878 375)
	229 396 582	222 542 359
Total	691 094 987	655 886 407

9 CASH AND CASH EQUIVALENTS

	31 August 2014 R	28 February 2014 R
Cash and cash equivalents comprise:		
Bank balances	10 610 303	273 466 636
Short-term deposits	203 394 054	–
	214 004 357	273 466 636
Restricted cash	106 701 366	108 113 130
	320 705 723	381 579 766

Restricted cash comprises the cash collateral of US$10 million (February 2014: US$10 million) paid to Ecobank to secure the US$25 million 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.

10 OTHER FINANCIAL LIABILITIES

	31 August 2014 R	28 February 2014 R
Energy Equity Resources (Norway) Limited	53 242 500	53 947 000
Nigdel United Oil Company Limited	–	20 220 311
	53 242 500	74 167 311

11 CONTINGENT ASSETS AND LIABILITIES

	31 August 2014 R	31 August 2013 R
Commitments		
Exploration and evaluation assets – work programme commitments	744 044 728	413 938 891

Exploration and evaluation activities will be funded from current cash resources and funds from future capital raising initiatives.

	31 August 2014 R	28 February 2014 R
Contingent liabilities		
Performance bond on OPL 233 issued by Ecobank in respect of OPL 233 exploration activities	159 727 500	161 841 000
Cost carry arrangement with Total	36 591 084	36 508 805
Farm-in and transaction fees on receipt of title to OPL 233	139 495 350	141 341 140
Farm-in and transaction fees on receipt of title to OPL 281	154 403 250	156 446 300
	490 217 184	496 137 245

Performance bond

In April 2012, the Group posted a US$25 million performance bond to support the work programme on OPL 233. This performance bond is secured by a R106.7 million (US$10 million) (28 February 2014: R108.1 million (US$10 million)) cash collateral as disclosed in note 9. 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 2014, Total has incurred R36.6 million (28 February 2014: R36.5 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 R112.9 million (28 February 2014: R114.3 million (US$10.6 million)) is due to Nigdel United Oil Company Limited ("Nigdel") following the formal approval by the Nigerian Government of the assignment of title to SacOil 233 Nigeria Limited in relation to OPL 233. The existence of the possible obligation to Nigdel will be confirmed by the occurrence of an uncertain future event, being the verification of the award of title, which process is not wholly within the control of SacOil. A transaction fee of R26.6 million (28 February 2014: R27.0 million (US$2.5 million)) is also due to Energy Equity Resources (Norway) Limited ("EERNL") following the assignment of title to OPL 233, pursuant to the provisions of the Master Joint Venture Agreement. The fee payable to EER will be off-set against the loan receivable from EERNL, when the award of title has been verified, if this occurs prior to the settlement of the loan.

OPL 281

A farm-in fee of R127.8 million (28 February 2014: R129.4 million (US$12 million)) is due to Transnational Corporation of Nigeria Limited upon the formal approval by the Nigerian Government of the assignment of title to SacOil 281 Nigeria Limited in relation to OPL 281. A transaction fee of R26.6 million (28 February 2014: R27.0 million (US$2.5 million)) is due to EERNL upon the assignment of title to OPL 281, pursuant to the provisions of the Master Joint Venture Agreement.

12 DIVIDENDS

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

13 SUBSEQUENT EVENTS

Acquisition of 100% interest in the Lagia oil field, onshore Sinai Peninsula, Egypt

Shareholders are referred to the announcement issued on SENS and RNS on 10 September 2014 wherein the Company announced that it had entered into a sale and purchase agreement dated 9 September 2014 (the "Agreement") to acquire a Cyprus-registered exploration and production company, Mena International Petroleum Company Ltd ("MIP"), from Mena International Petroleum Holdings Company Ltd (the "Seller"), a wholly-owned subsidiary of TSX Venture listed as Mena Hydrocarbons Inc. (TSXV:MNH) ("Mena Hydrocarbons") (the "Acquisition"). MIP has a 100% interest in the development lease for the Lagia oil field, covering an area of approximately 32 square kilometres on the Sinai Peninsula in Egypt. The Lagia oil field is at a development stage with heavy oil (16 – 18° API) in shallow reservoirs and light oil potential in deeper reservoirs. The assets include existing production facilities and oil storage for 3 000 barrels of oil. The completion of the Acquisition is expected to occur on or about 31 October 2014. The full announcements are available on the SacOil website: www.sacoilholdings.com.

Loan advanced to EERNL

On 20 October 2014, the repayment of the loan due from EERNL was extended to 30 November 2014. As part of the extension terms, EERNL agreed to pay interest of 32% on the outstanding loan and to accept the interest on the non-cash component of the loan previously disputed. The loan is secured by EERNL's shares in its subsidiary, EER233 Nigeria, which holds a 20% interest in OPL 233. The loan has not been impaired in full as the value of the security exceeds the carrying value of the loan.

14 GOING CONCERN

The Company continues to remain dependent on its ability to obtain sufficient funding to sustain operations and complete its exploration projects. While the Company has been successful in raising financing in the past, there can be no absolute assurance that it will be able to do so in future. As noted in note 13, the repayment of the loan advanced to EERNL has been extended to 30 November 2014, whilst EERNL undergoes its own recapitalisation, which will enable it to settle in full the loan owed to SacOil. Whilst this would be the best outcome for the Company, given the implications of default by EERNL, it is difficult to determine with certainty the outcome of the planned recapitalisation and, consequently, the settlement of the loan owed to SacOil. Should EERNL default on 30 November 2014, the Company will acquire an additional 20% interest in OPL 233, being the security provided for the debt, which will double SacOil's funding commitments for the OPL 233 asset. The disposal of this additional interest would not be expected to occur immediately upon default given the seismic survey that is still under way. The cash flow projections to February 2016 include cash inflows from EERNL totalling R201.0 million (US$18.0 million).

The above 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 remains reasonably confident that it will manage the material uncertainties that exist, as such the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

By order of the Board

Dr Thabo Kgogo
Chief Executive

Johannesburg
4 November 2014

CORPORATE INFORMATION

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* Non-executive Directors
** 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, a division of Nedbank Limited
AIM Nominated Adviser: finnCap Limited
Investor Relations: Instinctif Partners (London and Johannesburg)