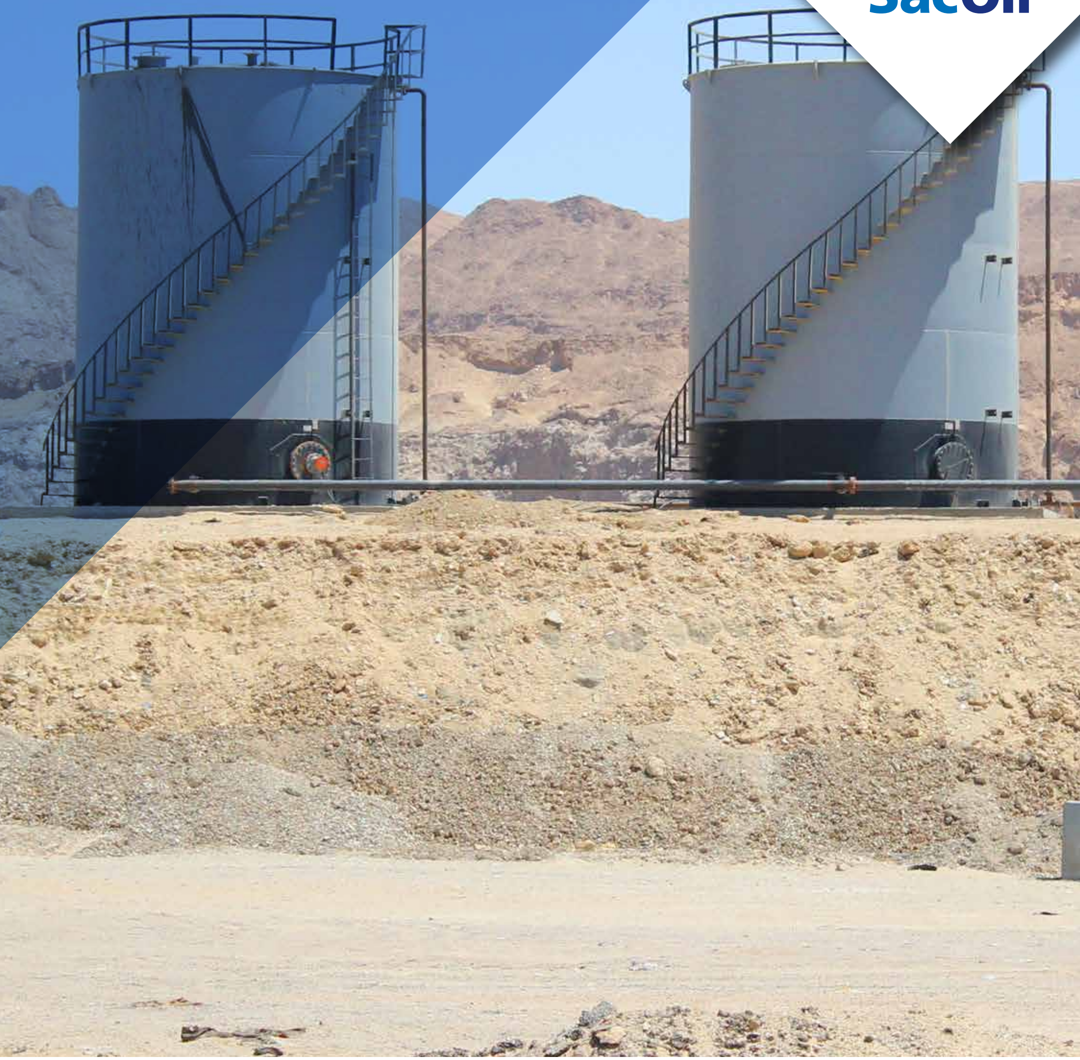
Reviewed condensed consolidated interim results

FOR THE SIX MONTHS ENDED 31 AUGUST 2015

SacOil



Highlights

- **Refund of $10 million on expiry of the OPL 233 performance bond**
- **Lagia: Commencement of installation of steam facilities**
- **Agreement reached on the settlement of the EERNL loans**
- **Completion of exit from OPL 233**

Dr Thabo Kgogo, Chief Executive Officer of SacOil commented: "*During the period, we continued to execute the Group's revised strategy to rationalise its portfolio of assets with the exit from OPL 233 in May 2015. This marked a significant improvement in the Group's financial stability due to the reduction in commitments and the refund of the $10 million cash collateral which previously secured the OPL 233 performance bond. The cash resources of the Group of R196 million (at 31 August 2015) are now available to facilitate the growth of its operations and to expand the Group's footprint on the African continent. Furthermore, the conclusion of a settlement agreement with Energy Equity Resources Norway Limited ("EERNL") in March 2015 reflects the restructuring of the loans advanced to the EERNL Group relating to OPL 281 and OPL 233.*

The transformation of SacOil into a production company remains the priority of the Board. In this regard, significant progress has been made in advancing the Lagia development activities to ensure that we reach the targeted production of 1 000 bbl/d by the end of the 2016 financial year.

We look forward to an exciting run to the end of the financial year. Our key priorities for the next six months are the completion of the Lagia development activities and the advancement of our other exploration assets. The SacOil board and management team continue to vigorously defend the claims from Transcorp and Nigdel in relation to OPL 281 and OPL 233, respectively, and we remain committed to recovering all amounts owed by Transcorp and Nigdel and to institute the requisite counterclaims accordingly. On 28 August 2015, SacOil filed a notice for arbitration with the Nigerian Chartered Institute of Arbitrators, Nigeria Branch to recover farm-in and related fees plus contractual interest thereon from Transcorp. Arbitrators have now been appointed for both matters and SacOil awaits confirmation of the commencement of arbitration proceedings.

With respect to advancing our exploration assets, we look forward to initiating the technical and commercial pre-feasibility studies of a transnational terrestrial gas pipeline and distribution facility that will carry natural gas from Mozambique's Rovuma fields into South Africa. Furthermore as announced to shareholders on 9 November 2015, we are excited to be part of the Bioko Oil Terminal Project in Equatorial Guinea. Through this project, the Government of Equatorial Guinea aims to establish a premium oil and petroleum storage facility in West and Central Africa, a major transit point for global oil and gas deliveries.

The Group will continue to pursue other oil and gas opportunities on the continent and in doing so will focus on its funding situation to ensure that an adequate capital structure is in place to deliver on the new strategy. Again, we reiterate our strategy of acquiring cash generative assets to underpin the long-term growth of the Company."

Operations

Operations for the past six months have primarily focused on the execution of the development plan for the Lagia Oil Field. Shareholders are referred to the announcement issued on SENS and RNS on 17 September 2015 regarding the installation of steam facilities for a thermal recovery process on the existing production wells and plan to drill a minimum of five additional thermal wells with the intent of further enhancing existing production and the recovery of oil from the field. Shareholders are further referred to the announcement dated 16 November 2015 regarding the commencement of drilling operations at the field. Shareholders will be kept informed as the development activities progress.

Financial review

On 26 March 2015, the Group concluded a settlement agreement with EERNL which terms incorporated an interest freeze on the outstanding loans from 30 November 2014. This reduced investment income from R77.0 million in the prior comparative period to R23.1 million for the period under review, as a significant portion of the Group's interest income was attributable to the loans advanced to EERNL. Furthermore, the continued operational delays affecting Block III due to the civil unrest in the DRC have resulted in the deferral of the expected receipt of the contingent consideration by a year. The consequence of this deferral is the impairment of the contingent consideration receivable by an amount of R26.1 million (2014: nil) which is reflective of the time value of money. This impairment is included in "other operating costs". The financial impact of these two events, partially offset by an increase in foreign exchange gains included in "other income", significantly affected the profit after tax for the period which decreased by 87% from R20.6 million at 31 August 2014 to R2.8 million at 31 August 2015. Foreign exchange gains for the period on the Group's US Dollar denominated financial assets totalled R57.5 million (2014: foreign exchange losses of R7.2 million).

Production rates at the Lagia Oil Field have remained low due to the development activities currently underway. As previously reported, the next phase of the activities includes the installation of steam facilities for a thermal recovery process on the existing production wells and the drilling of a minimum of five additional thermal wells with the intent to further enhance production and the recovery of oil. Consequently, oil revenue for the period is minimal at R3.0 million (2014: nil).

Excluding the impairment of the contingent consideration of R26.1 million (2014: nil), the Group's other operating costs decreased by 27%. There were no exchange losses incurred during the period (2014: R7.2 million) and no provision was raised for the impairment of the EERNL loans (2014: R19.7 million). The decrease was however offset by increases in operational costs to support the execution of the Group's revised strategy. The Group's other operating expenses are disclosed in note 3.

Oil and gas properties increased by R23.9 million due to additions of steaming and other equipment totalling R6.5 million (28 February 2015: R7.3 million), foreign exchange gains of R18.5 million (28 February 2015: R5.8 million) on translation of foreign operations net of depletion of R1.1 million (28 February 2015: R0.3 million). Movements in the Group's oil and gas properties are also provided in note 7.

Other financial assets (current and non-current), as disclosed in note 8, increased by R15.5 million to R692.9 million (28 February 2015: R677.4 million). The net movement comprises:

- interest of R17.9 million on the contingent consideration (R12.4 million), advance payment against future services (R3.4 million) and other financial assets (R2.1 million);
- foreign exchange gains totalling R84.8 million on the US Dollar denominated contingent consideration and loan due from EERNL;
- an impairment charge of R26.1 million on the contingent consideration; and
- a part repayment of the EERNL loan of R61.1 million from EERNL's 50% share of the cash collateral received on 5 June 2015 (see note 9).

Movements in the Group's cash and cash equivalents are provided in the cash flow statement. The restriction on the cash collateral (see note 9) was lifted on 2 May 2015 upon the expiry of the OPL 233 performance bond.

The decrease in other financial liabilities corresponds with the offset of EERNL's indebtedness to SacOil as disclosed in note 11. The liability was initially recognised to account for EERNL's 50% share of the cash collateral held in the bank account of SacOil's wholly owned subsidiary, SacOil 233 Nigeria Limited, on behalf of EERNL.

Movements in the Group's exploration and evaluations assets, other intangible assets, property, plant and equipment, inventories, trade and other receivables and trade and other payables were not significant for the period under review.

EXIT FROM OPL 233 AND OPL 281

OPL 233

Pursuant to the Board's decision to investigate the termination of the Group's participation in OPL 233 in Nigeria, SacOil officially notified Nigdel of its decision to terminate on 19 May 2015. Pursuant to the exit SacOil will not have future commitments and obligations associated with the appraisal of OPL 233 (2014: R386.2 million). Furthermore, the farm-in fee which would have been payable to Nigdel and the transaction fee which would have been payable to EERNL of US$10.6 million and US$2.5 million, respectively, are no longer due and payable. The termination of the Group's participation in OPL 233 does not represent an exit from Nigeria, as the country has significant oil and gas opportunities which the Group will continue to investigate. Instead, this is reflective of portfolio rationalisation undertaken by the Group to focus on cash generative assets.

At 31 August 2015, OPL 233 remains classified as held for sale pending the conclusion of the recovery process initiated by SacOil under the terms of the Farm-in Agreement with Nigdel. As previously communicated to shareholders in the annual report for the financial year ended 28 February 2015, Nigdel has also initiated arbitration and court proceedings to dispute the terms of SacOil's exit from the asset. The directors of SacOil remain confident that their claim against Nigdel is valid. Disclosures relating to the non-current asset held for sale are provided in note 10.

OPL 281

As disclosed in the annual report for the year ended 28 February 2015, Transcorp, the operator of OPL 281, instituted action in the High Court of Lagos State on 18 June 2015 against SacOil 281 Nigeria Limited ("SacOil 281") and EER 281 Nigeria Limited ("EER 281") for the wrongful termination of the Farm-out and Participation Agreement and is seeking special damages for the wrongful termination. In support of its action Transcorp claims that SacOil 281 and EER 281 are not entitled to any refund or repayment, in particular the $8.75 million (signature bonus) and $3.75 million (initial fee). The Group is defending the action instituted by Transcorp. The directors of SacOil remain confident that their claim against Transcorp is valid.

Forensic investigation

As previously communicated to shareholders, the Board engaged Ernst & Young Inc. ("EY") to carry out an investigation of specific historical transactions of the Group between 1 August 2011 and 30 November 2011 relating to the Group's unsuccessful attempt to acquire interests in Blocks I and II in the DRC, amongst other matters. The forensic investigation was finalised during September 2015. The Board met on 29 September 2015 to consider the findings in the final report ("the Report") issued by EY which confirmed the occurrence of certain irregularities committed by previous management. The Board has now engaged lawyers to evaluate and respond to the recommendations provided in the Report. The evaluation of the recommendations is currently ongoing. The Board is also in the process of informing the relevant regulatory authorities of irregularities identified in the Report.

Outlook

Good progress has been made in advancing the Lagia operations. Management will continue to focus on the completion of the development activities at the Lagia Oil Field which will see the Group achieve the targeted production of 1 000 bbl/d. Management also remains focused on defending the legal actions instituted by its previous partners Nigdel and Transcorp and will keep shareholders informed of progress in this regard.

The Group will continue to pursue other oil and gas opportunities on the continent and in doing so will focus on its funding situation to ensure that an adequate capital structure is in place to deliver on the new strategy.

Going concern

The Board has performed an assessment of the Group's operations relative to available cash resources and is confident that the Group is able to continue operating for the next 12 months. The Group interim financial statements presented have been prepared on a going concern basis.

Change in directorate

Gontse Moseneke resigned from the Board of SacOil on 1 October 2015.

About SacOil

SacOil is a South African based independent African oil and gas company, dual-listed on the JSE and AIM, with business operations in Egypt, the Democratic Republic of Congo ("DRC"), the Republic of Malawi and the Republic of Botswana. SacOil also operated in Nigeria until 19 May 2015. The Company has partnered with the Public Investment Corporation SOC Limited and the Instituto de Gestão das Participações do Estado on a project that entails the construction of a gas pipeline from Mozambique to South Africa and the distribution and marketing of gas in southern Africa. The Company continues to evaluate opportunities to secure high impact acreage in other established and prolific hydrocarbon basins in Africa.

Consolidated Statement of Comprehensive Income

	Notes	Reviewed Six months to 31 August 2015 R	Reviewed Six months to 31 August 2014 R
Revenue		**3 001 496**	–
Cost of sales		**(7 179 407)**	–
Gross loss		**(4 177 911)**	–
Other income		**60 720 459**	–
Other operating costs		**(59 921 946)**	(46 575 517)
Operating loss	3	**(3 379 398)**	(46 575 517)
Investment income	4	**23 073 720**	77 001 921
Finance costs		**–**	(646)
Profit before taxation		**19 694 322**	30 425 758
Taxation		**(16 921 224)**	(9 756 554)
Profit for the period		**2 773 098**	20 669 204
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**25 271 170**	–
Other comprehensive income for the year net of taxation		**25 271 170**	–
Total comprehensive income for the period		**28 044 268**	20 669 204
Profit/(loss) attributable to:			
Equity holders of the parent		**10 558 602**	22 320 598
Non-controlling interest		**(7 785 504)**	(1 651 394)
		2 773 098	20 669 204
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**35 829 772**	22 320 598
Non-controlling interest		**(7 785 504)**	(1 651 394)
		28 044 268	20 669 204
Earnings per share			
Basic (cents)	6	**0.32**	0.72
Diluted (cents)	6	**0.32**	0.72

Consolidated Statement of Financial Position

	Notes	Reviewed Six months to 31 August 2015 R	Audited Twelve months to 28 February 2015 R
ASSETS			
Non-current assets			
Exploration and evaluation assets		**76 384 686**	75 949 565
Oil and gas properties	7	**146 814 251**	122 869 708
Other financial assets	8	**307 312 583**	345 753 287
Other intangible assets		**67 204 953**	61 095 540
Property, plant and equipment		**1 103 205**	344 706
Total non-current assets		**598 819 678**	606 012 806
Current assets			
Other financial assets	8	**385 635 047**	331 641 018
Inventories		**9 869 895**	6 641 663
Trade and other receivables		**2 465 289**	7 152 505
Cash and cash equivalents	9	**195 776 565**	229 431 001
Total current assets		**593 746 796**	574 866 187
Asset held for sale	10	**25 061 882**	21 839 945
Total assets		**1 217 628 356**	1 202 718 938
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital		**1 216 503 883**	1 216 503 883
Reserves		**40 877 638**	15 606 468
Accumulated loss		**(438 095 963)**	(448 654 565)
Equity attributable to equity holders of parent		**819 285 558**	783 455 786
Non-controlling interest		**(3 367 855)**	4 417 649
Total shareholders' equity		**815 917 703**	787 873 435
Liabilities			
Non-current liabilities			
Deferred tax liability		**104 032 206**	97 146 476
Total non-current liabilities		**104 032 206**	97 146 476
Current liabilities			
Other financial liabilities	11	**–**	57 888 500
Current tax payable		**252 524 848**	212 416 721
Trade and other payables		**20 091 717**	25 553 861
Total current liabilities		**272 616 565**	295 859 082
Total liabilities		**376 648 771**	393 005 558
Liabilities directly associated with asset held for sale	10	**25 061 882**	21 839 945
Total equity and liabilities		**1 217 628 356**	1 202 718 938
Number of shares in issue		**3 269 836 208**	3 269 836 208
Net asset value per share (cents)		**24.95**	24.10
Net tangible asset value per share (cents)		**22.62**	21.77

Consolidated Statement of Changes in Equity

	Stated capital R	Foreign currency translation reserve R	Share-based payment reserve R	Total reserves R
For the six months ended 31 August 2015				
Balance at 28 February 2015	**1 216 503 883**	**8 716 621**	**6 889 847**	**15 606 468**
Changes in equity:				
Profit/(loss) for the period	**–**	**–**	**–**	**–**
Other comprehensive income for the period	**–**	**25 271 170**	**–**	**25 271 170**
Total comprehensive income/(loss) for the period	**–**	**25 271 170**	**–**	**25 271 170**
Total changes	**–**	**25 271 170**	**–**	**25 271 170**
Balance at 31 August 2015	**1 216 503 883**	**33 987 791**	**6 889 847**	**40 877 638**
For the six months ended 31 August 2014				
Balance at 28 February 2014	1 109 977 054	–	6 001 847	6 001 847
Changes in equity:				
Profit/(loss) for the period	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	–
Total changes	–	–	–	–
Balance at 31 August 2014	1 109 977 054	–	6 001 847	6 001 847

Accumulated loss R	Total equity attributable to equity holders of the parent R	Non-controlling interest ("NCI") R	Total equity R
(448 654 565)	**783 455 786**	**4 417 649**	**787 873 435**
10 558 602	**10 558 602**	**(7 785 504)**	**2 773 098**
–	**25 271 170**	**–**	**25 271 170**
10 558 602	**35 829 772**	**(7 785 504)**	**28 044 268**
10 558 602	**35 829 772**	**(7 785 504)**	**28 044 268**
(438 095 963)	**819 285 558**	**(3 367 855)**	**815 917 703**
(179 426 156)	936 552 745	12 218 476	948 771 221
22 320 598	22 320 598	(1 651 394)	20 669 204
22 320 598	22 320 598	(1 651 394)	20 669 204
22 320 598	22 320 598	(1 651 394)	20 669 204
(157 105 558)	958 873 343	10 567 082	969 440 425

Consolidated Statement of Cash Flows

	Reviewed Six months to 31 August 2015 R	Reviewed Six months to 31 August 2014 R
Cash flows from operating activities		
Cash used in operations	**(40 467 306)**	(24 114 839)
Interest income	**5 191 403**	3 528 096
Net cash used in operating activities	**(35 275 903)**	(20 586 743)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	**(435 121)**	(29 233 332)
Purchase of property, plant and equipment	**(908 104)**	(28 986)
Purchase of oil and gas properties	**(6 474 274)**	–
Purchase of other intangible assets	**(204 103)**	–
Receipts from loans and receivables	**61 091 500**	10 607 190
Net cash from/(used in) investing activities	**53 069 898**	(18 655 128)
Cash flows from financing activities		
Repayment of other financial liabilities	**(57 888 500)**	(20 220 311)
Net cash used in financing activities	**(57 888 500)**	(20 220 311)
Total movement in cash and cash equivalents for the period	**(40 094 505)**	(59 462 182)
Foreign exchange gains/(losses) on cash and cash equivalents	**6 440 069**	(1 411 861)
Cash and cash equivalents at the beginning of the period	**229 431 001**	381 579 766
Cash and cash equivalents at the end of the period	**195 776 565**	320 705 723

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 2015, 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. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed as is normal practice.

Principal accounting policies

The same accounting policies, presentation and methods of computation have been followed in these consolidated condensed interim financial statements of the Group as those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2015. The following improvements arising from the International Accounting Standards Board's annual improvements projects and the amendment to IAS 19, effective for financial periods beginning after 1 July 2014, were effective for the first time during this interim period:

- Improvement to IFRS 1 – First-time Adoptions of IFRS
- Improvement to IFRS 2 – Share-based Payments
- Improvement to IFRS 3 – Business Combinations
- Improvement to IFRS 8 – Operating Segments
- Improvement to IFRS 13 – Fair Value
- Improvement to IAS 16 – Property, Plant and Equipment
- Amendment to IAS 19 – Employee Benefits
- Improvement to IAS 24 – Related Party Disclosures
- Improvement to IAS 40 – Investment Property

The above improvements and amendment did not have an impact on the Group's results. 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 2015.

Notes to oil and gas disclosure

In accordance with AIM Guidelines Bradley Cerff, Group Executive: Operations, is the qualified person that has reviewed the technical information contained in this news release. Bradley has 19 years experience in the oil and gas industry with a Masters Degree in Science and Business Administration focused on Foreign Direct Investment in the African oil and gas industry. He is also a member of the Society of Petroleum Engineers.

2 AUDITORS' REVIEW REPORT

The directors take full responsibility for the preparation of these consolidated condensed interim financial statements of the Group for the six months ended 31 August 2015. They have been prepared under the supervision of the Chief Finance Officer, Marius Damain Matroos CA (SA). The consolidated condensed interim financial statements have been reviewed by Ernst & Young Inc., the Group's auditors. A copy of the auditors' unqualified review opinion is available for inspection at the registered office of the Company.

3 OPERATING LOSS

	Notes	31 August 2015 R	31 August 2014 R
Impairment of financial assets	8	**(26 082 765)**	–
Gain on remeasurement of asset held for sale		**3 221 937**	–
Foreign exchange gains/(losses)		**57 498 522**	(7 243 168)
Provision for impairment of financial assets		**–**	(19 736 842)
Corporate costs		**(2 146 633)**	(1 533 726)
Auditor's remuneration		**(1 320 813)**	(1 017 750)
Employee benefit expense		**(11 185 812)**	(8 780 907)
Accounting fees		**(25 000)**	(34 400)
Consulting fees		**(4 434 092)**	(2 084 710)
Legal fees		**(2 383 706)**	(485 718)
Travel and accommodation		**(2 679 415)**	(1 627 679)
Depreciation		**(4 100 114)**	(105 334)
Oil and gas assets	7	**(1 104 215)**	–
Property, plant and equipment		**(149 605)**	(60 030)
Other intangible assets		**(2 846 294)**	(45 304)
Rentals – premises		**(1 046 968)**	(497 871)
Broker's fees		**(366 153)**	(545 863)

4 INVESTMENT INCOME

	31 August 2015 R	31 August 2014 R
Interest receivable – loans	**–**	59 430 348
Interest received – cash and cash equivalents	**5 191 382**	3 528 096
Imputed interest on financial assets	**17 882 338**	14 043 477
	23 073 720	77 001 921

5 SEGMENTAL REPORTING

For the period under review the Group operated in six 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, Egypt, Nigeria, DRC, Botswana and Malawi. Operations in South Africa relate to the general management, financing and administration of the Group.

	South Africa R	Egypt R	Nigeria R	DRC R	Malawi R	Botswana R	Eliminations R	Consolidated R
For the six months ended 31 August 2015								
Revenue	–	3 001 496	–	–	–	–	–	3 001 496
Cost of sales	–	(7 179 407)	–	–	–	–	–	(7 179 407)
Gross loss	–	(4 177 911)	–	–	–	–	–	(4 177 911)
Other income	32 828 188	55 192	20 945 842	11 565 114	–	–	(4 673 877)	60 720 459
Investment income	10 296 772	–	382 949	12 393 999	–	–	–	23 073 720
Other operating expenses	(29 386 523)	(7 080 238)	(749 438)	(26 083 610)	–	(1 296 014)	4 673 877	(59 921 946)
Taxation	5 284 191	–	(212)	(22 205 203)	–	–	–	(16 921 224)
Profit/(loss) for the period	19 022 628	(11 202 957)	20 579 141	(24 329 700)	–	(1 296 014)	–	2 773 098
Segment assets – non-current	384 868 684	213 938 488	–	334 446 786	1 196 742	821 669	(336 452 691)	598 819 678
Segment assets – current	396 746 936	22 329 432	126 734 660	47 935 768	–	–	–	593 746 796
Segment assets – asset held for sale (note 10)	–	–	25 061 882	–	–	–	–	25 061 882
Segment liabilities – non-current	(1)	(38 681 231)	–	(178 545 060)	–	(2 207 275)	115 401 361	(104 032 206)
Segment liabilities – current	(53 131 310)	(7 668 518)	(132 857)	(211 242 630)	–	(441 250)	–	(272 616 565)
Segment liabilities – liabilities directly associated with asset held for sale (note 10)	(25 061 882)	–	–	–	–	–	–	(25 061 882)

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

5 SEGMENTAL REPORTING (continued)

Business segments

The operations of the Group comprise one class of business, being oil and gas exploration and production. The activities currently undertaken in Mozambique related to the Mozambican pipeline are not significant at this stage and have not been separately disclosed. These activities therefore do not meet the recognition criteria for operating segments.

Revenue

The Group's reported revenue is generated from a single customer, the Egyptian General Petroleum Corporation ("EGPC"), with respect to oil sales. This revenue is attributed to the Egypt segment.

Taxation – Egypt

No income or deferred tax has been accrued by Mena as the Concession Agreement between the EGPC, the Ministry of Petroleum and Mena provides that the EGPC is responsible for the settlement of income tax on behalf of Mena, out of EGPC's share of petroleum produced. The Group has elected the net presentation approach in accounting for this deemed income tax. Under this approach Mena's revenue is not grossed up for income tax payable by EGPC on behalf of Mena. Consequently no income or deferred tax is accrued.

6 EARNINGS PER SHARE

	31 August 2015 R	31 August 2014 R
Basic (cents)	**0.32**	0.72
Diluted (cents)	**0.32**	0.72
Profit for the period used in the calculation of the basic and diluted earnings per share	**10 558 602**	22 320 598
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**3 269 836 208**	3 086 169 261
Issued shares at the beginning of the reporting period	**3 269 836 208**	3 086 169 261
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	**3 269 836 208**	3 088 494 971
Headline earnings per share		
Basic (cents)	**0.25**	0.72
Diluted (cents)	**0.25**	0.72
Reconciliation of headline earnings		
Profit attributable to equity holders of the parent	**10 558 602**	22 320 598
Adjusted for:		
Gain on remeasurement of asset held for sale	**(3 221 937)**	–
Tax effect of adjustment	**902 142**	–
Headline earnings for the period	**8 238 807**	22 320 598

7 OIL AND GAS PROPERTIES

	R
Cost	
At 1 March 2014	–
Acquisition of Mena (22 October 2014)	110 062 658
Additions	7 270 431
Translation of foreign operations	5 811 332
At 28 February 2015	123 144 421
At 1 March 2015	123 144 421
Additions	6 474 274
Translation of foreign operations	18 574 484
At 31 August 2015	148 193 179
Depletion and impairment	
At 1 March 2014	–
Depletion	(274 713)
At 28 February 2015	(274 713)
At 1 March 2015	(274 713)
Depletion	(1 104 215)
At 31 August 2015	(1 378 928)
Net book value	
At 28 February 2015	122 869 708
At 31 August 2015	146 814 251

8 OTHER FINANCIAL ASSETS

	31 August 2015 R	28 February 2015 R
Non-current		
Contingent consideration[1]	**260 080 511**	237 675 984
Deferred consideration on disposal of Greenhills Plant	**1 803 052**	1 718 470
Advance payment against future services[2]	**–**	68 627 273
Loan due from EERNL	**45 429 020**	37 731 560
	307 312 583	345 753 287
Current		
Loan due from EERNL	**143 847 330**	183 242 921
Loan due from DIG	**58 278 826**	51 036 906
Advance payment against future services[2]	**72 005 089**	–
Transcorp refund	**253 401 978**	220 824 802
Deferred consideration on disposal of Greenhills Plant	**1 949 154**	1 890 810
	529 482 377	456 995 439
Less: Provision for impairment[3]	**(143 847 330)**	(125 354 421)
	385 635 047	331 641 018
Total	**692 947 630**	677 394 305

[1] *The Farm-in Agreement ("FIA") between Semliki and Total provides for a cash payment by Total to Semliki upon the occurrence of certain future events ("contingent consideration"). As there is a contractual right to receive cash from Total, Semliki has recognised a financial asset in its statement of financial position. The asset was initially recognised at its fair value. Subsequently the financial asset meets the definition of a loan and receivable, and is accounted for at amortised cost, taking into account interest revenue and currency movements. At each reporting date the Group revises its estimate of receipts from the financial asset in line with the requirements of IAS 39. Included in the statement of comprehensive income at 31 August 2015 is an impairment loss of R26.1 million (28 February 2015: R23.8 million) representing the write-down of future expected cash flows from the contingent consideration for the Block III farm-outs in March 2011 and March 2012. The write-down which is reflective of the time value of money arose as a result of the delays in activities on Block III due to civil unrest in the area and in obtaining an extension to the operating licence. Consequently, this defers the receipt of the contingent consideration by a year. A deferred tax charge amounting to R9.0 million (28 February 2015: R6.5 million) was recognised in the statement of comprehensive income in relation to this asset. The assumptions used to measure the contingent consideration are detailed below:*

	31 August 2015	28 February 2015
Probability of exploration success (single well)	**26%**	26%
Probability of at least one success from two wells	**45%**	45%
Probability of successful completion given exploration success	**89%**	89%
Discount rate	**10%**	10%
First Investment Decision Date ("FID")	**28 February 2021**	28 February 2020
First Oil Date ("FOD")	**28 February 2025**	28 February 2024
Valuation date	**31 August 2015**	28 February 2015
First contingent consideration		
FID	**$42 549 000**	$42 549 000
FOD	**$36 680 000**	$36 680 000
Second contingent consideration		
FID	**$4 635 000**	$4 635 000
FOD	**$6 660 000**	$6 660 000

[2] *The amount due represents Encha Energy's indebtedness to SacOil Holdings Limited under the Acknowledgement of Debt Agreement concluded between the two parties on 28 February 2013. As the future value of this asset is R75.5 million, the financial asset recognised at 31 August 2015 is R72.0 million (28 February 2015: R68.6 million), representing the present value of this future receivable. Interest amounting to R3.4 million (2014: R3.1 million) arising from the unwinding of the discount applied to the future receivable on initial recognition has been included in investment income (note 4). The receivable is due on 28 February 2016 and has been classified as short term at 31 August 2015.*

[3] *The increase in the impairment provision of R18.5 million is attributable to foreign exchange losses as the amount provided for is denominated in US Dollars.*

9 CASH AND CASH EQUIVALENTS

	31 August 2015 R	28 February 2015 R
Cash and cash equivalents consist of:		
Cash at banks and on hand	**15 202 719**	6 707 127
Short-term deposits	**180 573 846**	106 711 522
	195 776 565	113 418 649
Restricted cash	**–**	116 012 352
Cash and cash equivalents	**195 776 565**	229 431 001

The restricted cash of $10.0 million was received by the Group on 5 June 2015 following the expiry of the performance bond and the Group's termination of its participation in OPL 233. Half of the US$10 million receipt was treated as a part repayment of EERNL's outstanding loan related to OPL 233 (see note 11). The remaining amount was treated as a repayment of the loan advanced to the SacOil 233 Nigeria Limited in connection with the OPL 233 activities.

10 NON-CURRENT ASSET HELD FOR SALE

	31 August 2015 R
Asset held for sale	
Exploration and evaluation assets – OPL 233 Nigeria	**25 061 882**
Liabilities directly associated with the asset held for sale	
Nigdel	**(25 061 882)**

Prior to classification as an asset held for sale OPL 233 was recognised as an exploration and evaluation asset in the accounting records of the Company's subsidiary, SacOil 233 Nigeria Limited. SacOil 233 Nigeria Limited's obligations are funded by SacOil Holdings Limited. The Nigdel liability associated with OPL 233 is therefore recognised by SacOil Holdings Limited. This accounting basis is reflected in the Group's segment reporting provided in note 5 where the asset falls within the Nigeria segment and the liability in the South Africa segment.

11 OTHER FINANCIAL LIABILITIES

	31 August 2015 R	28 February 2015 R
EERNL	**–**	57 888 500
	–	57 888 500

The R57.9 million due to EERNL was offset against EERNL indebtedness to SacOil as disclosed in note 9. The liability was initially recognised to account for EERNL's 50% share of the cash collateral held in the bank account of SacOil's wholly owned subsidiary, SacOil 233 Nigeria Limited, on behalf of EERNL.

12 FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, other financial liabilities and trade and other payables approximate carrying values due to the short-term maturities of these instruments. Other financial assets, the asset held for sale and liabilities directly associated with assets held for sale are evaluated by the Group at measurement date based on inputs such as interest and exchange rates, country-specific factors and creditworthiness of debtors.

12 FINANCIAL INSTRUMENTS (continued)

Valuation techniques and assumptions applied to measure fair values:

Financial instrument	31 August 2015 Carrying value	31 August 2015 Fair value	Valuation technique	Significant inputs
Other financial assets[1]	**692 947 630**	**574 859 154**	Discounted cash flow model	Weighted average cost of capital
Asset held for sale	**25 061 882**	**21 784 598**	Discounted cash flow model	Weighted average cost of capital, Non-performance risk
Liabilities directly associated with asset held for sale	**(25 061 882)**	**(21 784 598)**	Discounted cash flow model	Weighted average cost of capital, Non-performance risk

[1] *In terms of SacOil's accounting policies and IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") these financial instruments are carried at amortised cost and not at fair value, given that SacOil intends to collect the cash flows from these instruments when they fall due over the life of the instrument. While the fair value is significantly less than the carrying amount, this is a result of market rates differing from the effective interest rate, which is not considered to be objective evidence of impairment for items carried at amortised cost per IAS 39 as this does not impact the timing, amount or recoverability of expected future cash flows.*

Fair value hierarchy:

The following table presents the Group's assets measured at fair value at the reporting date, or for which the fair value is disclosed at the reporting date. The different levels have been defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	Level 1 R	Level 2 R	Level 3 R	Total R
Other financial assets	–	–	574 859 154	574 859 154
Asset held for sale	–	–	21 784 598	21 784 598
Liabilities directly associated with asset held for sale	–	–	(21 784 598)	(21 784 598)

There were no transfers between levels during the period. The Group's own non-performance risk at 31 August 2015 was assessed to be insignificant.

13 CONTINGENT ASSETS AND LIABILITIES

Commitments	31 August 2015 R	31 August 2014 R
Exploration and evaluation assets – work programme commitments		
– due within 12 months	**54 510 935**	155 438 242
– due within 13 to 48 months	**25 649 134**	588 606 486
	80 160 069	744 044 728

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

Contingent liabilities	31 August 2015 R	28 February 2015 R
Performance bond on OPL 233 issued by Ecobank in respect of OPL 233 exploration activities[1]	**–**	173 665 500
Cost carry arrangement with Total	**112 636 035**	96 612 847
	112 636 035	270 278 347

[1] *The performance bond issued by Ecobank in respect of the OPL 233 exploration activities expired on 2 May 2015.*

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 2015, Total has incurred R112.6 million (28 February 2015: R96.6 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.

14 RELATED PARTIES

Key management compensation	**31 August 2015** **R**	31 August 2014 R
Non-executive directors:		
Fees	**1 550 000**	1 290 000
Executive directors:		
Salaries	**4 590 226**	2 465 000
Other key management:		
Salaries	**4 566 289**	2 124 167
Total key management compensation	**10 706 515**	5 879 167

15 DIVIDENDS

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

On behalf of the Board

Tito Mboweni
Chairman

Dr Thabo Kgogo
Chief Executive Officer

Marius Damain Matroos
Chief Finance Officer

Johannesburg
24 November 2015

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")

CORPORATE INFORMATION

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Directors:
Dr Thabo Kgogo (Chief Executive Officer), Marius Damain Matroos (Chief Finance Officer), Bradley Cerff (Executive Director), Tito Mboweni**, Mzuvukile Maqetuka**, Stephanus Muller**, Vusi Pikoli**, Ignatius Sehoole**, Danladi Verheijen*, Titilola Akinleye*

(*) Non-executive Directors; (**) Independent Non-executive Directors

Gontse Moseneke resigned from the Board of SacOil on 1 October 2015.

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 Fulbright South Africa

Auditors
Ernst & Young Inc.

JSE Sponsor
PSG Capital Proprietary Limited

AIM Nominated Adviser
finnCap Limited