

SACOIL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/000460/06)

JSE Share Code: SCL

ISIN: ZAE000127460

("SacOil" or "the Company")

ACQUISITION OF THE ASSETS AND OPERATIONS OF BELTON PARK TRADING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

SACOIL STRENGTHENS ITS POSITION IN THE DOWNSTREAM PETROLEUM SECTOR BY ACQUIRING A FUEL WHOLESALE AND DISTRIBUTION BUSINESS IN SOUTH AFRICA

Highlights

- SacOil to acquire the operations of Belton Park for maximum consideration of R220 million, contingent on certain performance parameters
- Belton Park is an independent fuel wholesaler and distributor, distributing over 20 million litres of fuel products per month
- Significant fleet of 32 heavy duty tankers, that will complement the Afric Oil fleet
- Complements SacOil's recent acquisition of Afric Oil and increases the current monthly fuel distribution volumes for the Group to around 60 million litres
- The Acquisition is fully in line with the Company's strategy to expand its downstream business and strengthens SacOil's position in the fuel distribution market
- The Acquisition also provides SacOil with a stronger operational footprint in South Africa thereby enabling the Company to play a more meaningful role in the socioeconomic development of the country.

SacOil, the South African based independent African oil and gas company that is focussed on the full oil and gas value chain, is pleased to announce that it has signed agreements to acquire the assets and operations as well as to assume the liabilities of Belton Park Trading 134 Proprietary Limited ("Belton Park" or "Seller") (the "Assets") (the "Acquisition"). Belton Park, an independent fuel wholesaler and distributor with a substantial fleet of heavy duty tankers, distributing over 20 million litres of fuel products (diesel, petrol, jet fuel, paraffin and liquefied petroleum gas) monthly to a diversified commercial and wholesale client base located across six provinces in South Africa.

The purchase consideration for the Acquisition will be up to a maximum of R220 million ("the Consideration"), split into an unconditional initial cash consideration of R100 million ("the Initial Consideration") and a conditional consideration of up to R120 million ("the Contingent Consideration"), conditional upon the Assets achieving performance related targets for the financial year ending 28 February 2018 of a minimum EBITDA of R45 million per annum. The Acquisition is subject to the fulfilment of certain conditions precedent. Details of the conditions precedent and settlement of the Consideration are set out later in this announcement. SacOil intend to fund the cash component of the Consideration from the proceeds of a rights issue to be undertaken by the Company, also detailed below.

The Acquisition is fully in line with the Company's stated strategy of focussing on cash generating opportunities that expand and strengthen SacOil's operations across the oil and gas value chain on the African continent. Following completion of the Acquisition, SacOil's portfolio will comprise of operated production activities in Egypt, exploration in Democratic Republic of Congo, alongside partner TOTAL E&P RDC, a crude trading allocation with Nigerian National Petroleum Company and fuel distribution operations in Southern Africa that consist of the 71% indirect interest in Afric Oil and Assets of Belton Park. The Acquisition also provides SacOil with a stronger operational footprint in South Africa thereby enabling the Company to play a more meaningful role in the socioeconomic development of the country.

BACKGROUND TO BELTON PARK

Belton Park was established in 2012 and the co-founders are an integral part of the senior management team that will continue to manage the business under SacOil's ownership. To date, the operations of Belton Park have grown into a business distributing in excess of 20 million litres of fuel products monthly with a reported unaudited turnover attributable to the Acquisition for the financial year ended 28 February 2017 in excess of R2 billion. Belton Park currently operates in South Africa only. The key customers of Belton Park include commercial, industrial and non-refinery wholesale customers that procure fuel products in bulk quantities.

The head office of Belton Park is located in Waterkloof, Pretoria and the logistics operations are located in the East Rand of Johannesburg. Belton Park currently has more than 70 employees who will move across to the SacOil group as an integral part of the Acquisition.

SacOil has secured the commitment and services of the current senior management team of Belton Park for a minimum period of two years. The existing management team will continue to operate the Belton Park business, which will be held in a newly incorporate wholly owned subsidiary of SacOil.

RATIONALE FOR THE ACQUISITION

The Acquisition will provide SacOil with another income producing subsidiary in South Africa and is in line with SacOil's strategy to become a significant, fully integrated pan-African industry player. The Acquisition will provide SacOil with:

- A well-established business that operates in a regulated, fixed margin fuel distribution sector in South Africa;
- A respected player and brand in the South African wholesale fuel distribution market;
- Access to a substantial fleet of heavy duty tankers;
- Access to significant revenue generation and predictable, low-risk income;
- An experienced and stable management team, with in-depth industry knowledge and market relationships; and
- Further diversification of SacOil's upstream and midstream portfolio to include logistics, fuel wholesale distribution, crude trading, exploration and production.

Commenting on the Acquisition Dr Thabo Kgogo, CEO of SacOil, said:

"This acquisition of the business of Belton Park is in line with our strategic objectives to strengthen our existing platform in the downstream wholesale distribution market and further diversify our predictable revenue streams.

The Acquisition will increase SacOil's consolidated revenues significantly, enhancing those already generated from our production in Egypt, our existing crude trading business in Nigeria and our majority interest in Afric Oil. We see significant opportunities to grow within the wholesale distribution market in South Africa and expect to benefit from cost savings as we leverage synergies from our expanding operations in this market. Furthermore, as a South African based business, we are pleased to strengthen our operational footprint within the country and position ourselves to deliver greater value to all stakeholders."

PRESENTATION AND ADDITIONAL DETAILS

The Group's AGM presentation provides further details on the Acquisition and will be available on SacOil's website at 10am this morning: www.sacoiholdings.com

CONDITIONS PRECEDENT TO THE ACQUISITION

The Acquisition is conditional upon, inter alia, the fulfilment of the following outstanding conditions precedent:

- i. Written approval for the implementation of the Acquisition has been duly obtained from the Competition Authorities, either on an unconditional basis or subject to conditions as are satisfactory to SacOil;
- ii. The South African Takeover Regulation Panel has issued a compliance certificate or has granted an exemption certificate as contemplated in section 121(b) of the Companies Act in regard to the implementation of the Acquisition;
- iii. To the extent legally required, the Seller and the Purchaser shall deliver a special resolution of their shareholders in terms of section 112 read with section 115 of the Companies Act authorising to implement the Acquisition;
- iv. The Purchaser shall have notified the Seller in writing that there has been no Material Adverse Change between the Signature Date and the day immediately following the date upon which the last of the Conditions Precedent has been fulfilled or waived;
- v. The Purchaser shall have applied for a wholesale licence to the Department of Energy;
- vi. The Purchaser has executed independent contractor service agreements with each of the owners of Belton Park on terms and conditions and in form and substance acceptable to the Purchaser;
- vii. The Purchaser has successfully implemented a rights offer to its shareholders by 31 December 2017 that would be sufficient to meet the cash component of the Purchase Consideration;
- viii. Written approval for the implementation of the Acquisition has been duly obtained from the Purchaser's Lender, to the extent legally required; and
- ix. The Seller's principals shall have been released from all personal guarantees and suretyships provided by the principals in relation to the Seller.

ACQUISITION DETAILS AND SETTLEMENT OF THE CONSIDERATION

The Consideration for the Acquisition will be settled in cash and SacOil shares, as set out below.

The Initial Consideration of R100 million will be settled by SacOil, in cash, five business days after the month end in which all conditions precedent have been fulfilled ("Closing Date"). The cash component of the Contingent Consideration of R90 million will be placed in a Trust Account on the Closing Date and payable to the Sellers, including the interest accrued, subject to the terms below.

The Contingent Consideration of up to R120 million will be discharged by SacOil as follows:

1. within 10 days after the audited results being issued for the Belton Park business for the year ending 28 February 2018, a cash payment of R90 million shall be payable to the Sellers; and
2. non-cash payment of up to R30 million shall be payable by issuing ordinary SacOil shares at a 10% discount to the 30 day VWAP calculated at the Closing Date, to the Seller by 1 June 2018.

The cash component of the Contingent Consideration of R90 million is conditional on the Belton Park business achieving a minimum annualised consolidated EBITDA of R45 million for the financial year ending 28 February 2018. Should the Belton Park business achieve EBITDA between R27 million and R45 million, then EBITDA cash component of the Contingent Consideration will reduce on a pro rata basis of R4.80 for each rand that is below the R45 million, subject to a 10% variance being acceptable for the EBITDA deviation from R45 million to account for certain external factors, and the R27 million EBITDA minimum.

EFFECTIVE DATE

Completion of the Acquisition is subject to the fulfilment of the conditions precedent disclosed above and is anticipated to occur by no later than 31 December 2017.

THE VALUE OF THE NET ASSETS BEING ACQUIRED AND ATTRIBUTABLE PROFITS

As at the signature date of the Acquisition agreements, for the 12 months ended 28 February 2017, Belton Park unaudited consolidated earnings before interest, tax, depreciation and amortisation was R27 million, profit after tax was R5 million. The net asset value of the assets being acquired is R7 million.

CATEGORISATION

The Acquisition is classified as a Category 2 transaction for SacOil in terms of the Listings Requirements of the JSE Limited ("Listings Requirements").

Following the implementation of the Acquisition, the Assets will be held by a newly incorporated subsidiary of SacOil. SacOil confirms that the new subsidiary's constitutional documents will enable SacOil to continue to comply with its obligations in terms of the Listings Requirements.

SACOIL'S SETTLEMENT OF THE CONSIDERATION

SacOil intends to fund the Acquisition by:

- The Initial Consideration of R100 million cash payable on the Closing Date will be funded from the proceeds of a rights issue to be undertaken by SacOil, with details set out below; and
- The Contingent Consideration of up to R90m cash payable circa 31 May 2018 will be funded from the proceeds of a rights issue to be undertaken by SacOil, with details set out below.
- The Contingent Consideration of up to R30m non-cash payable circa 31 May 2018 will be settled by issuing SacOil ordinary shares to Belton Park priced at a 10% discount to the 30 day VWAP calculated at the Closing Date.

It is intended that, there would be a capital raise within the next 3 months after the date of this announcement, which will be implemented by way of the allotment and issue of SacOil ordinary shares pursuant to a rights issue to redeem the equity bridge, \$12.5 million secured in 31 May 2017, settle the cash consideration for this Acquisition and raise any additional equity for expansion of the SacOil enlarged group. In anticipation thereof, SacOil will seek to obtain the binding undertakings from key shareholders to support the rights issue.

INTEGRATION STRATEGY

After the completion of the Acquisition, the Belton Park business will be held by a newly incorporated subsidiary of SacOil. SacOil will engage the existing minority shareholders, the Board of Directors and the management teams of Belton Park and Afric Oil to develop and execute a collaborative growth strategy.

The key focus area for SacOil will be on ensuring that the relevant synergies from the Belton Park Assets are achieved in terms of possible cost savings, enhanced margins and the identification of new growth opportunities that will enhance SacOil's market position.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, the cautionary announcement originally published by SacOil on 27 July 2017, and renewed on 7 September 2017, is hereby withdrawn and caution is no longer required to be exercised by shareholders of SacOil when dealing in SacOil shares.

JSE Sponsor

PSG Capital Proprietary Limited

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ABOUT SACOIL

SacOil is a South African based independent African oil and gas company, listed on the JSE. The Company has a diverse portfolio of assets spanning production in Egypt; exploration and appraisal in the Democratic Republic of Congo; midstream project relating to crude trading in Nigeria and a majority interest in AfricOil, the petroleum product wholesaler. Our focus as a Group is on delivering energy for the African continent by using Africa's own resources to meet the significant growth in demand expected over the next decade. The Company continues to evaluate industry opportunities throughout Africa as it seeks to establish itself as a leading, full-cycle pan-African oil and gas company.