

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* throughout this Circular including this cover page.

Shareholders are referred to page 2 of this Circular, which sets out the action required of them with regard to the Rights Offer, full details of which are set out in this Circular. If you are in any doubt as to the action that you should take, please consult your Broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all of your Ordinary Shares, this Circular and the Form of Instruction should be forwarded to the purchaser to whom, or the Broker, CSDP or agent through whom you disposed of your Ordinary Shares, except that this Circular and Form of Instruction should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the Rights Offer can lawfully be made to such person or in such territory.

Letters of Allocation, which are renounceable, can only be traded in Dematerialised form and, accordingly, Efora has issued all Letters of Allocation in Dematerialised form. The electronic record for holders of Certificated Shares is being maintained by Link Market Services South Africa Proprietary Limited which has made it possible for holders of Certificated Shares to enjoy the same rights and opportunities as holders of Dematerialised Shares in respect of the Letters of Allocation.

Only whole numbers of Ordinary Shares will be issued in terms of the Rights Offer and Shareholders will be entitled to rounded numbers of shares once the ratio of entitlement has been applied. Excess applications will be allowed.

The Form of Instruction enclosed with this Circular is negotiable and may be traded on the JSE.

JURISDICTION

All transactions arising from the provisions of this Circular and the Form of Instruction shall be governed by and be subject to the laws of South Africa. The Rights Offer may be affected by the laws of the relevant jurisdictions of foreign Shareholders. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them, including the Rights Offer. It is the responsibility of any foreign Shareholder to satisfy himself/herself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or requisite payments due in such jurisdiction. The Rights Offer is further subject to any other applicable laws and regulations, including the Exchange Control Regulations. Any foreign Shareholder who is in doubt as to his/her position, including, without limitation, his/her tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay. The CSDP or Broker will ensure that where such persons are holding Ordinary Shares in Dematerialised form that the CSDP or Broker adheres to the above restrictions. Please refer to **Annexure 2** of this Circular for further details in this regard.



EFORA ENERGY LIMITED
(formerly SacOil Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 1993/000460/06)
Share code: EEL
ISIN: ZAE000248258
("Efora" or "the Company")

CIRCULAR TO SHAREHOLDERS OF EFORA

Relating to:

- a renounceable Rights Offer of 1.2 billion Ordinary Shares at an issue price of R0.50 per share, in the ratio of 324.56012 shares for every 100 Ordinary Shares held at the close of business on Friday, 27 July 2018;

and enclosing:

- a Form of Instruction in respect of a Letter of Allocation (to be completed by holders of Certificated Shares only).

Rights Offer opens at 09:00 on
Rights Offer closes at 12:00 on

Monday, 30 July 2018
Friday, 10 August 2018

The Directors of Efora whose names appear in the "Corporate Information and Advisors" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required in law and by the Listings Requirements.

Transaction Advisor and Sponsor



PSG CAPITAL

Date of issue: Thursday, 19 July 2018

This Circular is available in English only. Copies of this Circular may be obtained from the registered office of Efora and PSG Capital whose addresses are set out in the "Corporate Information and Advisors" section of this Circular, as well as in electronic form from the Company's website (www.eforaenergy.com) and from the Transfer Secretaries. These documents will be available from Thursday, 19 July 2018 until Friday, 10 August 2018, both days inclusive.

CORPORATE INFORMATION AND ADVISORS

DIRECTORS

B Seruwe (Chairperson)*#
T Kgogo (Chief Executive Officer)
D Matroos (Chief Financial Officer)
IS Sehoole*#
T Masasa*#
P Mngconkola*#

* Non-executive

Independent

COMPANY SECRETARY AND REGISTERED OFFICE

Fusion Corporate Secretarial Services Proprietary Limited
Block C, Unit 7, Southdowns Office Park
Karee Street
Irene, 0157
PO Box 68528, Highveld, 0169

1st Floor
12 Culross Road
Bryanston, 2021
PostNet Suite 211, Private Bag X75, Bryanston, 2021

Date and place of incorporation

1 February 1993
South Africa

TRANSACTION ADVISOR AND SPONSOR

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
PO Box 7403, Stellenbosch, 7599

and at:

2nd Floor, Building 3
11 Alice Lane
Sandton, 2196
PO Box 650957, Benmore, 2010

TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor
19 Ameshoff Street
Braamfontein, 2001
PO Box 10462, Johannesburg, 2000

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ACTION REQUIRED BY SHAREHOLDERS

If you are in any doubt as to what action you should take, you should consult your Broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

If you have disposed of all your Ordinary Shares, please forward this Circular, together with the enclosed Form of Instruction, to the purchaser of such Ordinary Shares or the Broker, CSDP or other agent through whom you disposed of such Ordinary Shares. This Circular and Form of Instruction should not be forwarded to any person in any territory other than South Africa unless the Rights Offer can lawfully be made to such person or in such territory.

Action required by shareholders of Certificated Shares

A Form of Instruction for completion by Qualifying Shareholders who hold Certificated Shares is enclosed with this Circular and the relevant procedure for participation in the Rights Offer is set out below:

- a Letter of Allocation will be created in electronic form with the Transfer Secretaries;
- 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 Form of Instruction, you may either dispose of or renounce all or part of your entitlement as follows:
 - 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 no later than 12:00 on Monday, 6 August 2018. 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 Efora 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 on Monday, 6 August 2018; and
 - 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, 10 August 2018, together with a bank-guaranteed cheque or bank draft or EFT swift reference number (EFT to be made into the Designated Bank Account, details of which are available from the corporate actions department of the Transfer Secretaries +27 (0) 861 472 644 for the appropriate amount).

If you are a Qualifying Shareholder holding Certificated Shares 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 the amount due in Rand in the form of a bank-guaranteed cheque or bankers' draft or EFT swift reference number (EFT to be made into the Designated Bank Account, details of which are available from the corporate actions department of the Transfer Secretaries on +27 (0) 861 472 644), with the Transfer Secretaries as follows:

By hand to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
13th Floor
19 Ameshoff Street
Braamfontein

By post to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
PO Box 10462
Johannesburg
2000

By facsimile to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
+27 (0) 86 674 3330

By electronic mail to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
specialprojects@linkmarketservices.co.za

so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 10 August 2018.

The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile or email address other than those provided above. Forms of Instruction shall be deemed to be received on the date reflected in the Transfer Secretaries' electronic or facsimile systems. Notwithstanding anything to the contrary, it is each Shareholder's responsibility to ensure that their Form of Instruction is received by the Transfer Secretaries.

Efora and the Transfer Secretaries accept no responsibility and will not be held liable for any allocation of Rights Offer Shares pursuant to payment being made or alleged to have been made by way of electronic transfer and where proof of such payment

has not been received or purported proof of such payment being insufficient or defective for Efora together with the Transfer Secretaries, for any reason, not being able to reconcile a payment or purported payment with a particular application for Rights Offer Shares.

If you are a renouncee, you may elect to receive your Rights Offer Shares in Dematerialised form by providing the information requested in respect of your CSDP or Broker in Form E in the enclosed Form of Instruction.

In order to comply with recent legislative changes, the Rights Offer Shares may only be issued in Dematerialised form. In this regard:

- a) Qualifying Shareholders holding Certificated Shares who wish to receive the Rights Offer Shares allocated to them in Dematerialised form and who already have an account with a Broker or CSDP, will have their accounts at their Brokers or CSDPs credited with their Rights Offer Shares (provided that they have provided their Form of Instruction, and have elected "Option 1" on Form E thereof, along with the relevant CSDP details, to the Transfer Secretaries on or before 12:00 on Monday, 6 August 2018;
- b) Qualifying Shareholders holding Certificated Shares who do not wish to hold the Rights Offers Shares allocated to them in Dematerialised form and prefer to hold their Rights Offer Shares in Certificated form, will be afforded the option to "rematerialise" their Dematerialised Rights Offer Shares and replace these with a physical Document of Title, provided that such Qualifying Shareholders have elected "Option 3" on Form E of their Form of Instruction and provided their Form of Instruction to the Transfer Secretaries on or before 12:00 on Monday, 6 August 2018; or
- c) Qualifying Shareholders holding Certificated Shares who wish to receive the Rights Offers Shares allocated to them in Dematerialised form, but who do not have an account with a Broker or CSDP, will be issued with statements of allocation and will be required to appoint a Broker or CSDP so that Dematerialised Rights Offer Shares can be made available to them following implementation of the Rights Offer (such Shareholders will be required to provide the statement of allocation to their Broker or CSDP as proof of their holdings), provided that such Qualifying Shareholders have elected "Option 2" on Form E of their Form of Instruction.

Certificated Shareholders should indicate which of the above applies, when completing the Form of Instruction. Should a Certificated Shareholder contemplated in paragraph (a) above fail to provide the necessary Broker and CSDP account details and other information requested in the Form of Instruction, it will not be possible to credit such Shareholder's account at its Broker or CSDP with the Rights Offer Shares due to it, and such Shareholder will instead be issued with a statement of allocation.

Should you be a Qualifying Shareholder holding Certificated Shares:

- contemplated in paragraph (a) above and have provided your Form of Instruction to the Transfer Secretaries on or before 12:00 on Monday, 6 August 2018, the Rights Offer Shares allocated to you will be credited to your Broker or CSDP account on Monday, 13 August 2018; or
- contemplated in paragraph (b) above, and have provided your Form of Instruction to the Transfer Secretaries on or before 12:00 on Monday, 6 August 2018, the share certificate for your Rights Offer Shares will be posted to you, at your risk, on Monday, 13 August 2018; or
- should you be a Shareholder contemplated in paragraph (c) above, the statement of allocation in respect of your Rights Offer Shares will be posted to you, at your risk, on Monday, 13 August 2018.

Qualifying Shareholders who wish to "rematerialise" their Dematerialised Rights Offer Shares as provided for above and whose registered addresses in the Register are outside of the Common Monetary Area, or whose Ordinary Share certificates are restrictively endorsed in terms of the Exchange Control Regulations, should refer to paragraph 3.9 below.

If the required documentation and payment has 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, 10 August 2018, then the Rights to those unsubscribed Rights Offer Shares will be deemed to have been declined and the Rights Offer entitlement will lapse.

Action required by holders of Dematerialised Shares

If you are a Qualifying Shareholder and have Dematerialised your Ordinary Shares, you will not receive a printed Form of Instruction and you should receive notification from your CSDP or Broker regarding the Rights to which you are entitled in terms of the Rights Offer.

Your CSDP or Broker will credit your account with the number of Rights to which you are entitled and will contact you to ascertain:

- whether you wish to follow your Rights in terms of the Rights Offer and, if so, in respect of how many Rights Offer Shares; and
- if you do not follow all or any of your Rights:

- whether you wish to sell your Rights and, if so, how many Rights you wish to sell;
- whether you wish to renounce your Rights and, if so, how many Rights and in favour of whom you wish to renounce those Rights; or
- whether you wish your Rights to lapse.

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

If you are a Qualifying Shareholder holding Dematerialised Shares and wish to follow your Rights in respect of the Rights Offer, you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If you are not contacted, you should proactively contact your CSDP or Broker and provide them with your instructions. 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 Ordinary Shares in terms of the Rights Offer.

Efora 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 allocated.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular apply to this section.

2018

Declaration announcement released on SENS and in the press	Tuesday, 17 July
Finalisation announcement released on SENS	Thursday, 19 July
Publication of the Rights Offer Circular on the website of Efora	Thursday, 19 July
Last day to trade in Ordinary Shares in order to participate in the Rights Offer (cum entitlement)	Tuesday, 24 July
Listing of and trading in the Letters of Allocation under the JSE Code EELN and ISIN ZAE000260188 on the JSE commences at 09:00 on	Wednesday, 25 July
Ordinary Shares commence trading ex-Rights on the JSE at 09:00 on	Wednesday, 25 July
Rights Offer Circular and Form of Instruction distributed to Certificated Shareholders	Wednesday, 25 July
Record Date for determination of Shareholders entitled to participate in the Rights Offer (Initial Record Date)	Friday, 27 July
Rights Offer opens at 09:00 on	Monday, 30 July
Certificated Shareholders will have their Letters of Allocation credited to an electronic account held at the Transfer Secretaries at 9:00 on	Monday, 30 July
Dematerialised Shareholders will have their accounts at their CSDP or Broker credited with their entitlement at 9:00 on	
Circular, where applicable, posted to Qualifying Dematerialised Shareholders	Monday, 30 July
Last day for trading Letters of Allocation on the JSE	Monday, 6 August
Form of Instruction lodged by Certificated Shareholders wishing to sell all or part of their entitlement at the Transfer Secretaries by 12:00 on	Monday, 6 August
Listing of Rights Offer Shares and trading therein on the JSE commences	Tuesday, 7 August
Rights Offer closes at 12:00. Payment to be made and Form of Instruction lodged by Certificated Shareholders wishing to renounce or subscribe for all or part of the entitlement at the Transfer Secretaries* on	Friday, 10 August
Record Date for the Letters of Allocation (Final Record Date)	Friday, 10 August
Rights Offer Shares issued and posted to Shareholders in certificated form (where applicable) on or about	Monday, 13 August
CSDP or Broker accounts in respect of Dematerialised Shareholders will be updated with Rights Offer shares and debited with any payments due on	Monday, 13 August
Results of Rights Offer announced on SENS	Monday, 13 August
In respect of successful excess applications (if applicable), Rights issue Shares issued to Qualifying Dematerialised Shareholders and/or Share certificates posted to Qualifying Certificated Shareholders on or about	Wednesday, 15 August
In respect of unsuccessful excess applications (if any), Refund payments made to Certificated Shareholders on or about	Wednesday, 15 August

* CSDPs effect payment in respect of Dematerialised Shareholders on a delivery versus payment method.

Notes:

1. Unless otherwise indicated, all times are South African times.
2. Shareholders may not Dematerialise or rematerialise their Ordinary Shares between Wednesday, 25 July 2018 and Friday, 27 July 2018, both dates inclusive.
3. Any amendments to the above dates and times will be announced on SENS.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless otherwise stated or the context clearly indicates a contrary intention, the following words and expressions shall bear the meaning assigned to them hereunder. Words in the singular shall include the plural and *vice versa*, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“Act” or “Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time, including the Companies Regulations 2011;
“Acquisition”	the Company’s acquisition of, and subscription for shares constituting the entire issued share capital of Phembani Oil;
“Afric Oil”	Afric Oil Proprietary Limited incorporated in South Africa with registration number 1995/001866/07, a subsidiary of Phembani Oil;
“Authorised Share Capital”	5 000 000 000 Ordinary Shares of no par value of which 369 731 190 Ordinary Shares have been issued and 4 630 268 810 Ordinary Shares remain unissued;
“Authorised but Unissued Share Capital”	4 630 268 810 unissued Ordinary Shares forming part of the Authorised Share Capital;
“Associate”	an associate as defined in the Companies Act;
“Board” or “Directors”	the board of directors of Efora;
“Broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day of the week, excluding Saturdays, Sundays and all official South African public holidays;
“Certificated Shares”	Ordinary Shares that have not been Dematerialised in terms of Strate, title to which is represented by Documents of Title;
“Certificated Shareholders”	holders of Certificated Shares;
“Circular”	this bound document, dated Thursday, 19 July 2018, incorporating a Form of Instruction, where applicable;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	a Central Securities Depository Participant defined as a “participant” in section 1 of the Financial Markets Act and appointed by individual Shareholders for purposes of, and in regard to, Dematerialisation of Documents of Title for the purpose of incorporation into Strate;
“Dematerialise”	the process whereby share certificates and any other Documents of Title to shares in a tangible form are Dematerialised into electronic records for the purposes of Strate;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Ordinary Shares which have been Dematerialised in terms of the requirements of Strate and the ownership of which is no longer evidenced by physical Documents of Title but by electronic records;
“Designated Bank Account”	the bank account, the details of which will be provided on request from the corporate actions department of the Transfer Secretaries, contactable during ordinary business hours on +27 (0) 861 546 572;
“Documents of Title”	share certificates, certified transfer deeds, balanced receipts, or any other documents of title as the case may be;
“Efora” or “the Company” or “the Group”	Efora (Registration number 1993/000460/06), a public company, incorporated in accordance with the laws of South Africa, whose shares are listed on the JSE;

“Efora Shares” or “Ordinary Shares” or “Shares”	ordinary shares of no par value in the issued ordinary share capital of Efora;
“Efora Shareholders” or “Shareholders”	the registered holders of Ordinary Shares;
“EFT”	Electronic Funds Transfer;
“Equity Bridge Loan”	a loan granted to the Company by Gemcorp Africa Fund I Limited in the amount of USD12.5 million (R163.5 million at an exchange rate of R13.1/USD1) at an annual interest rate of 8.5%, which loan is repayable by 31 August 2018 from the proceeds of a Rights Offer;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (No. 9 of 1933), as amended;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“Form of Instruction”	a form of instruction in respect of the Letter of Allocation;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Tuesday, 10 July 2018, the last practicable date prior to the finalisation of this Circular;
“Letter of Allocation”	a renounceable (nil paid) letter of allocation in electronic form relating to the Rights Offer;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Phembani Oil”	Phembani Oil Propriety Limited, a company registered in South Africa with company registration number 2006/037679/07, a wholly-owned subsidiary of Efora;
“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, the 60.72% shareholder in the Company as at the Last Practicable Date;
“Qualifying Shareholder”	a registered holder of Ordinary Shares on the Register of Shareholders of Efora as at 17:00 on the Record Date for the Rights Offer and which does not have its registered address in any jurisdiction in which it would be unlawful to make the Rights Offer;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Ratio of Entitlement”	the number of Rights Offer Shares to which Shareholders are entitled to subscribe for in terms of the Rights Offer, being 324.56012 Ordinary Shares for every 100 Ordinary Shares held on the Record Date for the Rights Offer, and/or such proportionate lower number of Ordinary Shares in respect of a holding of less than 100 Ordinary Shares held on the Record Date for the Rights Offer;
“Record Date for the Rights Offer”	the last day for Shareholders to be recorded in the Register in order to participate in the Rights Offer, being close of business on Friday, 27 July 2018;
“Record Date for the Letters of Allocation”	the last day for Shareholders to be recorded in the Register in order for Shareholders to subscribe for the Rights Offer Shares, being Friday, 10 August 2018;
“Register”	means the register of Certificated Shareholders maintained by Efora and the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs;
“Rights”	the entitlement to subscribe for Ordinary Shares pursuant to the Rights Offer;
“Rights Offer”	the Rights to subscribe for 1.2 billion Ordinary Shares at the Rights Offer Share Price in the ratio of 324.56012 Rights Offer Shares for every 100 Ordinary Shares held on the Record Date for the Rights Offer;
“Rights Offer Share Price”	the price per new Ordinary Share to be offered to Shareholders in terms of the Rights Offer being R0.50 per Share;
“Rights Offer Shares”	the 1.2 billion Ordinary Shares representing approximately 324.6% of the current issued share capital of the Company and which are the subject of the Rights Offer;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;

“Strate”	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/07), a limited liability private company duly incorporated in South Africa;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Transaction Advisor and Sponsor” or “PSG Capital”	PSG Capital Proprietary Limited (Registration number 2006/015817/07), a private company duly incorporated in accordance with the laws of South Africa;
“Transfer Secretaries”	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa, being the transfer secretaries of Efora;
“Undertaking”	the letter of undertaking entered into between Efora and the PIC, dated Monday, 28 May 2018, in terms of which the PIC agrees to follow its Rights in terms of the Rights Offer; and
“VAT”	Value Added Tax.



EFORA ENERGY LIMITED
(formerly SacOil Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 1993/000460/06)
Share code: EEL
ISIN: ZAE000248258
("Efora" or "the Company")

Directors

B Seruwe (Chairperson)*#
T Kgogo (Chief Executive Officer)
D Matroos (Chief Financial Officer)
IS Sehoole**
T Masasa**
P Mngconkola**

* *Non-executive*

Independent

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

- 1.1 Shareholders are referred to the announcement on SENS, 17 July 2018, in which Shareholders were advised that the Board had resolved to pursue the implementation of the Rights Offer.
- 1.2 In terms of the Undertaking, Efora has received commitment from its major shareholder, the PIC, to follow its rights in terms of the Rights Offer.
- 1.3 In terms of the Rights Offer, Shareholders recorded in the Register at the close of trade on Friday, 27 July 2018, will receive the Rights to subscribe for Rights Offer Shares on the basis of 324.56012 Rights for every 100 Ordinary Shares held, for subscription at R0.50 per Rights Offer Share. Only whole numbers of Ordinary Shares will be issued and Shareholders will be entitled to rounded numbers of Ordinary Shares once the ratio has been applied. Excess applications will be allowed.
- 1.4 The JSE has agreed to the listing of the Rights Offer Shares and the purpose of this Circular is to furnish Shareholders with relevant information relating to the Rights Offer, the action required and the implications thereof, in accordance with the Companies Act and the Listings Requirements.

2. RATIONALE FOR THE RIGHTS OFFER AND UTILISATION OF FUNDS

- 2.1 On Tuesday, 6 March 2017, the Company announced the Acquisition. Phembani's only asset is a 71% direct interest in Afric Oil, one of the largest independent fuel distributors in South Africa, distributing fuel products (diesel, petrol and paraffin) to a diversified client base that includes local and national government, mining, construction, transport, manufacturing, parastatals, resellers and agricultural clients.
- 2.2 On Thursday, 31 May 2017, Efora released on SENS its provisional condensed audited results for the year ended 28 February 2017, wherein it was disclosed that the Company had entered into the Equity Bridge Loan, to raise US\$12.5 million that would be repaid from the proceeds of the Rights Offer part of the proceeds of the US\$12.5 million which to fund the Phembani Acquisition.
- 2.3 The proceeds from the Rights Offer will be utilised to settle the Equity Bridge Loan of US\$12.5 million and to provide capital to fund the Group's operations for the foreseeable future. In addition, the Company is engaging with various parties on numerous value accretive acquisition opportunities in line with the Company's growth strategy. Funds raised from the Rights Offer will also be utilised to fund such potential acquisitions.

3. PARTICULARS OF THE RIGHTS OFFER

3.1 Terms of the Rights Offer

- 3.1.1 Efora hereby offers to Qualifying Shareholders a total of 1.2 billion Ordinary Shares for subscription, upon the terms and conditions set out in this Circular and in the attached Form of Instruction, by way of renounceable

Rights, at a subscription price of R0.50 per Ordinary Share on the basis of 324.56012 Rights Offer Shares for every 100 Ordinary Shares held by Qualifying Shareholders at the close of trade on the Record Date for the Rights Offer. Efora will raise a maximum of R600 million in terms of the Rights Offer.

- 3.1.2 The subscription price represents a discount of 16.7% to the 30-day volume weighted average traded price of Efora's Ordinary Shares of R0.583, as at Friday, 6 July 2018, being the end of the week prior to announcing the Rights Offer.
- 3.1.3 Qualifying Shareholders recorded in the Register of Efora at the close of business on Friday, 27 July 2018, will be entitled to participate in the Rights Offer.
- 3.1.4 The enclosed Form of Instruction contains details of the Rights to which holders of Certificated Shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those Rights. Holders of Dematerialised Shares will be advised of the Rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those Rights by their CSDP or Broker in terms of the custody agreement entered into between the Shareholder and his CSDP or Broker, as the case may be.
- 3.1.5 The subscription price is payable in full, in Rand, by Qualifying Shareholders holding Certificated Shares on acceptance of the Rights Offer. CSDPs will make payment, on a delivery versus payment basis, in respect of Qualifying Shareholders holding Dematerialised Shares who have accepted the Rights Offer. Qualifying Shareholders holding Dematerialised Shares who have accepted the Rights Offer must ensure that the necessary funds are deposited with the relevant CSDP or Broker, as the case may be.
- 3.1.6 The Rights Offer shares will, upon allotment and issue, rank *pari passu* with all other existing Ordinary Shares in terms of both voting rights and dividends.
- 3.1.7 The Letters of Allocation in respect of the Rights Offer are negotiable and will be listed on the JSE on Wednesday, 25 July 2018, under the JSE code EELN and ISIN ZAE000260188. The Rights Offer Shares cannot be traded before such Shares are listed on the JSE on Tuesday, 7 August 2018.
- 3.1.8 While the Rights Offer has not been underwritten, the PIC has provided Efora with an undertaking that it will follow its rights in full.

3.2 Opening and closing dates of the Rights Offer

The Rights Offer will open at 09:00 on Monday, 30 July 2018 and will close at 12:00 on Friday, 10 August 2018.

3.3 Entitlement

The table of entitlement illustrating the number of Rights Offer Shares to which Qualifying Shareholders will be entitled is set out in **Annexure 1** to this Circular. The entitlement of each Qualifying Shareholder is reflected in the appropriate block in the Form of Instruction, which is enclosed with this Circular. If you are a Qualifying Shareholder and hold Dematerialised Shares you will not receive a printed Form of Instruction. Qualifying Shareholders holding Dematerialised Shares will have their accounts automatically credited with their entitlements in accordance with **Annexure 1**.

3.4 Fractional entitlement

The whole number of Rights to subscribe for Rights Offer Shares to which Qualifying Shareholders will become entitled will be determined by the Ratio of Entitlement. Only whole numbers of Ordinary Shares will be issued and Shareholders will be entitled to subscribe for rounded numbers of Ordinary Shares once the Ratio of Entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

3.5 Minimum subscription and undertaking

- 3.5.1 The Rights Offer is not conditional on any minimum subscription being obtained.
- 3.5.2 Pursuant to the provisions of the Undertaking, the PIC provided Efora with a commitment to follow all of its rights in terms of the Rights Offer and to subscribe for all the Ordinary Shares to which it is entitled under the Rights Offer, as set out below:

Number of Ordinary Shares held in Efora before the Rights Offer	Number of Rights Offer Shares Offered	% of Rights Offer Shares	Maximum number of Ordinary Shares held in Efora after the Rights Offer by PIC
224 486 118	728 640 000	60.72%	953 126 188

- 3.5.3 In terms of the Undertaking, there will be no commitment or other fees payable to the PIC.

3.6 Procedures for acceptance

- 3.6.1 If you are a Qualifying Shareholder holding Certificated Shares 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 at the addresses set out in paragraph 3.8.1.2 of this Circular, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 10 August 2018. Once received by the Transfer Secretaries, the acceptance is irrevocable and may not be withdrawn.
- 3.6.2 If payment is not received on or before 12:00 on Friday, 10 August 2018, the day of the closing of the Rights Offer, the Qualifying Shareholder or renounee concerned will be deemed to have declined the Rights Offer to acquire Rights Offer Shares pursuant to the Rights Offer.
- 3.6.3 Qualifying Shareholders holding Certificated Shares are advised to take into consideration postal delivery times when posting their Forms of Instruction, as no late postal deliveries will be accepted. Qualifying Shareholders are advised to deliver their completed Forms of Instruction together with their **bank-guaranteed cheques or bankers' drafts, or EFT swift reference number** by hand or by courier, where possible to the Transfer Secretaries as set out in the enclosed Form of Instruction. Forms of Instruction together with proof of EFT payment may also be faxed or emailed to the Transfer Secretaries in accordance with the provisions of the section of this Circular titled "Action Required by Shareholders".
- 3.6.4 If you are a Qualifying Shareholder and have Dematerialised your Ordinary Shares you will not receive a printed Form of Instruction. You should receive notification from your CSDP or Broker regarding the Rights to which you are entitled in terms of the Rights Offer.
- 3.6.5 If you are a Qualifying Shareholder holding Dematerialised Shares and wish to follow your Rights in respect of the Rights Offer, you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker.
- 3.6.6 Efora 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 allocated.**

3.7 Procedures for sale and renunciation

- 3.7.1 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 Form of Instruction, you may either dispose of or renounce all or part of your entitlement as follows:
- 3.7.1.1 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 Monday, 6 August 2018. 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 Efora 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; and
- 3.7.1.2 if you wish to renounce your entitlement or any part thereof 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, 10 August 2018, **together with a bank-guaranteed cheque or bank draft or an EFT accompanied by an EFT swift reference number for the appropriate subscription amount.** If you wish to renounce parts of your entitlement in favour of different renounees, you may copy **Form B** and use a copied **Form B** for each additional renounee.
- 3.7.2 If you are a Qualifying Shareholder holding Dematerialised Shares and wish to renounce or sell some or all of the Rights allocated to you as a holder of Dematerialised Shares, 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.

3.8 Payment

3.8.1 Payment by holders of Certificated Shares

- 3.8.1.1 The amount due on acceptance of the Rights Offer is payable in Rand.

- 3.8.1.2 **A banker's draft drawn on a registered bank or a bank-guaranteed cheque drawn on a South African bank** (each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted) in favour of "**Efora Energy Limited – Rights Offer**" in respect of the amount due **or an EFT accompanied by an EFT swift reference number** (obtainable from Link Market Services South Africa Proprietary Limited, at +27 (0) 861 546 572), together with a properly completed Form of Instruction, should be clearly marked "**Efora Energy Limited – Rights Offer**", and delivered to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
13th Floor, 19 Ameshoff Street, Braamfontein

so as to be received by no later than 12:00 on Friday, 10 August 2018, or may be posted, at the risk of the Shareholder or his renounee, to:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
PO Box 10462, Johannesburg, 2000

so as to be received by no later than 12:00 on Friday, 10 August 2018, or may be **faxed to (only in the case where payment is by way of EFT)**:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
+27 (0) 861 472 644

so as to be received by no later than 12:00 on Friday, 10 August 2018, or may be **e-mailed to (only in the case where payment is by way of EFT)**:

Efora Energy Limited – Rights Offer

c/o Link Market Services South Africa Proprietary Limited
specialprojects@linkmarketservices.co.za

so as to be received by no later than 12:00 on Friday, 10 August 2018.

- 3.8.1.3 All bank-guaranteed cheques or bankers' drafts received by the Transfer Secretaries will be deposited immediately for payment. The payment as referred to in paragraph 3.8.1.2 will constitute an irrevocable acceptance by the Shareholder or renounee of the Rights Offer upon the terms and conditions set out in this Circular and in the enclosed Form of Instruction. In the event that any cheque or banker's draft is dishonoured, Efora, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant Rights Offer Shares to which it relates against payment in cash of the issue price for such Ordinary Shares.

- 3.8.1.4 Money received in respect of an application that is rejected or otherwise treated as void by Efora, or which is otherwise not validly received in accordance with the terms stipulated, will be posted by registered post by way of a cheque drawn (without interest) in Rand to the applicant concerned, at the applicant's risk, on or about Wednesday, 15 August 2018. If the applicant concerned is not a Shareholder and gives no address in the attached Form of Instruction, then the relevant refund will be held by Efora until collected by the applicant and no interest will accrue to the applicant in respect thereof.

3.8.2 Payment by holders of Dematerialised Shares

Payment will be effected on the Shareholder's behalf in Rand by the CSDP or Broker. The CSDP or Broker will make payment in respect of Qualifying Shareholders holding Dematerialised Shares on a delivery versus payment basis.

3.9 Exchange Control Regulations

- 3.9.1 An outline of the applicable Exchange Control Regulations is available in **Annexure 2** to this Circular. Relevant Qualifying Shareholders are advised to acquaint themselves with these regulations.

- 3.9.2 In the case of Qualifying Shareholders who wish to "rematerialise" their Dematerialised Rights Offer Shares as provided for above and whose registered addresses in the Register are outside of the Common Monetary Area, or where the relevant Ordinary Share certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

- 3.9.2.1 for non-residents who are emigrants, the replacement Documents of Title will be sent to the Qualifying Shareholder's authorised dealer in foreign exchange in South Africa controlling their blocked assets; and

- 3.9.2.2 for all other non-residents, the replacement Documents of Title will be restrictively endorsed “non-resident” in terms of the Exchange Control Regulations.

3.10 JSE listings

The Issuer Regulation Division of the JSE has approved the listing of:

- 3.10.1 the Letters of Allocation in respect of all of the 1.2 billion Rights Offer Shares with effect from the commencement of trade on Wednesday, 25 July 2018, to the close of trade on Monday, 6 August 2018, both days inclusive; and
- 3.10.2 1.2 billion Rights Offer Shares with effect from the commencement of trade on Tuesday, 7 August 2018.

3.11 Documents of title

- 3.11.1 New Ordinary Share certificates to be issued to Qualifying Shareholders holding Certificated Shares or renounees who have opted to “rematerialise” their Dematerialised Rights Offer Shares to which they are entitled as contemplated in the section titled “*Action Required By Shareholders*”, will be posted to persons entitled thereto, by registered post, at the risk of the Shareholders concerned, on or about Monday, 13 August 2018, provided that the Form of Instruction in respect thereof has been provided to the Transfer Secretaries before 12:00 on Friday, 10 August 2018.
- 3.11.2 Qualifying Shareholders receiving the Rights Offer Shares must note that such Certificated Shares are not good for delivery in respect of future trades on the JSE until they have been Dematerialised.
- 3.11.3 Qualifying Shareholders holding Dematerialised Shares who have applied for, and been allotted, Ordinary Shares under the Rights Offer will have their accounts updated with the Rights Offer Shares to which they are entitled and in respect of which they have accepted the Rights Offer, on Monday, 13 August 2018.

3.12 Taxation

Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Offer.

4. EXPENSES

- 4.1 It is estimated that Efora’s expenses relating to the Rights Offer will amount to approximately R1.6 million. The expenses (excluding VAT) relating to the Rights Offer have been detailed below.

Nature of expense	Paid/Payable to	R’000
JSE documentation inspection fee	JSE	26
JSE listing fee	JSE	225
Printing, publication and distribution	GroundPepper	100
Transaction Advisor and Sponsor	PSG Capital	1 100
Transfer Secretaries	Link	40
Contingency		109
	Total	1 600

- 4.2 Other than set out above, Efora has incurred no preliminary expenses in relation to the Rights Offer during the three years preceding the date of this Circular.
- 4.3 The expenses of the Rights Offer will be written off against the stated capital.

5. INFORMATION ON EFORA

5.1 Overview of business

Efora Energy Limited is an independent, pan-African full-cycle oil and gas company based in South Africa and is listed on the JSE. The Company has a diverse portfolio of assets spanning production in Egypt; exploration in the Democratic Republic of Congo; midstream project relating to crude trading in Nigeria and material downstream distribution operations throughout Southern Africa. 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.

5.1.1 Egypt – Lagia Oil Field

The Lagia Oil Field is an onshore block located on the Sinai Peninsula in Egypt, directly adjacent to the Gulf of Suez. It was wholly acquired by Efora on 22 October 2014 through the acquisition of Mena International Petroleum Company Limited (“Mena”) and is operated by PetroSinai, a company jointly owned by Mena and the Egyptian General Petroleum Corporation (“EGPC”) in accordance with Egyptian Law 11 of 1997.

Production sharing for the Lagia Development Lease is governed by the terms of the Lagia Concession whereby 35% of net production is treated as cost oil, and is available to be used by Mena for the recovery of qualified costs, expenses and expenditures incurred in respect of exploration, development and related

operations. If the proportion of net production allocated for cost recovery exceeds costs available for recovery, EGPC is entitled to receive a proportion of this excess cost oil or cost gas in accordance with the share allocated for profit oil.

Of the net production from the Lagia Development Lease 65% must be shared between Mena and EGPC as profit oil.

The Lagia operations consist of 10 production wells that have been connected to the installed steam facilities to support a thermal recovery process on the existing production wells. As a result of the complex nature of development for this asset culminating in excessive water content and suboptimal steam injection for enhanced oil recovery, the production performance has been below the expectations of the Board for the capability of the field. The Board commissioned an in-depth review of the Lagia reservoir characterisation for overall field optimisation and drilled a pilot well, Lagia 14, at the end of the last financial year. This resulted in an increase in production from the field but more importantly, gave us additional insight into optimal completion techniques for the field, namely to isolate production from target reservoirs to reduce the water cut. The overall objective of this review is to enable the field for increased recovery and improved economics in a higher oil price environment and expectations are that the technical insights gained from Lagia 14 will inform the planning around the new development wells.

5.1.2 *Afric Oil*

Efora acquired a controlling interest in Afric Oil, via the acquisition of 100% of Phembani that provided a 71% direct interest in Afric Oil, one of the largest independent fuel distributors in South Africa. Afric Oil is distributing circa 25 million litres of fuel product (diesel, petrol and paraffin) monthly to a diversified client base that includes local and national government, mining, construction, transport, manufacturing, parastatals, resellers and agricultural clients. The acquisition also provided Efora with its first operational footprint in South Africa, as well as entry into Zimbabwe. Afric Oil has three owned depots in the Boland, Western Cape Province, Beitbridge on the Zimbabwe/RSA border and Randfontein, Gauteng. Afric Oil has its own distribution capabilities with ownership of a fleet of over 30 product distribution vehicles. The Company released announcements on SENS on 6 March 2017 and 31 May 2017 setting out the terms of the Afric Oil acquisition by Efora, the details of which are set out in **Annexure 4**.

Since the acquisition of the Afric Oil interest, management has been focussed on integrating and optimising the business and undertaking certain restructuring activities that would improve the operational efficiency of the business. These activities were largely completed, and the operational performance of the business has improved with access to new working capital facilities and improvements in the business.

The Company released announcements on SENS on 6 March 2017 and 31 May 2017 setting out the terms of the Afric Oil acquisition by Efora, the details of which are set out in **Annexure 4**.

5.1.3 *DRC – Block III*

Block III is located in the north-eastern part of the country, bordering Uganda. It is on the DRC side of the Albertine Graben Basin, which is part of the East African Rift System. Efora's interest in the block is held through wholly owned Efora DRC SARL which holds 12.5% of the asset. The operator of Block III, Total E&P RDC ("Total"), owns 66.7% of the asset with the remainder held by the DRC government (15%) and Divine Inspiration Group Proprietary Limited (5.8%).

During June 2016, Total successfully completed the acquisition of 244 km of 2D seismic data and Total, operator of Block III, continues to evaluate the seismic data obtained over the block. It is likely that a well could be drilled as early as 2019 on the assumption that economically and technically viable prospects and an identifiable well location are established. As reported previously, the seismic survey did not encroach on the Virunga National Park.

Total will continue to carry the Group's exploration and appraisal costs in line with the cost carry arrangement under the terms of a farm-in agreement dated 1 March 2011, which ceases if commercially viable resources are discovered and a development plan is approved. The operating licence was again renewed in January 2018 and will expire on 26 January 2019. Total will use this extension to complete the evaluation of the block.

5.1.4 *Nigeria – Crude Trading Allocation*

Efora formed a joint venture company with EER called SacOil Energy Equity Resources Limited ("SEER") that is the contracting party to the agreement for the purchase of Nigerian Crude Oil from the Nigerian National Petroleum Corporation ("NNPC"), ("the Crude Oil Agreement"). SEER secured its first 12-month crude oil agreement with NNPC in April 2016 and this followed by two further awards in January 2017 and May 2018 awarded under the NNPC tender process. The Crude Oil Agreement provides SEER with the right to acquire 950 000 barrels of crude oil from NNPC for onward sale, which is dependent on the aggregate crude production available in Nigeria and the prevailing global oil price. SEER has managed to lift five cargos over the last two years that contributed to Efora's business.

During May 2018, SEER was selected by the NNPC for the award of a new crude trading contract that was substantially similar terms as the previous contracts, but for a period of 24 months.

The revenue generated from the sale of the crude allocation will contribute meaningful income to Efora and will support Efora's growth and investment strategy across the oil and gas value chain on the African continent.

5.2 Prospects

The Company is committed to continue its focus on the development of the Group, with the primary objective to optimise each division of the business to ensure continued focus on cash generation, cost discipline and operational efficiencies.

The Afric Oil business will continue to make progress to embed its new business model and it is expected that the operational performance will continue to improve as we benefit from the restructuring activities undertaken in the prior year. The business has strengthened its capital structure and access to facilities that would enable the business to target new business opportunities.

The proposed Rights Issue will also put the company on a considerably stronger footing in terms of our ability to leverage a strong balance sheet to support our growth ambitions. Our strategic growth plan centres around the diversification of operations across the industry value chain throughout the African continent. We continue to review opportunities that are in line with our criteria; being either cash generative or near cash generative, complementary to existing operations, or providing a foothold in a new segment of the industry that benefits from compelling regional growth drivers.

Challenges remain both in terms of legacy issues as well as those that we have acquired in recent years; however, our portfolio is beginning to take the form of the strategic vision that we set ourselves a number of years ago, and we have seen the formation of a more stable business underpinned by multiple revenue streams from a diverse asset base across a continent characterised by potential and opportunity. Furthermore, the strengthening of global commodity prices continues to positively impact sentiment and margins throughout the industry, and we remain well placed to benefit from this significant recovery.

We remain confident that the coming years will see Efora successfully build on the strong foundations that we have been laying over the previous years and begin to deliver the value that our shareholders expect and deserve.

5.3 Information relating to the directors and executive management of Efora

5.3.1 Directors and executive management

5.3.1.1 There will be no variation in the Directors and/or the executive management of Efora as a consequence of this Rights Offer.

5.3.2 Directors' emoluments

5.3.2.1 There will be no variation in the remuneration receivable by any of the Directors as a consequence of this Rights Offer.

5.3.2.2 Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments, which service contracts are available for inspection in terms of paragraph 9 of the Circular. The duration of each Director's appointment is determined by such agreement.

5.3.3 Directors' interests in securities

5.3.3.1 At the Last Practicable Date, the following Directors of Efora (and their Associates), including directors who have resigned during the last 18 months, held, in aggregate, directly and indirectly, approximately 0.026% of Efora's issued Shares, as follows:

Director	Beneficial		Total	Percentage held (%)
	Direct	Indirect		
T Kgogo	47 300	–	47 300	0.013
D Matroos	17 241	–	17 241	0.005
IS Sehoole	30 000	–	30 000	0.008
Total	94 541	–	94 541	0.026

Note:

There have been no changes in the interests of the Directors between 28 February 2018 and the Last Practicable Date.

Directors intend to follow their rights in terms of the Rights Offer.

5.3.4 Directors' interests in transactions and contracts

Save as disclosed in the table above, by virtue of each Director's (or their associate's) shareholding in Efora, no Director of Efora has or had any beneficial interest, directly or indirectly, in any transaction which is, or was, material to the business of Efora and which was affected by Efora during the current financial year or the immediately preceding financial year or in respect of any previous financial year which remains in any respect outstanding or unperformed.

5.3.5 Directors' details

Directors' full names, business addresses and function within the Company are set out below:

Name	Business Address	Function
Thabo Kgogo	1st Floor, 12 Culross Road Bryanston, 2021	Chief Executive Officer
Damain Matroos	1st Floor, 12 Culross Road Bryanston, 2021	Chief Financial Officer
Ignatius Sehoole	316 Hornbill Crescent Kyalami Glen, 1684	Independent Non-executive Director
Thuto Masasa	1 Simba Road Sunninghill, 2157	Independent Non-executive Director
Patrick Mngconkola	105 De Wet Street Goodwood, 7460 Cape Town	Independent Non-executive Director
Boas Seruwe	Block 15, Centuria Park 265 van Willich Avenue Die Hoewes, 0157 Centurion	Independent Non-executive Chairman

5.4 Share capital and share options

The authorised and issued share capital of Efora, before and maximum after the Rights Offer is set out below:

	R'000
Authorised	
5 000 000 000 ordinary shares of no par value	
Issued before the Rights Offer	
369 731 190 ordinary shares of no par value	
Stated capital	1 305 911
Maximum Issued for the Rights Offer	
1 200 000 000 ordinary shares of no par value	
Stated capital	600 000
Maximum Issued after the Rights Offer	
1 569 731 190 ordinary shares of no par value	
Stated capital	1 905 911

Notes:

- 1) Efora has no shares held in treasury, as at the Last Practicable Date.
- 2) Assuming all Rights Offer Shares are subscribed for in terms of the Rights Offer.

As a consequence of the Rights Offer, an additional 12 816 464 share options will be granted, which will be an increase from 5 017 205 to a total of 17 833 669 pursuant to the provisions of the 2008 share option scheme.

6. SHARE TRADING HISTORY

The share trading history of Efora on the JSE up to the Last Practicable Date is set out in **Annexure 3** of this Circular.

7. RESPONSIBILITY STATEMENT

The Directors of Efora, whose names appear in the "Corporate Information and Advisors" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and certify that, to the

best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading, and that they have made all reasonable inquiries to ascertain such facts, and that this Circular contains all information required by law and the Listings Requirements. All the Directors have read, and understand and agree with, the contents of this Circular and have authorised the Chief Executive Officer of the Company, by way of powers of attorney granted to him, to sign this Circular on their behalf.

8. CONSENTS

Each of the advisors whose names appear on the front cover of this Circular have consented and have not, prior to the Last Practicable Date, withdrawn their written consents to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Efora and at the offices of PSG Capital during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular up to and including Friday, 10 August 2018:

- 9.1 the memorandum of incorporation of Efora;
- 9.2 the audited financial statements of Efora for the financial years ended 29 February 2016, 28 February 2017 and 28 February 2018.
- 9.3 service contracts of executive Directors of Efora;
- 9.4 the Undertaking;
- 9.5 written consents of the Transaction Advisor and Sponsor and Transfer Secretaries to the inclusion of their names in this Circular in the context and form in which they appear;
- 9.6 a signed copy of this Circular;
- 9.7 Directors' schedule 13 (previous schedule 21) declarations; and
- 9.8 powers of attorney signed by the Directors.

SIGNED ON THURSDAY, 19 JULY 2018 AT BRYANSTON BY MD MATROOS FOR AND ON BEHALF OF ALL THE OTHER DIRECTORS OF EFORA ENERGY LIMITED, IN TERMS OF POWERS OF ATTORNEY GRANTED TO HIM BY SUCH DIRECTORS

MD Matroos

Chief Financial Officer

Bryanston

TABLE OF ENTITLEMENT

The number of Rights Offer Shares to which Qualifying Shareholders will be entitled is set out below. Shareholders will be entitled to 324.56012 Rights Offer Shares for every 100 Ordinary Shares held. Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up, and only whole numbers of Rights Offer Shares will be issued, in accordance with the Listings Requirements.

Number of Efora shares held	Efora Rights Offer Entitlement	Number of Efora shares held	Efora Rights Offer Entitlement	Number of Efora shares held	Efora Rights Offer Entitlement
1	3	42	136	83	269
2	6	43	140	84	273
3	10	44	143	85	276
4	13	45	146	86	279
5	16	46	149	87	282
6	19	47	153	88	286
7	23	48	156	89	289
8	26	49	159	90	292
9	29	50	162	91	295
10	32	51	166	92	299
11	36	52	169	93	302
12	39	53	172	94	305
13	42	54	175	95	308
14	45	55	179	96	312
15	49	56	182	97	315
16	52	57	185	98	318
17	55	58	188	99	321
18	58	59	191	100	325
19	62	60	195	125	406
20	65	61	198	150	487
21	68	62	201	175	568
22	71	63	204	200	649
23	75	64	208	500	1 623
24	78	65	211	1 000	3 246
25	81	66	214	5 000	16 228
26	84	67	217	10 000	32 456
27	88	68	221	20 000	64 912
28	91	69	224	50 000	162 280
29	94	70	227	100 000	324 560
30	97	71	230	200 000	649 120
31	101	72	234	300 000	973 680
32	104	73	237	400 000	1 298 240
33	107	74	240	500 000	1 622 801
34	110	75	243	1 000 000	3 245 601
35	114	76	247	2 000 000	6 491 202
36	117	77	250	3 000 000	9 736 804
37	120	78	253	4 000 000	12 982 405
38	123	79	256	5 000 000	16 228 006
39	127	80	260	10 000 000	32 456 012
40	130	81	263	50 000 000	162 280 061
41	133	82	266	100 000 000	324 560 122

EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.

Pursuant to the Exchange Control Regulations and upon specific approval of the South African Reserve Bank, 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; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE 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 any share certificates issued pursuant to such applications will be endorsed "non-resident".

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 Exchange Control Regulations of South Africa, 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; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE.

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 Share 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.

New Ordinary 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 Exchange Control Regulations of South Africa. Where the emigrant's Ordinary Shares are in Dematerialised form with a CSDP or Broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.

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.

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 by you 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 of America. 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. 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 offering Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer ("**Non-qualifying Shareholder**"). Non-qualifying Shareholders 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 Ordinary Shares on behalf

of persons who are Non-Qualifying Shareholders, 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.

To the extent that Non-qualifying Shareholders are not entitled to participate in the Rights Offer as a result of the aforementioned restrictions, such Non-qualifying Shareholders should not take up their Rights Offer entitlement or trade in their Rights Offer entitlement and should allow their Rights in terms of the Rights Offer to lapse.

SHARE TRADING HISTORY OF EFORA SHARES

Set out in the table below are the aggregate volumes and values and the highest and lowest prices traded in Efora's Ordinary Shares in respect of:

- each day over the 30 trading days preceding the Last Practicable Date; and
- each month over the 12 months prior to the date of issue of this circular.

Daily	Close (cents)	High (cents)	Low (cents)	Value (Rands)	Volume
9 Jul 2018	57	57	52	89 550	166 321
6 Jul 2018	59	0	0	–	–
5 Jul 2018	59	59	45	108 168	207 154
4 Jul 2018	52	52	51	20 276	39 738
3 Jul 2018	52	52	45	111 754	217 534
2 Jul 2018	50	52	49	33 390	66 420
29 Jun 2018	56	56	52	3 440	6 500
28 Jun 2018	55	57	55	42 485	76 700
27 Jun 2018	58	59	58	28 134	48 500
26 Jun 2018	60	62	58	114 363	191 332
25 Jun 2018	58	62	57	99 180	168 500
22 Jun 2018	57	57	50	175 164	329 122
21 Jun 2018	55	57	53	35 243	65 000
20 Jun 2018	56	57	51	4 651	8 410
19 Jun 2018	57	59	53	178 531	323 090
18 Jun 2018	57	58	50	34 060	64 540
15 Jun 2018	59	60	58	58 730	100 000
14 Jun 2018	62	62	55	75 304	127 000
13 Jun 2018	63	64	60	58 143	95 037
12 Jun 2018	64	65	61	107 571	174 881
11 Jun 2018	61	63	60	78 832	128 425
8 Jun 2018	60	60	59	48 300	81 000
7 Jun 2018	63	63	59	82 210	135 636
6 Jun 2018	64	65	51	233 076	397 430
5 Jun 2018	62	64	50	54 690	91 412
4 Jun 2018	64	65	57	51 221	82 792
1 Jun 2018	65	79	57	204 502	310 019
31 May 2018	81	82	76	43 101	55 309
30 May 2018	73	73	73	10 950	15 000
29 May 2018	79	79	72	17 527	24 135

Monthly	Close (cents)	High (cents)	Low (cents)	Value (Rand)	Volume
31 Jul 2018	57	59	0	363 138	697 167
30 Jun 2018	56	79	50	1 767 830	3 005 326
31 May 2018	81	100	67	1 759 812	2 100 190
30 Apr 2018	98	115	0	932 185	1 016 068
31 Mar 2018	100	139	90	2 101 198	1 893 818
28 Feb 2018	138	165	117	5 977 970	4 282 627
31 Jan 2018	165	169	80	3 412 622	2 700 868
31 Dec 2017	95	179	75	2 179 358	2 111 675
30 Nov 2017	179	230	150	11 367 109	6 319 930
31 Oct 2017	190	200	160	33 551 040	19 128 492
30 Sep 2017	200	230	180	43 167 070	20 269 572
31 Aug 2017	230	240	200	48 626 450	22 176 624
31 Jul 2017	220	220	160	35 811 240	19 191 100

AFRIC OIL ACQUISITION ANNOUNCEMENTS

Set out below are the two announcements released on SENS setting out the terms of the acquisition of Afric Oil by Efora (previously named SacOil Holdings Limited).

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")

ACQUISITION OF CONTROLLING INTEREST IN AFRIC OIL GROUP

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

CANCELLATION OF SHARE TRADING ON AIM

SACOIL DIVERSIFIES ACROSS INDUSTRY VALUE CHAIN THROUGH ADDITION OF FUEL DISTRIBUTION BUSINESS IN SOUTHERN AFRICA

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 100% of Phembani Oil Proprietary Limited ("Phembani Oil") from Gentacure Proprietary Limited ("Gentacure") and its holding company, Mopong Investments Holdings Proprietary Limited ("Mopong") ("the Acquisition"). Phembani Oil's only asset is a 71% direct interest in Afric Oil Group ("Afric Oil"), one of the largest independent fuel distributors in South Africa, distributing over 30 million litres of fuel product (diesel, petrol and paraffin) monthly to a diversified client base that include local and national government, mining, construction, transport, manufacturing, parastatals, resellers and agricultural clients. Following completion of the Acquisition, SacOil will hold a 71% indirect interest in Afric Oil, with the remaining 29% interest held by The Compensation Fund, a fund managed by the Public Investment Corporation SOC Limited ("PIC"), the largest fund manager on the African continent.

The purchase consideration for the Acquisition ("the Consideration") will be up to a maximum of R200 million (\$15.4m), split into an unconditional initial consideration of R147.3 million (\$11.3m) ("the Initial Consideration") and a conditional consideration of up to R52.7 million (\$4.1m) ("the Contingent Consideration"), conditional upon Afric Oil attaining performance related targets for the year ending 31 December 2017 that include achieving a consolidated EBITDA of R100 million (\$7.7m) and recovering certain accounts receivable existing as at 31 December 2016. 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 intends to fund the cash component of the Consideration from the proceeds of a debt facility to be secured by the Company.

The Acquisition is fully in line with the Company's stated strategy of focussing on cash generating opportunities that expand 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, Malawi and Botswana, a crude trading allocation with Nigerian National Petroleum Company and fuel distribution operations in Southern Africa. The Acquisition also provides SacOil with its first operational footprint in South Africa thereby enabling the Company to play a meaningful role in the socioeconomic development of the country.

BACKGROUND TO AFRIC OIL

Afric Oil was established in 1995 as South Africa's first 100% black-owned oil company. Since launching in 1995, Afric Oil has grown into a business distributing around 30 million litres of fuel products (diesel, petrol and paraffin) monthly with a reported audited turnover for the year ended 31 December 2015 in excess of R3 billion (\$230.6m). Afric Oil achieved these results utilising its two owned depots in Boland, Western Cape province, and Beitbridge, Zimbabwe/RSA border. Afric Oil's operations are predominantly in South Africa, however it also has an operating presence in the greater Southern African regions that include Zimbabwe, Zambia and Namibia. The key customers of Afric Oil include government departments, state-owned entities, blue chip mining and industrial customers and other non-refinery wholesalers of fuel products.

During February 2017, Afric Oil acquired certain operating assets of Big Red Investments Proprietary Limited, Redlex Investments Proprietary Limited, Turquoise Moon Trading 477 Proprietary Limited (collectively "Big Red") and the fuel distribution business undertaken under the name Forever Fuels, an acquisition that will expand Afric Oil's regional footprint and provide access to a stable higher margin business. The Big Red acquisition will further enhance Afric Oil's distribution capabilities with ownership of a fleet of 32 product distribution vehicles and a fuels depot facility, including the land, located in Randfontein, Gauteng.

The Big Red acquisition is expected to contribute an additional 16 million litres per month of fuel products (diesel, petrol and paraffin) and approximately R1.8 billion (\$138.4m) of revenue per annum to Afric Oil. This would increase Afric Oil's total distribution of fuel products to over 45 million litres per month.

Afric Oil benefits from an experienced, stable and highly credible executive team comprised of Tseke Nkadimeng (CEO) and Isaiah Mutandiwa (CFO), both of whom have extensive resource industry knowledge, and will continue to manage the Afric Oil business following completion of the Acquisition.

RATIONALE FOR THE ACQUISITION

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

- A material position in a well-established business that operates in a regulated, fixed margin fuel distribution sector in Southern Africa;
- Ownership and control of a respected player and brand in the Southern African wholesale fuel distribution market;
- Access to significant revenue generation and predictable, low-risk income from the regulated fuel industry;
- An experienced and stable management team, with in-depth industry knowledge;
- A good platform for organic growth and to pursue consolidation opportunities that exist in a large fragmented fuel distribution market in Southern Africa; and
- Diversification of SacOil's upstream and midstream portfolio to include fuel wholesale distribution, crude trading, exploration and production.

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

"This truly transformational acquisition of the majority interest in Afric Oil is in line with our strategy of diversifying SacOil's operations into the downstream segments of the African oil and gas value chain and underpinning our business with low volatility and predictable revenue streams.

The Acquisition will increase SacOil's consolidated revenues significantly, complementing our existing crude trading business and providing a strategic platform for broader expansion of our downstream activities. We see great potential to scale up the Afric Oil business and we are excited by the growth opportunities provided by the Acquisition. Furthermore, as a South African based business, we are pleased to be establishing a meaningful operational footprint in our country and look forward to playing an important role in distributing fuel products that drive the key industries that are at the heart of our nation's economy. I am confident that the addition of Afric Oil to our portfolio will provide our enlarged group with a platform to continue to drive SacOil's future growth targets."

PRESENTATION AND ADDITIONAL DETAILS

A presentation providing further details on the Acquisition is available on SacOil's website: www.sacoilholdings.com

CONDITIONS PRECEDENT TO THE ACQUISITION

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

- i. Gentacure shall have notified SacOil that it has successfully concluded the transaction to acquire 75% of the entire issued share capital of Phembani Oil from Phembani Group Proprietary Limited ("Phembani Group") and released the security over the shares in Phembani Oil acquired from it by Gentacure;
- ii. SacOil shall have signed and delivered a R27million (\$2.1m) bank guarantee to Gentacure relating to the deferred portion of the Initial Consideration;
- iii. SacOil shall have notified Gentacure and Moopong (the "Sellers") that the results of the due diligence are satisfactory in its sole discretion;
- iv. Gentacure shall have notified SacOil that it has procured from the minority shareholders in Afric Oil a waiver of their rights to tag along as part of the Acquisition triggered by disposal of their shares in Phembani Oil;
- v. Gentacure shall have notified SacOil in writing that it has procured all necessary consents (in writing) from Afric Oil's contractual counterparties, including funders of Afric Oil, required for the change in control of Phembani Oil;
- vi. SacOil shall have notified the Sellers that there has been no Material Adverse Change in the business, operations or financial circumstances of Phembani Oil and its subsidiaries between 3 March 2017 ("Signature Date") and the date that all the conditions precedent to the agreements have been fulfilled or waived ("Fulfilment Date"); and
- vii. the Competition Authorities of South Africa and Zimbabwe shall have approved the Acquisition, as required by the respective Competition Act, unconditionally, or, if any condition is attached to the approval, the party that is affected by such condition may (acting reasonably), by notice in writing to the other party, consent to its imposition and this condition precedent shall then be deemed to have been fulfilled.

ACQUISITION DETAILS AND SETTLEMENT OF THE CONSIDERATION

SacOil has entered into two inter-conditional agreements with the Sellers ("Transaction Agreements"), the effect of which will be that SacOil will become the owner of 100% of the issued share capital of Phembani Oil. The Consideration will be settled in cash and SacOil shares, as set out below.

The Transaction Agreements consist of a Sale of Shares Agreement entered into between SacOil and Gentacure whereby SacOil will purchase 75% of the issued share capital of Phembani Oil from Gentacure for a consideration of R140 million (\$10.8m) and a Share Subscription and Repurchase Agreement with Phembani Oil whereby SacOil will subscribe for an additional 25% in Phembani Oil for a consideration of R60 million (\$4.6m), thereafter Phembani Oil will redeem the 25% of the Phembani Oil shares owned by Moopong for a similar consideration to SacOil's subscription for Phembani Oil shares.

The Initial Consideration of R147.3 million (\$11.3m) will be discharged by SacOil five days after Fulfilment Date ("Closing Date"), as follows:

1. R81.1 million (\$6.2m) shall be settled by issuing ordinary SacOil shares at a 10% discount to the 90 day VWAP calculated at the close of business on Fulfilment Date, to Gentacure;
2. R14.2 million (\$1.1m) shall be settled by issuing ordinary SacOil shares at a 10% discount to the 90 day VWAP calculated at the close of business on Fulfilment Date, to Phembani Oil, who will use this consideration, in part, to redeem Moopong's shareholding in Phembani Oil;
3. R25 million (\$1.9m) cash payment shall be immediately due and payable to Phembani Oil, who will use this consideration, in part, to redeem Moopong's shareholding in Phembani Oil; and
4. R27 million (\$2.1m) in cash, secured by a bank guarantee provided to Gentacure on Fulfilment Date, plus accrue interest at the prime lending rate payable 12 months after the Closing Date.

The Contingent Consideration of up to R52.7 million (\$4.1m) will be discharged by SacOil as follows:

1. within 10 days after the audited consolidated results being issued for Afric Oil for the year ending 31 December 2017, a non-cash payment of up to R31.9 million (\$2.5m) shall be payable by issuing ordinary SacOil shares at a 10% discount to the 90 day VWAP calculated at the Fulfilment Date, to Gentacure; and
2. within 10 days after the audited consolidated results being issued for Afric Oil for the year ending 31 December 2017, a non-cash payment of up to R20.8 million (\$1.6m) shall be payable by issuing ordinary SacOil shares at a 10% discount to the 90 day VWAP calculated at the Fulfilment Date, to Phembani Oil, who will use this consideration, in part, to settle its redemption obligations to Moopong.

Of the Contingent Consideration of R52.7 million (\$4.1m), R40 million (\$3.1m) is conditional on Afric Oil achieving a minimum consolidated EBITDA of R100 million (\$7.7m) for the year ending 31 December 2017 ("the EBITDA Contingent Consideration"). Should Afric Oil achieve a consolidated EBITDA between R100 million (\$7.7m) and R68 million (\$5.2m), then EBITDA Contingent Consideration will reduce on a pro rata basis from R40 million (\$3.1m) to R1 (\$0.1). The remaining R12.7m (\$1.0m) of the Contingent Consideration is conditional on the achieving of accounts receivable recovery targets on a rand for rand basis.

Additionally, should Afric Oil achieve an EBITDA in excess of R100 million (\$7.7m), 17.25% of each Rand of EBITDA achieved in excess of the R100 million (\$7.7 m) EBITDA shall be deemed to form part of the EBITDA Contingent Consideration.

The Initial Consideration and the Contingent Consideration shall be subject to:

- (i) the Sellers shall not be entitled to dispose of any such ordinary SacOil shares within a period of 12 (twelve) months after the issue of those shares without the prior written permission of SacOil; and
- (ii) the maximum number of ordinary SacOil shares issued to the Seller shall not, in any event, exceed 23,5% of the total issued shares of SacOil as at the Signature Date;

EFFECTIVE DATE

Completion of the Acquisition is subject the fulfilment of the conditions precedent disclosed above and is anticipated to occur 5 business days after the Fulfilment Date. The Longstop date for the transaction is 31 May 2017.

THE VALUE OF THE NET ASSETS BEING ACQUIRED AND ATTRIBUTABLE PROFITS

As at the Signature Date of the Transaction Agreements, for the 12 months ended 31 December 2015, Afric Oil's consolidated earnings before interest, tax, depreciation and amortisation was R35.2 million (\$2.7m), profit after tax was R13.9 million (\$1.1m) and its net asset value of R 231.2 million (\$17.8m), of which 71% is attributable to SacOil. This Afric Oil results exclude the impact of the Big Red acquisition that will be included from 1 March 2017.

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, Phembani Oil and the Afric Oil Group will become subsidiaries of SacOil. SacOil confirms that these subsidiaries respective constitutional documents will enable SacOil to continue to comply with its obligations in terms of the Listings Requirements.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, the cautionary announcement originally published by SacOil on 1 December 2016, and renewed on 17 January 2017, is hereby withdrawn and caution is no longer required to be exercised by shareholders of SacOil when dealing in SacOil shares.

CANCELLATION OF AIM ADMISSION

As disclosed in the announcement dated 1 December 2016, the Acquisition would be classified as a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies. Accordingly, the Company's shares were suspended from trading on AIM at that time. Following careful consideration, the Company has decided to seek shareholders' approval to cancel the admission of its ordinary shares to trading on AIM ("Cancellation"). The decision was made on the basis that the Company's shareholder base is predominantly South African and its shares trade sporadically in London. Accordingly, the board of directors felt it could not justify the costs of retaining two listings and the burden of complying with two regulatory regimes.

An explanatory circular will be posted to Shareholders in due course to call a general meeting to approve the Cancellation, setting out the background to and reasons for Cancellation, the reasons why the board of directors believe that this is in the best interests of the Company and its Shareholders as a whole and their recommendation to Shareholders to vote in favour of the resolution on the Cancellation. The earliest effective date for Cancellation will be 03 April 2017. Up to and until Cancellation, trading in the Company's shares on AIM will remain suspended but they will continue to trade on the JSE. The Company will continue to maintain its listing on the JSE and Shareholders wishing to trade the Company's shares after Cancellation will be able to do so on the JSE, as the Company has no intention to cancel this listing.

SACOIL'S SETTLEMENT OF THE CONSIDERATION

SacOil intends to fund the Acquisition by:

- issuing SacOil ordinary shares to Gentacure and Phembani Oil to the value of R95.3 million (\$7.3m) on the Closing Date, with the number of ordinary SacOil shares priced at a 10% discount to the 90 day VWAP calculated at the Fulfilment Date;
- Cash payment of R25 million (\$1.9m) on the Closing Date and the R27 million (\$2.1m) due and payable 12 months after the Closing Date will be funded from a debt facility to be secured by SacOil, with details set out below; and
- issuing SacOil ordinary shares to the Gentacure and Phembani Oil for the portion of the Contingent Consideration due 12 months after the Closing Date, with the number of ordinary SacOil shares priced at a 10% discount to the 90 day VWAP calculated at the Fulfilment Date, subject to a limit of the total shares issued in terms of the Acquisition not exceeding 23.5% of SacOil's issued share capital before the Acquisition.

The Company is currently in discussion with a number of financial institutions to raise a debt facility of up to R180 (\$13.8m) million to satisfy the cash component of the Consideration amounting to R52.7 million (\$4.1m), plus interest where applicable, for the Acquisition, the working capital for the enlarged SacOil group and general corporate purposes.

INTEGRATION STRATEGY

After the completion of the Acquisition, Afric Oil will become a 71% indirectly held subsidiary of SacOil. SacOil will work with the existing minority shareholders and management team of Afric Oil to execute on the Afric Oil growth strategy.

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

MARKET ABUSE REGULATION

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

* Currency Exchange Assumptions: ZAR1 = US\$0.077 /US\$1 = ZAR13.01. Numbers shown will reflect the impact of rounding.

JSE Sponsor

PSG Capital Proprietary Limited

6 March 2017

For further information please contact:

SacOil Holdings Limited

Damain Matroos

+27 (0) 10 591 2260

finnCap Limited (Nominated Adviser and broker)

Christopher Raggett and James Thompson

+44 (0) 20 7220 0500

Buchanan (Financial PR adviser)

Ben Romney/Chris Judd

+44 (0) 20 7466 5000

Corporate Advisor to Gentacure and Moopong

Gem Capital Proprietary Limited

ABOUT SACOIL

SacOil is a South African based independent African oil and gas company, dual-listed on the JSE and AIM. The Company has a diverse portfolio of assets spanning production in Egypt; exploration and appraisal in the Democratic Republic of Congo, Malawi and Botswana; and midstream projects including crude trading in Nigeria and a terminal project in Equatorial Guinea. 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.

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" or "the Group")

COMPLETES TRANSFORMATIONAL ACQUISITION OF CONTROLLING INTEREST IN AFRIC OIL GROUP

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 fulfilled all conditions precedent relating to the acquisition of a controlling interest in Afric Oil, via the acquisition of Phembani Oil Proprietary Limited ("Phembani Oil") from Gentacure Proprietary Limited ("Gentacure") and its holding company, Moopong Investments Holdings Proprietary Limited ("Moopong") ("the Acquisition").

SacOil will have a 71% direct interest in Afric Oil Group ("Afric Oil"), one of the largest independent fuel distributors in South Africa, targeting distribution of circa 45 million of fuel product (diesel, petrol and paraffin) monthly to a diversified client base that include local and national government, mining, construction, transport, manufacturing, parastatals, resellers and agricultural clients.

The acquisition provides SacOil with its first operational footprint in South Africa, as well as entry into Zimbabwe. SacOil's diverse portfolio now comprises of operated production activities in Egypt, exploration in Democratic Republic of Congo, alongside partner TOTAL E&PRDC, Malawi and Botswana, a crude trading allocation with Nigerian National Petroleum Company and fuel distribution operations in Southern Africa.

The final consideration for the Acquisition has been adjusted downwards from R200 million as previously announced to R183.45 million, consisting of an initial consideration of R128.49 million and contingent consideration of R54.96 million. The cash component of the initial consideration is R39 million that is due and payable on closing of the Acquisition and a contingent cash payment of R2.26 million due 12 months after the Acquisition. The initial consideration of R89.49 million will be settled in shares on closing of the Acquisition and the contingent consideration of R52.7 million will be settled 12 months after the closing of the Acquisition. The pricing basis for the issue of the shares is as set out in the announcement on 6 March 2017 and the price used for the issue of 690m at a price of 20.9c that represents a 10% discount to the 90 day VWAP.

On 31 May 2017, SacOil secured an equity bridge loan from Gemcorp Africa Fund I Limited, a company based in Mauritius. The loan is repayable in 12 months from the proceeds of a rights issue which the Board has committed to undertake within the next 12 months. The loan is secured by a cession in security of the rights offer proceeds, bears interest at 8.5% per annum and was arranged at a fee of 2%. The loan will be utilised to fund the acquisition of Phembani Oil and for working capital for general corporate purposes of the Group.

Commenting on the acquisition, CEO Dr Thabo Kgogo said:

"Completion of this acquisition represents the first chapter in the next book of SacOil's story. The impact of this acquisition on the Company's operational and financial profile is truly transformational, and takes us a large step closer to achieving our strategic goal of becoming a leading pan-African player with operations along the full industry value chain. Afric Oil's operations further balances our portfolio with a greater emphasis on lower-risk, revenue generating assets. Following completion of this transaction, we will now work closely with Afric Oil's quality management team in delivering an ambitious growth strategy and enhancing profitability post completion of Afric Oil's acquisitions of Big Red and Forever Fuels earlier in the year."

JSE Sponsor

PSG Capital Proprietary Limited

31 May 2017

For further information please contact:

SacOil Holdings Limited

Damain Matroos

+27 (0)10 591 2260

Buchanan (Financial PR adviser)

Ben Romney / Chris Judd

+44 (0)20 7466 5000

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, Malawi and Botswana; and midstream projects including crude trading in Nigeria and a terminal project in Equatorial Guinea, and downstream operations through a controlling interest in Afric Oil, a fuel distribution business in Southern Africa.

www.sacoilholdings.com

ABOUT AFRIC OIL

Afric Oil was established in 1995 as South Africa's first 100% black-owned oil company. Afric Oil is targeting distribution of circa 45 million litres of fuel products (diesel, petrol and paraffin) monthly with a reported audited turnover for the year ended 31 December 2015 in excess of R3 billion (\$230.6m). Afric Oil owns two depots in Boland, Western Cape province, and Beitbridge, Zimbabwe/RSA border. Afric Oil's operations are predominantly in South Africa, however it also has an operating presence in the greater Southern African regions that include Zimbabwe. The key customers of Afric Oil include government departments, state-owned entities, blue chip mining and industrial customers and other non-refinery wholesalers of fuel products.

www.africoil.co.za

