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This document has been prepared in accordance with the Supplement to Schedule One of the AIM Rules. It includes, *inter alia*, information that would otherwise be included in SacOil Holdings Limited's ("SacOil" or "the Company") AIM admission document (if one were required under Rule 3 of the AIM Rules) and which is not found in the current public disclosure record, or in the current public disclosures filed by the Directors of SacOil, as disseminated on the Securities Exchange News Service of the JSE (collectively the "Public Record"). The Public Record as well as additional information on the Group is available on the SacOil website on www.sacoiholdings.com, where this document, which is dated 8 March 2011, will be available. This document should be read in conjunction with the Form of Announcement to be made by SacOil at least 20 business days prior to Admission and the Public Record.

The Directors, whose names appear on page 12 of this document, and the Company accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and, when read in conjunction with the Public Record, does not omit anything likely to affect its import.

Application has been made for the issued Ordinary Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. A prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Further, the London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in Ordinary Shares will commence on AIM, on 8 April 2011.

For a discussion of risks and other factors which should be considered in connection with an investment in the Company, particular attention is drawn to the section entitled "Risk Factors" set out in Part II of this document.

SacOil Holdings Limited



(Incorporated and registered in the Republic of South Africa)

(Registration number: 1993/000460/06)

Website: www.sacoiholdings.com

APPENDIX TO AIM ANNOUNCEMENT FURTHER INFORMATION ON SACOIL HOLDINGS LIMITED IN CONNECTION WITH ITS PROPOSED ADMISSION TO AIM

Nominated Adviser and Joint Broker

finnCap Limited



Joint Broker

Renaissance Capital Limited



Share capital of SacOil immediately following Admission

<i>Authorised</i>		<i>Issued and fully paid</i>		
<i>Number</i>	<i>Capital Amount</i>	<i>Number</i>	<i>Stated</i>	
10,000,000,000	No par value	Ordinary Shares of no par value	674,090,410	R374,029,488

This document does not contain an offer to the public within the meaning of FSMA or otherwise. Accordingly, this document does not comprise a prospectus for the purposes of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Rules issued by the Financial Services Authority and has not been approved by or delivered to the Financial Services Authority in accordance with such rules. finnCap, which is authorised and regulated in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with the proposed Admission. finnCap will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of finnCap nor for

providing advice in relation to the transactions or arrangements detailed in this document. The responsibilities of finnCap as the nominated adviser to SacOil, for the purposes of the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or to any other person. finnCap is not making any representation or warranty, express or implied, as to the contents of this document or for the omission of any material from this document, for which it is not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the ‘Securities Act’) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

The Ordinary Shares have not been, nor will they be, registered under the US Securities Act or under the securities law of any state of the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any territory of Canada, no prospectus has been lodged with or registered by, the Australian Securities Commission or the Japanese Ministry of Finance and such shares have not been, nor will they be, registered under or offered in compliance with applicable securities laws of any state, province, territory or jurisdiction of Canada, Australia or Japan.

This document and the accompanying documents should not be forwarded or transmitted in or into the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this document in jurisdictions other than the United Kingdom or South Africa may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Information or other statements presented in this document regarding market growth, market size, development of the market and other industry data pertaining to the relevant markets and the Company’s business consists of estimates based on data and reports compiled by industry professionals or organisations and analysts and the Company’s knowledge of such markets.

Certain terms used in this document, including capitalised terms, are explained in the section entitled “Definitions”. Copies of this document, which is dated 8 March 2011, will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) from the registered office of SacOil and from the offices of finnCap, 60 New Broad Street London EC2M 1JJ on the date of Admission and for not less than one month thereafter. Copies will also be available from the Company’s website at www.sacoilholdings.com.

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EXPECTED TIME TABLE OF EVENTS

Publication of this Appendix* 8 March 2011

Admission and dealings in Ordinary Shares to commence on AIM* 8 April 2011

* All references to time in this document are to London time unless otherwise stated. The dates given are based on the Directors' expectations and may be subject to change.

STATISTICS

Number of Ordinary Shares in issue on Admission 674,090,410

Percentage of the issued share capital on Admission not in public hands 69.42 per cent.

JSE symbol SCL

AIM symbol on Admission SAC

ISIN number ZAE000127460

DEFINITIONS

“£” or “sterling”	pounds sterling, the lawful currency of the United Kingdom
“Act”	the Companies Act No.61 of 1973 of South Africa (as amended) or, following its repeal, the Companies Act No. 71 of 2008 (as amended)
“Admission”	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Admission Bonus”	the bonus to which Robin Vela and Colin Bird are entitled following Admission in terms of their service agreements, further details of which are set out in paragraph 6 of Part III of this document
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Announcement”	this document together with the Announcement Form
“Announcement Form”	the form of announcement to be made by SacOil at least 20 Business Days prior to Admission pursuant to Rule 2 and Schedule 1 and its supplement of the AIM Rules
“Articles”	the articles of association of SacOil, a summary of which is set out in paragraph 5 of Part III of this document
“Avenant”	the avenant amending the Block 3 Production Sharing Agreement concluded between the DRC Government and SacOil (Proprietary) Limited dated June 2010
“Bayphase”	Bayphase Limited, a company incorporated in England and Wales, with registered number 02023879
“Bid Consortium”	collectively, EER, Essar and Sacoil
“Bid Vendors”	collectively, SPDC, NAOC and Total Nigeria
“Block 3”	Block 3, Albertine Graben, DRC
“Block 3 Cession Bonus”	the cession bonus of US\$6,000,000 payable to the DRC Government as a condition for the consent of the DRC Government to the implementation of the transfer of the Block 3 Interest to Total under the Total Agreement
“Block 3 Contractant”	the Contractant as contemplated in the Block 3 Production Sharing Agreement, being a partnership between SacOil and Cohydro and any other entity to which an entity of the Contractant may transfer an interest in the rights and obligations arising under the Block 3 Production Sharing Agreement
“Block 3 CPR”	the Competent Person’s Report dated 24 February 2011, produced by Bayphase in relation to SacOil’s interest in Block 3
“Block 3 Guarantee”	a bank guarantee in the amount of US\$150 000 in favour of the DRC Government to be provided by the Block 3 Contractant under the Block 3 Production Sharing Agreement

“Block 3 Interest”	an undivided 60 per cent. legal and beneficial participating interest in Block 3 in and under the Block 3 Production Sharing Agreement (as amended by the Avenant)
“Block 3 Joint Operating Agreement”	the joint operating agreement in respect of Block 3 to be concluded between Semliki and Total on or about the Completion Date as contemplated in the Total Agreement
“Block 3 Production Sharing Agreement”	the agreement in respect of Block 3 entitled “ <i>Contrat de Partage de Production</i> ” concluded between the DRC Government, SacOil (Proprietary) Limited and Cohydro on 4 December 2007 as amended by the Avenant as further described in paragraph 10.1 of Part III of this document
“Block 3 Rights”	the rights and obligations of the Block 3 Contractant under the Block 3 Production Sharing Agreement
“Block 3 Work Programme”	means the minimum reconnaissance and exploration works programme in respect of Block 3 stipulated in the Block 3 Production Sharing Agreement which programme includes, but is not limited to, field studies, geochemical studies and the drilling and testing of two exploration wells
“Board”	the board of directors of the Company including a duly constituted committee thereof
“Business Day”	any day other than a Saturday or Sunday on which banks are open for business in London and in Johannesburg other than solely for the purposes of trading and settlement in Euro
“Cohydro”	La Congolaise des Hydrocarbures, the national oil company of the DRC
“Company” or “SacOil”	SacOil Holdings Limited, a public company incorporated in South Africa with registration number 1993/000460/06
“Completion Date”	the date upon which the Total Agreement is completed, being the date which is five business days after the satisfaction or waiver of the last of the conditions precedent thereto or such other date as shall be agreed between the parties to the Total Agreement
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator in accordance with which securities may be held and transferred in uncertificated form
“CREST South Africa requirements”	Rule 8 and such other of the rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the “CREST Reference Manual” issued by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Depository”	Computershare Investor Services plc., a company incorporated under the laws of England and Wales with registered number 3498808
“Depository Interests”	authorised depository interest issued by the Depository representing an entitlement to Ordinary Shares which may be traded through CREST in uncertificated form

“DIG”	Divine Inspiration Group (Proprietary) Limited, a private company incorporated in South Africa with registration number 2007/003931/07
“Directors”	the directors of the Company
“DPR”	the Nigerian Department of Petroleum Resources
“DRC”	the Democratic Republic of the Congo
“DRC Government”	the government of the DRC
“EER”	Energy Equity Resources Limited, a company incorporated in England and Wales with registration number 5308516
“EERNL”	Energy Equity Resources (Norway) Limited, a company incorporated in England and Wales with registration number 05216866
“EER 233”	EER 233 Nigeria Limited, a private company registered in Nigeria
“Encha”	Encha Group Limited, a public company incorporated in South Africa with registration number 2005/003490/06
“Encha Capital”	Encha Capital (Proprietary) Limited, a private company incorporated in South Africa with registration number 2007/004923/07 and controlled by Encha (51 per cent.) and Investec Bank Limited (49 per cent.)
“Essar”	Essar Energy Holdings Limited, a company incorporated in Mauritius
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“EZRE”	exclusive zone of reconnaissance and exploration
“FID Date”	the date, as defined in the Total Agreement, when the parties thereto have obtained the necessary DRC Government approvals to launch a development in Block 3, including the issue of the “ <i>Permis d’Exploitation</i> ”, and have made the decision as per the Block 3 Joint Operating Agreement to launch development works based on a firm budget
“Financial Services Authority” or “FSA”	the United Kingdom Financial Services Authority
“finnCap” or “Nominated Adviser”	finnCap Limited, a company incorporated in England and Wales with registered number 6198898 which is authorised and regulated by the Financial Services Authority and is the Company’s nominated adviser and joint broker
“First Oil Date”	the date when the first production of petroleum in Block 3 occurs with a commercial purpose, excluding production testing, extended well testing or commissioning
“FSMA”	the Financial Services and Markets Act 2000 of the United Kingdom, as amended

“Group”	SacOil and its subsidiaries from time to time
“GVM”	GVM Metals Administration (South Africa) (Proprietary) Limited, a private company incorporated in South Africa with registration number 2006/013617/07, being a wholly owned subsidiary of Coal of Africa Limited
“JSE”	JSE Limited, a company incorporated in South Africa with registration number 2005/022839/06 and licensed as an exchange under the Securities Services Act, 2004
“JSE Listings Requirements”	the Listings Requirements of the Johannesburg Stock Exchange, as amended
“London Stock Exchange”	London Stock Exchange plc
“Lonsa”	Lonsa Capital (Proprietary) Limited with registration number 2004/000130/07 a private company incorporated in South Africa, controlled by Netgame Investments (Proprietary) Limited, a company that is controlled by Vela, and whose business is as a principal investment holding company
“Memorandum”	the memorandum of association of the Company, a summary of which is set out in paragraph 5 of Part III of this document
“NAOC”	Nigerian Agip Oil Company Limited, a company incorporated in Nigeria
“Nigeria”	the Federal Republic of Nigeria
“Nigerian Government”	the government of Nigeria
“NIGDEL”	NIGDEL United Oil Company Limited, a company incorporated under the laws of Nigeria
“NNPC”	the Nigerian National Petroleum Corporation
“Official List”	the Official List of the UK Listing Authority
“OML 40”	oil mining lease No. 40 granted to SPDC by Nigeria on 6 March 1964, as amended, renewed or extended
“OML 42”	oil mining lease No. 42 granted to SPDC by Nigeria on 6 March 1964, as amended, renewed or extended
“OPL 233”	oil prospecting licence no. 233 over concession block 233 in Nigeria
“OPL 233 CPR”	the Competent Person’s Report, dated 25 February 2011, produced by TRACS in relation to SacOil’s interest in OPL 233
“OPL 233 Farmees”	collectively SacOil 233 and EER 233
“OPL 233 Farm-In Agreement”	the farm-in agreement in respect of OPL 233 concluded between NIGDEL, EER 233 and SacOil 233 on 30 November 2010
“OPL 233 Production Sharing Contract”	the production sharing contract in respect of OPL 233 concluded between NIGDEL and NNPC on 7 May 2007
“OPL 233 Work Programme”	the minimum work programme stipulated in the OPL 233 Production Sharing Contract to be executed during the OPL 233 exploration period

“OPL 281”	oil prospecting licence no. 281 over concession block 281 in Nigeria
“OPL 281 CPR”	the Competent Person’s Report dated 25 February 2011, produced by TRACS, in relation to SacOil’s interest in OPL 281
“OPL 281 Deed of Amendment and Novation”	the deed of amendment and novation concluded by OPL 281 Investors, Transcorp and TEL dated 21 January 2011
“OPL 281 Farm-Out Agreement”	the farm-out agreement in respect of OPL 281 concluded between Transcorp, EER 281 and SacOil 281 on 6 October 2010
“OPL 281 Interest”	a 20 per cent. undivided interest in the rights, benefits and obligations established by OPL 281
“OPL 281 Investors”	collectively SacOil 281 and EER 281
“OPL 281 Production Sharing Contract”	the production sharing contract in respect of OPL 281 to be concluded between the OPL 281 Investors, TEL and NNPC
“OPL 281 Residual Signature Bonus”	the amount of US\$8,750,000
“OPL 281 Signature Bonus”	an amount of US\$30,000,000 payable by Transcorp to the Nigerian Government as a condition of the award of OPL 281 to Transcorp
“Ordinary Shares”	ordinary shares of no par value in the capital of SacOil
“Overseas Shareholders”	shareholders resident in, or citizens of, jurisdictions outside the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Public Record”	information on the Group, found in the current public disclosure record, or in the current public disclosures filed by the Directors, as disseminated on the Securities Exchange News Service of the JSE
“R” or “Rand”	the South African Rand, the lawful currency of South Africa
“Remuneration Committee”	the remuneration committee of the Board
“Renaissance BJM”	Renaissance BJM Securities (Pty) Limited (South Africa), a private company incorporated in South Africa
“Renaissance Cyprus”	Renaissance Securities (Cyprus) Limited, a private company incorporated in Cyprus
“SA” or “South Africa”	the Republic of South Africa
“SacOil 233”	SacOil 233 Nigeria Limited, a private company incorporated in Nigeria, being a subsidiary of the Company
“SacOil 281”	SacOil 281 Nigeria Limited, a private company incorporated in Nigeria, being a subsidiary of the Company
“SacOil (Proprietary) Limited”	South African Congo Oil Company (Proprietary) Limited, a private company incorporated in South Africa with registration number 2007/024617/07
“Semliki”	Semliki Energy SPRL, a private company incorporated in the DRC with registration number KG8779/M, being a company of which 50 per cent. of the issued share capital is owned by the Company

“Securities Act”	the United States Securities Act of 1933 (as amended)
“Shareholder”	a holder for the time being of Ordinary Shares
“SPDC”	Shell Petroleum Development Company of Nigeria Limited, a company incorporated in Nigeria
“Supplementary Block 3 Signature Bonus”	the supplementary signature bonus in the amount of US\$2,000,000 payable under the Block 3 Production Sharing Agreement (pursuant to the amendments effected by the Avenant)
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel
“TEL”	Transcorp Energy Limited, a private company incorporated in Nigeria, being a subsidiary of Transcorp
“Total”	Total E&P RDC, a company incorporated in France
“Total Agreement”	the farm in agreement in respect of the Block 3 Interest between Semliki and Total dated 1 March 2011
“Total Group”	Total and its affiliates from time to time
“Total Nigeria”	Total E&P Nigeria Limited, a company incorporated in Nigeria
“TRACS”	TRACS International Consultancy Limited, a company incorporated in Scotland with registered number 177956
“Transcorp”	Transnational Corporation of Nigeria plc, a public company incorporated in Nigeria
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council
“Vela”	Robin Tendai Vela, the Chief Executive Officer of SacOil and a director of Lonsa

GLOSSARY OF TECHNICAL TERMS

2D	two dimensional
3D	three dimensional
bbls	barrels
Bscf	billion standard cubic feet of natural gas
bopd	barrels oil per day
COCS	chance of commercial success
ft	feet
GIIP	gas initially in place
GR	gamma ray log
km	kilometre
km ²	square kilometres
m	metre
MD	measured depth
MMbbls	million barrels of oil
MMboe	million barrels of oil equivalent
OBC	ocean bottom cable
OML	oil mining licence
OPL	oil prospecting lease
P10	10 per cent. probability of being exceeded
P50	50 per cent. probability of being exceeded
P90	90 per cent. probability of being exceeded
PSC	production sharing contract
STOIIP	stock tank oil initially in place
Sw	water saturation
Sxo	water saturation in invaded zone
TD	total depth
TVD	true vertical depth
TVDss	true vertical depth subsea
WI	working interest

DIRECTORS, SECRETARY AND ADVISERS

Directors	Richard John Linnell (<i>Non-executive Chairman</i>) Robin Tendai Vela (<i>Chief Executive Officer</i>) Carina de Beer (<i>Finance Director</i>) Colin Bird (<i>Executive Director</i>) Gontse Moseneke (<i>Non-executive Director</i>)
Company Secretary	Fusion Corporate Secretarial Services (Proprietary) Limited (Registration number 2007/008376/07) 56 Regency Road Route 21 Corporate Park, Nellmapius Drive Irene, Pretoria, 0157 (PO Box 68528, Highveld, 0169, SA) South Africa
Registered Office of SacOil	(Registration number 1993/000460/06) 2nd Floor The Gabba Campus Bryandston (PO Box 8439, Halfway House, 1685, SA) South Africa
Nominated Adviser and Joint Broker	finnCap Limited 60 New Broad Street London EC2M 1JJ United Kingdom
Joint Broker	Renaissance Capital Limited 11th Floor 1 Angel Court London EC2R 7HJ United Kingdom
JSE Sponsor	BDO Corporate Finance (a division of BDO South Africa Advisory Services (Proprietary) Limited) (Registration number 2006/006127/07) 13 Wellington Road Parktown, 2193 (Private Bag X60500, Houghton, 2041, SA) South Africa
Legal adviser to the Company as to South African law	Deneys Reitz Inc. (Registration number 1984/003385/21) 15 Alice Lane Sandton (PO Box 784903, Sandton 2146, SA) South Africa
Legal adviser to the Company as to English law	Fasken Martineau LLP 17 Hanover Square London W1S 1HU United Kingdom

Legal adviser to the Company as to the laws of the DRC	Cabemery & Partners (Proprietary) Limited 147 Fifth Street/Norwich Close Sandton Close 2 – 2nd Floor Sandton South Africa
Legal adviser to the Company as to Nigerian law	Adepetun Caxton-Martins Agbor & Segun 9th Floor, St. Nicholas House Catholic Mission Street Lagos Nigeria
SA transfer secretaries	Link Market Services South Africa (Proprietary) Limited (Registration number 2000/007239/07) 16th Floor 11 Diagonal Street Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000, SA) South Africa
Bankers	The Standard Bank of South Africa Limited (Registration number 1969/017128/06) 2nd Floor, Standard Bank Building Corner Hendrik Verwoerd and South Street Pretoria, 0002 (PO Box 62325, Marshalltown, Gauteng, 2107, SA) South Africa
UK Depositary	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom
Competent Person in respect of the Block 3 Rights	Bayphase Limited St. Georges House Knoll Road Camberley Surrey GU15 3SY United Kingdom
Competent Person in respect of OPL 281 and OPL 233	TRACS International Consultancy Limited Registered in Scotland No 177956 3rd Floor, Union Plaza 1 Union Wynd Aberdeen AB10 1 SL United Kingdom
Independent reporting accountants	BDO Corporate Finance 7 West Street Houghton 2196 (PO Box 1574, Houghton, 2014, SA) South Africa

UK Registrars	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier, Jersey JE1 1ES Channel Islands
Independent auditors	BDO South Africa Inc 7 West Street Houghton 2196 (PO Box 1574, Houghton, 2014, SA) South Africa
Website for the purpose of compliance with Rule 26 of the AIM Rules for Companies	www.sacoilholdings.com
Date of incorporation	1 February 1993

PART I

INFORMATION ON THE COMPANY

1. Introduction

SacOil was incorporated on 1 February 1993 under the name Manga-Chem Products (Pty) Limited. The Company was listed on the venture capital sector of the securities exchange operated by the JSE on 19 October 1994. It was incorporated for the purpose of establishing a manganese sulphate manufacturing and marketing business.

On 6 December 1996, the Company's name was changed to SA Mineral Resources Corporation Limited.

On 31 December 2007, the Company was restructured and recapitalised. Encha Capital, which is 51 per cent. owned by Encha, acquired a controlling interest in the Company.

Encha is an investment holding company with exploration, industrial and property interests. Encha is wholly owned and controlled by black persons.

On 1 December 2008, the Company's name was changed to SacOil Holdings Limited to better reflect the Company's new corporate identity. On 12 December 2008, the Company transferred its listing from the venture capital sector of the securities exchange operated by the JSE to the "Mining – Integrated Oil and Gas" sector of the main board of the securities exchange operated by the JSE.

SacOil has progressed its stated strategic focus of targeting the acquisition of discovered but undeveloped, or previously producing but now shut in near term producing and production assets on the African continent.

During 2011, Africa is expected to produce more oil than North America, and by 2020 it is expected to be the world's third biggest oil region, hence the recent interest in Africa's oil and gas acreage. Indigenisation laws in Africa as well as certain oil majors retreating from discovered but undeveloped marginal oilfields in Africa, provide opportunities to emerging, junior exploration and production companies such as SacOil.

The Company's vision is to successfully build SacOil into a pan-African independent upstream oil and gas company. The Company has an ambitious and aggressive acquisition-led growth strategy and the Directors believe it is well positioned to exploit its foothold in Africa.

2. Overview of business operations

Oil and Gas

The Group is party to transactions pertaining to Block 3 in the DRC and OPL 281 and OPL 233 in Nigeria.

Democratic Republic of the Congo

Block 3¹

Overview

Block 3 is situated in the Albertine Graben, DRC and comprises an area of 3,177 km², which is mostly lowland (Semliki river plain) and is flanked by rift margins. Block 3 is on trend with Lake Albert discoveries in Uganda. The largest discovery in the Escarpment/Near-shore Play is Kingfisher (200MMbbl) and the largest discovery in the Victoria Nile Delta Play is Giraffe-Buffalo (300MMbbl) ("plays"). Block 3 is expected to contain both plays.

There is currently no conventional data (such as gravity/magnetic, seismic, well data, etc.) available for this block, as it is in the earliest stages of exploration. Therefore, individual prospects and leads could not be defined. However, the block is expected to contain a continuation of a hydrocarbon play identified and tested elsewhere in the Albertine Graben. Accordingly, the block currently does not include reserves or contingent resources, but it is anticipated that it may contain prospective resources.

¹ This majority of this information is extracted from the Block 3 CPR.

The prospectivity of this play in Block 3 was estimated by Bayphase for the block as a whole, using the probabilistic Monte Carlo method. A range of field and reservoir parameters (such as gross rock volume, porosity, etc.) from analogous fields, most notably (but not limited to) those in the discoveries made in the Ugandan part of the Albertine Graben were used as an input into the model. The analysis produced a probabilistic range of hydrocarbon resources.

Resources

The resources are categorised and presented according to the standards published by SPE/AAPG/WPC/SPEE standard (Petroleum Resources Management System, SPE/AAPG/WPC/SPEE, 10 April 2007 and The 2007 SPE/AAPG/WPC/SPEE Reserves and Resources Classification, Definitions and Guidelines: Defining the Standard!, SPE paper 107693, Etherington, J. R. and Ritter, J. E.).

According to this standard, Block 3 contains no reserves or contingent resources, but may contain prospective resources. Block 3 is almost a virgin exploration territory, where no seismic or other relevant data exists as yet, which could be used to define the prospects and leads. However, the block is in close proximity to several discoveries and can be said to contain a prospective play.

An exploration campaign is being planned for this block and will aim to establish the presence of all the elements of the petroleum system in Block 3, define prospects and leads and eventually re-grade the resources.

	Gross Prospective Resources Unrisked STOHP (barrels)			Net Prospective Resources to Semliki Energy SPRL: Unrisked STOHP (barrels or standard cubic feet)			Risk Factor (fraction)	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
	Unrisked STOHP (barrels)			Unrisked STOHP (barrels)				
Oil & Liquids Prospective Resources								
Block 3 – Play	767,490,000	1,518,470,000	2,828,040,000	652,367,000	1,290,700,000	2,403,834,000	0.21	To be determined
Total for Oil & Liquids	<u>767,490,000</u>	<u>1,518,470,000</u>	<u>2,828,040,000</u>	<u>652,367,000</u>	<u>1,290,700,000</u>	<u>2,403,834,000</u>	<u>0.21</u>	
	Unrisked GIIP (standard cubic feet)			Unrisked GIIP (standard cubic feet)				
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Gas Prospective Resources								
Block 3 (associated gas)	230,247,000,000	455,541,000,000	842,412,000,000	40,996,000,000	81,111,000,000	149,995,000,000	0.21	To be determined
Total for Gas	<u>230,247,000,000</u>	<u>455,541,000,000</u>	<u>842,412,000,000</u>	<u>40,996,000,000</u>	<u>81,111,000,000</u>	<u>149,995,000,000</u>	<u>0.21</u>	

Source: Executive Summary, Block 3 CPR

Bayphase Estimate of prospective resources attributable to Semliki in Block 3, prior to completion of the Total Agreement

Regional Structure

Block 3 is located in the Albertine Graben, which forms the Western Branch of the East African Rift System (EARS).

The East African Rift System is an Oligocene to Recent system on a boundary between two continental sub-plates, the Nubian Shield and Somalia Block, both of which are a part of the African plate. The system is linked with the sea-floor spreading of the developing Red Sea.

Rifting is believed to have been initiated in the Gulf of Aden at about 30Ma and propagated southwards in a non-systematic way. Rifting in the Albertine Graben itself began in the Early Miocene and propagated further southwards, to Lake Tanganyika and Nyasa during the later stages of Miocene and Pliocene.

Unlike the Eastern branch, the Western branch is characterised by less developed, patchy volcanism.

The Western Branch itself is segmented into individual asymmetric basins along its length. Block 3 is located in the northern sector (also known as the Albertine Graben), comprising the basins of Lake Albert, Lake Edward and Lake George from north to south.

Block 3 encompasses two basins: the northern part of the block is in the Lake Albert Basin, while the southern part is in the Semliki Basin.

The Lake Albert Basin is an asymmetrical graben, trending NE-SW. It is approximately 190km long, with an average width of 45km and terminates against the Pakwach Basin in the north and the Semliki basin in the south. The western boundary of the rift is marked by the steep western edge of the lake, where the uplifted flanks reach a height of more than 2,200m. The eastern margin however is shallower, with rift structures continuing on land. The uplifted flanks on the eastern edge of the rift are lower than those on the western edge, reaching 1,300m.

Structural interpretation based on magnetic, gravity and seismic data from Block 3 shows two main sub-basins, separated by a basement high, possibly representing an accommodation/transfer zone. The Semliki Basin is separated from the Lake Albert Basin to the north by an accommodation zone. The trend of the rift changes here from NE-SW in the Lake Albert Basin to NNE-SSW in the Semliki Basin. The Semliki Basin terminates against the Rwenzori Mountains to southeast.

Structural cross sections indicate two possible episodes of extension from Early Tertiary to Recent. PEPD (2005) interpreted the possible early syn-rift phase to be a pre-rift Mesozoic section, but none of the wells drilled so far have confirmed this. Maximum sediment thickness was estimated to 4,630m in the central segment of the Albertine Graben, which compares well with that of 5km estimated from a gravity profile across the Semliki valley (Smith 2005).

Exploration History/Drilling Results

Little conventional data has been acquired in Block 3. No seismic surveys have been performed and no wells have been drilled. However, part of the block is covered with aero-magnetic and gravity data.

The main indication of prospectivity of Block 3 comes from the results of exploration activities carried out in the Albertine Graben of neighbouring Uganda. Here a number of discoveries have been made in plays analogous to those expected in Block 3. Discoveries were all made from 2004 onwards and include Kingfisher, Mputa, Nzizi, Waraga, Jobi/Rii, and others.

Following the discovery of numerous oil seeps, mostly concentrated around the shores of Lake Albert, several shallow wells have been drilled. However, it was only recently that a concerted effort to explore the prospectivity of the Albertine Graben was made using modern methods.

Several 2D and 3D seismic surveys have been shot on the Ugandan side of the border and a large number of structures identified. Several wells drilled into these and all encountered hydrocarbons, usually in multi-layered reservoirs. The most significant of these are the Turaco wells, drilled in the delta of the Semliki River, only some 10km away from Block 3. These wells encountered oil and gas shows, but the gas accumulation turned out to be 80-90 per cent. carbon dioxide when it was finally tested.

While the presence of carbon dioxide is a cause for concern, particularly as it is not well understood, the wells have demonstrated the presence of good quality reservoirs in the subsurface, as well as several intervals of potential source rocks with relatively high Total Organic Carbon content. The analysis of the recovered source rock samples showed that the source rock is peak mature at this depth, which is significant not just for the northern part of Block 3, which presumably has approximately the same conditions, but also for the southern part of the block. Though the sediment column in the southern part of the block is much shallower, it is estimated that some of it is at least as deep as the depth from which peak-mature samples of bituminous shale were recovered. This then suggests that the source rocks, if present at an approximately similar depth in the southern part of the block, could also be mature.

Status/Production Sharing Contract

On 4 December 2007, the DRC Government, SacOil (Proprietary) Limited and Cohydro concluded the Block 3 Production Sharing Agreement. The Block 3 Production Sharing Agreement provides for the granting by the DRC Government to the Block 3 Contractant of exclusive rights for reconnaissance and exploration of hydrocarbons in Block 3 and the right to obtain an exploration permit in respect of Block 3

on the terms and subject to the conditions of the agreement. The respective original interests (as amended by the Avenant) under the Block 3 Production Sharing Agreement of the entities comprising the Block 3 Contractant are SacOil (Proprietary) Limited as to 85 per cent. and Cohydro as to 15 per cent.

The provisions of the Block 3 Production Sharing Agreement were amended by an Avenant concluded between the DRC Government and SacOil (Proprietary) Limited dated June 2010. Cohydro was not party to the Avenant. The Avenant varies the provisions of the Block 3 Production Sharing Agreement *inter alia* by providing that:

- (i) the Supplementary Block 3 Signature Bonus is payable as at the date of the Avenant; and
- (ii) a 15 per cent. interest in the Block 3 Production Sharing Agreement shall be allocated to the DRC within 60 days of the coming into force and effect of the Avenant.

The coming into force and effect of the Block 3 Production Sharing Agreement and the Avenant were subject to the issue by the President of the DRC of ordinances approving the Block 3 Production Sharing Agreement and the Avenant. In June 2010 Presidential Ordinances approving the Block 3 Production Sharing Agreement and the Avenant were gazetted.

Under DRC law hydrocarbon rights must be held by an entity incorporated in the DRC. The Block 3 Production Sharing Agreement required the Block 3 Contractant to constitute a DRC public limited liability company within six months of the date of the coming into force and effect of the agreement. On 19 November 2010, the Company and DIG incorporated Semliki, a private company incorporated in the DRC. The Company and DIG each hold 50 per cent. of the issued share capital of Semliki. The statutes of Semliki provide that the Company and DIG shall transfer to the DRC or a public entity nominated by the DRC 15 per cent. of the issued share capital of Semliki. Semliki will launch an application to be converted into a public limited liability company in due course. The DRC Government has furnished its consent for the initial incorporation of Semliki as a private limited liability company (as distinct from a public limited liability company) and for the current shareholding arrangement. To date the DRC Government has not made an election as to whether it intends to hold its interest in Semliki directly or through Cohydro or an alternative public entity. If the DRC Government elects not to hold its participating interest through Cohydro then it may be necessary to amend the provisions of the Block 3 Production Sharing Agreement.

The rights and obligations of the Block 3 Contractant under the Block 3 Production Sharing Agreement were transferred to Semliki by operation of DRC law with effect from 19 November 2010.

The Block 3 Production Sharing Agreement provides that the DRC Government shall be entitled to terminate the Block 3 Production Sharing Agreement in the event that the Block 3 Contractant has breached the provisions of the agreement and has not remedied the breach within a stipulated period. There are currently ongoing discussions with the DRC Government in relation to the Block 3 Supplementary Signature Bonus and as of date of the Announcement the Block 3 Contractant has not paid the Block 3 Supplementary Signature Bonus to the DRC Government nor has it provided the Block 3 Guarantee to the DRC Government. The DRC Government has not to date issued any notice of breach under the Block 3 Production Sharing Agreement in regard thereto.

Under DRC law Semliki will only be entitled to commence reconnaissance in, and exploration works once Semliki has applied for, and has been granted, an EZRE. Semliki has not to date launched such an application. In terms of DRC law, pursuant to granting of the EZRE, Semliki shall have full and exclusive rights to conduct exploration activities on Block 3 with effect from the date of the granting of the presidential ordinance approving the Block 3 Production Sharing Agreement (18 June 2010) until 17 June 2015. Semliki has not to date commenced the Block 3 Work Programme.

On 1 March 2011 Semliki and Total entered into the Total Agreement in terms of which Semliki agrees to sell the Block 3 Interest to Total for an initial consideration of US\$15,000,000. The agreement makes provision for Semliki to receive a bonus payment of US\$58,000,000 in the event that the FID Date is achieved and for a second bonus payment of US\$50,000,000 in the event that the First Oil Date is achieved. Total in its capacity as operator of Block 3, undertakes to use its reasonable endeavours to ensure that (i) the FID Date is achieved within three years of the Completion Date; and (ii) the First Oil Date is achieved within

two years of the FID Date. Total undertakes to carry Semliki's 40 per cent. share of costs incurred pursuant to the provisions of the Block 3 Production Sharing Agreement and the Block 3 Joint Operating Agreement, provided that Total is entitled to recover such costs and interest thereon from Semliki's entire share of cost oil and 80 per cent. of Semliki's share of profit oil under the Block 3 Joint Operating Agreement. Total further undertakes to effect payment of the Block 3 Cession Bonus to the DRC Government within three business days of the Completion Date. The coming into force and effect of the Total Agreement is subject to the fulfilment or waiver of a number of conditions precedent within 30 days after the date of the Agreement or such later date as may be mutually agreed by the parties. These conditions precedent include (i) the approval of the DRC Minister of Hydrocarbons for the implementation of the transaction; (ii) confirmation of Total as the operator of Block 3 (including all necessary consents and approvals therefor); (iii) the completion to the satisfaction of Total of a due diligence investigation of the Block 3 Interest; (iv) the approval of the Shareholders of the transactions contemplated in the agreement; (v) the approval of the executive committee of the Total Group for the transactions contemplated in the agreement; and (vi) the establishment to the satisfaction of Total of the legal ownership of the 15 per cent. interest to be held by the DRC Government or a public entity nominated by the DRC Government in Block 3.

Semliki has entered into the Total Agreement because SacOil has been seeking an operational partner to assist with the evaluation and exploration of the Block 3 rights. The Board believes that engaging one of the super oil majors, like Total, will give the Company access to the skills and technical expertise necessary to successfully advance the exploration of Block 3. Not only does Total have the skills and expertise but also the operational capacity to fulfill this role.

The Board believes that implementation of the Total Agreement will significantly de-risk SacOil in respect of commercialising the Block 3 rights, executing the Block 3 Work Programme and the financial risk in relation to the funding of the operations of Block 3 since Total will be the operator. The implementation of the agreement will also permit cash flow to be released from the transaction which can be utilised to fund the Company's Nigerian activities.

In terms of the Total Agreement, Total, in its capacity as operator, will use its reasonable endeavors to ensure that one exploration well is drilled by the Block 3 Contractant before 31 December 2012 or by the earliest possible date thereafter. Total has the necessary infrastructure including pipelines in place to extract and supply crude oil.

On 11 February 2011 the DRC Minister of Hydrocarbons approved the transfer of the Block 3 Interest to Total and the appointment of Total as the operator of Block 3, subject to the condition of payment of the Block 3 Cession Bonus.

SacOil has appointed Mr. Glen Penfield as its senior exploration advisor in respect of Block 3. Mr. Penfield has more than 30 years of professional experience in hydrocarbon and mineral exploration, geophysical contracting, project management and business development in more than 30 countries, primarily in Africa and specifically within the DRC. Mr. Penfield is both a geologist and geophysicist. He is a noted mentor of scientific talent, having supervised or trained a number of now prominent geoscientists, many during his eight year tenure as Manager of Integrated Interpretation Services at the Western Atlas International group of companies.

Nigeria

In the important Nigerian oil and gas market, SacOil has formed a joint venture with the established oil and gas company, EERNL, to acquire and/or develop oil and gas assets in Nigeria as announced by the Company on 12 October 2010. This joint venture facilitates the acquisition by the Company of interests in oil and gas assets in Nigeria disposed of by international oil companies in compliance with Nigeria's indigenisation legislation.

OPL 233²

Overview

Oil concession block 233 in Nigeria is located offshore in the shallow water area of the Niger Delta of discovered but undeveloped oil assets. Oil concession block 233 is a 126 km² block with a water depth of less than 30 ft and is located immediately off the coast of the central delta region of Nigeria, some 120 km due south-southeast from the Forcados terminal. The block is adjacent to giant Apoi field (>600MMbo). The TRACS petrophysical interpretation of the Olobia-I well-logs indicates 103 ft of net oil and 54 ft of gas and condensate across five reservoir zones in the well. Most of the block is completely unevaluated by seismic surveys being the primary case for the upside potential in oil concession block 233.

Following two exploration stages to 1 January 2014, Sacoil is planning to obtain a 20 per cent. paying working interest and a 30 per cent. participation interest in the contractor share for production volumes up to 50 mmbbls, reducing to 20 per cent. once production exceeds this level. During the first exploration stage, Sacoil will carry a substantial part of the exploration and appraisal expenditure, which requires a minimum work programme comprising one well and 100km² ocean bottom cable seismic data. The work programme for the second exploration phase has not yet been defined as its is contingent on the results of the Phase I programme.

As a result, TRACS has reported that the 2C best estimate unrisks contingent resources on OPL233 are estimated at 19.0 MMbbls, and the corresponding net 2C best estimate unrisks contingent resources attributable to Sacoil once the farm-in (described further below) is completed is estimated at 3.8 MMbbls. The net 2C best estimated risks contingent resources attributable to Sacoil is estimated at 1.5MMbbls.

Table 2. TRACS estimates of 100 per cent. Unrisks Gross, and Unrisks Net Contingent Resources attributable to Sacoil in OPL233

<i>Oil & Liquids:</i> MMbbls	<i>Gross</i>			<i>Net Attributable</i>			<i>Risk</i> <i>Factor</i>	<i>Operator</i>
<i>Gas: Bscf</i> <i>DISCOVERY</i>	<i>1C Low</i> <i>Estimate</i>	<i>2C Best</i> <i>Estimate</i>	<i>3C High</i> <i>Estimate</i>	<i>1C Low</i> <i>Estimate</i>	<i>2C Best</i> <i>Estimate</i>	<i>3C High</i> <i>Estimate</i>	<i>COCS</i> <i>(per cent.)</i>	
Oil & Liquids Contingent Resources per asset								
NIGERIA:								
OPL233 – Oil	12.9	19.0	26.1	2.8	3.8	4.5		
Unrisks Totals for Oil, Liquids and Gas #, MMboe	<u>12.9</u>	<u>19.0</u>	<u>26.1</u>	<u>2.8</u>	<u>3.8</u>	<u>4.5</u>	40 per cent.	Nig-Del.

Source: Cover Letter, OPL 233 CPR

Table 3. TRACS estimates of Net Unrisks and Risks Contingent Resources attributable to Sacoil in OPL233

<i>Oil & Liquids:</i> MMbbls	<i>Unrisks Contingent Resources</i> <i>Net Attributable to Sacoil</i>			<i>Risk</i> <i>Factor</i>	<i>Risks Contingent Resources</i> <i>Net Attributable to Sacoil</i>		
<i>Gas: Bscf</i> <i>DISCOVERY</i>	<i>1C Low</i> <i>Estimate</i>	<i>2C Best</i> <i>Estimate</i>	<i>3C High</i> <i>Estimate</i>	<i>COCS</i> <i>(per cent.)</i>	<i>1C Low</i> <i>Estimate</i>	<i>2C Best</i> <i>Estimate</i>	<i>3C High</i> <i>Estimate</i>
NIGERIA:							
OPL233 – Oil	2.8	3.8	4.5		1.1	1.5	1.8
Totals for Oil, Liquids and Gas #, MMboe	<u>2.8</u>	<u>3.8</u>	<u>4.5</u>	40 per cent.	<u>1.1</u>	<u>1.5</u>	<u>1.8</u>

Source: Executive Summary, OPL 233 CPR

² The majority of this information is extracted from the OPL 233 CPR.

Proposed Work Programme

Sacoil's partner, EER intends to acquire an OBC3D volume across the oil concession block 233 as part of the initial work programme on the block, which comprises one well plus the 3D seismic programme. The estimated cost for the seismic acquisition and processing is US\$10 million and it is anticipated that the program will commence towards the middle of 2011 with the first fast track volume for mapping purposes available in the late third quarter or early fourth quarter of 2011. The aim is to mature exploration prospects and define the location of the proposed Olobia appraisal well planned in the late fourth quarter of 2011 on this data. Future wells will be contingent on the results of the 3D seismic evaluation.

Production Profiles

The OPL development concept assumed by EER envisages natural aquifer drive. The drilling schedules assumed by EER have been accepted by TRACS. The 2011 appraisal well is assumed to be recompleted as a future producer, with further producers drilled in 2012 – 2013 as listed for the respective cases. First production is assumed mid-2013 at a plateau rates of 7,200, 8,600 and 10,000 bbls per day (facilities constrained) for the P90 – P50 – P10 cases respectively.

Farm-In and Status

OPL 233 was awarded to NIGDEL during the Federal Government of Nigeria bid round in 2006 and a production sharing contract was executed by NIGDEL and NNPC on 7 May 2007 with a stipulated exploration period of five years. The appraisal period is split into two phases namely:

- Phase 1 (expired 7 May 2010) – drill one well and 100sq km of 3D; and
- Phase 2 (expires 7 May 2012) – drill two wells and 100sq km of 3D seismic.

As announced by the Company on 6 December 2010, SacOil 233 concluded the OPL 233 Farm-In Agreement with NIGDEL and EER 233 on 30 November 2010 in terms of which NIGDEL agreed to assign and transfer an undivided 20 per cent. participating interest in OPL 233 to SacOil 233 and a further undivided 20 per cent. interest in OPL 281 to EER 233. NIGDEL retains the remaining 60 per cent. participating interest in OPL 233. The coming into force and effect of the agreement is subject to the satisfaction or waiver of certain conditions precedent by 31 March 2011 or such later date as may be agreed by the parties. The stipulated conditions precedent include (i) the approval of the NNPC and the DPR for the implementation of the transactions contemplated in the agreement; (ii) the consent of the Nigerian Government for the appointment of EER 233 as the technical partner in respect of OPL 233; and (iii) NNPC and the DPR consenting to the OPL 233 exploration period being extended for an additional minimum period of two years until at least 7 May 2014. In consideration for the transfer of the interests the OPL 233 Farmees agree to: (i) pay to NIGDEL the amount of US\$8,000,000; (ii) fund 100 per cent. of the cost of the minimum work programme contemplated in the OPL 233 Production Sharing Contract; (iii) bear NIGDEL's participation share of the cost of providing to NNPC a performance bond in the amount of US\$25,000,000 as required by the OPL 233 Production Sharing Contract; and (iv) make quarterly payments to NIGDEL in the amount of US\$195,000 for a stipulated period. The OPL 233 Farmees are entitled to recover the costs carried on behalf of NIGDEL from the net proceeds arising from the disposal of petroleum to which NIGDEL has the right to take delivery pursuant to the OPL 233 Production Sharing Contract and the joint operating agreement to be concluded between the parties.

The Company's Nigerian counsel has expressed concerns as to whether the Nigerian Minister of Petroleum Resources is legally authorised to grant an extension of the OPL 233 exploration period on the basis that the exploration period applicable to a Nigerian Oil Prospecting Licence is stipulated by Nigerian statute and therefore cannot in law be varied by a ministerial declaration or act. However, the Company is advised that this is concurrent with industry practice.

NIGDEL has not commenced the OPL 233 Work Programme. However on 24 January 2011, the DPR confirmed to Nigerian Counsel that OPL 233 remains in "good standing" notwithstanding the fact that the DPR acknowledged that NIGDEL had not commenced work on the OPL 233 Work Programme. NIGDEL is also in breach of the provisions of the OPL 233 Production Sharing Contract that require it to submit a performance bond and a parent company guarantee to the NNPC. On 15 December 2010 NNPC formally

notified NIGDEL that NIGDEL is in breach of the provisions of the OPL 233 Production Sharing Contract relating to the provision of the performance bond and parent company guarantee.

OPL 281³

Overview

Oil concession block 281 is an onshore block covering some 138 km², and is located in the western delta region of Nigeria approximately 25 km due east from the Forcados terminal. Two discovery wells were drilled, namely Obote-I in 1970 which encountered hydrocarbons at four levels between 8,720 ft and 12,350 ft, while Ekor-I drilled in 1967 discovered eight hydrocarbon sands between 8,260 ft and 10,761 ft. It has discovered but undeveloped oil assets with an estimated recoverable contingent resource for the block of 100 mmbœ (P50 as reported by TRACS, an oil and gas industry recognised independent expert) and a peak potential production rate of up to 30,000 bopd.

Following two exploration stages to 1 January 2013, Sacoil is planning to obtain a 20 per cent. paying working interest and a 30 per cent. participation interest in the contractor share for production volumes up to 50 mmbbls, reducing to 20 per cent. once production exceeds this level. During the exploration stages Sacoil will carry a substantial part of the exploration and appraisal expenditure, which requires a minimum work programme of US\$30mln/phase, to include two wells and some 3D seismic acquisition and/or seismic reprocessing.

As a result, TRACS can report that the 2C best estimate unrisked contingent resources on OPL281 are estimated at 99.2 MMbbls, and the corresponding Net 2C best estimate unrisked contingent resources attributable to Sacoil once the farm-in is completed is estimated at 14.5 MMbbls (Table 4 below). The Net 2C best estimate risked contingent resources attributable to Sacoil is estimated at 8.7 MMbbls, as shown in Table 5 below:

Table 4. TRACS estimates of 100 per cent. Unrisked Gross, and Unrisked Net Contingent Resources attributable to Sacoil in OPL281

<i>Oil & Liquids: MMbbls</i> <i>Gas: Bscf</i> <i>DISCOVERY</i>	<i>Gross</i>			<i>Net Attributable</i>			<i>Risk</i>	<i>Operator</i>
	<i>1C Low Estimate</i>	<i>2C Best Estimate</i>	<i>3C High Estimate</i>	<i>1C Low Estimate</i>	<i>2C Best Estimate</i>	<i>3C High Estimate</i>	<i>Factor COCS (per cent.)</i>	
Oil & Liquids Contingent Resources per asset								
NIGERIA:								
OPL 281 – Oil	63.8	99.2	145.2	10.8	14.5	19.2		
							60 per cent.	Trans Corp
Unrisked Totals for Oil, Liquids and Gas #, MMboe	63.8	99.2	145.2	10.8	14.5	19.2		

Source: Executive Summary, OPL 281 CPR

Table 5. TRACS estimates of Net Unrisked and Risked Contingent Resources attributable to Sacoil in OPL281

<i>Oil & Liquids: MMbbls</i> <i>Gas: Bscf</i> <i>DISCOVERY</i>	<i>Unrisked Contingent Resources</i> <i>Net Attributable to Sacoil</i>			<i>Risk</i>	<i>Risked Contingent Resources</i> <i>Net Attributable to Sacoil</i>		
	<i>1C Low Estimate</i>	<i>2C Best Estimate</i>	<i>3C High Estimate</i>	<i>Factor COCS (per cent.)</i>	<i>2C Best Estimate</i>	<i>3C High Estimate</i>	<i>1C Low Estimate</i>
NIGERIA:							
OPL 281 – Oil	10.8	14.5	19.2		6.5	8.7	11.5
				60 per cent.			
Totals for Oil, Liquids and Gas #, MMboe	10.8	14.5	19.2		6.5	8.7	11.5

Source: Executive Summary, OPL 281 CPR

³ The majority of this information is extracted from the OPL 281 CPR.

Petrophysics

Oil concession block 281 is an onshore area containing two wells; Ekoro-1 (1967) and Obote-1 (1970), drilled by Shell at opposite ends of a roughly NW-SE trending structure. Both wells appear to be drilled vertically, but as no deviation surveys were available the conversion from MD to TVD remains uncertain. The drilling floor elevation is reported to be 12m above mean sea level (msl) for both wells. It is assumed there will be minor depth discrepancies of 2-3m over the target intervals due to well drift away from the vertical, resulting in overall adjustments of some 14-15m when converting from MD to TVDs.

Both wells contain limited data of GR, Sonic and simple resistivity curves (representative of late 1960's wireline log technology). These logs are considered sufficient to allow a basic evaluation of volume of clay, porosity and water saturation to be carried out. Porosity is calculated directly from sonic correcting for both fluid and matrix interval travel time.

Three main units are identified to be of interest, the D group, the E group and the F group, each of these units contains multiple sands within a background of shale. Porosities are in general moderate with an average for both wells of 19 per cent.

There is some element of uncertainty regarding the fluid type encountered in the two existing wells drilled respectively in 1967 (Ekoro-1) and 1970 (Obote-1), mainly due to the limited log availability. However, two worthwhile observations can be made; firstly that the amount of invasion observed is considered to be more in line with a drilling fluid displacing oil rather than highly mobile gas.

Secondly, using unit E6000 in Ekoro-1 (where distinct hydrocarbon and water legs exist) permits the calculation of porosity using a fluid travel time for Oil, Gas, and Water. The estimated porosity exhibits a sharp reduction in the hydrocarbon leg when using a gas transit time. A reduction in porosity due to fluid fill is considered unlikely, as hydrocarbon presence is generally associated with porosity preservation rather than porosity reduction. By using a fluid transit time of oil no porosity change is observed between the hydrocarbon and water legs of the E6000 unit, which is more plausible in geological terms.

Taking both observations into consideration the hydrocarbon fluid type is believed to be more likely oil than gas in all five zones.

Should the planned appraisal well prove more varied fluid types in the different target horizons then the overall valuation will also change. If gas and/or gas condensate were to be encountered in one or more of the target horizons within the structure then additional facilities capex and more wells would be required. However, studies conducted by Sacoil's partner EER suggest a combined oil and gas development would still be economically attractive due to the onshore location and close proximity to established export facilities. The low case scenario presented would be indicative of a case where one or more of the reservoirs might have a gas cap.

Fluid Type

There is some element of uncertainty regarding the fluid type encountered in the two wells, mainly due to the limited log availability. However, TRACS' provisional studies indicate that the log response to the fluid is more likely to be representative of oil rather than gas for the following reasons:

Firstly; in Ekoro-1 both a deep and shallow resistivity has been recorded across all five hydrocarbon-bearing zones, allowing the calculation of both a S_w (true water saturation) and a S_{xo} (water saturation in the invaded zone). The difference between the S_w and the S_{xo} curve is related to formation invasion from the drilling fluid. The amount of invasion observed is considered to be more in line with a drilling fluid displacing oil rather than highly mobile gas. Note that no information on the mud properties was available, thus it was not possible to make any estimates about the likely depth of invasion.

Secondly; using unit E6000 in Ekoro-1 where a clear hydrocarbon and water leg exist permits the calculation of porosity using a fluid travel time for oil, gas, and water. The estimated porosity exhibits a sharp reduction in the hydrocarbon leg when using a gas transit time. A reduction in porosity due to fluid fill is considered unlikely, as hydrocarbon presence is generally associated with porosity preservation rather than porosity reduction.

By using a fluid transit time of oil no porosity change is observed between the hydrocarbon and water legs of the E6000 unit, which is more plausible in geological terms.

Taking both observations into consideration the hydrocarbon fluid type is believed to be more likely oil than gas in all five zones.

Production Profiles

The OPL 281 development concept assumed by Sacoil's prospective partner EER envisages natural aquifer drive. The base case assumes a total of seven producers, with the 2012 appraisal well assumed to be recompleted as a future producer, plus six new producers drilled in 2013 – 2015.

Proposed Work Programme

The partners are in discussion with the DPR for a likely minimum work programme commitment as follows:

Phase 1:

- 3D Seismic Data – Reprocessing of existing data over the block (128 km²)
- No of Wells: 1
- Financial Commitment: US\$30 million

Phase 2:

- 3D Seismic Data – Acquisition over remaining part of the block without 3D coverage (to provide full coverage over southern 10 sq km area so far not covered by OPL281 seismic survey)
- No of Wells: 1
- Financial Commitment: US\$30 million

The partners plan to conduct an extended well test (EWT) as part of the appraisal well program in phase 1. The EWT shall be conducted using a low cost workover barge and a well test package at an estimated daily cost of US\$60,000 (total cost US\$2.7 million). The DPR typically allows up to six weeks of production during the EWT.

The crude oil produced is non-taxable and shall be evacuated from site using a barge and sold to international oil traders via the Forcados export terminal or other export terminals in the region.

Phase 1 lasts for two years from 1 January 2010 to 1 January 2012, with the second exploration phase scheduled to last one year (1 January 2012 to 1 January 2013).

Farm-Out/Status

In 2006 the DPR allocated OPL 281 to Transcorp subject to various conditions including the payment of the OPL 281 Signature Bonus. However, in 2007 the DPR withdrew the allocation of OPL 281 to Transcorp as the OPL 281 Signature Bonus had not been paid in full. No production sharing contract has been concluded in respect of OPL 281 to date. On 26 January 2011 the DPR re-allocated OPL 281 to Transcorp on condition that the outstanding balance of the OPL 281 Signature Bonus (being the amount of US\$ 8,750,000) be paid by Transcorp within 90 days of receipt of the re-allocation letter.

On 6 October 2010 Transcorp, Sacoil 281 and EER 281 concluded the OPL 281 Farm-Out Agreement in terms of which Transcorp agreed to assign and transfer to each of Sacoil 281 and EER 281 an OPL 281 Interest. The coming into force and effect of the operative provisions of the OPL 281 Farm-Out Agreement is subject to the fulfilment of certain stipulated conditions precedent including: (i) the reallocation of OPL 281 to Transcorp; and (ii) all necessary Nigerian Government consents being procured for the implementation of the transactions contemplated in the agreement. No date is stipulated for fulfillment of these conditions. However, the agreement provides that it will terminate if the transfer of interests has not

been implemented by the first anniversary of the effective date of the agreement. The OPL 281 Farm-Out Agreement provides that, in consideration for the assignment of the interests in OPL 281, the OPL 281 Investors shall pay to Transcorp an aggregate amount of US\$32,500,000 (including an amount equal to the OPL 281 Residual Signature Bonus which shall be paid directly to the Nigerian Government) and shall carry Transcorp's 60 per cent. share of costs arising under the production sharing contract and joint operating agreement to be concluded in respect of OPL 281 for a period commencing on 16 October 2010 and ending on the date of commencement of the production of petroleum in oil concession block 281. The agreement provides that the OPL 281 Investors are entitled to recover the aforesaid costs from the net proceeds arising from the disposal of petroleum to which Transcorp has the right to take delivery under the production sharing contract and joint operating agreement pertaining to OPL 281.

Transcorp subsequently nominated its subsidiary, TEL, as the corporate entity which would be party to the OPL 281 Production Sharing Contract. The OPL 281 Investors consented to this nomination and the OPL 281 Investors, Transcorp and TEL then entered into the OPL 281 Deed of Amendment and Novation pursuant to which TEL acceded to the OPL 281 Farm-Out Agreement and the joint operating agreement and technical assistance agreement pertaining to OPL 281. The OPL 281 Deed of Assignment and Novation records that it has come to the attention of the OPL 281 Investors and Transcorp that the structure of the OPL 281 Farm-Out Agreement which contemplates that the assignment of the OPL 281 Interests to the OPL 281 Investors shall take place prior to the payment by the OPL 281 Investors of the Residual OPL 281 Signature Bonus to the Nigerian Government is not acceptable to the DPR. The OPL 281 Deed of Amendment and Novation therefore provides that the OPL 281 Residual Signature Bonus shall be paid directly to the Nigerian Government prior to the assignment and transfer of the OPL 281 Interests and by no later than 28 February 2011.

Transcorp, TEL and the OPL 281 Investors have entered into a parent company guarantee dated January 2011 in terms of which *inter alia* Transcorp guarantees the due performance by TEL of all obligations of TEL under the OPL 281 Farm-Out Agreement and the OPL 281 Production Sharing Contract.

Manganese

The Company continues to manufacture manganese sulphate powder, manganese sulphate solution and manganese oxide at its plant in Mpumalanga, South Africa, better known as the Greenhills plant. Its main source of income is from the sale of manganese sulphate monohydrate and manganese oxide. Annual turnover from the plant is approximately R31,000,000 per annum.

Other projects

The Board continues to seek other opportunities which have the potential to add value to the Group. If any opportunities which are material to the Group's business reach a stage where a member of the Group has entered into a binding obligation then an appropriate announcement will be made.

3. Background and reasons for Admission

As announced on 12 October 2010, SacOil is seeking admission of the Ordinary Shares to trading on AIM. Although SacOil has successfully raised capital by way of issues of Ordinary Shares for cash to South African investors, the Company's intention is to attract new institutional investors to ensure that SacOil is sufficiently capitalised to further develop current exploration projects and execute further near production and producing asset oil and gas transactions.

Admission to AIM will provide the Company with a further platform to raise its public profile and afford UK investors the opportunity to participate in the future growth of the business.

4. Current trading

Historical unaudited financial information of the Group for the six months to 31 August 2010 was announced on 29 October 2010 and a copy of the interim report is filed on the Company's website www.sacoilholdings.com. The Group's results reported a loss of R0, 02 (2009: earnings of R0, 005) per Ordinary Share, a headline loss of R0, 02 (2009: earnings of R0, 005) per Ordinary Share and a net asset

value of R0, 13 (2009: R0, 14) per Ordinary Share. The significant recent trends in production, sales and inventory, and costs and selling prices since 28 February 2010 are set out in the interim report for the six months to 31 August 2010. These significant trends have continued since the date to which the Interim Results were made up.

5. Financial information

The Company's consolidated audited financial statements for the periods ended 28 February 2010, 28 February 2009 and 30 June 2008 together with the unaudited interim financial statements for the six months to 31 August 2010 are available on the Company's website: www.sacoilholdings.com.

6. Working Capital

The Directors, having made due and careful enquiry, have no reason to believe that the working capital available to the Company or the Group will be insufficient for at least 12 months from the date of Admission.

7. Crest and Depositary Interests

The securities of certain non-UK incorporated companies, such as the Company, cannot be held or transferred in CREST, a computerised paperless share transfer and settlement system. However, to enable investors to settle trades in such securities through CREST, a depositary or custodian can hold the relevant securities of non-UK incorporated companies under a trust arrangement and issue depositary interests representing the underlying securities. The Articles permit the operation of a depositary interest facility. CREST is a voluntary system and persons who wish to hold Ordinary Shares in registered form will be able to do so.

The Company in conjunction with Computershare Investor Services Plc, has established a facility whereby Depositary Interests representing Ordinary Shares can be issued in an uncertificated form to persons who do not wish to hold Ordinary Shares in certificated form. Application has been made for the Depositary Interests to be admitted to CREST with effect from Admission. Accordingly, subject to the settlement of the Depositary Interests for trading in CREST, settlement of transactions in Depositary Interests representing the Ordinary Shares following Admission may take place within the CREST system. Depositary Interests will have the same international security identification number (ISIN) as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM.

If CREST members wish to avail themselves of the depositary arrangements, they can do so by inputting a stock deposit in the usual way. The Company has informed Euroclear that (i) a CREST transfer form lodged as a stock deposit will be deemed to constitute a transfer of the Ordinary Shares to the Depositary who will issue corresponding Depositary Interests in CREST to the depositing members/transferees and (ii) in a similar way, a stock withdrawal will be deemed to constitute an instruction to the Depositary to cancel the Depositary Interests and effect a transfer of the Ordinary Shares to the person specified in the instruction. Shareholders who wish to do so may withdraw their shares into certificated form at any time using standard CREST messages. Your attention is drawn to the sections on stamp duty/stamp duty reserve tax set out in paragraph 15 of Part III of this document.

Trading in Depositary Interests on AIM will require Shareholders to deal through a stockbroker or other intermediary who is a member of the London Stock Exchange.

8. Directors and management

The Board comprises three executive Directors and two non-executive Directors, details of whom are as follows:

Richard Linnell, aged 65, Non-Executive Chairman

Richard Linnell is an experienced geologist, who has worked with various companies which now form part of the BHP Billiton (SA) Group, culminating in running the Samancor manganese operations and Billiton's exploration and development activities in South Africa. He is a former non-executive director of

BHP Billiton (SA) Limited and is Chairman of Coal of Africa Limited. Richard was instrumental in the establishment of the Bakubung Initiative, a multi-stakeholder project designed to rejuvenate the South African mining industry. He is a director of several listed junior mining companies.

Robin Vela, *aged 39, Chief Executive Officer*

Robin is the Chief Executive Officer of SacOil. Robin is a professionally qualified and experienced investment banker/investment executive. He is also a UK qualified Chartered Accountant, member of the UK Chartered Securities Institute and the prize-winner in his sitting of the UK Chartered Securities Institute's diploma corporate finance examination. Robin graduated with an honours degree in economics and accounting from Bristol University.

Prior to his involvement with SacOil, Robin co-founded two separate equity investment funds and worked for top tier bulge bracket financial institutions in the City of London as a senior private equity/investment banking executive for more than thirteen years. Robin is also an appointed consultant to the World Bank and IFC. He has a verifiable track record of leading and closing corporate and investment related transactions in the South African Development Community and the City of London.

Carina de Beer, *aged 40, Finance Director*

Carina de Beer is a Chartered Accountant (SA). She completed her articles with PricewaterhouseCoopers. She has extensive experience in corporate financial management and reporting, company secretarial practice and corporate governance. She is a member of the South African Institute of Chartered Accountants, the Chartered Secretaries of South Africa and the Institute of Directors. Carina is the Finance Director of the Company and the Audit Committee is satisfied that she has sufficient expertise and experience to fulfill this role.

Colin Bird, *aged 66, Executive Director*

Colin Bird has a Diploma in Mining Engineering, is a Fellow of the Institute of Materials, Minerals and Mining and is a certified Mine Manager both in the United Kingdom and South Africa. The formative part of his career was spent with the National Coal Board in the United Kingdom and thereafter he moved to the Zambia Consolidated Copper mines and then to South Africa to work in a management position with Anglo American Coal. On his return to the United Kingdom he was Technical and Operations Director of Costain Mining Limited, which involved responsibility for gold operations in Argentina, Venezuela and Spain. In addition to his coal mining activities he has been involved in the management of nickel, copper, gold and other diverse mineral operations. He has founded and floated several public companies in the resource sector and served on resource company boards in the United Kingdom, Canada and South Africa.

Gontse Moseneke, *aged 29, Non-Executive Director*

Gontse Moseneke has an extensive background in financial management and investment banking. He is part of the executive team at Encha, a diversified investment holding company. As the Chief Executive of Encha Tech (Proprietary) Limited he oversees and actively manages Encha's investments in Siemens Southern Africa, and in Nokia Siemens Networks South Africa. Through his integral involvement in the conceptualisation, setup and initial operations of New Oil Trading Limited (British Virgin Islands), an oil and gas trading company with a global focus, Gontse has gained wide experience, and built a competent rapport with some key players in the oil and gas sector globally. He has also been involved in a project by the South African Oil and Gas Alliance to develop and market South Africa's engineering and related services capability, with the aim of capitalising and exploiting the burgeoning oil and gas activities off the east and west coasts of sub-Saharan Africa. Gontse holds a Bachelor of Science degree in Statistics and Actuarial Sciences from the University of Cape Town, and a Diploma in Actuarial Techniques from the Institute of Actuaries (London, United Kingdom).

In addition, the Board is seeking to strengthen the Board and the management of the Group by appointing persons with a deep knowledge of the oil and gas industry, experience in the City of London and/or experience of dealing with African assets.

9. Dividend policy

The Company has not paid any dividends to its Shareholders since its Ordinary Shares were admitted to trading on the JSE and the Directors do not have any current intention of paying dividends or buying back Ordinary Shares.

10. Corporate governance

The Board endorses the fundamental principles of good financial, social, ethical and environmental practice as set out in the King Report on Corporate Governance for South Africa 2009 (“the King Report”). The Company complies with the King Report in all material aspects.

Issues of corporate governance continue to receive the Board’s consideration when appropriate; refinements are made to reflect current best practice in corporate governance and specifically taking into account the changes arising from the South African corporate law reform process, including the recent publication of the King Report.

The Board is responsible for formulating, reviewing and approving SacOil’s strategy, budgets and corporate actions. Accordingly, the Board will meet regularly throughout the year and all necessary information will be supplied to the Directors on a timely basis to enable them to discharge their duties effectively. Additionally, special meetings will take place or other arrangements will be made when Board decisions are required in advance of regular meetings. The Directors have also established financial controls and reporting procedures which are considered appropriate given the size and structure of the Group. It is the intention of the Directors that these controls will be reviewed regularly in light of the future growth and development of the Group and adjusted accordingly.

Compliance with the UK Corporate Governance Code

The Board confirms that, following Admission, it intends to observe the requirements of the UK Corporate Governance Code to the extent that they consider appropriate in light of the Company’s size, stage of development and resources and in accordance with the Corporate Governance Guidelines for AIM companies issued by the Quoted Companies Alliance. The Board is currently comprised of five directors consisting of three executive directors and two non-executive directors. The Board considers that the non-executive directors are independent.

The Directors will, on Admission, adopt terms of reference for an audit committee and a remuneration committee.

Terms of reference

Audit Committee

On Admission, the Audit Committee will be comprised of Gontse Moseneke and Richard Linnell and will be chaired by Gontse Moseneke.

The Audit Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results’ announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain. The Audit Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

The Audit Committee shall keep under review the effectiveness of the Company’s internal controls and risk management systems and shall review and approve the statements to be included in the annual report concerning internal controls and risk management, which in any event will also be done by the Board as a whole.

The Audit Committee shall monitor and review the effectiveness of the Company’s internal audit function in the context of the Company’s overall risk management system.

Remuneration Committee

On Admission, the Remuneration Committee will be comprised of Gontse Moseneke and Richard Linnell and will be chaired by Gontse Moseneke.

The Remuneration Committee shall determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive, the Chairman, the executive directors, the Company secretary and such other members of the executive management as it is designated to consider.

The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration. The Remuneration Committee shall in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The Remuneration Committee shall also review the ongoing appropriateness and relevance of the remuneration policy.

Share Dealing Code

The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to directors' and applicable employees' dealings in the Company's securities. Accordingly, the Company has adopted a share dealing code for directors and applicable employees and the Company will take all reasonable steps to ensure compliance by its directors and applicable employees with the provisions of the AIM Rules for Companies relating to dealings in securities.

11. Taxation

General information regarding UK and South Africa taxation in relation to Admission is set out in paragraph 15 of Part III of this document. If investors are in any doubt as to their tax position, they should consult an independent financial adviser immediately.

12. Lock-In Arrangements

Prior to Admission, each of the Directors will enter into an agreement with the Company and finnCap not to dispose of any interest in their Ordinary Shares for a period of one year following Admission except in certain restricted circumstances in accordance with Rule 7 of the AIM Rules for Companies.

As at the date of this document, Encha and Encha Capital are significant shareholders in the Company. In addition, Renaissance BJM has taken security over the Ordinary Shares held by Encha pursuant to the terms of a facility agreement between Renaissance BJM, Encha, Sacoil and Renaissance Cyprus (further details of which are set out at paragraph 10.32 of Part III).

Prior to Admission, Encha and Encha Capital (to the extent that they remain significant shareholders in the Company) will enter into an agreement with the Company and finnCap not to dispose of any interest in their Ordinary Shares for a period of one year following Admission except in certain restricted circumstances in accordance with Rule 7 of the AIM Rules for Companies and except that Encha will additionally be entitled to transfer its Ordinary Shares to the extent that it is required to do so pursuant to the security it has granted to Renaissance BJM, provided that Renaissance BJM shall agree not to dispose of any interest it acquires in the Ordinary Shares on analogous terms.

13. The Takeover Code and the Securities Regulation Panel

The Takeover Code applies to a company whose shares are admitted to trading on AIM if its registered office is in the United Kingdom, the Channel Islands or the Isle of Man and if it is considered by the Panel to have its place of central management and control in one of these jurisdictions.

The Takeover Code does not apply to SacOil. The South African Securities and Regulation Code on Takeovers and Mergers does however apply to SacOil.

The Securities Regulation Panel is a regulatory body, established in accordance with Chapter XVA of the Act. Its function is to regulate as it may deem necessary or appropriate, all affected transactions (as defined in Section 440A of the Act) and schemes, including all proposals which on successful completion will result in affected transactions relating to any public company, or to a private company where the shareholders' interests, valued at the offer price, and the shareholders' loan capital exceed R5,000,000 and there are more than 10 beneficial shareholders.

The Securities Regulation Panel was established in 1989 and became operative in February 1991. It came into being as a response to mounting concern about unfair practices. Its purpose is to ensure good business standards and fairness to shareholders thus contributing to the maintenance of fair and orderly markets.

In terms of the Act, the Securities Regulation Panel formulated the Securities and Regulation Code on Takeovers and Mergers ("the Code") which embodies the general principles and rules governing the matters falling within its jurisdiction. The Code has the force of law.

It is not a function of the Securities Regulation Panel to judge the commercial advantages or disadvantages of affected transactions.

14. Competent Persons' Reports

A Competent Person's Report produced by Bayphase in relation to Block 3 in the Albertine Graben, DRC is available on the Company's web site: www.sacoilholdings.com.

Competent Person's Reports produced by TRACS in relation to OPL 281 and OPL 233, Nigeria, are available on the Company's web site: www.sacoilholdings.com.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered when assessing the Group and its projects as an investment opportunity.

The Directors believe the following risks to be the most significant in the evolution of the Group. The risks listed, however, do not necessarily comprise all those associated with an investment in SacOil and are not intended to be presented in any assumed order of priority. In particular, SacOil's performance may be affected by changes in the overall global financial conditions.

SacOil is a high risk company with a high risk project portfolio and investors may lose a substantial portion or even all of the money they invest in the Company. An investment in SacOil is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment (which may equal the whole amount invested).

If any events or circumstances giving rise to any of the following risks, together with possible additional risks and uncertainties of which the Company and the Directors are currently unaware or which the Company and the Directors do not currently consider to be material in relation to the Group's business, actually occur, the Group's business, financial condition and results of future operations could be materially and adversely affected. In such circumstances, the value of the Ordinary Shares could decline and investors could lose part or all of their investment.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Company will achieve its objectives.

Investors should also take their own tax advice as to the consequences of their owning shares in SacOil as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any shares in SacOil and neither SacOil nor the Directors will be responsible for any tax consequences of any such investors.

1. Initial operating stage

To date, the Group has not recorded any revenues from operations nor has the Group commenced commercial production on any of its projects. There can be no assurance that losses will not occur in the near future or that the Group will be profitable in the future. The Group's operating expenses and capital expenditures will increase in subsequent years as personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Group's acquisition of additional projects and other factors, many of which are beyond the Group's control.

The Group expects to continue to incur losses unless and until such time as its projects enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Group's projects will require the commitment of substantial resources to conduct exploration and development of projects. There can be no assurance that the Group will generate any revenues or achieve profitability.

There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

The Group may consider from time to time the acquisition of reserves, development properties and operating resources, either as stand-alone assets or as part of companies. Its decisions to acquire these properties will

be based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, the oil and gas price and projected economic returns, and evaluations of existing or potential liabilities associated with each property and its operations. Other than historical operating results, all of these parameters may differ significantly from the Group's estimates and assumptions. The exact effect of these factors cannot be accurately predicted, but a combination of any of these factors may result in the Company not receiving an adequate return on invested capital.

2. Financial forecasts

Financial forecasts are dependent on assumptions made by Directors, management and advisers. Assumptions include but are not limited to the oil price, capital cost, operating cost, country fiscal and tax regimes. Negative movements in any or all of these assumptions could cause a project to become uneconomic. This could negatively impact on the value of the Company and thus the share price.

Taking into account factors such as the cost of operations, costs of processing equipment, quality of management, quality and availability of geological expertise and such other factors as government regulations, it may not always be possible for the Group to accurately forecast cash flow, operating costs and economic returns.

3. Equipment availability

The unavailability equipment, contractors and management could negatively impact on projects and thus cash flow. The lack of associated equipment could result in country and joint venture commitments not being met. This could result in a loss of licence, break down of joint venture and the imposition of penalty terms.

4. Exploration is highly speculative in nature

Oil and Gas is an industry known to be of high risks. Successful oil and gas companies are those who have successfully anticipated and identified risks inherent to the industry and effectively managed such risks. The business of exploring for and developing oil and gas projects involves a high degree of risk. Notwithstanding the existence of positive evidence in a region, oil and gas exploration prospects are highly risky and will remain so until the resources are satisfactorily proven.

5. Title matters

The acquisition and retention of title to mineral rights is an onerous, detailed and time-consuming process.

Title to, and the area of, mineral resource claims may be disputed or challenged. In addition, in emerging economies, title to resources may be revoked by relevant authorities for unforeseen or potentially arbitrary reasons. Although the Directors believe the Group has taken reasonable measures to ensure title to, and rights and interests in, the licences to be held by it, and to the best of its knowledge title to such licences is in good standing, there is no guarantee that title to the licences to be held by it will not be challenged or impaired. Any successful challenges to the title of the Group's licences may cause the Group to lose all or part of its interest in its licences and materially delay or restrict the Group's ability to proceed with its exploration operations. In particular (but without prejudice to the generality of the foregoing), there is no guarantee that:

- the DRC Government will not seek to exercise any rights it may have under the Block 3 Production Sharing Agreement to terminate the Block 3 Production Sharing Agreement in relation to the failure (to date) to pay the Block 3 Supplementary Signature Bonus to the DRC Government or to provide the Block 3 Guarantee to the DRC Government or for any other reason (although the DRC Government has not to date issued any notice of breach under the Block 3 Production Sharing Agreement in regard thereto);
- Semliki will obtain an EZRE in respect of Block 3;
- the conditions precedent to the Total Agreement will be satisfied;
- the conditions precedent to the OPL 233 Farm-In Agreement will be satisfied;

- the OPL 233 exploration period will be validly extended (although Nigerian Counsel comment that “*industry practice has made such situations/occurrences a factual possibility and a reality*”); or
- the conditions precedent to the OPL 281 Farm-Out Agreement will be satisfied.

There is no guarantee that the Group will be able to secure all prospecting, exploration, development and production licences, permissions, clearances or other titles or exemptions required for its projects. There is no guarantee, even where the necessary approvals are obtained, that any subsequently required approvals will also be granted or maintained throughout the life of the Group’s projects.

6. Potential Environmental Liabilities

SacOil’s current oil and gas resources are located in environmentally sensitive areas. The imposition of onerous environmental constraints can impact negatively on the capital cost of projects and the time for construction. This could result in project timetables not being met, greater than forecast financial requirements and worse than projected investment returns. Owners’ environmental constraints could result in a project not being progressed.

In addition, environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Group’s business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Group holds interests that are unknown to the Group at present and that have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, or may in the future be, required in connection with the Group’s operations. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from proceeding with planned exploration or development of properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in resource operations, including the Company, may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of resource companies, or more stringent implementations thereof, could have a material adverse impact on the Group and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new properties.

7. Impact of Law And Governmental Regulations

The Group’s investments may be subject to the foreign exchange and other fiscal regimes of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of the Group’s investments.

8. Illnesses

Illnesses are prevalent in Africa. Employees of the Group may have or could contract potentially deadly viruses and diseases. The prevalence of such illnesses could cause lost employee man hours and loss of trained and experienced employees, increased absenteeism, depressed morale, reduced productivity and may make finding skilled labour more difficult. These risks may limit or disrupt the Group’s exploration activities. In addition, the Group may be subject to increased insurance premia, benefits payments and other costs associated with the provision of treatment.

9. Conflict and Insurgency

The Group's assets do or may lie in areas which have experienced warfare, insurgency or disorder. Such activities may adversely impact on the Group's ability to successfully develop its projects.

10. Competition

The Group's strategy is to maintain a balance between exploration, near term production and production assets. The oil and gas business is competitive in all of its phases. The Group may not be able to secure further projects on financially acceptable terms.

11. Force Majeure

There is the risk of natural occurrences such as fires, earthquakes and floods, and other extraordinary events such as wars, acts of terrorism, strikes, riots, crimes, civil disturbances and the like, having an impact on the Group's operations. Such occurrences are beyond the control of the Group and, if any one or more should occur such that it has an impact on one or more of the Group's projects or investments, it is likely to have a material adverse impact on the activities of the Group, and the costs and expenses associated with the affected projects or investments.

12. Access to Capital

Access to capital is necessary for successful exploration and development of oil and gas emerging companies. There is no guarantee that sufficient funds can be raised by equity, debt or other financial instrument. In the event that the Company is unable to procure sufficient capital to progress its licence commitments, project construction, joint venture payments or other "*stay in business*" payments then assets may be forfeited or percentage ownership diluted. The negative effect of an inability to fund a project or the Group could result in material value loss or even total loss.

13. General economic conditions

Changes in the general economic climate and in particular the climate in which the Group operates may adversely affect the financial performance of the Group. Factors that may contribute to that general economic climate include the level of interest rates, the rate of inflation, industrial disruption, stock market performance, perception of developing companies, commodity prices, cost of labour, political stability and fiscal policy. The aforementioned issues are often cyclic and volatile and any movement in any of the issues could have a major impact on the performance of the projects or the Group.

DRC, Nigeria and other jurisdictions in which the Group might operate in the future have less developed legal systems than more established economies which could result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of Governmental authorities who may be susceptible to corruption; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, Government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of Government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

14. Volatility and liquidity

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover any or all of their original investment. AIM has periods of limited liquidity which may impact on the ability of an investor to dispose of any or all of his shareholding.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Group, and others of which are extraneous. These factors could include the performance of the Group's operations, changes in the values of its investments, or interest paid in respect of investments, changes in the Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Group and its investee companies encounter competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares may therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested or lose all of their investment.

15. Emerging Markets

Investors in emerging markets such as DRC and Nigeria, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Licenses, titles and assets may be revoked without warning and without cause. Investors should also note that emerging economies such as that of DRC and Nigeria are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the Ordinary Shares.

16. Tax related risks

The tax regimes applying to the Group from time to time may change, thereby affecting the Group's tax treatment. Therefore any financial forecast, net present value, return on investment projection and the ability to make an after tax profit may be adversely affected to the point where a project may become uneconomical or project development plans may have to be abandoned.

17. Shareholder tax

Investors should take their own tax advice as to the consequences of owning shares in SacOil as well as receiving returns from those shares. In particular, investors should be aware that ownership of shares in SacOil can be treated in different ways in different jurisdictions. Investors should seek their own advice on tax matters relating to an investment in SacOil.

18. Forward-looking statements

All statements other than statements of historical facts in this document, including, without limitation, those regarding SacOil's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond SacOil's control that could cause the results, performance, achievements of or dividends paid by, SacOil to be materially different from actual results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding SacOil's net asset value, present and future business strategies and income flows and the environment in which SacOil will operate in the future.

These forward-looking statements speak only as of the date of this document. SacOil expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in SacOil's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

19. Labour

SacOil believes that in all of its operating environments labour laws facilitate the cost efficient operation of its activities. There is no guarantee that such laws will continue and be supportive of SacOil's type of operation. Material changes in labour law could impact negatively on SacOil's exploration activities and production cash flow forecast.

20. Management

Resource companies are experiencing keen competition to acquire the necessary senior and middle management technical skills necessary to manage exploration, development and production programmes. Should SacOil be unable to procure the necessary senior and middle management then both project and the Group's performance could be adversely affected. This could have a negative impact on project timing, projected cash flows, joint venture commitments and continued ownership of licences.

PART III

ADDITIONAL INFORMATION

1. Incorporation and business operations

- 1.1. The Company was incorporated on 1 February 1993 under the name Manga-Chem Products (Pty) Limited.
- 1.2. The Company's name was changed to SA Mineral Resources Corporation Limited following a resolution of its shareholders passed on 27 November 1996.
- 1.3. On 1 December 2008, the Company's name was changed to SacOil Holdings Limited following a resolution of its shareholders passed on 21 November 2008.
- 1.4. The Company is domiciled in South Africa and was incorporated as a company limited by shares and registered in South Africa with registration number 1993/000460/06.
- 1.5. The principal legislation under which the Company operates is the Act. The liability of the Company's members is limited.
- 1.6. The Company's Ordinary Shares were admitted to trading on the venture capital list of the Johannesburg Stock Exchange on 19 October 1994. The Company transferred to the mining – integrated oil and gas list of the Johannesburg Stock Exchange on 12 December 2008.
- 1.7. The Company's registered office is at 2nd Floor, The Gabba Campus, Bryandston, South Africa. The telephone number of the Company's principal place of business, management and control is +27 (0) 11 575 7232.
- 1.8. The Company's website address is www.sacoilholdings.com.
- 1.9. Copies of the Company's memorandum and articles of association are available at www.sacoilholdings.com.

2. Securities being admitted

- 2.1. The Ordinary Shares are ordinary shares of no par value in the capital of SacOil. The Ordinary Shares are denominated in Rand.
- 2.2. The ISIN of the Ordinary Shares is ZAE000127460.
- 2.3. The Ordinary Shares are either in dematerialised form or are held in certificated form. The Company's registrars, Computershare Investor Services plc, are responsible for maintaining the Company's register of members.
- 2.4. The voting and dividend rights attaching to the Ordinary Shares are set out in paragraph 3 of this Part III.
- 2.5. The Ordinary Shares have no right to share in the profits of SacOil other than through a dividend, distribution or return of capital. Further details of such rights are set out in paragraph 5 of this Part III.
- 2.6. Each Ordinary Share is entitled, on a *pari passu* basis with all other issued Ordinary Shares, to share in any surplus on a liquidation of the Company.
- 2.7. The Ordinary Shares have no redemption or conversion provisions.
- 2.8. The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, and the instrument of transfer is in favour of not more than four joint transferees and is in respect of only one class of shares.

- 2.9. No person has made a public takeover bid for SacOil's issued share capital in the financial period to 28 February 2010 or in the current financial period.

3. Share Capital

- 3.1. The Company has an authorised share capital of 10,000,000,000 Ordinary Shares of no par value and the issued share capital of SacOil as at the date of this document is 674,090,410 Ordinary Shares all of which are fully paid up.
- 3.2. The issued share capital of SacOil immediately after Admission will be 674,090,410 Ordinary Shares all of which will be fully paid up.
- 3.3. If the Remuneration Committee decides to satisfy all AIM Admission Bonuses by the issue of Ordinary Shares then a maximum of 26,963,616 further Ordinary Shares will be issued and the issued and fully paid share capital of the Company will increase to 701,054,026 Ordinary Shares.

4. The Group

- 4.1. The Company has, as at the date of this document, the following wholly owned subsidiaries:

<i>Name</i>	<i>Business activity</i>	<i>Country of incorporation</i>
Baltimore Manganese Mine (Proprietary) Limited	Dormant	South Africa
Bushveld Pioneer (Proprietary) Limited	Holds manganese claims	South Africa
Pioneer Coal (Proprietary) Limited	Dormant	South Africa
RDK Mining (Proprietary) Limited	Dormant	South Africa
SacOil 281 Nigeria Limited	Oil and Gas	Nigeria
SacOil 233 Nigeria Limited	Oil and Gas	Nigeria

- 4.2. The Company also holds 50 per cent. of the issued share capital and voting rights in SacOil (Proprietary) Limited, a company incorporated in the Republic of South Africa. The other 50 per cent. of the issued share capital and voting rights in SacOil (Proprietary) Limited are held by DIG. The Company has agreed to acquire DIG's shareholding in SacOil (Proprietary) Limited for nominal consideration.
- 4.3. The Company also holds 50 per cent. of the issued share capital and voting rights in Semliki, a company incorporated in the DRC. The other 50 per cent. of the issued share capital and voting rights in Semliki are held by DIG.

5. Memorandum and Articles of Association

Memorandum of Association

The main objects and purpose of the Company is to acquire or establish and operate mineral based projects.

Articles of association

For the purposes of this section "Statutes" shall mean the Act, the Securities Services Act, 2004 and every other statute, ordinance, regulation or rules from time to time, including the JSE Listings Requirements, with which the Company must comply.

Alteration of Capital

Subject to the provisions of the Statutes, the Company may from time to time by special resolution:

- (i) increase its share capital by issuing new shares, or increase the number of its no par value shares;
- (ii) increase its stated capital constituted by shares of no par value by transferring reserves or profits to the stated capital, with or without a distribution of shares;

- (iii) consolidate and divide all or any part of its share capital into shares of larger amount than its existing shares or consolidate and reduce the number of the issued no par value shares;
- (iv) convert any shares (whether or not having a par value) into stock and re-convert any stock into shares of any denomination, or into shares of no par value;
- (v) increase the number of its issued no par value shares without an increase of its stated capital;
- (vi) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum;
- (vii) convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value;
- (viii) convert its stated capital constituted either by ordinary or preference shares of no par value into share capital consisting of shares having a par value;
- (ix) cancel shares which at the time of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its authorized share capital by the amount of the shares so cancelled or may cancel shares of no par value which have not so been taken or agreed to be taken; and
- (x) convert any shares, whether issued or not, into shares of another class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares.

Allotment of shares

Subject to any relevant provisions of the memorandum of the Company and without prejudice to any special rights previously conferred on the holders of any existing shares in the Company, any shares may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time determine. Preference shares may be issued and existing shares may be converted into preference shares on the basis that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as shall be prescribed in the Articles or the resolution authorising or effecting such issue or conversion. However, with the prior approval of the Company in a general meeting, subject to the Statutes and approval of the listings division of the JSE (where necessary) any shares in the Company authorised but unissued may be issued by the Directors to such person or persons on such terms and conditions and with such rights or restrictions attached thereto as the Directors may determine. Shares in the Company which are authorised but unissued shall be offered to the existing members *pro rata* to their shareholdings in the Company, unless otherwise determined by the Company in a general meeting or the shares are allotted for the acquisition of assets or the repayment of debt.

The Company may pay commission not exceeding 10 per cent. of the issue price to any person in consideration of his subscribing or agreeing to subscribe for any shares or debentures in the Company.

Acquisition of own shares

In accordance with the Statutes, the Company may by special resolution approve the acquisition of shares and stock, issued by it and/or its holding company. Subject to the Statutes, any of the Company's subsidiaries may acquire shares and stock in the Company up to a maximum of 10 per cent. of the aggregate amount of issued shares.

Voting rights and restrictions

Subject to any rights or restrictions attaching to any class of share and to the provisions of the Articles, on a show of hands a member of the Company present in person or by proxy shall have one vote. On a poll a member who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company or if the share capital is

divided into shares of no par value, shall be entitled to one vote in respect of each share he holds. Any member shall be entitled to appoint a proxy and the proxy need not be a member of the Company. Where there are joint holders and more than one of them is present at a meeting, the person whose name stands first in the register shall alone be entitled to vote. Any member shall be entitled to appoint a proxy.

Variation of rights and redemption

All or any of the rights, privileges or conditions attached to any class of shares of the Company may (unless otherwise provided by the terms of issue of the shares of that class) whether or not the Company is being wound up, be varied in any manner with the consent in writing of the holders of not less than three quarters of the issued shares of that class, or with the passing of a special resolution at a general meeting of the holders of the shares of that class. The provisions of the Articles relating to a general meeting shall apply to any such separate general meeting except that:

- (i) the necessary quorum shall be a member or members of the class present in person, or represented by proxy and holding at least 51 per cent. of the capital paid or credited as paid on the issued shares of that class;
- (ii) if at any adjourned meeting of such holders a quorum as defined above is not present, those holders who are present shall be a quorum; and
- (iii) any holder of shares of the class present in person or represented by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder.

No person shall be recognised by the Company as holding any share upon trust.

Transfer of Shares

Any member may transfer his shares in accordance with the provisions of the Statute using the common form of transfer. The Company shall comply with the JSE Listing Requirements in regard to the closing of the transfer books and register of members and any branch register.

Share Certificates

Share certificates shall be issued pursuant to the Companies Act, 1973 and each member shall be entitled to one certificate in respect of all shares of any class held by him. In the case of joint holders, delivery of a share certificate to the first person named in the register shall be sufficient delivery to all.

Register of Members

The Directors shall cause a register of members of the Company to be maintained and kept up to date. The Company shall cause to be entered into the register of members, the total number of shares held in uncertificated form. The Company shall comply with the JSE Listing Requirements in regard to the closing of the transfer of books and register of members and any branch register.

General Meetings

The Company, shall at such times as are prescribed by the Statutes hold general meetings and annual general meetings. The Directors may, whenever they think fit, convene a general meeting, and a general meeting shall also be convened on requisitions made under the Statutes.

Subject to the provisions of the Statutes relating to meetings of which special notice is required to be given, an annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 clear days' notice in writing at the least, and a meeting of the Company, other than an annual general meeting or a meeting for the passing of a special resolution, shall be called by 14 days' notice in writing at the least.

Business may be transacted at any meeting of members only if a quorum is present. Three members personally present (or if the member is a body corporate the body corporate must be represented) and entitled to vote shall be a quorum for a general meeting and an annual general meeting. If the meeting is not quorate

within twenty minutes, the meeting if convened upon the requisition of members, shall be dissolved; in any other case it will be adjourned until the same day in the next week.

A resolution shall be decided on a show of hands, unless a poll is demanded by any person entitled to vote at the meeting. A poll shall be taken in such manner and at such place and time as the chairperson directs.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson shall not be entitled to a second or casting vote.

Notices shall be sent to each registered member and each beneficial owner of shares.

Directors

Appointment and removal

The Company must not have less than four Directors and shall not exceed the maximum number fixed. The Directors shall have power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board.

A Director shall cease to hold office if: he becomes insolvent; he becomes of unsound mind; he has not qualified himself within two months of his appointment (if a share qualification has been fixed); if he is absent from meetings of the Directors for six consecutive months; if he is removed by a majority of the Directors (subject to the Act); he resigns; or if pursuant to the Act he is disqualified, ceases to hold office or is prohibited from acting as a Director.

Retirement of Directors by rotation

At every annual general meeting, one-third of the Directors, (or if their number is not a multiple of three, then the number nearest to, but not less than a third) shall retire from office, such Directors are eligible for re-election.

No share qualification

Unless fixed by the Company at a general meeting, no Directors or alternate Director shall be required to hold shares in the Company by way of qualification.

Remuneration of Directors

The remuneration of the executive Directors shall be determined by a subcommittee of disinterested non-executive Directors. The remuneration of the non-executive Directors shall be approved by the Company in a general meeting.

In addition to any remuneration, the Directors are entitled to be reimbursed for traveling and other expenses properly and necessarily incurred by them when engaged in the business of the Company and in attending meetings of the Directors and of committees. If any Director is required to perform extra services or to go and reside abroad or otherwise be specially occupied about the Company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the Directors which may be either in addition to or in substitution for the remuneration determined by the Company in general meeting.

Permitted Interests

The Company and the Directors shall comply with the provisions of the Statutes as regards to the disclosure of interests of the Directors in contracts.

Restrictions on voting

No Director shall, as a Director, vote in respect of any contract or arrangement in which he is so interested, and if he does so vote, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but these prohibitions shall not apply to:

- (i) any contract or dealing with a company or partnership or corporation of which the Directors of the Company or any of them may be directors, members, managers, officials or employees or otherwise interested;
- (ii) any contract by or on behalf of the Company to give to the Directors or any of them any security by way of indemnity or in respect of advances made by them or any of them;
- (iii) any contract to subscribe for or to underwrite or sub-underwrite any shares in or debentures or obligations of the Company or any company in which the Company may in any way be interested;
- (iv) any resolution to allot shares in or debentures or obligations of the Company to any Director or to any matter arising out of or consequent upon any such resolution; or
- (v) any contract for the payment of commission in respect of the subscription for such shares, debentures or obligations.

Committees and Managing Directors

Directors may appoint one or more of their number to be managing or joint managing directors. A managing director may be appointed for a maximum of three years and may be eligible for re-appointment after the expiry of his term.

The Directors may delegate any of their powers to an executive or other committee, consisting of such member or members as the Directors think fit. Any Director who devotes special attention to the business, may be paid extra remuneration. Meetings of any such committee consisting of two or more persons shall be governed by the Articles.

The Directors may appoint persons resident in a foreign country to be a local committee for the Company in that country.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of Directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the Company or of any third party. These borrowing powers are unlimited.

Indemnity of officers

Every Director, manager, secretary and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or deed done by him as such officer or servant or in any way in the discharge of his duties.

Board meetings

The quorum for a Board meeting shall be five. A Director who is not in South Africa shall not be entitled to receive notice of any meeting. Questions arising at any meeting shall be decided by majority of votes, in the case of an equality of votes, the chairperson shall not have a second or casting vote.

A resolution signed in South Africa, by a majority of Directors who comprise a quorum who are present at the time when the resolution is signed by the first Directors, shall be as valid and effective as if it had been passed at a meeting of Directors.

Dividends

Subject to the provisions of the Act, the Company in a general meeting or the Directors may from time to time declare a dividend or other payment to be paid to the members. No larger dividend shall be declared by

the Company in a general meeting than is recommended by the Directors. All unclaimed dividends or other payments may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that any dividend unclaimed for a period of not less than three years from the date on which such dividends became payable may be forfeited by the Directors for the benefit of the Company.

Winding up

If the Company shall be wound up, the liquidator may with the sanction of a special resolution divide among the members *in specie* any part of the assets of the Company, and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members as the liquidator with the like sanction shall think fit. If thought expedient any such division so sanctioned may be otherwise than in accordance with the legal rights of the members of the Company, and in particular any class may be given preferential or special rights or may be excluded altogether or in part.

Disclosure of interests in shares

There are no thresholds which trigger the compulsory disclosure of acquisitions of shares. However pursuant to the JSE Listings Requirements a listed company must disclose shareholdings of more than five per cent. in its annual financial statements and its shareholders' circulars. In addition, in terms of the Act, a nominee shareholder (a registered holder of share as in a listed company held on behalf of another person (beneficial holder)) must disclose to the company the identity of the beneficial holder every three months. The listed company can also oblige the nominee shareholder to disclose the identity of the beneficial holder.

Right to expropriate shares, debentures or proprietary rights

Subject to compliance with the JSE Listing Requirements, in relation to odd-lot offer and to the provisions of the Statutes, shareholders holding the requisite majority of shares, shall be entitled to expropriate the shareholding of any shareholders in the Company, provided that the compensation payable to the shareholders so expropriated is fair and reasonable in the circumstances.

6. Directors' and other interests

Directors interests in Ordinary Shares

As at 7 March 2011, being the last practicable date prior to the publication of this document, the Directors had the following interests in the share capital of the Company:

	<i>As at 7 March 2011</i>		<i>On Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
C Bird	5,300,000 ¹	0.79 per cent.	5,300,000 ¹	0.79 per cent.
R Vela	5,349,591 ²	0.79 per cent.	5,349,591 ²	0.79 per cent.
C de Beer	200,000 ³	0.03 per cent.	200,000 ³	0.03 per cent.

Notes:

- (1) This shareholding is held by C Bird directly and assumes that no Ordinary Shares are issued to Mr. Bird in respect of his AIM Admission Bonus.
- (2) This shareholding is held by Lonsa, indirect beneficial, and assumes that no Ordinary Shares are issued to Mr. Vela in respect of his AIM Admission Bonus.
- (3) This shareholding is held by C de Beer directly.

Options to acquire Ordinary Shares

As at 7 March 2011, being the last practicable date prior to the publication of this document, the Directors held the following options to acquire Ordinary Shares:

<i>Name</i>	<i>Option Scheme</i>	<i>Grant date</i>	<i>Latest exercise date</i>	<i>Option price</i>	<i>Number of options held</i>
R Vela	Samroc	21 November 2008	21 November 2018	R 0.82	8,397,227
C Bird	Samroc	21 November 2008	21 November 2018	R 0.82	12,595,841
R Linnell	Samroc	21 November 2008	21 November 2018	R 0.82	12,595,841
R Vela	SacOil	08 July 2010	08 July 2020	R 0.29	4,198,614
G Moseneke	SacOil	08 July 2010	08 July 2020	R 0.29	3,132,916
C de Beer	SacOil	08 July 2010	08 July 2020	R 0.29	2,500,000

Director's service contracts and remuneration

Richard Linnell (Appointed 19 September 2002), *Independent non-executive Chairman*

On 17 November 2010 Richard Linnell entered into a service agreement with SacOil to act as independent non-executive Chairman and as a director of SacOil. His service contract commenced on 1 October 2010 and will continue until terminated by either party giving to the other three months' notice in writing.

The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by Mr. Linnell. The agreement further contains clauses providing protection for SacOil in respect of confidentiality of information and ownership of intellectual property. Mr. Linnell's remuneration is R350,000 per annum payable monthly in arrears. Termination does not give rise to any right of compensation.

Robin Vela (Appointed 25 February 2008), *Chief Executive Officer*

On 17 November 2010 Robin Vela entered into a service agreement with SacOil to act as Chief Executive Officer of SacOil. On 24 February 2011, Mr. Vela entered into a supplementary service agreement with SacOil amending the provisions of his initial service agreement. His service contract commenced on 1 October 2010 and will continue until terminated by either party giving to the other not less than six months' notice in writing.

The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by Mr. Vela. The agreement also contains provisions for payment in lieu of notice and provisions which enable SacOil to place Mr. Vela on garden leave during the notice period. The agreement further contains clauses providing protection for SacOil in respect of confidentiality of information, ownership of intellectual property and post termination restrictions. Mr. Vela's remuneration is R2,350,000 per annum payable monthly in arrears.

Mr. Vela is also entitled to an AIM Admission Bonus as well as an annual bonus. The level of the AIM Admission Bonus shall be 1.5 per cent. of the increase of the market capitalisation of the Company in the period commencing on 20 September 2010 and ending on the date of Admission. The level of the annual bonus shall be 1.5 per cent. of the increase of the market capitalisation of the Company in each 12 month period commencing on 1 October and ending on the next following 30 September. At the discretion of the Remuneration Committee, the AIM Admission Bonus and the annual bonus can be satisfied either by a payment in cash or by the issue of Ordinary Shares credited as fully paid at the volume weighted average price in the 30 Business Days preceding the date of Admission or (as the case may be) 30 September in the relevant year. If the AIM Admission Bonus and/or the annual bonus payable to Mr. Vela are to be satisfied by the issue of Ordinary Shares, then the number of Ordinary Shares to be issued in any 12 month period shall not exceed three per cent. of the issued share capital of the Company as at the date of the issue of Ordinary Shares (or, if there are two issues of Ordinary Shares, at date of the later of the two issues of Ordinary Shares).

Carina de Beer (Appointed 2 August 2010), Finance Director

On 17 November 2010, Carina de Beer entered into a service agreement with SacOil to act as Finance Director. On 24 February 2011, Ms. de Beer entered into a supplementary service agreement amending the terms of her initial service agreement. Her service contract commenced on 1 October 2010 and will continue until terminated by either party giving to the other not less than six months' notice in writing.

The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by Mrs. de Beer. The agreement also contains provisions for payment in lieu of notice and provisions which enable SacOil to place Mrs. de Beer on garden leave during the notice period. The agreement further contains clauses providing protection for SacOil in respect of confidentiality of information, ownership of intellectual property and post termination restrictions. Mrs. de Beer's remuneration is R1,350,000 per annum payable monthly in arrears. She is also eligible to participate in SacOil's discretionary bonus scheme from time to time. The level of the annual bonus shall be determined by the Remuneration Committee, but cannot exceed twice her annual salary for the time being. At the discretion of the Remuneration Committee, the annual bonus can be satisfied either by a payment in cash or by the issue of Ordinary Shares credited as fully paid at the volume weighted average price in the 30 Business Days preceding the date at which the level of the annual bonus is set.

Colin Bird (Appointed 9 April 2008), Executive Director

On 17 November 2010 Colin Bird entered into a service agreement with SacOil to act as an executive director. On 24 February 2011, Mr. Bird entered into a supplementary service agreement amending the provisions of this initial service agreement. His service contract commenced on 1 October 2010 and will continue until terminated by either party giving to the other not less than one months' notice in writing.

The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by Mr. Bird. The agreement also contains provisions for payment in lieu of notice and provisions which enable SacOil to place Mr. Bird on garden leave during the notice period. The agreement further contains clauses providing protection for SacOil in respect of confidentiality of information, ownership of intellectual property and post termination restrictions. Mr. Bird's remuneration is £36,000 per annum payable monthly in arrears.

Mr. Bird is also entitled to an AIM Admission Bonus as well as an annual bonus. The level of the AIM Admission Bonus shall be 0.5 per cent. of the increase of the market capitalisation of the Company in the period commencing on 20 September 2010 and ending on the date of Admission. The level of the annual bonus shall be 0.5 per cent. of the increase of the market capitalisation of the Company in each 12 month period commencing on 1 October and ending on the next following 30 September. At the discretion of the Remuneration Committee, the AIM Admission Bonus and the annual bonus can be satisfied either by a payment in cash or by the issue of Ordinary Shares credited as fully paid at the volume weighted average price in the 30 Business Days preceding the date of Admission or (as the case may be) 30 September in the relevant year. If the AIM Admission Bonus and/or the annual bonus to Mr. Bird are to be satisfied by the issue of Ordinary Shares then the number of Ordinary Shares to be issued in any 12 month period shall not exceed one per cent. of the issued share capital of the Company as at the date of the issue of Ordinary Shares (or, if there are two issues of Ordinary Shares, at date of the later of the two issues of Ordinary Shares).

Gontse Moseneke (Appointed 31 August 2009), Non-Executive Director

On 17 November 2010 Gontse Moseneke entered into a letter of appointment to act as a Director of SacOil. His service contract commenced on 1 October 2010 and will continue until terminated by either party giving to the other three months' written notice. The fee payable for his services as a Non-Executive Director is R150,000 per annum payable monthly in arrears. Termination does not give rise to any rights of compensation.

Save for the service contracts or letters of appointment with each of the Directors referred to in this paragraph 6, no service contracts have been entered into or amended by the Company or any of its subsidiaries or proposed subsidiaries in the six months prior to the date of this document.

7. Other directorships and partnerships held by Directors

The names of all companies and partnerships of which the directors of SacOil have been a director or partner at any time in the last five years are listed below:

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Richard Linnell	AMEC Minproc (Pty) Ltd Coal of Africa Limited and its subsidiaries/associates Cuco Resources Limited D Group Limited D Group Corporate Forum Limited IPSA Group Plc Maghreb Minerals Plc Mag Industries Corp Inc. Mag Minerals Potash Corp. New Africa Mining Fund Nimag (Proprietary) Limited R.J. Linnell & Associates cc Rockwell Diamonds Inc Serui Investments (Pty) Ltd Wogen Resources South Africa (Pty) Ltd	Agricola Mineral Resources (Pty) Ltd Bathlako Mining Ltd BHP Billiton SA Ltd Brinkley Mining Company Business Map Foundation Centebale Resources Limited Chrome Corporation Falkland Gold & Minerals Limited Frontier Platinum Resources (Pty) Ltd GMA Resources Limited GRD Minproc Limited Kalahari Diamonds Plc Maglogistics (Pty) Ltd Main Street 58 (Pty) Ltd Moydow Mines International Inc Namakwa Diamonds New Kush Exploration and Mining Project Literacy Education Cent Resource & Investment NL Western Uranium (Pty) Ltd
Colin Bird	A.K. Motor Sports Africanco (Pty) Ltd Braemore Resources Dullstroom Plats Emanuel Mining and Exploration (Proprietary) Limited Holyrood Platinum (Proprietary) Limited Jubilee Platinum plc Lion Mining Finance Limited Lion Networks Limited Maude Mining & Exploration M.I.T Ventures Corp Mokopane Mining and Exploration (Proprietary) Limited New Plats (Tjate) (Proprietary) Limited Pioneer Coal (Proprietary) Limited Pilanesberg Mining Co (Proprietary) Limited Pollux Investment Holdings (Proprietary) Limited Thos Begbie Tiger Resource Finance plc Tjate Platinum Corporation Limited Windsor Platinum Investments (Proprietary) Limited	Freegold Ventures GP Precious Metals Fund Kiwara plc Lion Capital Corporation Limited Pan African Resources

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Robin Tendai Vela	Baltimore Manganese Mine (Proprietary) Limited Bushveld Pioneer (Proprietary) Limited Encha Lonsa Investments (Proprietary) Limited Firstmile Properties (Proprietary) Limited Lonsa (Proprietary) Limited Lonsa Capital (Proprietary) Limited Lonsa Corporate Finance (Proprietary) Limited Netgame Investments (Proprietary) Limited Orange Cab (Proprietary) Limited Pioneer Coal (Proprietary) Limited RDK Mining (Proprietary) Limited Rob Vel Trading (Proprietary) Limited	Fulset Investments (Proprietary) Limited
Gontse Samuel Moseneke	Aprilog Investments (Proprietary) Limited DocQnet Systems International (Proprietary) Limited Cordys Software SA (Proprietary) Limited DocQnet Systems International (Proprietary) Limited Encha Knowledge (Proprietary) Limited Encha Investments No. 2 (Proprietary) Limited Encha Supply Base Consortium (Proprietary) Limited Encha Tech (Proprietary) Limited Fernridge Encha Knowledge (Proprietary) Limited New Africa Millenium Telecommunications (Proprietary) Limited New Oil Trading South Africa (Proprietary) Limited Wheatfields Investments No. 127 (Proprietary) Limited Wild Peach Trading 23 (Proprietary) Limited	Cinedox (Proprietary) Limited Jaguar Capital (Proprietary) Limited
Carina de Beer	Amrich 61 (Proprietary) Limited Pioneer Coal (Proprietary) Limited	Johannes de Beer Inc. Ceba Employment Services (Proprietary) Limited Union Alliance Media Limited

None of the Directors has:

- 7.1. any unspent convictions in relation to indictable offences;
- 7.2. had any bankruptcy order made against him or entered into any voluntary arrangements;
- 7.3. been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any compositional arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- 7.4. been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement while he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 7.5. been the owner of any assets or a partner in any partnership which as been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 7.6. been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 7.7. been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8. Employees

The Group, will, on Admission, have 69 employees, including Executive Directors but excluding Non-Executive Directors. The three Executive Directors, Robin Tendai Vela, Carina de Beer and Colin Bird and one receptionist are based at the Company's registered office in South Africa and the remaining 65 employees are based in the Greenhills Manganese Plant which is situated near the capital of the Mpumalanga province. The employees based at the Greenhills Manganese Plant are involved in the production of manganese sulphate powder and manganese oxide.

9. Principal holders of Ordinary Shares

9.1 The Company is aware of the following shareholdings which represent three or more per cent. of the Company's issued Ordinary Shares as at the last practicable date prior to publication of this document being 7 March 2011:

<i>Shareholder</i>	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares owned</i>	<i>Percentage of Ordinary Shares owned</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
Encha Group Limited	181,590,894	26.94 per cent.	181,590,894	26.94 per cent.
Encha Capital (Proprietary) Limited	148,257,896	21.99 per cent.	148,257,896	21.99 per cent.
Metropolitan Asset Managers	94,882,129	14.08 per cent.	94,882,129	14.08 per cent.
Public Investment Corporation	46,666,666	6.92 per cent.	46,666,666	6.92 per cent.
Total	471,397,585	69.93 per cent.	471,397,585	69.93 per cent.

9.2 The principal Shareholders do not have different voting rights attaching to their Ordinary Shares. They have the same voting rights as all other holders of Ordinary Shares.

9.3 Save as disclosed in paragraph 9.1, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

- 9.4 To the best knowledge of the Company, there are no arrangements which may at a date subsequent to Admission result in a change of control of the Company.

10. Material Contracts

Set out below is a summary of each material contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Group: (a) within the four years immediately preceding the date of this document; or (b) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

- 10.1 A Block 3 Production Sharing Agreement concluded on 4 December 2007 between the DRC Government, SacOil (Proprietary) Limited and Cohydro in relation to Block 3. The provisions of the Block 3 Production Sharing Agreement were subsequently amended by the Avenant concluded by SacOil (Proprietary) Limited and the DRC in about June 2010. In terms of the Block 3 Production Sharing Agreement, the DRC grants to SacOil (Proprietary) Limited and Cohydro exclusive rights of reconnaissance and exploration of hydrocarbons in Block 3 subject to the granting of an EZRE and the right to obtain an exploitation permit in respect of Block 3. Further particulars of the Block 3 Production Sharing Agreement are set out in Section 2 of Part I.
- 10.2 A letter of appointment and mandate concluded on 28 February 2008 between Lonsa and SacOil in relation to the appointment of Lonsa, jointly with Sasfin Capital, as its co-corporate adviser with regard to an acquisition of oil concession blocks in the DRC, an issue of shares for cash and placing to raise further cash, a proposed distribution *in specie* of shares in a SacOil subsidiary and a joint venture on the Greenhills Plant (the “Proposed Transaction”). As remuneration for its provision of services Lonsa is entitled to (i) a monthly retainer fee of R60,000,000 per month; (ii) a fee in the amount equivalent to 2 per cent. of the value of a Proposed Transaction payable upon closing of a Proposed Transaction, and (iii) a fee in the amount equivalent to 2.5 per cent. of the gross value of any equity raised by SacOil from investors introduced to SacOil by Lonsa, which fee is payable within 5 business days of receipt by SacOil of the proceeds of such equity raising.
- 10.3 A loan agreement concluded on 17 March 2008 between SacOil and SacOil (Proprietary) Limited (the “SacOil Loan Agreement”) in terms of which it was agreed that SacOil would advance the Rand equivalent of US\$2,000,000 to SacOil (Proprietary) Limited for the purpose of funding the payments to the DRC Government of the initial signature bonus which was due to the DRC Government under the Block 3 Production Sharing Agreement.
- 10.4 A farm out agreement concluded on 10 May 2010 between Falcan Chaal Petroleum Limited (“Falcan”), Societe de Maintenance D’Installations Pétrolières (“SMIP”) and SacOil in relation to the exploration permit pertaining to the Chaal permit area, Tunisia (as amended by an amendment agreement concluded between the parties on 6 July 2010). In terms of the agreement, Falcan agrees, subject to the fulfillment of certain conditions precedent, to assign to SacOil an undivided 41.25 per cent. participating interest in and to the total rights and obligations, privileges and liabilities of the “contractor” and “entrepreneur” in and under the exploration permit, a production sharing agreement concluded amongst Enterprise Tunisian d’Activities Pétrolières and Candax Energy Inc. (“Candax”) on 12 January 2006 and a joint operating agreement concluded between Candax and SMIP on 24 October 2005. Pursuant to the assignment of the farmout interest, SacOil’s interest in the Chaal Permit Area would be 55 per cent.
- 10.5 A letter of appointment and mandate concluded on 7 June 2010 between Lonsa and SacOil in terms of which SacOil appointed Lonsa as its corporate adviser with regard to an acquisition of the Chaal gas permit in Tunisia and a placing of shares to raise further cash (the “Chaal Transaction”). As remuneration for its provision of services Lonsa is entitled to a fee in an amount equivalent to 2 per cent. of the value of the Chaal Transactions which shall become due upon the closing of the Chaal Transactions but shall only be payable at such time as the working capital position of SacOil is such that it is able to pay the fee. Lonsa is further entitled to a fee of 2.5 per cent. of the gross value of any equity raised by SacOil from investors introduced to SacOil by Lonsa, which fee is payable within 5 business days of receipt by SacOil of the proceeds of any such equity raising.

- 10.6 A share purchase agreement concluded on 22 July 2010 between Encha, Columbia Falls Properties 114 (Pty) Limited (“Columbia”), the trustees for the time being of the Kulsum Moosa Family Trust (“Moosa”), SacOil and SacOil (Proprietary) Limited in terms of which Encha, Moosa and Columbia sold 500 (five hundred) ordinary shares in the issued share capital of SacOil (Proprietary) Limited (constituting 50 per cent. of the total issued share capital) to SacOil. As consideration for the sale shares, SacOil issued and allotted an aggregate of 209,456,000 Ordinary Shares to Encha, Moosa and Columbia.
- 10.7 A shareholder undertaking concluded on 22 July 2010 between DIG and SacOil in terms of which DIG and SacOil provide undertakings to one another in their respective capacities as shareholders of SacOil (Proprietary) Limited pending the execution of a shareholders’ agreement.
- 10.8 An agreement of cession concluded on 22 July 2010 between DIG and SacOil in terms of which SacOil cedes to DIG all of SacOil’s rights in any nature whatsoever in, and interest of any nature whatsoever in, 50 per cent. of all current and future claims that SacOil has, or may have in the future, against SacOil (Proprietary) Limited for repayment of monies under the SacOil Loan Agreement.
- 10.9 An agreement of assignment concluded on 22 July 2010 between DIG and SacOil in terms of which DIG cedes and assigns to SacOil all of DIG’s rights of any nature whatsoever in, and interest of any nature whatsoever in:
- 35 per cent. of the economic interest of DIG under the production sharing agreement in respect of Block 1, Albertine Graben, DRC (“Block 1”) dated 21 January 2008 (the “Block 1 Production Sharing Agreement”); and
 - 35 per cent. of all current and future claims of any nature whatsoever that DIG has, or may have in the future, against the DRC Government in the event that DIG’s rights under the Block 1 Production Sharing Agreement are not perfected for any reason whatsoever.
- 10.10 A cancellation agreement concluded on 22 July 2010 between DIG, Encha, Columbia, Moosa, SacOil, SacOil (Proprietary) Limited and Andrea Brown (“Brown”) in terms of which each of the parties agreed to terminate the following agreements to which it was a party:
- a deed of suretyship concluded between Encha and SacOil;
 - an cession and pledge in security concluded between Encha and SacOil;
 - a deed of suretyship concluded between Brown and SacOil;
 - a cession and pledge in security concluded between Brown and SacOil;
 - a deed of suretyship concluded amongst Encha, DIG and SacOil;
 - a cession and pledge in security concluded between DIG and SacOil;
 - a cession and pledge in security concluded between DIG, Columbia and SacOil; and
 - cession and pledge in security concluded between; and
 - a cession and pledge in security concluded between Moosa and SacOil.
- 10.11 An amended and restated loan agreement (the “Amended and Restated DIG Loan Agreement”) concluded on 22 July 2010 between SacOil and DIG in terms of which the initial loan agreement concluded between the parties on 17 March 2008 is amended and restated. It is recorded that the loan amount, being the Rand equivalent of the amount of US\$1,448,864 was advanced to the DRC of the Block I Production Sharing Agreement Government for the purpose of funding the payment by DIG to the DRC Government of the “signature bonus” due and payable of the Block I Production Sharing Agreement. The agreement further provides that the loan amount shall bear interest in the lump sum amount of the Rand equivalent of the sum of US\$188,637.

- 10.12 A cession and pledge in security concluded on 22 July 2010 between DIG and SacOil in terms of which DIG agreed to pledge to SacOil 50 (fifty) ordinary shares of R1.00 (one Rand) each held by DIG in the issued share capital of SacOil (Proprietary) Limited, and to cede to SacOil all of DIG's rights of any nature in those shares and all current and future claims that DIG may have against SacOil (Proprietary) Limited by virtue of its shareholding. The security cession was concluded to secure the due payment and performance in full of any obligation or indebtedness which DIG owes, or may at any time thereafter owe, to SacOil under the Amended and Restated DIG Loan Agreement.
- 10.13 A loan agreement concluded on 22 July 2010 between DIG and SacOil (Proprietary) Limited in terms of which it was agreed that DIG would loan and advance the Rand equivalent of the sum of US\$1,000,000 to SacOil (Proprietary) Limited for the purpose of partially funding the payment to the DRC Government of the Supplementary Block 3 Signature Bonus.
- 10.14 A loan agreement concluded on 22 July 2010 between SacOil and SacOil (Proprietary) Limited in terms of which it is agreed that SacOil shall loan and advance the Rand equivalent of the sum of US\$1,000,000 to SacOil (Proprietary) Limited for the purpose of partially funding the payment to the DRC Government of the Supplementary Block 3 Signature Bonus.
- 10.15 An extension agreement concluded on 26 July 2010 between DIG, Encha, Columbia, Moosa, SacOil, SacOil (Proprietary) Limited and Brown in terms of which it was agreed that the date for fulfilment or waiver of the suspensive conditions of the restructure agreements (being the agreements referred to in paragraphs 10.6 to 10.14 above) to which each is a party is extended to 30 September 2010.
- 10.16 An engagement letter concluded on 21 September 2010 between finnCap and SacOil in terms of which SacOil appointed finnCap to act as nominated adviser, financial adviser and joint broker to SacOil. The provisions of the finnCap engagement letter were subsequently supplemented by a further engagement letter concluded between finnCap and SacOil on 21 September 2010 in terms of which SacOil appointed finnCap to act as financial advisor and broker to SacOil in connection with a proposed placing.
- 10.17 An appointment letter concluded on 21 September 2010 between Renaissance Capital Limited ("Renaissance") and SacOil in terms of which SacOil instructed Renaissance to act as exclusive manager and bookrunner to SacOil in connection with the proposed offering of Ordinary Shares which are to be admitted to trading on AIM. SacOil has also undertaken to appoint Renaissance as corporate broker to SacOil, which appointment shall be recorded in a separate agreement.
- 10.18 A master joint venture agreement concluded on 24 September 2010 between EERNL and SacOil (the "MJVA") in terms of which an unincorporated joint venture between the parties named "SacOil-EER" was established, which joint venture shall operate the business of the acquisition and/or development of oil and gas assets in Nigeria.
- 10.19 A farm out and participation agreement concluded on 6 October 2010 between Transcorp, EER 281 and SacOil 281 in terms of which the parties record the basis upon which EER 281 and SacOil 281 will each acquire a 20 per cent. participating interest in OPL 281 from Transcorp. Further particulars of the OPL 281 Farm-Out Agreement are set out in Section 2 of Part I.
- 10.20 A joint operating agreement (the "OPL 281 Joint Operating Agreement") concluded on 6 October 2010 between Transcorp, EER 281 and SacOil 281 in terms of which the parties define their respective rights and obligations under, and provide for joint exploration, development and production of hydrocarbons in respect of, OPL 281 and any mining lease derived from OPL 281.
- 10.21 A technical assistance agreement (the "**OPL 281 Technical Assistance Agreement**") concluded on 16 October 2010 between Transcorp, EER 281 and SacOil 281 in terms of which the parties provide for EER 281 and SacOil 281 to assist Transcorp in performing its obligations as "Operator" under the OPL 281 Joint Operating Agreement.
- 10.22 A farm-in agreement concluded on 30 November 2010 between NIGDEL, EER 233 and SacOil in terms of which the parties record the basis upon which EER 233 and SacOil 233 will each acquire a

20 per cent. participating interest in OPL 233 from NIGDEL. Further particulars of the OPL 233 Farm-In Agreement are set out in Section 2 of Part I.

- 10.23 A joint operating agreement (the “OPL 233 Joint Operating Agreement”) concluded on 30 November 2010 between NIGDEL, EER 233 and SacOil 233 in terms of which the parties defined their respective rights and obligations under, and provide for joint exploration, development and production of hydrocarbons in respect of, OPL 233 and any mining lease derived from OPL 233.
- 10.24 A technical assistance agreement concluded on 30 November 2010 between NIGDEL, EER 233 and SacOil 233 in terms of which the parties provide for EER 233 to assist NIGDEL in performing its obligations as “Operator” under the OPL 233 Joint Operating Agreement.
- 10.25 A letter agreement concluded on 5 January 2011 between Renaissance BJM and SacOil in terms of which SacOil appointed Renaissance BJM as its exclusive financial advisor in respect of the potential investment by Total Group in Block 3. The agreement provides, that in consideration for the services provided by Renaissance BJM, the Company shall pay Renaissance a fee of US\$500,000 within 7 business days following the payment by Total to SacOil of any consideration in respect of such investment, provided that such fee shall be structured on the basis that (i) SacOil shall effect payment of the amount of US\$250,000 in cash and (ii) SacOil shall issue to Renaissance BJM shares with an aggregate value of US\$250,000.
- 10.26 A memorandum of agreement concluded on 20 January 2011 between SacOil, DIG and Brown (the “Semliki Memorandum of Agreement”) which was amended and restated by the parties on 23 February 2011 (the “Restated Semliki Memorandum of Agreement”). The Restated Semliki Memorandum of Agreement records that the parties agree that the sole asset of Semliki shall be its interest in Block 3 and that Semliki shall function as a holding company. In addition, the parties agree *inter alia* that:
- SacOil and DIG shall be entitled to receive a distribution of the Initial Total Consideration received by Semliki pursuant to the Total Agreement (a summary of which is set out in paragraph 10.28 below). SacOil shall be entitled to receive payment of the amount of US\$11,937,500 (the “SacOil Portion”) and DIG shall be entitled to receive payment of the amount of US\$9,062,500;
 - the SacOil Portion of the Initial Total Consideration shall be paid into a bank account held in the name of Semliki nominated by SacOil Holdings (the “SacOil Portion Bank Account”);
 - subject to the consent of the DRC Government, it is the intention of SacOil and DIG to restructure their respective interests in Block 3 (currently held indirectly through Semliki) so that SacOil and DIG hold their interests independently;
 - SacOil is entitled to receive 35 per cent. of any compensation received by DIG from the DRC Government in relation to Block I, Albertine Graben, DRC; and
 - with effect from the signature date, DIG sells to SacOil the entire shareholding of DIG in SacOil (Proprietary) Limited for a purchase consideration of R1 (one Rand).
- 10.27 An addendum to the Semliki Memorandum of Agreement concluded on 28 January 2011 between SacOil, DIG and Brown in terms of which the parties agree that the Semliki Memorandum of Agreement (a summary of which is set out in paragraph 10.26 above) is supplemented in the following respects:
- SacOil undertakes in favour of DIG, Brown and Semliki that it shall indemnify and hold Semliki harmless against 50 per cent. of all claims in relation to all taxes incurred by Semliki in consequence of the implementation of the transactions contemplated in the Total Agreement (a summary of which is set out in paragraph 10.28 below); and
 - DIG undertakes in favour of SacOil, Brown and Semliki that it shall indemnify and hold Semliki harmless against 50 per cent. of all claims in relation to all taxes incurred by Semliki

in consequence of the implementation of the transactions contemplated in the Total Agreement (a summary of which is set out in paragraph 10.28 below).

10.28 A farm-in agreement in respect of the Block 3 Interest dated 1 March 2011 between Semliki and Total. In terms of the agreement, Semliki agrees, subject to the fulfillment of certain conditions precedent (which are to be satisfied or waived on or before the date falling 30 calendar days after the date of the agreement or a later date mutually agreed in writing between the parties), to transfer the Block 3 Interest to Total. The agreement provides for the following consideration for the transfer of the Block 3 Interest:

- on the Completion Date, Total shall make payment to Semliki of US\$15,000,000 (the “Initial Total Consideration”);
- Total shall make payment of Semliki’s 40 per cent. participating interest share of costs incurred under the terms of the Block 3 Production Sharing Agreement and a joint operating agreement in respect of Block 3 to be negotiated between Semliki and Total, from the Completion Date until the FID Date, which carried costs are recoverable by Total;
- Total shall make a bonus payment to Semliki of US\$58,000,000 within 3 business days of the FID Date; and
- Total shall make a bonus payment to Semliki of US\$50,000,000 within 3 business days of the First Oil Date.

The conditions precedent to the transaction include:

- the written approval of the Minister of Hydrocarbon of the DRC to the transfer of the Block 3 Interest;
- the completion to the satisfaction of Total of a due diligence investigation of the Block 3 Interest;
- the approval of the shareholders of Semliki and SacOil for the transactions contemplated in the agreement; and
- the approval of the executive committee of Total for the transactions contemplated in the agreement.

10.29 A bid document executed on 12 January 2011 (the “OML 42 Bid Document”) submitted by the Bid Consortium to the Bid Vendors in respect of a bid by the Bid Consortium to acquire the aggregate 45 per cent. interest held by the Bid Vendors in OML 42. The OML 42 Bid Document provides that any interest secured will be transferred to a special purpose vehicle (“BidCo”). EER and SacOil shall hold an aggregate equity interest of 55 per cent. in BidCo and Essar shall hold a 45 per cent. equity interest in BidCo. EER and SacOil shall hold an aggregate economic interest of 30 per cent. in BidCo and Essar shall hold an economic interest of 70 per cent. in BidCo. The OML 42 Bid Document contemplates *inter alia* that the Bid Vendors shall pay 10 per cent. of the bid amount (equating to approximately US\$12,000,000) into escrow (the “**Bid Escrow Amount**”). SacOil has discharged its obligations in respect of payment of the Bid Escrow Amount. On 4 March 2011, the Bid Vendors notified the Bid Consortium that the OML 42 bid had been unsuccessful and that the Bid Escrow Amount would be returned to the Bid Consortium.

10.30 A deed of amendment and novation dated 21 January 2011 between Transcorp, TEL, EER 281 and SacOil 281 in terms of which the parties agree to the accession of TEL as a party to the:

- the OPL 281 Farm-Out Agreement (a summary of which is set out in paragraph 10.19 above);
- the OPL 281 Joint Operating Agreement (a summary of which is set out in paragraph 10.20 above);

- the deed of assignment (the “OPL 281 Deed of Assignment”) to be concluded between the Parties in relation to the transfer and assignment of the OPL 281 Interest to the OPL 281 Investors;
- the OPL 281 Technical Assistance Agreement (a summary of which is set out in paragraph 10.21 above),

and to the amendment of the terms of those agreements to provide *inter alia* for the assignment and transfer by Transcorp of its rights, benefits and obligations under OPL 281 to TEL, and for the payment by SacOil 281, on behalf of the OPL 281 Investors, of the OPL 281 Residual Signature Bonus to the Nigerian Government by no later than 28 February 2011. In terms of the OPL 281 Deed of Amendment and Novation, the failure by SacOil to timeously pay the OPL 281 Residual Signature Bonus shall result in the termination of all agreements between the parties unless:

- the parties agree to extend the payment date;
- SacOil 281 is able to provide evidence that the transfer of the OPL 281 Residual Signature Bonus to the designated account was effected timeously; or
- the payment of the OPL 281 Residual Signature Bonus was delayed as a result of the failure of Transcorp or TEL to provide certain stipulated documents or where it is discovered that the designated account details provided were incorrect.

The OPL 281 Deed of Amendment and Novation further states that Transcorp shall provide to the OPL 281 Investors a guarantee (the further details of which are set out in paragraph 10.31 below) guaranteeing the performance of certain obligations by TEL.

10.31 A parent company guarantee dated January 2011 between Transcorp, TEL, EER 281 and SacOil 281 in terms of which Transcorp has agreed to guarantee the due performance of all of the obligations of TEL under the:

- the OPL 281 Farm-Out Agreement (as amended by the OPL 281 Deed of Amendment and Novation); and
- the OPL 281 Deed of Assignment.

10.32 A facility agreement concluded on 18 February 2011 between SacOil, Encha, Renaissance BJM and Renaissance Cyprus (as subsequently amended and restated by the Facility Agreement Supplemental Agreement, a summary of which is set out in paragraph 10.38 below) (the “Facility Agreement”) in terms of which it is agreed, subject to the fulfilment of certain conditions precedent, that Renaissance BJM shall make available to SacOil a term loan facility (the “**Facility**”) in three tranches, being:

- an amount of US\$12,900,000 (“Tranche A”);
- a Rand amount equivalent to US\$12,000,000 (“Tranche B”); and
- a Rand amount equivalent to US\$6,000,000 (“Tranche C”).

The right of SacOil to make a drawdown under the Facility Agreement is subject to the satisfaction of waiver of various stipulated conditions precedent including:

- approval from the South African Securities Regulation Panel that Renaissance BJM taking security over up to 35 per cent. of the issued Ordinary Shares does not trigger requirement to make an offer for the remaining Ordinary Shares;
- exchange control approval from the Financial Surveillance Department of the South African Reserve Bank in relation to the transaction;
- Semliki shall have opened an account with Investec Bank Limited (“Investec”) which shall be charged in favour of Renaissance BJM;

- evidence of satisfaction of each of the conditions precedent stipulated in the Total Agreement, other than the consents of the DRC Government;
- EERNL consent to SacOil assigning its rights in relation to OML 42 under the MJVA to Renaissance BJM.

The agreement contemplates that EER, Essar and SacOil shall enter into an amendment and accession agreement amending and restating a memorandum of understanding concluded between EER and Essar on 29 November 2010 in relation to a joint bid to SPDC to acquire its interest in OML 40 and/or OML 42 (the “Restated MOU”) and that SacOil shall accede to the Restated MOU. The agreement further contemplates that EER, Essar and SacOil shall enter into a memorandum of agreement in terms of which the study and bid group agreement concluded between EER and Essar in relation to OML 40 and/or OML 42 is amended and restated (the “Restated Bid Agreement”) and SacOil accedes to the Restated Bid Agreement. Neither the Restated MOU nor the Restated Bid Agreement have been concluded.

The agreement provides that SacOil shall apply all amounts borrowed by it under Tranche A to the payment of the facility arrangement fee, being US\$900,000, and to payment of the escrow bid amount due by SacOil under the Restated Bid Agreement. Tranche B shall be applied towards the repayment of Tranche A and the amount of Tranche A repaid by the Company and the amount to be drawdown by the Company under Tranche B shall be netted off against each other. Tranche C will only be available for drawdown on 30 days notice to Renaissance and must be applied towards the purchase of title to OPL 233 and OPL 281. Interest shall be payable at the rate of 30 per cent. per annum. Renaissance BJM has the right to convert (“Equity Conversion”) the repayment amount into Ordinary Shares (“Conversion Shares”) at a conversion price equivalent to 0.9 multiplied by the arithmetic average of the daily volume weighted average closing price in Rand of the Ordinary Shares for a period of 30 trading days prior to (but excluding) the utilisation date of the relevant tranche of the loan (the “Conversion Price”). Renaissance BJM is entitled to exercise its Equity Conversion right on the date of repayment or alternatively to defer the exercise of the right until the date when the total amount outstanding under the tranche is finally repaid. Renaissance BJM is further entitled to elect cash settlement of the Equity Conversion on the repayment date in an amount equivalent to the number of Conversion Shares multiplied by the difference between the arithmetic average of the daily volume weighted closing price in Rand of the Ordinary Shares for a period of 30 trading days prior to (but excluding) the relevant repayment date and the Conversion Price.

Under the Facility Agreement SacOil provides various undertakings to Renaissance BJM which restrict the manner in which SacOil may conduct its business. These undertakings are stipulated to remain in force from the date of the Facility Agreement for so long as any amount is outstanding under the finance documents (as that term is defined in the Facility Agreement including the First Call Option Agreement (a summary of which is set out in paragraph 10.30 below). These undertakings *inter alia* restrict the ability of SacOil to (i) create security over any of its assets, (ii) dispose of any asset, (iii) enter into any merger or corporate reconstruction, (iv) incur financial indebtedness other than specifically permitted under the Facility Agreement, (v) change the general nature of its business and (vi) make any acquisition or investment other than as specifically permitted by the Facility Agreement.

The Facility Agreement contemplates a number of events of default which, if triggered, will entitle Renaissance BJM to cancel the facility and to declare that all or part of the loans together with accrued interest and other outstanding amounts be immediately due and payable. These events of default include, *inter alia*, the following transaction-specific events of default:

- SacOil failing to pay any portion of the purchase price payable by it in relation to the OML 42 Bid (as described in paragraph 10.29 above) on due date;
- Semliki repudiating the Total Agreement;
- Total failing to pay the Initial Total Consideration for any reason;

- EER becoming subject to an insolvency event; and
- the Ordinary Shares are not admitted to trading on AIM by 15 April 2011.

The Company drew down on Tranche A of the Facility on 18 February 2011. In terms of the Facility Agreement Supplemental Agreement (a summary of which is set out in paragraph 10.38 below) it was agreed by the parties that Tranche B was deemed to be drawn down by the Company, and an amount of US\$ 12 000 000 was deemed to be repaid by the Company in respect of Tranche A, on 28 February 2011. The Facility Agreement provides that, on this basis, the sum of US\$ 2 803 700 (the “Tranche A Remainder Amount”) will remain outstanding under Tranche A and will continue to bear interest until repaid but that the Equity Conversion will not apply to the Tranche A Remainder Amount.

10.33 A letter agreement concluded on 18 February 2011 (the “First Call Option Agreement”) between Renaissance BJM and SacOil in terms of which SacOil grants to Renaissance BJM a European call option in relation to Tranche A of the Facility in respect of 6,394,888 Ordinary Shares at a strike price of R1.45241. The call options shall expire on 20 February 2012.

10.34 A security cession agreement concluded on 23 February 2011 between Semliki, SacOil, Renaissance BJM and Investec Bank Limited (“**Investec**”) in terms of which both of SacOil and Semliki cedes certain rights to Renaissance BJM, as security for each obligation of:

- SacOil to Renaissance BJM under the finance documents (as that term is defined under the Facility Agreement); and
- Semliki to Renaissance BJM under a guarantee granted by Semliki for the proper and punctual payment by SacOil of all amounts due and owing by SacOil to Renaissance BJM.

In particular:

- Semliki cedes *in securitatem debiti* to Renaissance BJM all of its rights under the Total Agreement to demand and receive payment from Total of the SacOil Portion of the Initial Consideration; and
- SacOil cedes *in securitatem debiti* to Renaissance BJM all of its rights:
 - to demand and receive payment of the SacOil Portion of the Initial Total Consideration from Semliki;
 - to demand and receive payment of any refund in respect of OML 42 under the MJVA or the Restated MOU; and
 - under the Restated Bid Agreement.

In addition to the cession mentioned above, Semliki cedes *in securitatem debiti* to Renaissance BJM all of its rights to the Semliki Portion Bank Account held at Investec (including any amount standing to the credit of that account).

10.35 A letter agreement concluded on 28 February 2011 between Renaissance BJM and SacOil in terms of which SacOil grants to Renaissance a European call option in relation to Tranche B of the Facility in respect of 5,626,234 Ordinary Shares at a strike price of R1.48633. The call options expire on 20 February 2012.

10.36 A memorandum of agreement concluded on 28 February 2011 between SacOil and Encha in terms of which Encha undertakes to utilize its reasonable commercial endeavours to:

- assist SacOil in raising capital (“**Capital Raising**”);
- procure security required by any provider of funding to SacOil, which assistance may include, at the sole election of Encha, the cession and pledge of ordinary shares held by Encha to such funder *in securitatem debiti* (a “**Share Pledge**”); and

- introduce SacOil to energy-related business opportunities and facilitate the implementation by SacOil of transactions in respect of such business opportunities (“**Designated Transactions**”) (collectively the “**Services**”).

The agreement provides that Encha is entitled to receive remuneration from SacOil in relation to the provision of the Services in the form of cash or Ordinary Shares, at the election of SacOil, as follows:

- in respect of Capital Raising, a fee equivalent to 2.5 per cent. of the capital raised;
- in respect of a Share Pledge, a fee equivalent to 3 per cent. of the aggregate value of the Ordinary Shares subject to the Share Pledge; and
- in respect of a Designated Transaction, a fee equivalent to 1.5 per cent. of the value of the Designated Transaction.

The agreement has a retrospective commencement date of 1 February 2011. The agreement records however that, notwithstanding the commencement date of the agreement, any transaction implemented by SacOil pursuant to the joint venture contemplated in the MJVA shall be deemed to be a Designated Transaction for purposes of the agreement.

10.37 On 17 February 2011, the Public Investment Corporation (“PIC”) executed an irrevocable undertaking to subscribe for 46,666,666 Ordinary Shares (the “PIC Shares”) for cash at a subscription price of R1.50 per Ordinary Share (constituting an aggregate subscription price of R70,000,000), subject to the approval of the Board and the South African regulatory authorities. On 21 February 2011 the Company applied to the JSE for the listing of the PIC Shares on the basis that the PIC Shares would be allotted and issued to the PIC on 28 February 2011 (the “PIC Issue”).

10.38 On 3 March 2011, SacOil, Encha, Renaissance BJM and Renaissance Cyprus entered into a supplemental agreement (the “Facility Agreement Supplemental Agreement”) amending and restating the Facility Agreement with effect from 28 February 2011. The Facility Agreement Supplemental Agreement records that:

- the parties agree that, for purposes of their rights and obligations under the finance documents (as that term is defined in the Facility Agreement), an amount of US\$12,000,000 of Tranche A of the Facility was repaid, and Tranche B of the Facility was drawn down, on 28 February 2011;
- on this basis interest accrued on Tranche A in the amount of US\$106,027;
- Renaissance BJM notifies SacOil that it wishes to cash settle the Equity Conversion that arises in connection with the repayment of Tranche A and the parties agree that the cash settlement amount in respect of Tranche A is US\$1,797,673; and
- Renaissance BJM consents to SacOil having made payment to Transcorp of the amount of US\$12,500,000 in respect of OPL 281 on 28 February 2011.

10.39 On 8 March 2011, the Company, the Directors and finnCap entered into an admission agreement pursuant to which finnCap conditionally agreed to act as the Company’s corporate adviser in connection with Admission. The conditions to the admission agreement include, *inter alia*, the passing of resolutions of the Shareholders at an extraordinary general meeting to be held on or about 31 March 2011 and Admission becoming effective on 8 April 2011 (or such later date as the Company and finnCap may agree being not later than 30 April 2011). The Company and the Directors have given warranties in favour of finnCap and the Company has given an indemnity in favour of finnCap pursuant to the admission agreement. finnCap may terminate the admission agreement prior to Admission in certain circumstances including where it comes to the attention of finnCap that any of the warranties given under the agreement are untrue or misleading in any material respect.

11. Dependence on Licences or Contracts

Save as disclosed in this document or as otherwise disclosed on the Public Record, the Company is not dependent on any intellectual property rights, licences or particular contracts which are of material importance for the Group's business or profitability.

12. Litigation

- 12.1 Save as disclosed in this paragraph 12 or as otherwise disclosed on the Public Record, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened so far as the Company is aware) in the previous 12 months which may have, or have had in the recent past significant effects on the financial position or profitability of the Company and/or the Group.
- 12.2 The Company has been cited as defendant in two actions instituted by one Joseph Gadifele Modibane ("Modibane") in the North Gauteng High Court. In his first action, Modibane alleges that he was entitled to receive 105,000,000 Ordinary Shares at an issue price of 30 cents per Ordinary Share but that the Company unlawfully declined to deliver the Ordinary Shares to him. Modibane alleges that in consequence of the Company's alleged unlawful conduct he is entitled to claim damages from the Company in the amount of R67,200,000.
- 12.3 In a second action, Modibane alleges that the content of an announcement made by the Company on 15 September 2010 in relation to the first action, was defamatory to Modibane and claims payment from the Company of damages in the amount of R80,000,000.
- 12.4 Having regard to the information in its possession at the date of this document, the Board is of the view that each of the aforementioned claims are without factual foundation and have no substance. The Company has therefore instructed its South African legal representatives, Deneys Reitz, to vigorously defend the actions and seek costs against Modibane.
- 12.5 SacOil (Proprietary) Limited, a company of which the Company currently owns 50 per cent. of the issued share capital, has been cited as a respondent in motion proceedings instituted by Identiguard International (Pty) Limited ("Identiguard") in the South Gauteng High Court in relation to a judgment debt obtained in 2003 by Identiguard against the DRC Government and, of which approximately US\$7,000,000 currently remains outstanding (the "Judgment Debt"). Identiguard seeks an order directing SacOil (Proprietary) Limited to effect payment of the Block 3 Supplementary Signature Bonus to the Sheriff of the High Court (who will receive it on behalf of Identiguard) in partial reduction of the Judgment Debt. The DRC Government has indicated that it will not recognise a payment to the Sheriff of the High Court as a discharge of the payment obligations of the Block 3 Contractant under the Block 3 Production Sharing Agreement. A failure to effect timely payment of the Block 3 Supplementary Signature Bonus would constitute a breach of the provisions of the Block 3 Production Sharing Agreement which would render the agreement susceptible to termination by the DRC Government. SacOil (Proprietary) Limited has argued, *inter alia*, that having regard to the circumstances of the matter, the South Gauteng High Court does not have the jurisdiction to grant the order sought by Identiguard.
- 12.6 Having regard to the information in its possession at the date of this document, the Board is of the view that the aforementioned claim by Identiguard is without foundation and does not have a proper legal basis. The Company has therefore instructed its South African legal representatives, Deneys Reitz, to vigorously defend the action and seek costs against Identiguard.

13. JSE Rules

- 13.1 On 30 July 2010, Robin Vela accepted the award of options over Ordinary Shares as granted to him by resolution of the Board. This was announced by the Company on 10 August 2010. Under Rule 3.65 of the JSE Listing Requirements, the acceptance of the award was required to be announced within 24 hours. On 13 September 2010, the JSE wrote to Robin Vela, following full co-operation by him

with their queries, to inform him that the JSE would not take any further action other than to issue him with a private censure.

The Company and Robin Vela both attribute failure to comply with Rule 3.65 to the fact that there had been a change to the JSE Listing Requirements on 1 April 2010 which made the award of an option (rather than its exercise) disclosable.

- 13.2 On 5 July 2010, SacOil signed an agreement with a creditor, GVM, to settle the debt due by the issue of 8,343,216 Ordinary Shares to GVM. The Ordinary Shares in question were issued and listed on the JSE on 29 July 2010, following which the Company recognised that the transaction should be classified as a “related party transaction” by virtue of GVM being a subsidiary of Coal of Africa plc, of which Richard Linnell is Non-Executive Chairman and a minority shareholder. As such, the Company should have obtained shareholder approval for the transaction. Shareholder authority was sought subsequent to the transaction and was given.
- 13.3 The Company and finnCap are satisfied that the Company has in place sufficient systems, procedures and controls in order to comply with the AIM Rules for Companies.

14. Significant Change

Historical unaudited financial information of the Group for the six months to 31 August 2010 was announced on 29 October 2010 and a copy of the interim results is available on the Company’s website www.sacoilholdings.com. There has been no significant or material change in the financial or trading position of SacOil since this date.

15. Taxation

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom or South Africa for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Revenue & Customs practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK or South Africa should consult his own professional adviser immediately.

The following paragraphs have been prepared on the basis that SacOil will be resident in South Africa, and not resident in the United Kingdom, for tax purposes. Attention is drawn to the section entitled “Tax related risks” on page 35.

15.1 United Kingdom

15.1.1 Taxation on dividends

A UK tax resident shareholder who is an individual holding less than 10 per cent. of the issued shares in the Company will generally be entitled on receipt of a dividend from a non-UK resident company to a tax credit equal to one ninth of the net dividend (i.e. one tenth or 10 per cent. of the aggregate of the net dividend and associated tax credit). A UK tax resident shareholder who is an individual holding 10 per cent. or more of the issued shares in the Company will also presently be entitled to the same tax credit as South Africa is a qualifying territory at the time of payment. A “qualifying territory” is a territory with which the UK has a double tax treaty that contains a non-discrimination provision and the UK and South Africa double tax treaty has such a provision.

(i) **Basic rate taxpayer**

The rate of income tax payable on dividends received by a UK tax resident individual shareholder whose total income falls within the threshold for basic rate tax is 10 per cent. Accordingly, the tax credit will discharge such shareholder’s liability to UK income tax on the dividend.

(ii) Higher rate taxpayer

The rate of income tax applying to dividends received by a UK tax resident individual shareholder and liable to income tax at the higher rate of 40 per cent. is 32.5 per cent. of the gross dividend. Higher rate taxpayers will have income tax to pay (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the net dividend and tax credit (equivalent to 25 per cent. of the dividend received).

(iii) Additional rate taxpayer

Dividends received by UK tax resident individual Shareholders and with taxable income in excess of £150,000 (and liable to income tax at the additional rate of 50 per cent.) are subject to income tax at 42.5 per cent. on that excess (the dividend additional rate). The tax credit will have the effect that such Shareholders will account for UK tax equal to 36.11 per cent. of the net cash dividend.

Dividends received from shares held in the Company and received by a UK resident company will generally be exempt from UK corporation tax provided the UK resident company is a small company as defined in EU legislation, the paying company is resident in a “qualifying territory”, the paying company has not obtained a tax deduction in respect of the dividend and the dividend does not form a part of a tax advantage scheme. Dividends received by companies that are not small are in general exempt if the dividend falls into an exempt class and other conditions in relation to the distribution are met.

15.1.2 *Taxation on chargeable gains*

Disposal of Ordinary Shares by a Shareholder may, depending on their individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

A disposal of Ordinary Shares by a Shareholder who is not resident in the UK for tax purposes but who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment may, depending on their individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

A Shareholder who is an individual not domiciled in the UK may, if all relevant claims are made and charges paid, be liable to UK capital gains tax only to the extent that chargeable gains made on the disposal of Ordinary Shares are remitted or deemed to be remitted to the UK.

A Shareholder who is an individual and who is temporarily not resident in the UK may, under anti-avoidance legislation, still be liable to UK taxation on a chargeable gain realised on the disposal or part disposal of his Ordinary Shares during the period when he is non-resident such liability to arise on his return to the UK.

For corporate shareholders only, indexation allowance on the relevant proportion of the original allowable cost should be taken into account for the purposes of calculating a chargeable gain (but not an allowable loss) arising on a disposal or part disposal of their Ordinary Shares. No indexation allowance or taper relief will be available to individual Shareholders on disposals of their Ordinary Shares.

15.1.3 *Attribution of gains to members of non-resident Companies*

The attention of persons resident or ordinarily resident in the UK for taxation purposes (whether or not domiciled in the UK) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992. Generally, if a Company is controlled by five or fewer persons, or by participants who are directors, then its capital gains are apportioned amongst the

participants in the company's income or capital and taxed in their hands if they are UK taxpayers according to each person's proportionate interest in the company. These rules do not apply to any person who does not have greater than a 10 per cent. interest in the company. However, in calculating the size of interest, the interests of connected persons are aggregated. The rules apply to non-domiciled persons in a modified way.

15.1.4 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

Generally, no liability to stamp duty or stamp duty reserve tax ("SDRT") should arise on the issue of Ordinary Shares or on the issue of definitive share certificates (unless issued into a clearance system or depositary arrangement, on which see below). Any subsequent conveyance or transfer of Ordinary Shares outside the CREST system will normally be liable to stamp duty in the hands of the purchaser or transferee at the rate of 0.5 per cent. of the actual consideration rounded up to the next £5. An unconditional agreement to transfer shares will normally give rise to a charge of SDRT in the hands of the purchaser at the rate of 0.5 per cent. of the amount or value of the consideration for the shares. However, where within six years of the date of the agreement, an instrument of transfer is executed and duly stamped, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid.

Under the CREST system for paperless share transfer, deposits of Ordinary Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at the rate of 0.5 per cent. of the value of the consideration given. Subsequent paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT from the purchaser of the shares on relevant transactions settled within the system.

When Ordinary Shares are issued or transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is to include issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of, the amount or value of the consideration payable, or in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such person, the issue price of the Ordinary Shares.

The above statements are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and others may be liable at a higher rate or may although not primarily liable for tax be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

15.2 *South Africa*

The following summary of the anticipated treatment of SacOil and holders of Ordinary Shares (other than holders who are tax resident in South Africa) is based on South Africa taxation law as it is understood to apply at the date of this document. It does not constitute legal or tax advice. SacOil Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of Ordinary Shares under the laws of the jurisdictions in which they may be liable to taxation. SacOil Shareholders should be aware that tax laws, rules and practice and their interpretation may change.

15.2.1 *Income tax*

SacOil

SacOil is tax resident in South Africa as it is both incorporated and effectively managed in South Africa with the result that it will be liable to tax in South Africa on its worldwide income, subject to the provisions of any applicable Double Tax Agreements ("DTAs").

SacOil will be subject to income tax in South Africa at a rate of 28 per cent., Capital Gains Tax (“CGT”) at a rate of 14 per cent. and Secondary Tax on Companies (“STC”), being a tax on distributed profits, at a rate of 10 per cent. of the net amount of any dividends declared.

Holders of Ordinary Shares

Currently, SacOil is obliged to pay STC in respect of any dividends declared to holders of Ordinary Shares, however it will be entitled to pay dividends to holders of Ordinary Shares without any further withholding or deduction for or on account of South Africa tax. A dividend withholding tax regime will be introduced in South Africa on 1 April 2012 and a dividend withholding tax, payable at shareholder level, will be introduced at a flat rate of 10 per cent.. Holders of Ordinary Shares should monitor progress in this regard as, subject to the provisions of any applicable DTAs, the introduction of a South African dividend withholding tax will affect the taxation of dividends paid by SacOil to holders of Ordinary Shares.

Holders of Ordinary Shares (other than holders who are tax resident in South Africa), will generally not be subject to any CGT in South Africa in respect of the holding, sale or other disposition of such Ordinary Shares, unless they are natural person who are present in the country for a specified periods, or are corporate entities which have a permanent establishment in South Africa which held the shares in question. Traders in shares will be subject to the South African source rules read with any applicable DTAs.

15.2.2 Securities Transfer Tax (“STT”)

STT is not payable on the creation of newly issued Ordinary Shares. STT is payable in South Africa on the subsequent transfer of Ordinary Shares at a rate of 0,25 per cent. of the consideration paid. UK stamp duty will continue to be paid when shares and securities are acquired in UK companies.

In addition, application and other fees may be payable.

If you are in any doubt as to your position, or are subject to taxation in a jurisdiction other than the United Kingdom or South Africa you should consult an appropriate professional advisor without delay.

16. General

- 16.1 finnCap has given and has not withdrawn its consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 16.2 finnCap which is authorised and regulated by the Financial Services Authority, has its registered office at 60 New Broad Street, London, EC2M 1JJ.
- 16.3 The estimated amount of the expenses of the Admission which are all payable by SacOil is £400,000 (excluding VAT).
- 16.4 Save as is disclosed in this document or as otherwise disclosed on the Public Record:
- there have been not interruptions in the Group’s business which may have or have had in the past twelve months a significant effect on the Company’s financial position;
 - the Group has not made any investments since 31 August 2010 (being the date to which the unaudited financial information of the Group has been prepared) up to the date of this document;
 - there are no significant investments by the Group under active consideration nor are there any future investments on which the Directors have already made firm commitments;
 - the Directors are not aware of any exceptional factors which have influenced the activities of the Group;

- the Directors are not aware of any material environmental issues or risks which could affect the Group or its operations; and
- the Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

16.5 Save as disclosed in this document or as otherwise disclosed on the Public Record, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current financial year.

16.6 Except for fees payable to the professional advisers whose names are set out in this document and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement (not otherwise disclosed in this document) to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

17. Availability of this document

Copies of this document will be available on the Company's website, www.sacoilholdings.com, and free of charge from SacOil's registered office and at the offices of finnCap at 60 New Broad Street, London, EC2M 1JJ during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

18. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Fasken Martineau LLP, 17 Hanover Square, London W1S 1HU during the usual business hours on any weekday (weekends and public holidays excepted) for the period of one month following the date of this document:

- the Memorandum and Articles;
- the audited financial statements of SacOil for the year ended 28 February 2010, the eight months ended 28 February 2009 and the year ended 30 June 2008;
- all agreements as listed in paragraph 10 of Part III of this document;
- the Block 3 CPR;
- the OPL 281 CPR; and
- the OPL 233 CPR.