



Half yearly 2011 Financial Results

AIM and JSE listed – SacOil Holdings Limited, the African independent upstream oil and gas company, is pleased to announce its half-yearly financial results for the six months ended 31 August 2011.

Commenting, Robin Vela, CEO, said:

"The focus over the last six months has been on managing the Company's exposure to the high impact exploration assets in the highly prospective Albertine Basin, whilst retaining significant potential upside for shareholders. Our attention has also been on procuring funding in order to de-risk and fast track the work program obligations of our asset portfolio and progressing towards early production and revenues from our oil concession blocks, OPL 233 and OPL 281, in Nigeria. We successfully did this through the farm-out to Total and the recently announced Standby Equity Distribution Agreement. Combined, this puts us in a good position to fast track and develop our asset position and opportunities and we look forward to the next six months of the financial year with added confidence."

Interim Statement

Operations

During the period, SacOil, through Semiki Energy SPRL ("Semiki"), a company incorporated in the DRC and in which it holds a 50% interest, successfully concluded a farm-out and transfer of a 60% legal and beneficial participating interest and ownership of Block III to Total. DIG Oil Proprietary Limited ("DIG") holds the other 50% in Semiki. In return, SacOil gained:

- An immediate gross cash realisation of US\$7.5m (£4.6m);
- Future contingent cash bonuses of, in aggregate, US\$54.0m (£33.02m) and payable in two tranches;
- Full carry on exploration expenditure costs of at least US\$35m (£21.4m) until final investment decision;
- Settlement of a US\$1.4m (£0.9m) loan provided to DIG; and
- Knowledge and technical skills transfer via SacOil's representation on the management committee of Block III.

Under the terms of the farm-out, Total has committed to use all reasonable endeavors to meet the Block III Work Programme obligations and to reach final investment decision within three years from 31 March 2011, being the date on which the Block III Disposal was completed.

In line with the Company's strategy of managing high impact exploration risk but retaining meaningful upside, the farm-out to Total greatly de-risks the Company's remaining 12.5% effective interest in the Block, both financially through the carry on costs and operationally through the additional understanding and knowledge that Total brings as operator and a partner.

On 31 March 2011, SacOil received 50% of the initial consideration amounting to US\$7.5m (£4.6m) as a distribution from Semiki. Semiki also recognised an amount of R238.1m (£20.6m) in relation to the Block III Disposal.

On 31 March 2011, DIG settled a loan from SacOil amounting to US\$1.4m (£0.9m) out of its 50% share of the initial consideration. The loan advanced to DIG by SacOil was in terms of a loan agreement and related to signature bonuses paid by SacOil, on behalf of DIG, directly to the DRC Government on Block III.

Corporate

On 8 April 2011 SacOil was successfully admitted to the AIM market of the London Stock Exchange ("LSE"). Although the Company's primary listing remains on the Johannesburg Securities Exchange ("JSE"), its admission to AIM enables it to gain exposure to the European markets which have a well-developed understanding of the exploration and production industry.

SacOil believes that it has a compelling proposition to aggressively acquire new acreage on the African continent. Being a purely African-based company and with extensive experience in the region, it is ideally positioned to take advantage of the opportunities that arise, as well as to fast track, develop and de-risk these assets through to early production, thereby establishing the Company as a balanced portfolio independent African upstream company.

Board and Management

In line with the Company's aim to strengthen its board and management team and to build on its current senior oil and gas experience, during the period John Bentley and James William (Bill) Guest were appointed as independent non-executive directors.

John has over 40 years' experience in the natural resources sector. He has held senior positions in many listed and private oil and gas and mining companies as well as being instrumental in the listing of companies in both Johannesburg and London. He is currently Chairman of Faroe Petroleum plc, Chairman of Scotgold Resources Ltd, Deputy Chairman of Wentworth Resources Ltd and a Non-Executive Director of Resaca Exploration Inc and Kea Petroleum plc.

With over 35 years' of international exploration and production experience within the oil industry, Bill brings invaluable technical, business development and senior management experience to the Company. Having spent over 14 years on the main boards of London-listed Oil and Gas Exploration and Production companies, he also brings a significant amount of senior public company experience to SacOil.

In May 2011, the Company also appointed Bradley Cerff as its Vice President. Bradley joins from PetroSA where he held the position of Regional Manager for East and West Africa. Bradley has over 15 years' experience in the oil and gas industry as well as a Masters Degree in Science and Business Administration focused on foreign direct investment in the African oil and gas industries. He is also a member of the Society of Petroleum Engineers.

As from 14 November 2011, Colin Bird will return to being a Non-Executive Director of the Company. Colin was appointed as Executive Director of SacOil in October 2010 mainly to assist the Company in its application for an admission to AIM.

Financial

In order to ensure that the Group is sufficiently funded to fast track its current projects and be able to pursue new opportunities, the Company has secured the following:

- a Standby Equity Distribution Agreement ("SEDA") of US\$25m (£16m) ("Commitment Amount") with Yorkville Advisers UK LLP ("YA"). This facility is available to the Company for a period of three years. Under the SEDA, any issue of shares in the capital of the Company to YA constitutes a specific issue of shares for cash in terms of JSE Listings Requirements, and accordingly requires approval by Shareholders; and
- an irrevocable undertaking to subscribe for 111 940 298 new SacOil shares at an issue price of 67 cents per share from Timtex Investments Proprietary Limited ("Timtex"). The proceeds of R75m (£6.5m) have been received by SacOil and are being utilised to further advance the Group's various oil and gas projects and also pursue new opportunities that might arise.

Both the SEDA and the issue to Timtex are subject to shareholder approval at a general meeting of Shareholders to be held on Thursday, 17 November 2011.

Outlook

SacOil has made solid progress on a number of fronts over the last six months. With the farm-out to Total in place and the funds gained through the placing and the SEDA, the Company is well-positioned to be able to progress its plans in Nigeria as well as look at additional options to grow its asset portfolio.

The focus of most oil and gas companies in Africa is on high impact but sizable exploration assets. That leaves numerous already discovered and as such relatively de-risked smaller plays for SacOil to take advantage of. For a company of SacOil's size, these opportunities are not only highly commercial but also provide the potential for fast track production and revenue, which in turn creates the foundation for future step growth.

By order of the board

Melinda Gous Fusion Corporate Secretarial Services Proprietary Limited Company secretary	Contacts Pelham Bell Pottinger (Public Relations UK) Philip Dennis/Nick Lambert Tel: +44 (0) 20 7861 3232	The Riverbed Agency (Public Relations SA) Raphala Mogase Tel: +27 (0) 11 783 7903
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Johannesburg
14 November 2011

Highlights

Operational / Management / Corporate

- Successful farm-out of a 60% interest in Block III to Total E&P RDC ("Total") ("Block III Disposal") for:
 - US\$7.5m (£4.6m) cash payment received net to SacOil
 - US\$54m (£33.02m) contingent bonus payments net to SacOil
 - Full carry on exploration costs of at least US\$35m (£21.4m) to final investment decision
- Strengthened main board, with the appointments of John Bentley and James William (Bill) Guest as Independent Non-Executive Directors

Consolidated Statements of Comprehensive Income

Notes	Unaudited Six months Aug-11 R'000	Unaudited Six months Aug-10 R'000	Audited Twelve months Feb-11 R'000
Revenue	19 274	16 474	35 143
Cost of sales	(13 572)	(11 456)	(23 615)
Gross profit	5 702	5 017	11 528
Operating costs	(4 254)	(3 714)	(7 327)
Results from operating activities	2	1 303	4 201
Corporate costs	3	(30 192)	(24 680)
General and administration costs		(6 926)	(4 244)
		(4 244)	(28 702)
Finance income	6123	179	1 271
Finance costs	(2 032)	(10)	(17)
Net finance income	4 091	169	1 254
Equity settled expenses	4	(50 885)	(4 179)
Fair value adjustments		3 097	(2 229)
Net surplus on disposal of intangible assets	5	98 516	–
Profit/(Loss) from operations	50 728	(4 179)	(6 408)
Profit/(Loss) for the period before tax	19 149	(6 951)	(29 655)
Income tax	–	–	(95)
Profit/(Loss) for the period	19 149	(6 951)	(29 750)
Other comprehensive income			
Gains and losses on property revaluation	–	–	(340)
Income tax on other comprehensive income	–	–	95
Other comprehensive income for the period net of income tax	–	–	(245)
Total comprehensive income/(loss) for the period	19 149	(6 951)	(29 995)
Total comprehensive income/(loss) attributable to:			
Owners of the parent	(31 097)	(6 951)	(29 995)
Non-controlling interest	50 246	–	–
	19 149	(6 951)	(29 995)
Reconciliation of headline earnings			
Loss for the period	(31 097)	(6 951)	(29 750)
Loss on sale of intangible asset attributable to owners of the parent	5	69 810	–
Headline earnings/(loss)	38 713	(6 951)	(29 750)
Weighted average number of shares ('000)	680 555	314 800	449 629
Loss per share (cents)	1	(4,57)	(6,67)
Diluted loss per share (cents)	1	(4,49)	(6,16)
Headline earnings/(loss) per share (cents)	1	5,69	(6,62)
Diluted headline earnings/(loss) per share (cents)	1	5,59	(6,16)

Consolidated Statements of Financial Position

Notes	Unaudited Six months Aug-11 R'000	Unaudited Six months Aug-10 R'000	Audited Twelve months Feb-11 R'000
ASSETS			
Property, plant and equipment	6 282	7 135	6 644
Intangible assets	6	153 056	394 642
Deferred tax asset		799	895
Other financial assets	7	362 103	45 087
Non-current assets	522 240	8 030	447 172
Loans receivable	52 927	27 867	11 413
Inventories	2 401	2 578	2 408
Trade and sundry accounts receivable	8 829	5 576	6 317
Cash and cash equivalents	11 786	4 616	17 900
Current assets	75 943	40 637	38 038
Total assets	598 183	48 667	485 210
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Stated capital	8	468 380	86 229
Reserves		38 880	30 234
Accumulated loss		(127 297)	(73 399)
		379 963	43 065
Non-controlling interest		212 006	–
Total equity	591 969	43 065	468 997
Provision for environmental rehabilitation	1 006	886	946
Non-current liabilities	1 006	886	946
Trade and other payables	4 409	3 822	6 209
Deferred tax liability	799	895	799
Loans payable	–	–	8 259
Current liabilities	5 208	4 717	15 267
Total equity and liabilities	598 183	48 667	485 210
Number of shares in issue ('000)	683 929	321 635	674 900
Net asset value per share (cents)	86,55	13,39	69,57
Net tangible asset value per share (cents)	64,18	13,39	11,03

Statements of Changes in Equity

R'000	Stated capital	Revaluation reserve	Accumulated loss	Total equity
Balance at 28 February 2011	374 029	29 989	(96 200)	307 818
Ordinary shares issued	94 351	–	–	94 351
Loss for the period	–	–	(31 097)	(31 097)
Share-based payment expense	–	8 890	–	8 890
Balance at 31 August 2011	468 380	38 879	(127 297)	379 962

Cash Flow Statements

	Unaudited Six months Aug-11 R'000	Unaudited Six months Aug-10 R'000	Audited Twelve months Feb-11 R'000
Cash utilised in operating activities	(25 724)	(2 472)	(23 049)
Net investment income	4 088	169	1 254
Net cash flows from operating activities	(21 636)	(2 303)	(21 796)
Cash flows from investing activities			
Purchase of property, plant and equipment	(136)	–	–
Sale/(Acquisition) of intangible assets	101 967	–	(54 475)
Net cash flows from investing activities	101 831	–	(54 475)
Decrease in loans receivable	(119 223)	–	(45 477)
Equity-settled expenses	(41 994)	–	–
Finance lease payments	(91)	(79)	(154)
Proceeds on share issues	75 000	–	132 804
Cash flows from financing activities	(86 307)	(79)	87 172
Net movement in cash and cash equivalents	(6 113)	(2 382)	10 902
Cash and cash equivalents at the beginning of the period	17 900	6 998	6 998
Cash and cash equivalents at the end of the period	11 786	4 616	17 900

Registered office: 2 Floor, The Gabba, Dimension Data Campus, 57 Sloane Street, Bryanston, 2021, South Africa

Registered postal address: Postnet Suite 211, Private Bag X75, Bryanston, 2021, South Africa

JSE Sponsor: The Standard Bank of South Africa Limited

Nominated Adviser: finnCap Limited

Auditors: BDO South Africa Inc.

Corporate legal advisers: Norton Rose (South Africa)

Transfer secretaries: Link Market Services South Africa Proprietary Limited

Transfer secretaries United Kingdom: Computershare Investor Services (Jersey) Limited

- Strengthened management team with the appointment of Bradley Cerff as Vice-President
- Successful admission to AIM

Financial

- US\$7.5m (£4.6m) cash received and further potential proceeds of US\$54m (£33.02m) in relation to the Block III Disposal (net to SacOil)
- US\$10.6m cash (£6.5m) raised through equity
- Headline earnings up 657%
- Tangible Net Asset Value up 379%
- Greenhills plant net profit up 11%

Notes to the Interim Financial Statements for the six months ended 31 August 2011

Basis of preparation

The interim financial statements of the Group for the six months ended 31 August 2011 have been prepared in accordance with the Group's accounting policies, which comply with International Financial Reporting Standards as well as the AC 500 standards as issued by the Accounting Practices Board or its successor and are consistent with those of the previous year. This interim report has been prepared in accordance with and containing the information required by International Accounting Standard 34 – Interim Financial Reporting. The interim report has been prepared on a going concern basis.

The interim financial statements have not been audited or reviewed by the Group's auditors and is the responsibility of the directors of the Company. These interim financial statements have been prepared under the supervision of the Company's Finance Director, Carina de Beer.

All monetary information and figures presented in these interim financial statements are stated in thousands of Rand (R'000), unless otherwise indicated and are presented in the functional currency of the Company, being South African Rand.

Notes

- The Group reported a net asset value of 86.55 (2010: 13.39) cents per ordinary share ("share"), a net tangible asset value of 64.18 (2010: 13.39) cents per share, a loss of 4.57 (2010: 2.21) cents per share and headline earnings of 5.69 (2010: 2.21) cents per share.
- The Company's chemical processing plant in Mpumalanga, better known as Greenhills, increased sales by 17% and gross profits by 11%. Sales and production levels were maintained although increased maintenance costs have negatively impacted on profits.
- Corporate costs mainly include costs paid ("AIM Costs") in relation to the Company's successful admission to the Alternative Investment Market ("AIM") of the LSE on 8 April 2011.

- Included in equity-settled expenses are 12 021 122 call options ("Call Options") issued to Renaissance BJM Securities Proprietary Limited (South Africa) ("Rencap") in relation to funding provided to enable SacOil to fulfil its obligations in relation to, *inter alia*, signature bonuses and farm in fees payable to the Nigerian Government on oil concessions OPL 281 and OPL 233. The average strike price of these call options is R1.46 and the call options expires at 29 February 2012.

Also included in equity-settled expenses is a cash settlement of an equity conversion in relation to a facility of US\$30.9m ("Facility") provided to SacOil by Rencap ("Equity Conversion"). The management of SacOil elected a cash settlement of the equity conversion to avoid dilution of existing shareholders' interests in SacOil.

The AIM Costs, the Call Options and the Equity Conversion of the Facility were approved by SacOil shareholders ("Shareholders") at a general meeting of Shareholders held on 31 March 2011.

- The net surplus on disposal of intangible assets consists of two components. Firstly, a loss on disposal of intangible assets in an amount of R139.6m (US\$20.4m), which represents the disposal by Semiki; a 50% owned subsidiary of SacOil incorporated in the DRC, of a 60% interest in the Block III oil concession rights ("Block III Disposal") to Total calculated taking into account an initial consideration received in an amount of R102m (US\$7.5m). The Block III Disposal was completed on 31 March 2011 and the initial consideration was duly received by Semiki.

Secondly, included the net surplus on disposal of intangible assets, is an adjustment of R238.1m (US\$33.7m) in relation to the Block III Disposal. In recognising the income, the management of SacOil considered new and updated information on Block III which justified an adjustment of the value of the first contingent bonus payable by Total to Semiki in terms of the Block III Disposal.

The amount of R238.1m (US\$33.7m) was recognised in other financial assets on the statement of financial position as at 31 August 2011.

6. Business Combinations

6.1 Fair value of assets acquired and liabilities assumed in a business combination on 20 September 2011	R
Intangible assets	340 167 267
Other financial liabilities	(16 740 875)
Trade and other payables	(1 067 963)
Total identifiable net assets	322 358 429
Non-controlling interest	(161 760 089)
	160 598 340

6.2 Non-controlling interest

Non-controlling interest is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

6.3 Equity issued as part of consideration paid

On 22 July 2010 SacOil entered into a sale of shares agreement in terms of which SacOil acquired from the SacOil Proprietary Limited ("SPL") Vendors, 50% of the entire issued share capital of, and all claims of the SPL Vendors against SPL on the date that all the conditions precedent have been met, for a consideration of R439.9m (US\$57.7m), to be settled through the issue of 209 456 000 new SacOil shares at an issue price of 210 cents per ordinary share. The fair value of the shares issued to the vendors was 74 cents per ordinary share, being the market price of SacOil ordinary shares the day before the announcement of the transaction, being 23 July 2010.

Under DRC law hydrocarbon rights must be held by an entity incorporated in the DRC. The Block III Production Sharing Agreement required the Block III Contractant to constitute a DRC public limited liability company within six months of the date of the Block III Production Sharing Agreement ("PSA") coming into force and effect. On 19 November 2010 the Company and DIG incorporated Semiki, a private company incorporated in the DRC. The Company and DIG each hold 50% of the issued share capital of Semiki. The statutes of Semiki provide that the Company and DIG shall transfer to the DRC or a public entity nominated by the DRC 15% of the issued share capital of Semiki. Semiki 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 Semiki 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 Semiki 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 III Production Sharing Agreement.

The rights and obligations of the Block III Contractant under the Block III PSA were transferred to Semiki by operation of DRC law with effect from 19 November 2010.

6.4 Revenue and results of Semiki

Included in the Group's results is a profit reported by Semiki in an amount of R100, 5m of which 50% is attributable to non-controlling shareholders. Neither SPL nor Semiki reported any profits or losses since the acquisition date to 28 February 2011.

6.5 Acquisition related costs

These costs have been expensed in the year of acquisition and are included in comprehensive income.

For full details on the Company's investment in Block III please refer to: <http://www.sacoilholding.com/im/fil/es/listing/>

- Included in other financial assets is an amount of R52.9m owed to SacOil by Energy Equity Resources Limited ("EER") in relation to capital costs paid by SacOil on behalf of EER with respect to oil concession blocks OPL 281 and OPL 233 in Nigeria. In terms of an agreement entered into between EER and SacOil ("Loan Agreement"), all acquisition costs paid by SacOil on behalf of EER bears interest at 25%, calculated from the date of incurring such costs to the date of recovery. The loan is repayable in three equal annual instalments, the first such instalment becoming due 60 business days after first oil production by taking that proportion of EER's entitlement to petroleum that equals one third of the outstanding capital plus interest accrued. The second and third instalments will become payable on the same principle from EER's subsequent entitlement to petroleum. The loan is secured by a cession and pledge over EER's equity interests in both OPL 281 and OPL 233 in favour of SacOil.
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