

Afric Oil Proprietary Limited (in business rescue)

(Registration number: 1995/001866/07)

(Afric Oil)

Resolutions of the creditors of Afric Oil passed on 12 August 2021

It is recorded that:

1. On 19 April 2021, Afric Oil voluntarily commenced business rescue proceedings in terms of section 129(1) of the Companies Act, 2008 (as amended) (the **Act**) and appointed Messrs Phahlani Mkhombo and Moses Singo as the business rescue practitioners (**BRPs**) to administer the business rescue proceedings of Afric Oil.
2. On 30 July 2021, the BRPs published a business rescue plan for Afric Oil. The business rescue plan is predicated on an accelerated sales process or disposal process as envisaged in the business rescue plan.
3. Prior to the publication of the business rescue plan by the BRPs, a total of 10 (ten) potential bidders initially expressed their interest in a potential transaction involving the Company. All 10 (ten) interested parties signed a non-disclosure and confidentiality agreement and were granted access to the data room to enable them to conduct a due diligence on the operational, financial and legal aspects of the Company.
4. Of the 10 (ten) interested parties, 2 (two) of those formally withdrew their expressions of interest and 3 (three) submitted their offers and the rest of the bidders did not submit or withdrew despite being requested to submit or indicate whether or not they were still interested.
5. The BRPs received 2 (two) binding offers from 2 (two) interested parties for the acquisition of the entire issued share capital or 100% shareholding in the Company and 1 (one) offer for the acquisition of Boland Diesel and other assets.
6. The offers can be summarised as follows:
 - 3.4.1 The first binding offer received by the BRPs is from Royale Energy Proprietary Limited (**Royale Offer**) or its nominee for the acquisition of the entire issued share capital or 100% shareholding in the Company for a nominal amount of R100.00 payable on the effective date or sale of business as a going concern for R40,000,000.00 (forty million rand). In turn, Royale will pay **R40,000,000.00 (forty million rand)** for the assets alternatively, advance R40m to the BRPs in order to settle the business rescue costs and creditors as envisaged in the order of distribution and payment waterfall in the published Plan. Royale has already conducted and concluded its due diligence.
 - 3.4.2 The offer by Royale is subject to following conditions:
 - (i) Adoption of the business rescue plan in terms of section 152 of the Companies Act;
 - (ii) approval or acceptance of the offer by the creditors;

- (iii) approval or acceptance of the offer by the shareholders in terms of section 152(3)(c)(ii) of the Companies Act;
 - (iv) The UIF as secured creditor to cancel all its existing securities over Afric Oil's movable and immovable assets including all its subsidiaries; and
 - (v) Regulatory approvals including the Competition Commission.
- 3.4.3 The remaining terms of the Royale Offer will be explained to, and discussed with, creditors during the meeting.
- 3.4.4 The second binding offer received by the BRPs is from Link Value Lamar Resources Limited (**LVLR Offer**) or its nominee for the acquisition of the entire issued share capital or 100% shareholding in the Company for a nominal amount of R2 650.00 payable on the closing date as well as claims in the loan account against the Company. In turn, LVLR will lend and advance to the BRPs a loan of **R32,997,250.00 (thirty-two million nine hundred and ninety-seven thousand two hundred and fifty)** in order to settle the business rescue costs and creditors as envisaged in the order of distribution and payment waterfall in the published Plan. A limited due diligence was conducted by LVLR.
- 3.4.5 The offer by LVLR is subject to following conditions:
- (i) The business rescue plan is prepared and published for consideration and possible adoption at a meeting of creditors to be convened for this purpose in terms of 150 of the Companies Act and the business rescue plan is approved by the requisite majority of creditors as required in terms of section 152 of the Companies Act.
 - (ii) the shareholders and LVLR or its nominee, enter into a written sale of shares and claims agreement, pursuant to which the shareholders shall sell the Sale Shares and Sale Claims (if any) to LVLR or its nominee for an aggregate purchase price of R2650.00.
 - (iii) LVLR or its nominee (as lender), Afric Oil or the Company (as borrower) and the BRPs enter into a written loan agreement, pursuant to which LVLR or its nominee agree to lend and advance the Loan to the Company ("Loan Agreement").
 - (iv) All third party and/or regulatory consents, approvals, clearances, exemptions and/or waivers which are necessary or required for the conclusion and implementation of the Sale of Shares and Claims Agreement and the Loan Agreement have been obtained (including, to the extent required, obtaining the approval of FinSurv and the Competition Commission in terms of the merger control provisions of the Competition Act, for the implementation of the Proposed Transaction);
 - (v) The written terminal services agreement concluded between the Company and Vopak Terminal Durban Proprietary Limited on or about 12 February 2016 continues in full force and effect in accordance with its terms, on and with effect from the closing date;

- (vi) The written terminal services agreement concluded between the Company and Vopak Terminal South Africa Developments (RF) Proprietary Limited on or about 17 January 2014 continues in full force and effect in accordance with its terms, on and with effect from the closing date;
 - (vii) (All licenses, permits and certificates required to conduct the business, affairs and operations of the Company (in the manner in which the Company conducted its business, affairs and operations for 12 months period prior to it having commenced business rescue proceedings) will have been obtained;
 - (viii) The UIF as a secured creditor to cancel all its existing securities over Afric Oil's movable and immovable assets including all its subsidiaries; and
 - (ix) Such other conditions precedent as may be agreed between LVLR and the BRPs which may be necessary or desirable for the conclusion and implementation of the proposed transaction.
- 3.4.6 The remaining terms of the LVLR Offer will be explained to, and discussed with, creditors during the meeting.
- 3.4.7 The third non-binding offer received by the BRPs is from Watts Energy Proprietary Limited (**Watts Offer**) for the acquisition of the storage depot known as Boland Diesel situated at Moorreesburg, 42 000 000 litre tanker and rigid for the amount of R5,880,000.00 (**five million eight hundred and eighty thousand**).

Creditors of Afric Oil hereby resolve that:

7. **Resolution 1**

- 7.1 The offer by Royale or its nominee is approved by the creditors.
- 7.2 The BRPs may implement the offer by Royale or its nominee and conclude the necessary agreements and other transactional documents to give effect to the Transaction.

8. **Resolution 2**

- 8.1 The offer by LVLR or its nominee is approved by the creditors.
- 8.2 The BRPs may implement the offer by LVLR or its nominee and conclude the necessary agreements and other transactional documents to give effect to the Transaction.

9. **Resolution 3**

- 9.1 The offer by Watts is approved by the creditors.
- 9.2 The BRPs may implement the offer by Watts and conclude the necessary agreements and other transactional documents to give effect to the Transaction.