

20 February 2014

PIC - OUR POTENTIAL INVESTMENT IN CAMAC FITS OUR MANDATE

Pretoria 20 February 2014 - Following recent media reports on our investment in Camac, the Public Investment Corporation (PIC) deems it fit to clarify some of the inaccuracies regarding this investment. At the onset, we would like to highlight that owing to confidentiality, the PIC cannot provide information and details that will compromise our investment processes and other stakeholders involved in this transaction.

Investment case for Camac

The PIC participates in those transactions, which have value and contribute to our strategic objectives. For this reason, any investment we make is considered on its merits. In the case of the Camac investment, these are some of our considerations.

- PIC's entry valuation is at a discount of 30% to the net asset valuation of Camac Energy.
- The upside in this investment comes from two sources; the increase in production of the OYO field from 2500 barrels per day (bpd) to more than 14,000 bpd in 2014 and eventually up to 50,000 bpd. Further upside is expected once the exploration fields outside of Nigeria, which include the Tano field in Ghana, are brought into production.
- While the company was low in working capital based on recent company filings, the fundamentals were still sound and typical of Energy and Production (E&P) companies in this stage.
- The company has strong team capabilities to execute pan-African development, which tallies with PIC's objective of seeing Africa developed.

PIC investment mandate

Our client mandate allows the PIC to invest in both listed and unlisted asset classes. The mandate also allows the PIC to invest in the rest of the African continent and offshore, in both listed and unlisted asset classes. That said, the PIC, by considering investing in Camac, is acting within this mandate. The PIC's interest and objective is to influence economic development, bring desired returns to its clients and ensure that South African public servants retire comfortably through all the investments it makes.

One of the fundamental conditions of this investment was to enhance transparency, where the PIC insisted that its participation had to be subject to the company listing on the JSE. This would have two benefits. Firstly, give objective public information to South Africans and members of the Government Employees Pension Funds (GEPF), into the company. Secondly, to add another oil counter on the JSE, which helps in further deepening the South African capital markets. This directly responds to the concerns around the credibility of the entity and people

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behind it. Both the NYSE and JSE have undertaken requisite due diligence on both the entity and the directors behind it, putting the Camac under continuous proper scrutiny, which is the traditional advantage of investing in a listed stock.

PIC Investment process

The PIC would like to confirm that due diligence, which forms part of our normal investment process, was undertaken at three levels. Firstly, at the PIC internal level, secondly, through an expert independent third party and lastly, as spelt out above, at the levels of the company's listing onto the two exchanges.

The investment

The PIC's investment in Camac will be US\$270 million in exchange for 376 884 422 Camac shares. Camac needs to meet some conditions first before payment is made. Once those are met, payment will be done in two tranches. The first payable at the completion of the listing on the JSE and the second payable upon completion of drilling the Oyo-7 well and attaining over 7,000 bopd.

The closing of the Allied acquisition and the private placing, as well as the transactions contemplated by the Allied acquisition agreement together with the purchase agreement, are subject to a number of customary conditions precedent, which will have been met on the JSE Listing date, including, but not limited to:

- The approval of the issuance of shares to Allied and PIC by the shareholders of the company in terms of the regulations of the NYSE MKT and the laws of Delaware, USA, including a majority of shareholders not associated with Allied. This approval was obtained at a special meeting of the company on 13 February 2014; and
- The approval of a listing of the company's shares on the JSE as a secondary listing.

Disbursement of funds and risk management

To date, no funds have been disbursed by the PIC for this transaction, in line with the terms and conditions we have set for the transaction and the flow of funds. Once the listing is complete and subject to all requirements pertaining to PIC's internal investment processes, the PIC will then release the US\$270m in two tranches of \$135 million each. The second tranche will only be released as per above mentioned condition. This is key in making sure that the profitability of the investment is locked-in upfront and the growth in the supply of oil is preserved. This is important for the underlying viability and going concern of the business.

PIC Board representation

The PIC will have Board representation as part of the transaction and PIC will be on the Board as soon as the first tranche flows to CAMAC. This will ensure that PIC's interests on behalf of its clients are taken care of and enable the PIC to entrench good corporate governance within the company.

PIC's interest

PIC's interests were protected in that CAMAC minority shareholders needed to support the transaction, which was subsequently given through a shareholder vote on the 13th of February. The minorities would not vote for the transaction if it did not enhance value.

END

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CEO

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