



MEDIA RELEASE

Attention: News Editors and Journalists

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For Immediate Release

CONTEXTOMY ON STEROIDS REGARDING THE SUNDAY WORLD ARTICLE

Cape Town- The Petroleum Oil and Gas Corporation of South Africa (PetroSA), a subsidiary of CEF, notes the recent article published in the Sunday World on the 15 October 2023, titled *“ANC NEC slams PetroSA for worsening loadshedding”*.

These allegations are not new. They form part of a broader misinformation campaign by faceless people who conspire with the likes of Mr Mawande Matshabala (Sunday World Journalist) to tarnish the reputation of PetroSA amongst its key partners and customers.

We wish to put it on record that these allegation/s are aimed at discrediting PetroSA amidst the unabated rolling energy crisis. We therefore refute them as unfounded and baseless.

PetroSA engaged with Eskom in October 2022, requesting that the national power utility provides at least 3 months forecast of their demand due to losses that were realised by PetroSA linked to the erratic spot/ or prompt demand. The purpose of this request was due to a trend that was developing where Eskom was increasing a burning rate and that would culminate in spot buying of cargos in the market. In a rising market this has an adverse effect and price exposure which resulted in PetroSA carrying the losses over time impacting the PetroSA balance sheet.

The increase in demand of supply of diesel at some of the Eskom Power Stations has provided PetroSA with the opportunity to strengthen planning to ensure supply of product uninterrupted. Demand and supply are currently in equilibrium and monitored continuously to ensure stability. PetroSA has remained fully committed in meeting the obligations agreed upon with Eskom in providing the required service to ensure continued operations for the national power utility as it delivers power generation to the nation.

It is further fundamental to highlight some of the evident challenges the country faces in relation to the energy sector which are receiving attention from the relevant authorities in the country. The closure of Refineries in South Africa, despite the country's continued importation of petroleum products, has created a pressing issue for the nation.

It is also worth noting that the conspirators working with Sunday World were deliberate in their misinformation campaign not to indicate that PetroSA currently holds a level 7 BBBEE status, which simply means that it recognizes the need to improve its BBBEE rating to engage effectively with other state-owned entities by complying with their respective BBBEE target geared to promote economic transformation in South Africa.



To that effect, the PetroSA Trading Team was mandated to source petroleum products from BBBEE companies that could offer favourable payment terms. This resulted in PetroSA awarding 6-month supply terms to seven BBBEE companies to ensure the security of supply. These companies were tasked with delivering petroleum products while PetroSA worked on its BBBEE level scoring.

The insinuation that PetroSA acted outside the Public Finance Management Act (PFMA) or failed to report any issues related to procurement of services, are baseless and unfounded. PetroSA reaffirms its position of having complied with all governance requirements and therefore the matters raised in the article are out of context in this regard. PetroSA has shown much commitment in addressing malfeasance over the past two (2) years and we welcome any investigations by law enforcement authorities in this regard.

The PetroSA management team has endured threats and/ or insults by conspirators of misinformation aimed at distracting the team from securing fuel to power the economy and addressing the triple challenge of unemployment, inequality, including poverty.

It also appears that there seems to be the level of unhappiness that PetroSA is turning around, and fulfilling its mandate of ensuring the securing of fuel supply. It is interesting that these face-less people have omitted not to share the great strides that PetroSA Management has achieved in the last two fiscal years, particularly through the tireless efforts of the Trading Team. What is notable is the fact that the R14 billion financial loss that PetroSA has incurred in 2014, the entity will for the first time post a R1.6 billion profit for the year ending March 2023.

We wish to re-affirm our unwavering support to ensure that Eskom continues to receive fuel supply to keep the South African economy powered despite these unfounded and baseless allegations that PetroSA is worsening loadshedding. PetroSA is cognisant of the critical role it plays in assisting the country with an immediate response to the challenge of loadshedding through the supply of diesel to Eskom.

As the National Oil and Gas Corporation of South Africa, PetroSA not only understands its legislated mandate but is fully committed in ensuring that it empowers the nation through ensuring the security of energy supply in a sustainable manner. PetroSA continues to work closely with Eskom and all other stakeholders in addressing the challenge of loadshedding.

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