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ENQUIRY NO: CTT24703

DESCRIPTION: THE APPOINTMENT OF COMMERCIAL AND LEGAL TRANSACTION ADVISOR TO PETROSA GHANA

1. INTRODUCTION

PetroSA Ghana Limited (“PetroSA Ghana”), a wholly-owned subsidiary of the Petroleum Oil and Gas Corporation of South Africa (SOC) Limited (“PetroSA”), is a key commercial entity within the PetroSA Group in terms of its financial contribution to the Group.

PetroSA Ghana holds minority interests in the producing Greater Jubilee Unit Area (2.7254%), the Deepwater Tano Block (3.8275%) (including the TEN Oil fields development) and the West Cape Three Points Block (1.803%) with further development, appraisal and exploration upside within these blocks. PetroSA Ghana’s existing share of oil production is approximate 3800bbl/d. At present PetroSA Ghana co-lifts its oil production with Occidental Petroleum and GNPC, increasing the frequency of liftings to every six (6) weeks. Under PetroSA’s Commodity Price Risk Management Policy, PetroSA hedges the downside in respect to its oil liftings. The Bottom price to be hedged is USD60/bbl.

- On 9 November 2021, PetroSA Ghana exercised pre-emption notice to acquire shares in Anadarko WCTP and Jubilee Oil Holdings, which based upon its proportionate holdings in the DWT Joint Operating Agreement (JOA) may increase its participation in the Greater Jubilee Unit Area (4.07%) and TEN Oil fields (6.77%) at a cost of USD46million plus working capital adjustments from 1 April 2022. The pre-emption is yet to close out and the pre-emption by fellow Joint Venture Partners to the DWT JOA is still be clarified.

2. SCOPE OF WORK

2.1. Advisory

- Undertake preliminary due diligence of the Special Purposes Vehicle, the full share equity of which PetroSA Ghana will acquire to house its pre-emption rights and the assets (themselves) in the DWT portion of Jubilee and TEN Target, through access to information, discussions etc. with the Seller, the Target and their representatives /advisors, etc.
- Analyze the various risks associated with the deal, including but not limited to economic risk, political risk, country risk, acquisition risks, and Joint Operation risks and suggest risk mitigation mechanisms.

2.2. For Transaction Advisor

- Develop a detailed financial model to determine the transaction. The model shall
- generate various Projected cash flows for the projects (standalone & integrated with existing participation in Jubilee and TEN) including financial, operative sensitivities to various parameters such as revenues, operating costs, cost of capital, and estimated liabilities, etc. This model should be able to generate such cash flow scenarios to determine returns to PetroSA Ghana (and the ability to declare dividends to PetroSA).

- Range of valuations arrived at, with a brief write-up on the models on which the valuations are based and any assumptions made. The cautions/lacunae/limitations attached with each model would form an essential part.
- Based on the analysis, a fair market value of the target would be determined keeping in mind the various risk factors and terms and conditions of the acquisition/pre-emption. The Consultant shall suggest the fair transaction value including financial / sensitivity analysis along with comparable companies' analysis, premium paid in precedent transactions if any, etc.

2.3. . Legal Consultancy

- Legal documentation underlying the corporate structure of the Target;
- Statutory and regulatory clearances from the relevant authorities for the existing business; Legal aspects of all material contracts entered/ proposed to be entered & documents on the pre-emptions (Share Purchase Agreements and Asset Purchase Agreements).
- Conduct legal due diligence inclusive of confirmation of legal title to the participation in DWT portion of Jubilee and TEN acquired through the pre-emption process.
- Review of all contracts as will be entered into in respect of borrowings to fund the pre-emption.
- Consideration of disclaimers and warranties captured in the Share Purchase Agreement and identify areas of risk. Propose mitigations and appropriate wording for remedies and recourse to the sellers.
- Advise legalities for the operation of Cayman Islands Company Special Purpose Vehicle.
- Advise legalities of deregistration and transfer (by dividend in specie) of underlying assets to PetroSA Ghana.

2.4. . Tax & Accounting Consultancy

- Conduct Commercial due diligence of Target, including review of information in the data room and engagement of the Sellers management and advisors.
- Establishing the authenticity of transactions recorded in Joint Operations management accounts from 1 April 2021 to closing.
- Calculation of working capital adjustments in determining the final purchase price of the acquisition /pre-emption payable upon closing.
- Determination of compliance with the tax statutes together with an assessment of the possible liabilities in the event of noncompliance or arising out of existing Revenue Authority audit assessment of the asset.
- Advise possible holding structure for pre-emption assets considering the appropriateness of retaining such in Special Purpose Vehicle (SPV) in the Cayman Islands.
- Advice on tax consequences of deregistration (the SPV) and transfer (by dividend in specie) of underlying assets to PetroSA Ghana

3. INFORMATION REQUIRED IN RESPECT OF TRANSACTION ADVISOR

To perform due diligence of respondents, the tender response must be accompanied by the following information/documentation:

3.1. Background

3.1.1. Legal company name and trading name

3.1.2. Addresses: physical and mailing

3.1.3. Main telephone number, fax and email address

3.1.4. Registration details with SARS (for all relevant types of taxes) (where the respondent is a South African entity), alternatively Tax Identification Number where the respondent is a foreign entity.

3.1.5. Summary of nature of products or services offered

4. PRE-QUALIFICATION CRITERIA

- The following pre-qualification criteria need to be satisfied for the respondent to progress to the evaluation stage.

4.1. The primary role of Commercial and Legal Transaction Advisor

- a) The company should have a minimum of 5 years' experience of advising corporates in Ghana as Transaction Advisor on Mergers & Acquisitions and;
- b) The company should have experience in Mergers & Acquisitions not limited to the pre-emption of Oil and Gas Mining by way of either/both the Share Purchase Agreement and Asset Purchase Agreement/Asset Assignment Agreement.
- c) The company should have a minimum of 5 years of experience in valuation modelling for Mergers & Acquisitions in the minerals sector.
- d) The Company should have an independent presence and advisory business for Mergers & Acquisitions in the mineral sector in Ghana, Cayman Islands and English Law

4.2. Sub-contracted Legal Consultant

- a) The company should have a minimum of 5 years experience of conducting legal due diligence/ legal advisory services of mineral assets/ Mergers & Acquisition in Ghana as a Legal Consultant and English Law experience;
- b) The firm should have a presence in Ghana either independently or through associates/ and
- c) The legal consultant may have to perform the due diligence themselves for which adequate familiarity of local laws will be required in the target country or through a suitable tie-up with a legal firm in the target country and the Cayman Islands.

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4.3. Sub-contracted Tax and Accounting Consultant

- a) The company should have a minimum of 5 years of experience advising Corporates in Ghana on Tax & Consulting for Mergers & Acquisitions/ pre-emptions concerning oil and gas rights
- b) The company should have a minimum of 5 years of experience conducting commercial due diligence.

- c) The Company should have an independent presence and advisory business for Mergers & Acquisitions in the mineral sector in Ghana.

5. TENDER EVALUATION PROCESS

- The procurement process will be a two-stage selection process. The Tender responses received at Stage 1 will be evaluated against pre-approved evaluation criteria and Commercial and Legal Transaction Advisor will be shortlisted and recommended for the final stage of the selection process.

6. ENQUIRIES

Any enquiries regarding this tender should be addressed to **Hennie Fortuin** in the Tender Office at telephone no. 021 929 3211 or e-mail address martinhennie.fortuin@petrosa.co.za

PetroSA may issue Tender Buletins from time to time to clarify certain aspects or to provide additional information on this tender. It is the tenderer's responsibility to check PetroSA Procurement website www.procurement.petrosa.com/Open_Tenders to establish whether any bulletins were issued on this tender, prior to tender submission.

PetroSA reserves the right to withdraw the tender at its own discretion.

Yours faithfully

COMFORT BUNTING
Group Supply Chain Manager