

9th June 2016

FalconMere and ENI enter into an Exclusive Crude Oil Term Supply Agreement for South Africa

The current conventional refining system in South Africa has a processing capacity of around 500 000 barrels per day of crude oil. A significant percentage of this crude oil is typically sourced by the SA refineries from crude oil producers in the Arab Gulf under term supply agreements while the remaining 40 to 50% is predominately sourced from West Africa on a “spot” supply basis.

FalconMere, a Level 2 BBBEE contributor and principal counterparty crude oil supplier to South African refineries, is very pleased to announce the conclusion of an exclusive Term Supply Agreement for the supply of crude oil to South Africa’s refiners with ENI Trading and Shipping S.p.A (ETS). ETS is one of the largest single producers and traders of West African crude oil with a global hydrocarbon production of 1.76 MMboe/day, equity crude oil production in Africa of 480 Mbbl/day and a West African equity crude oil production in excess of 240 Mbbl/day. We believe that this exclusive Term Supply Agreement with ETS will give FalconMere unparalleled access and delivery options for West African and other crude oil grades which are relevant to South Africa’s refinery needs.

FalconMere’s shareholders and executives have several decades of crude oil supply and trading experience, particularly within South Africa, and are acutely aware of the high monetary values of individual shipments, the impact on performance and pricing risk associated with market price volatility, and the premium which refiners place on timely and on-spec delivery of crude oil by the safest means. In this regard FalconMere’s Term Supply Agreement and close cooperation with ETS will provide a significant level of comfort to SA refiners when it comes to safe operational standards, proper performance of deliveries, innovative risk management services, low cost but secure payment structures and overall competitive pricing.

FalconMere and its shareholders are proud to be associated with a company of the capacity and reputation of ENI in this venture and we look forward to adding value to our customers as principal counterparty crude oil suppliers to the South African market.



Tsakani Mhlanga
Chairperson