

May 14, 2012

STAKEHOLDER ADVISORY

(Shareholders and Business Partners)

RE: PUMA ENERGY POTENTIAL ACQUISITION OF MAJORITY SHAREHOLDING IN KENOLKOBIL

Further to the Cautionary Statement published in two national dailies on May 8, 2012 and a subsequent media announcement through a Press Conference on the potential acquisition of KenolKobil's majority shareholding by Puma Energy, this advisory is intended to provide more facts regarding the potential acquisition and clarify misrepresentations that have been witnessed in recent media reports on the matter.

Puma has signed an exclusive agreement with the key shareholders for sale of their majority shareholdings in KenolKobil. Following a successful due diligence process that has now kicked off, as well as obtaining the required regulatory approvals, Puma Energy intends to pursue a 100% takeover where the minority shareholders would have an option to sell their shares through a mandatory general offer from Puma Energy at the same price as the majority shareholders, all governed by the Capital Markets Authority (CMA) rules and regulations.

Following the announcement, the Puma Energy team has embarked on a due diligence process that is expected to take six weeks, with a possible extension period of two weeks if required. Also happening simultaneously is the process of applying for the necessary approvals from regulatory bodies necessary to conclude the deal. In the meantime, KenolKobil shares have been suspended from trading on the Nairobi Securities Exchange (NSE) to curb speculative trading until such a time that will be advised by CMA. These developments however do not affect ongoing business contracts and normal business operations will continue.

Over the years, the KenolKobil Group has become one of the Central, Eastern and Southern African largest Trading & Marketing Oil Companies. Last year, Net Sales were in excess of US\$2.5B and over 3Million/M³ in sales volume, with 400 Service Stations across the different regions. Over recent years, and especially since early 2011, the Board of Directors of KenolKobil realized that the Group's Shareholding structure may have to change in order for the Group to continue being competitive and successful in its expansion program in Africa.

The immense value Puma Energy and its Shareholders could bring to KenolKobil is exciting. I foresee this potential transaction, which is still subject to due diligence, regulatory approvals and price confirmation, giving KenolKobil better ability to finance operations, capital expenditures and other growth initiatives in the area of Petroleum and Non-Fuel development. KenolKobil will gain access to more competitive Oil Products in the International market such as Arab Gulf, Mediterranean, Singapore, India and especially in certain gateways along East Coast of Africa, like Mombasa, Dar-es-Salaam, Maputo, Beira, Djibouti as well as South Africa. With Puma on board, KenolKobil would have access to the much needed competency, and capacity in Oil products (Refined & Crude) Price and Forex risk management, i.e. Hedging tools, which have become so important for the Group Trading and Marketing activities to implement in all the different markets in which KenolKobil operates.

For KenolKobil staff, this presents great opportunities for personal and professional growth by being a member of such a growing Multinational Mid & Downstream company.

The past year may well be considered among the highest points in KenolKobil's history. We started 2012 performance on a low note especially due to Forward contracts we took on Forex, but management sees clearly a much better second half of 2012 and, should this transaction materialize, KenolKobil will rise much higher than 2011 and continue in 2013, our journey to greater growth, development and prosperity.

To avoid any ambiguity and speculation concerning this matter, stakeholders may channel their queries through our email address kenkob@kenkob.co.ke.

Management will continue updating stakeholders as frequently as possible.



JACOB I. SEGMAN
CHAIRMAN & GROUP MD