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The Directors of the Board (the **Board**)
Lekoil Limited (the **Company**)
C/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

31st March 2022

Dear Sirs

Offer to purchase the Mayfair Loan

We write with respect to:

- (a) a convertible facility agreement (**Savannah CFA**) with Savannah Energy Investments Limited (**Savannah**) under which Savannah provided a convertible loan to the Company;
- (b) the option agreement (**Option Agreement**) entered into between the Company and Savannah in respect of a conditional option to acquire the inter-company loan made by the Company to Mayfair Assets & Trust Limited (the **Mayfair Loan**) and assignment of security over OPL 310; and
- (c) the notice of extraordinary general meeting of the Company to be held on 7 April 2022 announced on 21 March 2022 (the **Notice**).

We dispute the validity of the conditional sale of the Mayfair Loan. In accordance with clause 21.1 of the loan agreement pursuant to which the Mayfair Loan was made (the **Mayfair Loan Agreement**), the Company may only assign its rights under the agreement if the assignee is “a financial institution or an entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets”. Savannah is not a financial institution or established for the purposes of purchasing or investing in loans, securities or other financial assets. Accordingly, an assignment to Savannah is in contravention of the assignment provisions of the

Mayfair Loan Agreement and would require Mayfair's written consent. Mayfair has never been approached for, nor has it ever given prior written consent to an assignment of the Mayfair Loan.

Without prejudice to our belief that the proposed assignment is invalid, there is a real risk that the assignment of the Mayfair Loan, in the manner contemplated by the Option Agreement, will result in considerable and unnecessary loss of shareholder value. As such, we would like to propose an alternative offer to the Company which will preserve shareholders' significant investment in OPL 310, and which is in the best interest of shareholders as a whole.

Rationale for LNL's Offer

The Mayfair Loan was originally issued for USD\$135 million, but only USD\$110 million has been drawn to date. The Mayfair Loan represents a significant investment by shareholders of the Company in a world class asset. We therefore have serious concerns with the Board's decision to impair the value of the Mayfair Loan to just USD\$1 million. The Board should be aware that the Mayfair Loan was never intended to be repaid prior to first oil on OPL 310. The quality of the asset remains extremely promising and in our view the prospects for development in the current oil price environment is significantly improved, something to which the Board has failed to have adequate regard in impairing the value and proposing to transfer the asset for US\$1m, with deferred consideration capped at US\$50m.

Mayfair Assets & Trust Limited (**Mayfair**) is not in a position at present (or even prior to the expected maturity date) to repay the Mayfair Loan given that the OPL 310 asset is not currently under development or in production, due to the Company's own failure to fund the necessary development. In these circumstances, there is a significant risk that should Savannah be successful in enforcing the security in respect of the Mayfair Loan, this will result in the Company losing the opportunity to develop OPL 310 in the future and causing significant loss of value to the Company's shareholders who have made a major investment in establishing the prospectivity of this world class asset.

The Offer

The board of LNL believes that the Company's shareholders deserve the right to provide funding to the Company to avoid any further loss in shareholder value. LNL is therefore offering the Company:

(a) US\$1.5 million to acquire the Mayfair Loan.

This would:

- (i) provide the Company with 50% more funding than is currently expected under the Option Agreement for the working capital the Company requires and obviate the need for Resolution 2 proposed at the extraordinary general meeting of the Company to be held on 7 April 2022; and
- (ii) save the Company from potentially losing control of one of its most valuable assets (i.e. OPL 310).

(b) GBP100,000 to repay the outstanding amounts owing under the Savannah CFA.

Whilst Lekoil Nigeria Limited (**LNL**) does not recognise the validity of the Savannah CFA, it is acknowledged that financing has been provided to the Company by Savannah purportedly under the terms of this agreement. LNL is offering to provide funding to the Company to enable it to pay off the balance of the Savannah CFA and to discharge the security pursuant to which the inter-company loans were assigned to Savannah. LNL would require sight of the Security Documents (as defined in the Savannah CFA) pursuant to which the relevant inter-company loans were assigned to ensure that payment of this outstanding GBP100,000 to Savannah would in fact result in the release of these inter-company loans and an undertaking to not enter into any further financing arrangements with Savannah.

(c) US\$110 million deferred consideration in relation to the acquisition of the Mayfair Loan.

LNL is committed to protecting the interests of its fellow shareholders. US\$110 million reflects the amount drawn down by Mayfair under the Mayfair Loan, giving shareholders the opportunity to realise their significant investment in the Mayfair Loan. This amount would be payable as a royalty once OPL 310 commences production.

The offer above is conditional on Resolution 1 (as described in the Notice) not being passed and the Option Agreement terminating.

We urge the Board to carefully consider this offer letter and act in the best interests of the Company and its shareholders as a whole. We propose to announce the terms of this offer to shareholders of the

DIRECTORS

OLALEKAN AKINYANMI; AISHA MUHAMMED-OYEBODE; SAMUEL OLOTU; EDWARD DURING; WURAOLA ABIOLA

Company to enable them to consider the offer alongside the resolution to approve the Option Agreement proposed by the Company at the forthcoming EGM.

Our offer shall remain available for acceptance until 10.00 a.m. 5 April 2022.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Oyebode', enclosed in a dashed rectangular box.

Aisha Muhammed-Oyebode (Mrs.)
Chairperson, Board of Directors
For and on behalf of **Lekoil Nigeria Limited**

Cc. Jeff Keating and Stuart Gledhill, SP Angel