

PROPOSED SETTLEMENT OF LITIGATION - PART 2

LAGOS, NIGERIA, December 8, 2022 /EINPresswire.com/ -- Background (continued...)

On 2 September 2021, Lekoil Cayman announced that it had entered into a convertible facility agreement (the "CFA1") with Hadron Master Fund (whose principal is Marco D'Attanasio), TDR Enterprises Ltd (a company controlled by Tom Richardson) and a non-related third party (together the "CFA1 Parties") to allow it to access up to £200,000 for working capital purposes. On 28 February 2022, Lekoil Cayman announced that Savannah Energy had entered into a convertible facility agreement (the "CFA2") and option agreement (the "Option Agreement") with Lekoil Cayman, together with the grant of certain related security by Lekoil Cayman over the loans owed by the Lekoil Nigeria group, in order to support Lekoil Cayman's restructuring.

The Company brought legal proceedings against Lekoil Cayman seeking (among other remedies) orders to set aside CFA1, CFA2 and the Option Agreement with Savannah Energy and to set aside the issue of shares to the CFA1 Parties and Savannah Energy pursuant to those agreements. Additionally, Lekoil Cayman and Mr Akinyanmi have been in dispute regarding his termination as CEO of Lekoil Cayman and whether any amounts remain payable under a loan provided to him by Lekoil Cayman.

In order to resolve these differences, and with no admission of liability, the Company, Lekoil Cayman, Mr Akinyanmi, and certain shareholders of Lekoil Cayman have, among others, entered into the Deed to agree to, among other things, the release and discharge of all relevant claims, the withdrawal of legal proceedings, surrenders of certain shares and other transactions, a new framework for their future relationship and fully and finally to resolve their differences, dispose of ongoing litigation and agree certain ancillary matters.

In connection with the resolution of such differences, Lekoil Cayman has also agreed with Savannah Energy to cancel the Option Agreement, whereby Savannah Energy had an option to take an assignment of a US\$135 million loan between Lekoil Cayman and Mayfair Assets & Trust limited (a subsidiary of the Company) (the "Mayfair Loan") from Lekoil Cayman.

The implementation of these arrangements require the approval of Lekoil Cayman's shareholders. If shareholders do not approve the relevant resolution at the extraordinary general meeting of Lekoil Cayman and completion of the transactions does not occur, the Deed will be terminated and each party shall be entitled to reinstate and/or continue all relevant legal

proceedings.

Terms of the Transactions

Pursuant to the terms of the Deed, the Company has agreed to the following arrangements, subject to (among other matters) the passing of certain resolutions at an extraordinary general meeting of Lekoil Cayman.

The Company has agreed to acquire the Ordinary Shares in Lekoil Cayman held by Mr Akinyanmi and certain persons associated with the Company or Mr Akinyanmi, so as to increase its interest in Lekoil Cayman from 66,580,736 Ordinary Shares to 107,658,847 Ordinary Shares.

At Completion, among other matters:

- Lekoil Cayman shall surrender all of its shares in the Company and transfer those of its subsidiaries involved in the operations of the Lekoil Nigeria group to the Company;
- The Company shall surrender all of its shares in the Lekoil Cayman, comprising 107,658,847 Ordinary Shares, representing approximately 14.2% of the issued shares in Lekoil Cayman;
- LOGI shall enter into the LOGI Loan with the Lekoil Cayman (in the amount of approximately US\$51.9 million payable to Lekoil Cayman) in consideration for Lekoil Cayman transferring in part certain loans granted to the Company and its related entities to LOGI, releasing any related security in respect of such transferred loans and waiving repayment of all remaining amounts due under such transferred loans, as well as releasing any intercompany current account balances owed to Lekoil Cayman;
- The Company, Lekoil Cayman, Mr Akinyanmi and Savannah Energy shall take all steps as may be necessary to discontinue or withdraw the various disputes between the parties, release and discharge any claims arising out of the various disputes and undertake not to commence any new claims in respect of the underlying matters;
- Lekoil Cayman shall assign certain intellectual property rights to the Company and shall cease to use the "Lekoil" name or brand (or any variation thereof) in its business or to hold out as having any interest in OPL 310, OPL 325, OPL 276 or Otakikpo following Completion; and
- The Company's shareholders' agreement shall be terminated.

The LOGI Loan shall be repaid by LOGI out of the proceeds of the liftings made under the offtake agreement with Shell Western (or any replacement offtake agreement), with Lekoil Cayman being entitled to receive approximately 8.653% of all such proceeds until the LOGI Loan has been repaid in full. The Company and LOGI have agreed to grant certain security to Lekoil Cayman in respect of the repayment obligations under the LOGI Loan. The Company notes that current production at Otakikpo is approximately 7,000 barrels of oil per day, meaning that it would pay approximately 8.653% of the lifting proceeds of approximately one million barrels of oil per annum based on current production levels.

Other terms

It is expected that completion of the arrangements under the Deed will occur shortly following the receipt of the necessary approval of Lekoil Cayman's shareholders at an extraordinary general meeting of Lekoil Cayman. The Deed is conditional upon (i) the relevant resolution being

passed by Lekoil Cayman's shareholders and (ii) the termination of the Option Agreement, in respect of the Mayfair Loan, and release and discharge of certain security interests held by Savannah Energy over the Mayfair Loan (and certain other indebtedness), in each case by no later than 21 January 2023 (the "Long Stop Date") (or, at the discretion of the Company, by no later than 30 business days after the Long Stop Date).

Lekoil Cayman is expected to post a circular to its shareholders convening an extraordinary general meeting to approve the transaction on or around 9 December 2022 with the extraordinary general meeting being held in late December 2022.

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