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UPDATED EXPLANATORY CIRCULAR



MRS OIL NIGERIA PLC

This document is dated **16th day of May, 2024**



EXPLANATORY CIRCULAR TO THE SHAREHOLDERS OF MRS OIL NIGERIA PLC (“MRS OIL” OR THE “COMPANY”) ON THE PROPOSED VOLUNTARY DE-LISTING OF THE ISSUED SHARES OF THE COMPANY FROM THE DAILY OFFICIAL LIST OF NIGERIAN EXCHANGE LIMITED (THE “VOLUNTARY DELISTING”)

1. Introduction

This Explanatory Circular has been prepared to provide material and other relevant information to all shareholders of MRS Oil in respect of the resolutions to consider and approve the proposed voluntary delisting of the Company’s issued shares from the daily official list of Nigerian Exchange Limited (“NGX”). The resolutions are to be considered at the Extraordinary General Meeting (“EGM”) holding at **11:00am on June 25, 2024**, at the Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

MRS Oil is a fully integrated downstream player with a leading position in Nigeria’s oil and gas sector and is one of the largest marketers of refined products, including gasoline, marine and aviation fuels in the downstream industry in Nigeria. The Company started the marketing of petroleum products in Nigeria in 1913 under the “Texaco” brand name. Through strategic acquisitions, MRS Oil has, since its incorporation on August 12, 1969, and listing on the NGX in January 1, 1970, continued to expand its products and service offerings into the aviation and bunkering sectors amongst others, whilst building strong brand value.

2. The Proposal

The Board of Directors of the Company (the “**Board**”), having undergone a strategic reassessment of the Company’s status, particularly considering regulatory obligations, administrative and compliance costs, emerging opportunities, evolving market conditions and the trajectory of projected long term financial and operational growth, proposes to de-list the issued shares of the Company, comprising a total of 342,884,706 (Three Hundred and Forty-Two Million, Eight Hundred and Eighty-Four Thousand, Seven Hundred and Six) ordinary shares from the daily official list and from trading on the Main Board of the NGX (the “**Voluntary Delisting**”).

Amongst other benefits, it is expected that the Voluntary Delisting will afford the Company the opportunity to more efficiently strategise for the improved performance of its operations, provide the flexibility to nimbly engage in transactions and alliances which could bolster its earnings and add significant value to the Company whilst curtailing its costs and staying competitive within its industry.

Pursuant to the resolutions of the Board duly passed at a meeting held on October 24, 2023, the Board approved and resolved to, amongst others, recommend the Voluntary Delisting to the shareholders of the Company subject to obtaining all requisite regulatory approvals, and upon adequately providing for the interests of Dissenting Shareholders (as defined below), in accordance with the requirements of the NGX.

By virtue of the Voluntary Delisting, save for those shareholders who vote against the recommendation for the de-listing (the “**Dissenting Shareholders**”) and desire to exit the Company, the shareholders of MRS Oil will retain their equity interests in the Company. In other words, the Voluntary Delisting affords Dissenting Shareholders the opportunity to exit the Company in accordance with the rules of the NGX. With the approval of the shareholders of MRS Oil at the EGM and the Board’s determination of the specific terms and conditions appropriate for the implementation of the Voluntary Delisting, the Company will submit a formal delisting application to the NGX, and the Voluntary Delisting will become effective upon the Company obtaining the written approval of the NGX.



Given that MRS Oil will remain a public limited liability company immediately after the Voluntary Delisting, in order to ensure compliance with the Securities and Exchange Commission's *Rules on Trading in Unlisted Securities*, upon conclusion of the Voluntary Delisting, the Board (in due consideration of the trading needs of the Company's shareholders) will ensure that all necessary steps are taken for the shares of the Company to be admitted on the NASD OTC Securities Exchange.

Certain key considerations of the Voluntary Delisting

(a) Exit Option and Exit Consideration

The NGX's *Rules for Delisting of Equity Securities from the Daily Official List of the Exchange*, requires MRS Oil to make adequate provisions to purchase the interest of Dissenting Shareholders. In accordance with the requirements of the NGX, the share price at which the interest of such shareholders shall be bought, shall not be less than the highest price at which the shares of MRS Oil traded over the last six (6) months immediately preceding the date on which the notice of the EGM was issued, being ₦135 (One Hundred and Thirty-Five Naira) per share (the "**Exit Consideration**").

The Board considers the Exit Consideration to be fair and reasonable in exchange for the shares of Dissenting Shareholders.

After the EGM, Dissenting Shareholders may elect to receive the Exit Consideration between the period of **June 25, 2024 and July 1, 2024** (the "**Election Period**"). In this regard, Dissenting Shareholders who elect to exit the Company shall be required to complete and submit the Exit Consideration Election and Acceptance Forms (the "**Election Form**") to the Registrar at the latter's office at Plot 2, Abebe Village Road, Iganmu, Lagos or by registered post, courier or electronic submission (at such Dissenting Shareholders' own risk and cost). Copies of the Election Form will be made available at the venue of the EGM.

Shareholders who vote in favour of the Voluntary Delisting are not required to make any election.

(b) Settlement of Exit Consideration

Upon the expiration of the Election Period, the Registrar shall collate all completed Election Forms and advise the Company of the amount of funds to be set aside for Dissenting Shareholders (calculated based on the Exit Consideration). The Company shall set aside sufficient funds in a custody/escrow account to be domiciled with a registrar or custodian; from which account, the Exit Consideration shall be paid to relevant Dissenting Shareholders. The Exit Consideration shall be settled by way of electronic bank transfers to the respective bank accounts provided by Dissenting Shareholders in the Election Form.

(c) Conditions Precedent

The Voluntary Delisting will only become effective upon the occurrence of the following events:

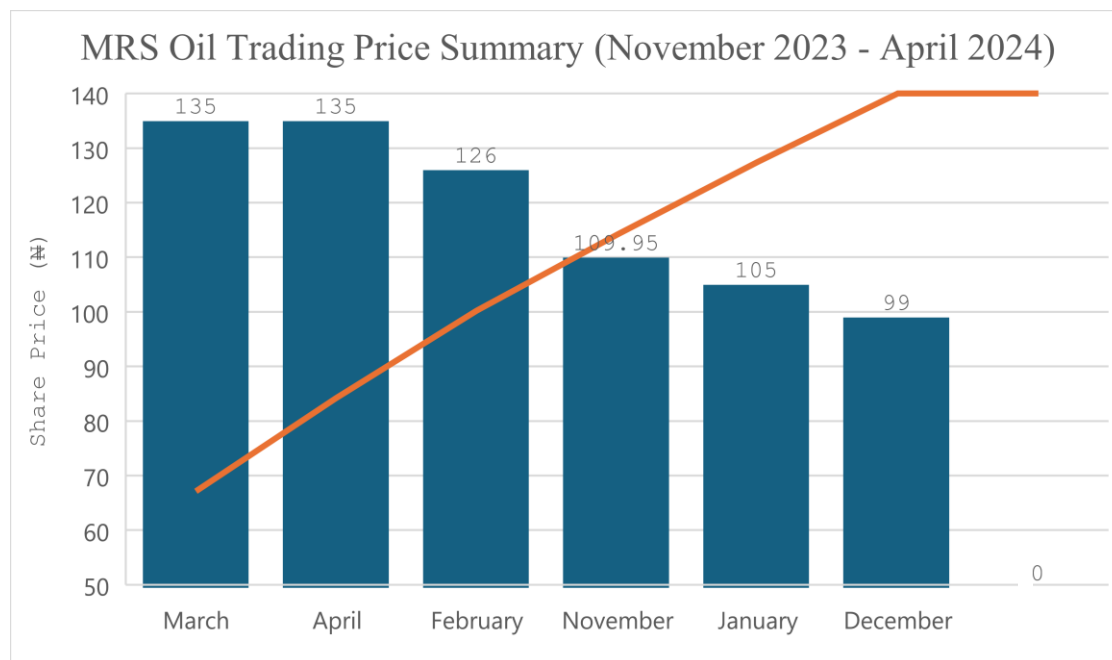
- (i) The Board resolves to propose the Voluntary Delisting to shareholders for consideration and approval;
- (ii) Shareholders pass a resolution approving the proposed de-listing;



- (iii) Following the shareholders' approval, the Board considers the specific terms and conditions of the Voluntary Delisting; and if deemed appropriate and in the best interest of the Company and its shareholders, the Board resolves to proceed with the implementation of the Voluntary Delisting;
- (iv) The register of Dissenting Shareholders is opened and published, the Company sets aside with a registrar or custodian, sufficient funds for the purchase of the interests of Dissenting Shareholders who elect to receive the Exit Consideration; and
- (v) A formal application is submitted to the NGX for the Voluntary Delisting and the approval of the NGX is obtained.

3. Historical Market Trading of MRS Oil Nigeria Plc.

The chart below reflects the trading pattern of the shares of the Company on the NGX within the six (6) months period preceding the date of the notice of the EGM.



4. Consequence of the Voluntary Delisting on the Company's business operations

Following the Voluntary Delisting, the shares of the Company will no longer be available for trading on the NGX but will be admitted unto the NASD OTC Securities Exchange. The Company will continue its usual business operations albeit as an unlisted public limited liability company. The Board does not envisage that the Voluntary Delisting will negatively impact the value, transparency and corporate governance of the Company and/or its existing and potential business opportunities. The Company will continue to explore and prioritize prospects for value creation for its shareholders.



5. Employees

The Voluntary Delisting will have no impact on the existing employment contracts of the Company's employees.

6. Board of Directors Composition

The Voluntary Delisting will have no impact on the composition of the Board.

7. Taxation

Prior to the amendment of the Capital Gains Tax Act Chapter C1 LFN 2004 (as amended) ("CGTA"), gains realized by a person from a disposal of shares were exempt from capital gains tax. However, by virtue of the Finance Act 2021 ("Finance Act") the gains accruing to a person on disposal of shares in any Nigerian company registered under the Companies and Allied Matters Act No. 3 of 2020 (as amended) ("CAMA"), became chargeable gains under the CGTA (subject to satisfaction of conditions for exemption in the Finance Act). Accordingly, Dissenting Shareholders may be assessed to capital gains tax upon receipt of the Exit Consideration.

The statements in the preceding paragraph are not intended to be, and should not be construed to be, legal, tax or other advice to any particular shareholder. Dissenting Shareholders electing to receive the Exit Consideration, who are in doubt about their tax position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult their own tax and/or professional advisers without delay.

8. Meeting to Approve the Voluntary Delisting

At the EGM, the shareholders of MRS Oil shall consider and if thought fit, approve resolutions authorizing the Voluntary Delisting. Each shareholder entitled to attend and vote at the EGM may vote in favour of, or against, the resolutions in respect of the Voluntary Delisting. The majority vote required at the EGM for the approval of the Voluntary Delisting is at least seventy-five percent (75%) of members present and voting during the EGM in person or by proxy. Upon approval of the Voluntary Delisting by the requisite majority of shareholders, the Company will notify the SEC and submit a formal application for the Voluntary Delisting to the NGX, for consideration and approval.

The Voluntary Delisting may trigger the share buy-back and reduction of share capital provisions of CAMA, as the acquisition of the shares of Dissenting Shareholders who elect to receive the Exit Consideration will amount to a share buy-back and the payment of funds to these shareholders by the Company may result in a reduction of MRS Oil's share capital in respect of the shares repurchased. Mindful of the above requirements of CAMA, at the EGM, shareholders of MRS Oil shall duly consider and approve resolutions authorizing the Company to undertake a share buyback and share capital reduction where these are necessary as a consequence of the Voluntary Delisting. The Company's prior completion of the share buyback and share capital reduction process is however, not a pre-condition for NGX's consideration and approval of the Company's formal delisting application. Accordingly, upon approval of the NGX, the Voluntary Delisting becomes effective even whilst the share buyback and reduction of share capital processes (where same are necessary) are still being implemented – please see Section 2(c) of this Explanatory Circular for the conditions precedent to the Voluntary Delisting.

9. Attendance at the EGM by Proxy

Shareholders of MRS Oil entitled to attend and vote at the EGM but who are unable to attend may, submit the Proxy Form attached to this Explanatory Circular for purposes of voting at the EGM, and the duly stamped and completed Proxy Form shall be returned to the Registrar, within the period on the



Proxy Form. The Company has also made arrangements, at its cost, for stamping the duly completed and signed proxy forms submitted to the Company's Registrar.

10. Shareholders' Right to Ask Questions:

Shareholders have a right to ask questions at the EGM and/or in writing prior to the EGM; provided, that questions in writing shall be submitted to the Company Secretary at the Company's head office or by email to inquiries@mrsholdings.com, no later than **June 11, 2024**.

11. Register of Members and Transfer Books:

The Register of Members and Transfer Books of the Company will be closed from **May 27, 2024 to May 31, 2024** (both dates inclusive) to enable the preparation for the EGM.

Dated this 16th day of May, 2024

BY ORDER OF THE BOARD

O.M. Jafajo (Mrs.) FCIS

Company Secretary

FRC NO:2013/NBA/0000002311

Registered Office

2, Tincan Island Port Road

Apapa, Lagos

Nigeria