

INFORMATION MEMORANDUM
ON THE
PROPOSED ACQUISITION OF
982,971,950 ORDINARY SHARES EQUIVALENT
TO A
75% EQUITY STAKE IN



FORTE OIL PLC

RC 4119

BY
IGNITE INVESTMENTS AND COMMODITIES LIMITED

RC 1545583

17 APRIL 2019



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SECTION 1: PARTIES TO THE TRANSACTION

BUYER:

IGNITE INVESTMENTS AND COMMODITIES LIMITED

Registered Office

18, Unit C
Isaac John Street
G.R.A Ikeja
Lagos

Mumin Olawale Shofunlayo

Company Secretary

18, Unit C
Isaac John Street,
GRA Ikeja
Lagos

Directors

Mr. Abdulwasiu Sowami
(Director)
18, Unit C
Isaac John Street
G.R.A Ikeja
Lagos

Financial Adviser

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

Mrs. Ganiyat Sowami

(Director)

18, Unit C
Isaac John Street
G.R.A Ikeja
Lagos

Solicitors

Sefton Fross
20B Kingsley Emu Street
Lekki Phase 1
Lekki
Lagos

PARTIES TO THE ACQUISITION

SELLERS:

A. ZENON PETROLEUM AND GAS LIMITED

Registered Office

7 Tiamiyu Savage Street
Victoria Island
Lagos

Ms. Ifeoluwa Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Directors

Mr. Femi Otedola, CON
13 Walter Carrington Crescent
Victoria Island
Lagos

Ms. Temi Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Nana Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Fairview Solicitors
Company Secretary
Block 89 Plot 166 Naomi Thomas Close,
Peace Valley Zone Magodo GRA. Lagos

Ms. Olawunmi Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

B. THAMES INVESTMENTS INCORPORATED

Registered Office

Withfield Tower
Third Floor
4792 Coney Drive
O.P. Box 1777
Belize City

Company Secretary

Thames Investments Incorporated does not have a company secretary as this is not compulsory under the laws of Belize.

Director

Ms. Marinette Badan
Withfield Tower
Third Floor
4792 Coney Drive
O.P. Box 1777
Belize City

PARTIES TO THE ACQUISITION

C. WELLS PROPERTIES & INVESTMENT COMPANY LIMITED

Registered Office

13 Walter Carrington Crescent
Victoria Island
Lagos

Ms. Ifeoluwa Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Directors

Mr. Femi Otedola, CON
13 Walter Carrington Crescent
Victoria Island
Lagos

Ms. Temi Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Ms. Olawunmi Otedola
13 Walter Carrington Crescent
Victoria Island
Lagos

Agape Solicitors
Company Secretary
Block 89 Plot 166 Naomi Thomas Close,
Peace Valley Zone Magodo GRA. Lagos

PROFESSIONAL ADVISERS TO ALL SELLERS:

Financial Adviser

Standard Chartered Capital & Advisory
Nigeria Limited
142, Ahmadu Bello Way, Victoria Island,
Lagos State, Nigeria

Solicitors

Olaniwun Ajayi LP
The Adunola,
Plot L2, 401 Close
Banana Island
Ikoyi
Lagos

PARTIES TO THE ACQUISITION

TARGET:

FORTE OIL PLC

Registered Office

13 Walter Carrington Crescent
Victoria Island
Lagos

Mr. Anil Dua

(Independent Non-Executive Director)

13 Walter Carrington Crescent
Victoria Island
Lagos

Directors

Mr. Femi Otedola C.O.N

(Chairman)

13 Walter Carrington Crescent
Victoria Island
Lagos

Dr. Mairo Mandara

(Independent Non-Executive Director)

13 Walter Carrington Crescent
Victoria Island
Lagos

Mr. Akin Akinfemiwa

(Group Chief Executive Officer)

13 Walter Carrington Crescent
Victoria Island
Lagos

Mrs. Salamatu Suleiman

(Independent Non-Executive Director)

13 Walter Carrington Crescent
Victoria Island
Lagos

Mr. Julius Omodayo-Owotuga

(Group Executive Director)

13 Walter Carrington Crescent
Victoria Island
Lagos

Mr. Nicolaas Vervelde

(Independent Non-Executive Director)

Prince Clauslaan 111714D Badhee-Vedorp
Amsterdam
Netherlands

Mr. Christopher Adeyemi

(Non-Executive Director)

House 5, Providence Court
Adeyemi Lawson Street
Victoria Island
Lagos

Mr. Akinleye Olagbende

Company Secretary

13 Walter Carrington Crescent
Victoria Island
Lagos

SECTION 2: BACKGROUND INFORMATION

1. BACKGROUND

Forte Oil PLC ("Forte Oil" or the "Company") is a public company listed on The Nigerian Stock Exchange ("The NSE"), primarily involved in the marketing of refined petroleum products. The Company procures and markets petroleum products which include premium motor spirit, automotive gas oil, dual purpose kerosene, fuel oils and aviation turbine kerosene. The Company also manufactures and distributes a wide range of lubricants through its 30ktpa lubricants blending facility. The Company operates via a network of 429 retail outlets across 35 states of Nigeria and the FCT. It has five aviation depots located at major airports across Nigeria; with access to refuelling hydrants at Lagos, Nigeria's largest airport; 60 million litres of total storage capacity across three depots, strategically situated in Nigeria's regional hubs in Apapa (Lagos State) and Onne (Rivers State).

The Company was incorporated in 1964 as British Petroleum ("BP") Nigeria Limited with focus on the marketing of BP petroleum products. The Company changed from a private to public company in 1978, when 40% of the shares were sold to Nigerian citizens in compliance with the provisions of the Nigerian Enterprises Promotion Decree of 1977. In 1979, the Federal Government of Nigeria ("FGN") acquired 60% share capital held originally by BP, for the Nigerian National Petroleum Corporation and subsequently changed the name of the company to African Petroleum PLC ("AP") in 1979.

In 1989, FGN sold 20% of its shareholding to the Nigerian public, and in 2000, divested of its remaining 40% stake, under its privatisation programme. The Company changed its name to Forte Oil Plc in December 2010 upon restructuring and rebranding. In 2018, the Company received shareholders' approval for the restructuring to carve out and divest its power generation, upstream services and AP Oil & Gas Ghana from its core downstream business, subject to regulatory approvals.

Mr. Femi Otedola, Zenon Petroleum and Gas Limited ("Zenon Petroleum"), Thames Investments Incorporated ("Thames Incorporated") and Wells Properties & Investment Company Limited ("Wells Properties") (together, the "Selling Shareholders"), are selling an aggregate of 982,971,950 ordinary shares representing 75% equity stake in Forte Oil ("Sale Shares") as shown below:

Name	Number of Shares	%
Zenon Petroleum & Gas Limited	640,476,400	48.87
Mr. Femi Otedola	186,260,357	14.21
Thames Investments Incorporated	146,663,726	11.19
Wells Properties & Investment Company Limited	9,571,467	0.73
Total	982,971,950	75.00

BACKGROUND INFORMATION

After careful consideration, the Selling Shareholders decided to divest the Sale Shares through a competitive auction process. Following the conclusion of the competitive auction process, Ignite Investments and Commodities Limited ("Ignite Investments") emerged as the preferred bidder for the Sale Shares.

Ignite Investments intends to acquire 75% equity stake in Forte Oil from the Selling Shareholders (the "Acquisition", the "Transaction") pursuant to which Ignite Investments has decided to purchase: (i) the 48.87% equity stake (640,476,400 shares) held by Zenon Petroleum & Gas Limited; (ii) the 14.21% equity stake (186,260,357 shares) held by Mr. Femi Otedola; (iii) 11.19% (146,663,726 shares) out of the 15.11% (197,996,041 shares) equity stake offered by Thames Investments Incorporated; and (iv) the 0.73% (9,571,467 shares) equity stake held by Wells Properties & Investment Company Limited. Ignite Investments is an investment holding company established for the purpose of the Acquisition. The beneficial owner of Ignite Investments is Mr. AbdulwasIU Sowami.

Mr. AbdulwasIU Sowami is a Nigerian business magnate and investor, with business interests across the oil and gas, commodities trading, shipping and logistics sectors in Nigeria. He has over 20 years' experience in the oil and gas sector, particularly in petroleum products marketing, distribution and logistics. He is the Chairman and Managing Director of Prudent Energy & Services Limited ("Prudent Energy"), a leading indigenous private oil and gas company actively involved in the importation, storage and marketing of refined petroleum products in the Nigerian oil and gas downstream sector. Prudent Energy is the leading gasoil trading company in Nigeria.

In addition to Prudent Energy, Mr. AbdulwasIU Sowami has equity interests in Prime Fuels Trading Limited, a company involved in the bulk terminal operations of petroleum products, including logistics and distribution; Prudent Effsow Commodities Limited, an agro-based commodity and food processing company focused on the export market; Prudent Bulk Storage Terminal Limited, a company involved in the business of bulk petroleum products purchases and Prudent Gas Limited, a company operating the group's bulk Liquefied Petroleum Gas ("LPG") storage facility through marketing and distribution of LPG, including ownership of smaller storage facilities and a fleet of LPG distribution trucks.

Ignite Investments and the Selling Shareholders have concluded the negotiations of a Sale and Purchase Agreement ("SPA") which sets out the terms and conditions for the Acquisition, subject to obtaining approval of the Securities and Exchange Commission ("SEC").

2. THE ACQUISITION

Ignite Investments is an investment holding company established for the purpose of the Acquisition and is controlled by Mr. AbdulwasIU Sowami.

Ignite Investments will acquire the Sale Shares from the Selling Shareholders.

3. ACQUISITION OBJECTIVES

Mr. AbdulwasIU Sowami, through his investments in the downstream oil and gas sector particularly his Prudent Energy operations, is seeking opportunities to grow and diversify

BACKGROUND INFORMATION

his operations. The Transaction presents an opportunity for rapid business expansion and accelerated growth in the downstream sector of the industry for both Prudent Energy and Forte Oil.

Prudent Energy currently controls a marginal share of the retail segment of the Nigerian downstream oil and gas sector operating through five retail outlets in Lagos State, Ogun State, Oyo State, Delta State, Niger State and the Federal Capital Territory. The Acquisition will increase Prudent Energy's access to distribution channels and open up markets in locations where the company currently has no presence.

The successful conclusion of the Transaction is expected to result in additional value for shareholders of Forte Oil. The new core investor will be in a position to drive Forte Oil's future growth by increasing focus on the Company's high margin products, optimising the Company's existing retail outlets and expanding its retail footprint. The Transaction is also expected to lead to an optimisation of Forte Oil's balance sheet due to an improved working capital position, ultimately resulting in better funding terms for the Company.

4. DIVESTMENT OBJECTIVES

The Selling Shareholders seek to expand their business interests and explore and maximise business opportunities in new frontiers such as refining and petrochemicals. The divestment of the Sale Shares will provide the Selling Shareholders with the opportunity to: (x) direct their efforts towards achieving the objective stated above; and (y) take advantage of the growth of and invest in other sectors within and outside the shores of Nigeria.

5. STATEMENT OF FINANCIAL CAPABILITY

Ignite Investments has the financial resources for the purchase consideration. The Company will be duly capitalized with equity injection from its promoter, Mr. Abdulwasiiu Sowami, and this equity injection represents the equity portion of the purchase consideration. The balance of the purchase consideration will be funded using debt which will be raised on the balance sheet of Prudent Energy, a company owned by the same promoter. This debt finance will be provided by a consortium of Nigerian banks arranged by Stanbic IBTC Bank Plc.

SECTION 3: THE OFFER

1. PURCHASE CONSIDERATION

Ignite Investments is acquiring a total of 982,971,950 ordinary shares of Forte Oil for a total consideration of ₦64,889,460,000.00 (Sixty-Four Billion, Eight Hundred and Eighty-Nine Million, Four Hundred and Sixty Thousand Naira) (the "Purchase Consideration") comprising:

Consideration ¹	Amount
Deposit	₦ 3,938,544,000
Completion Payment	₦ 53,746,316,000
Deferred Payment	₦ 7,204,600,000
Total	₦ 64,889,460,000

The Deferred Payment, net of any claims, subject to the agreed limit in the SPA, will be paid to the Selling Shareholders in three instalments commencing from the second-year anniversary of the Completion Date.

The implied share price for the Acquisition is ₦66.01 per share².

2. PLANS FOR DIRECTORS AND EMPLOYEES

Upon completion of the Proposed Acquisition, Ignite Investments will replace the representatives of the Sellers on the Board of Directors of Forte Oil with directors who possess the required skills and market knowledge to drive the strategic ambitions of the Company. The composition of the directors will be in line with best practice corporate governance principles.

There are no immediate changes planned to the current management structure of Forte Oil. Where any employee does not wish to continue in the employment of Forte Oil, such an employee will be entitled to obtain the full terminal benefits under his / her existing contract of service.

3. TERMS AND CONDITIONS OF THE ACQUISITION

The terms and conditions of the Acquisition, including the Purchase Consideration, the representations and warranties furnished by the parties and conditions precedent are contained in the SPA agreed by the parties, an execution version is enclosed with this Information Memorandum.

¹ The Deposit was converted to Naira at the NAFEX rate of N364.68/US\$. The Completion and Deferred Payments were converted at N360.23/US\$, being the NAFEX rate as at close of business of 23 April 2019. Please note that the final Completion and Deferred Payments will be converted to Naira at the NAFEX Rate quoted by the FMDQ at the time stipulated in the SPA.

² The final Purchase Consideration will be based on the NAFEX Rate as quoted by the FMDQ at the time stipulated in the SPA and is thus subject to change.

THE OFFER

4. MANNER OF ACCEPTANCE

The Acquisition will constitute a transaction among five parties: Ignite Investments, Femi Otedola, Zenon Petroleum, Thames Incorporated and Wells Properties. Following the fulfilment and/or waiver of the conditions precedent, including receipt of SEC approval, the SPA provides for the consummation of the Acquisition with the payment of the Completion Payment (excluding the Deferred Payment) to the Selling Shareholders and the transfer of the Sale Shares to Ignite Investments.

The Acquisition will be implemented via a cross trade on The NSE. Ignite Investment's designated Central Securities Clearing System PLC ("CSCS") account will be credited with the Sale Shares while the Selling Shareholders' designated bank account will be credited with the Completion Payment less the Deferred Payment. The register of members will thereafter be updated with Ignite Investments' 75% shareholding in Forte Oil.

SECTION 4: INFORMATION ON IGNITE INVESTMENTS

1. COMPANY OVERVIEW

Ignite Investments is a newly incorporated entity established by its sponsor, Mr. AbdulwasIU Sowami, to invest in Forte Oil. Ignite Investments is domiciled in Nigeria and was incorporated on 06 December 2018.

2. SHARE CAPITAL HISTORY

As at 31 December 2018, Ignite Investments had an issued share capital of ₦1,000,000 comprising 1,000,000 ordinary shares of ₦1.00 each.

3. OWNERSHIP STRUCTURE

As at 31 December 2018, the 1,000,000 ordinary shares in Ignite Investments of ₦1.00 each were beneficially held as follows:

Name	Number of Shares held	%
AbdulwasIU Sowami	900,000	90.00
Ganiyat Sowami	100,000	10.00
Total	1,000,000	100.00

4. DISCLOSURE OF INTEREST

The interests of the Directors of Ignite Investments in the issued share capital of the company as at 31 December 2018 were as follows:

Name	Number of Shares held	%
AbdulwasIU Sowami	900,000	90.00
Ganiyat Sowami	100,000	10.00
Total	1,000,000	100.00

5. HISTORICAL FINANCIAL INFORMATION

Ignite Investments was incorporated on 06 December 2018 and as such, has no historical financial information.

6. PROFILE OF THE SPONSOR

Mr. AbdulwasIU Sowami is a Nigerian entrepreneur and investor, with business interests across oil and gas, commodities trading, shipping and logistics sectors. He has over 20 years' experience in the oil and gas sector, particularly in petroleum products marketing, distribution and logistics. He started his career with Besse Oil and Services Limited, moved on to Cosmos Oil Limited and later moved to Ignite Energy Limited. He served in various capacities at these organisations specifically downstream operations before establishing his own company in 2004.

Mr. Sowami has a B.Sc. in Sociology from the University of Maiduguri and a M.Sc. in Corporate Governance from Leeds Beckett University, United Kingdom. He is an Associate Member of the Institute of Directors.

SECTION 5: INFORMATION ON FORTE OIL PLC

1. COMPANY OVERVIEW

Forte Oil was incorporated in 1964 and is publicly listed on The NSE. The Company operates c.429 retail stations in Nigeria and offers a wide range of petroleum products which include premium motor spirit, automotive gas oil, dual purpose kerosene, fuel oils and aviation turbine kerosene. The Company is also involved in the manufacturing and distribution of a wide range of lubricants.

Forte Oil's downstream operations extend to Ghana, where its subsidiary, AP Oil and Gas Ghana Limited offers a range of petroleum products through a number of retail stations. The Company also operates in the upstream petroleum services sector, offering quality production and drilling chemical laboratory services to major oil exploration and production companies in Nigeria through its subsidiary, Forte Upstream Services Limited. Forte Oil also owns 57% equity stake in Amperion Power Distribution Limited which owns a 51% stake in Geregu Power PLC.

In May 2018, Forte Oil received shareholder approval to restructure the Company by divesting its equity interests in AP Oil and Gas Ghana Limited, Forte Upstream Services Limited and Amperion Power Distribution Limited, subject to regulatory approvals.

2. SHARE CAPITAL HISTORY

As at 31 December 2017, Forte Oil had an issued share capital of ₦655,314,633 comprising 1,310,629,267 ordinary shares of 50 kobo each.

Authorised capital (₦)			Issued and fully paid capital (₦)			
Date	From	To	Date	From	To	Consideration
22/06/78	6,000,000	7,500,000	28/02/79	6,000,000	7,500,000	
17/07/80	7,500,000	11,250,000	17/09/80	7,500,000	11,250,000	Bonus (1:2)
28/08/82	11,250,000	22,500,000	24/08/82	11,250,000	22,500,000	Bonus (1:1)
04/08/84	22,500,000	30,000,000	10/08/84	22,500,000	30,000,000	Bonus (1:3)
06/08/86	30,000,000	36,000,000	16/09/86	30,000,000	36,000,000	Bonus (1:5)
12/07/88	36,000,000	43,200,000	03/08/88	36,000,000	43,200,000	Bonus (2:3)
29/06/90	43,200,000	72,000,000	24/09/90	43,200,000	86,400,000	Right issue
29/07/93	72,000,000	86,400,000	10/01/94	72,000,000	86,400,000	Bonus (1:4)
28/11/97	86,400,000	108,000,000	28/11/99	86,400,000	108,000,000	Right issue
19/02/99	108,000,000	144,000,000	13/09/04	108,000,000	216,000,000	Right issue
15/11/02	144,000,000	5,000,000,000	25/11/04	216,000,000	234,263,450.50	-
			30/09/05	234,263,450.50	281,116,141	Bonus (1:5)
			28/10/06	281,116,141	394,393,919	Placement
			20/04/09	394,393,919	443,271,555	Right issue
			20/04/09	443,271,555	543,535,383	Public offer
26/11/13	5,000,000,000	2,000,000,000	06/12/13	543,535,383	543,535,383	-
			11/07/14	543,535,383	546,095,528	Underwriting of 2008/2009 hybrid offer
			15/04/15	546,095,528	655,314,633	Bonus (1:5)

INFORMATION ON FORTE OIL PLC

3. OWNERSHIP STRUCTURE

As at 31 December 2017, the ordinary shares in the issued share capital of Forte Oil were beneficially held as follows:

Name	Number of Shares held	%
Zenon Petroleum and Gas Limited	640,476,400	48.87
Thames Investments Incorporated	197,996,041	15.11
Femi Otedola, C.O.N	186,260,357	14.21
Others	285,896,470	21.81
Total	1,310,629,268	100.00

4. DISCLOSURE OF INTEREST

The interests of the Directors of Forte Oil in the issued share capital of the Company as at 31 December 2017 were as follows:

Name	Direct	Indirect	Total	% holdings
Mr. Femi Otedola, C.O.N	186,260,357	838,472,441	1,024,732,798	78.19
Mr. Akin Akinfemiwa	24,000	-	24,000	0.002
Mr. Julius Omodayo-Owotuga	-	-	-	-
Mr. Christopher Adeyemi	96,582	-	96,582	0.007
Mr. Anil Dua	-	-	-	-
Dr. Mairo Mandara	-	-	-	-
Mr. Nicolaas Vervelde	-	-	-	-
Mrs. Salamatul Sulieman	-	-	-	-
Total	186,380,939	838,472,441	1,024,853,380	78.20

INFORMATION ON FORTE OIL PLC

5. HISTORICAL FINANCIAL INFORMATION

Five-year financial summary					
Statement of Financial position	31-Dec-17 N'000	31-Dec-16 N'000	31-Dec-15 N'000	31-Dec-14 N'000	31-Dec-13 N'000
Non-current assets					
Property and equipment	65,730,699	69,297,575	62,420,249	54,253,330	51,843,552
Investment properties	1,557,444	1,799,462	1,831,743	1,934,928	2,021,526
Intangible assets	210,616	229,307	286,110	475,849	606,913
Investment in subsidiaries	-	-	-	-	-
Deferred tax assets	3,681,641	165,152	131,141	120,990	920,949
Long term employee benefits	38,822	1,674	41,819	16,364	-
Current assets					
Inventories	6,100,441	5,399,931	10,059,871	12,201,950	10,583,317
Other assets	-	-	389,579	572,565	426,462
Trade & other receivables	68,146,204	46,819,458	34,896,618	53,600,153	31,485,663
Cash and cash equivalents	1,771,949	17,043,933	11,700,826	16,062,169	6,789,618
Total Assets	147,237,816	140,756,492	121,757,956	139,238,298	104,678,000
Liabilities					
Non-current liabilities					
Trade & other payables	378,045	397,615	-	-	680,711
Long term employee benefit	-	-	-	-	9,604
Deferred tax liabilities	1,711,028	495,372	73,914	82,373	86,332
Loans and borrowings	13,599,405	17,394,641	13,951,682	12,253,829	14,901,078
Medium term bond	7,178,006	8,704,594	-	-	-
Deferred fair value gain on loan	567,538	1,021,572	1,432,781	-	-
Current liabilities					
Trade & other payables	53,359,633	44,400,564	34,183,495	52,514,745	36,190,768
Current income tax liabilities	733,172	1,230,362	967,834	845,611	570,523
Loans and borrowings	11,547,326	21,395,842	13,757,807	12,288,927	4,983,659
Medium term bond	1,628,016	-	-	-	-
Deferred fair value gain on loan	454,034	454,032	440,855	-	-
Bank overdraft	802,392	1,928,321	10,268,358	16,496,305	4,906,018
Total liabilities	91,958,595	97,422,915	75,477,121	94,903,629	62,328,693
Net assets	55,279,221	43,333,577	46,280,743	44,334,669	42,349,307
Financed by:					
Share capital	655,314	655,314	546,095	546,095	539,368
Share premium	8,071,943	8,071,943	8,181,162	8,181,162	6,947,887
Other reserves	(218,135)	(222,357)	(257,985)	(248,099)	(170,082)
Retained Earnings	7,928,047	4,200,191	6,001,847	3,958,962	5,726,144
Total equity attributable to equity holders	16,437,169	12,705,091	14,471,119	12,438,120	13,043,317
Treasury stock	(1,388,574)	(1,388,574)	(1,388,574)	-	-
Non-controlling interests	40,230,626	32,017,060	33,198,198	31,896,549	29,305,990
Total Equity	55,279,221	43,333,577	46,280,743	44,334,669	42,349,307
Statement of Comprehensive Income					
Revenue	129,443,804	148,605,261	124,617,238	170,127,978	128,027,744
Profit/(loss) before tax	10,627,156	5,340,244	7,012,442	6,006,298	6,524,550
Taxation	1,599,266	(2,449,814)	(1,218,387)	(1,549,681)	(1,520,153)
Profit/(loss) after tax	12,226,422	2,890,430	5,794,055	4,456,617	5,004,397

6. CLAIMS AND LITIGATIONS INVOLVING FORTE OIL

The Company, in its ordinary course of business is, involved in 25 cases. Of the 25 cases in which the Company is involved, 20 were instituted against the Company by various individuals and organisations whilst 5 was instituted by the Company.

The total monetary claim against the Company in the 20 cases instituted against it by various individuals and organisations is approximately ₦216 million (Two Hundred and Sixteen Million Naira). On the other hand, the aggregate sum claimed by the Company in the cases instituted by it is ₦ 3,415,830,595.63 (Three Billion, Four Hundred and Fifteen Million, Eight Hundred and Thirty Thousand, Five Hundred and Ninety-Five Naira, Sixty-Three Kobo).

The Solicitors to Forte Oil are of the opinion that the contingent liability to which the Company may likely be exposed in respect of the cases instituted against it is approximately ₦216 Million (Two Hundred and Sixteen Million Naira), excluding interest and costs, which may be awarded by the relevant courts, after the conclusion of the cases. The Solicitors are also of the opinion that the claims against the Company should not have any material adverse effect on the Company.

The Directors of the Company are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Company and are not aware of any other pending and/or threatened claim or litigation.

SECTION 6: EFFECTS OF THE ACQUISITION

1. LINES OF OPERATIONS OF IGNITE INVESTMENTS

Ignite Investments is an investment holding company established for the Acquisition.

2. EXISTING INVESTMENT BY IGNITE INVESTMENTS IN THE OIL AND GAS INDUSTRY




Ignite Investments is an SPV established for the acquisition of the Sale Shares. However, the company's core shareholder, Mr. Abdulwasiiu Sowami, controls Prudent Energy, a leading indigenous private oil and gas company. In addition to Prudent Energy, Mr. Abdulwasiiu Sowami has equity interests in:

- Prime Fuels Trading Limited, a company involved in the bulk terminal operations of petroleum products, including logistics and distribution
- Prudent Effsow Commodities Limited, an agro-based commodity and food processing company focused on the export market
- Prudent Bulk Storage Terminal Limited, a company involved in the business of bulk petroleum products purchases
- Prudent Gas Limited, a company operating the group's bulk Liquefied Petroleum Gas ("LPG") storage facility through marketing and distribution of LPG, including ownership of smaller storage facilities and a fleet of LPG distribution trucks.

3. IMPACT OF THE ACQUISITION / MARKET SHARE ANALYSIS ON THE OIL AND GAS INDUSTRY

The downstream oil and gas industry in Nigeria is highly fragmented with numerous players, organised into three broad industry associations; Major Oil Marketers Association of Nigeria ("MOMAN"), Depot and Petroleum Products Marketers Association ("DAPPMA") and Independent Petroleum Marketers Association ("IPMAN"). MOMAN comprises of the six major players in the industry, Total Nigeria PLC, OVH Energy, Forte Oil, Conoil PLC, 11 PLC (formerly known as Mobil) and MRS Oil Nigeria PLC, collectively estimated to have between 30% and 40% share of the downstream oil and gas industry.

Key players in the industry

Company	Number of retail outlets	2017 Revenue (N'm)
 TOTAL	562	288,063
 FORTE OIL	429	86,176
 MRS	416	107,088
 Oando	385	250,476
 Conoil	300	115,513
 11 PLC	250	125,257

EFFECTS OF THE ACQUISITION

Forte Oil will provide Ignite Investments, a platform for building a formidable player in the Nigerian downstream oil and gas industry. Given that the investment in Forte Oil is Ignite Investment's first investment and Prudent Energy is a marginal player in the downstream retail business with five stations, the Acquisition will not have a material impact on the market share of existing players in the Nigerian downstream oil and gas industry.

SIGNATORY PAGE

FOR AND ON BEHALF OF:

Ignite Investments and Commodities Limited



Authorised Signatory

Abdul Wasim Sowami

Name

Director

Designation

29/04/2019

Date

Zenon Petroleum and Gas Limited



Authorised Signatory

Olufemi Peter Otedola

Name

Director

Designation

29-04-2019

Date

Thames Investments Incorporated



Authorised Signatory

Olufemi Peter Otedola

Name

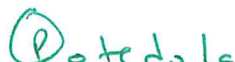
Director

Designation

29-04-2019

Date

Wells Properties & Investment Company Limited



Authorised Signatory

Olufemi Peter Otedola

Name

Director

Designation

29-04-2019

Date

Mr. Femi Otedola

Otedola

Authorised Signatory

29-04-2019

Date