

# INFORMATION MEMORANDUM

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In Respect of

The Proposed Acquisition of 100% Equity Stake in



**TELLURIA LIMITED**

Consisting of 1,000,000 Ordinary Shares of ₦1.00 Each

By



**Financial Adviser**



**MBC Capital Limited** RC: 936547

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This Information Memorandum is being issued in compliance with the provisions of the Investments and Securities Act No 29 of 2007, the Rules and Regulations of the Securities and Exchange Commission.

As far as Ellah Lakes Plc is aware, the information contained in this Memorandum is correct and does not omit any material matters as at the date of this Memorandum. This Memorandum will not be updated hereafter. Ellah Lakes Plc; has not authorized any third party to make statements regarding the proposed Acquisition.

This document constitutes an offer to acquire 100% equity stake in Telluria Limited by Ellah Lakes Plc only and is not to be interpreted as, an offer or an invitation or request to the general public.

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**THIS INFORMATION MEMORANDUM IS DATED [.]DAY, DD MM, 2019**

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## DEFINITIONS

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Abbreviation	Name/Explanation
“AGM”	Annual General Meeting
“Business Day”	Any day other than a Saturday, Sunday or official public holiday declared by the FGN
“CAC”	Corporate Affairs Commission
Closing Date	The date at which the SEC approves the acquisition
“CAMA”	Companies and Allied Matters Act, Cap C20, LFN, 2004 as amended
“CSCS”	Central Securities Clearing Systems Limited
“DPS”	Dividend per Share
“EPS”	Earnings per Shares
“Exchange Ratio”	<b>1,880:1</b> ; representing 1,880 Ordinary Shares to be received by the shareholders of Tellria in Ellah Lakes in exchange for 1 Ordinary Share held in Telluria.
“FGN”	Federal Government of Nigeria
“IFRS”	International Financial Reporting Standards
“ISA”	Investment and Securities Act
“Acquirer or Ellah Lakes Plc”	Ellah Lakes Plc
“Financial Adviser”	MBC Capital Limited
“Information Memorandum”	This document which is issued in accordance with the Rules and Regulations of the Commission
“Target or Telluria Limited”	Shareholders of Telluria Limited
“SEC or The Commission”	Securities and Exchange Commission
“Legal Adviser to Ellah Lakes”	The New Practice (“TNP”)
“Stockbroker”	MBC Securities Limited

## CONTACT INFORMATION

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Further information and enquiries about this Information Memorandum should be directed to the person(s) indicated below:

### ISSUER

**ELLAH LAKES PLC**  
13B, Forces Avenue,  
Old GRA, Port-Harcourt  
Rivers State, Nigeria

### CONTACT PERSONS

**ELLAH LAKES PLC**  
Frank **Ellah**  
**Managing Directors**  
13B, Forces Avenue,  
Old GRA, Port-Harcourt  
Rivers State, Nigeria

Michael **Ellah**  
**Company Secretary**  
13B, Forces Avenue,  
Old GRA, Port-Harcourt  
Rivers State, Nigeria

### FINANCIAL ADVISER

**MBC CAPITAL LIMITED**  
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**MBC CAPITAL LIMITED**  
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## **BACKGROUND INFORMATION**

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### **BACKGROUND TO THE ACQUISITION**

On September 6, 2016, Ellah Lakes Plc informed regulatory authorities that it had ceased commercial operations as a result of militant activities that led to the killing and kidnapping of some of its staff and vandalism of major assets of the Company. Two of the Company's employees were killed and others injured, leading to the loss of key customers as they became afraid of doing business with the Company. Prior to the militant attacks, the Company's operations had been hampered by working capital challenges and high input and feed costs. As at today, the farmland is inaccessible due to threat to life and property in its location leading to material loss of shareholders' value in the Company. Due to a combination of insecurity and financial challenges, the Company's outstanding inventories were sold off at values that were significantly lower than their carrying costs; further eroding shareholder value. As a result of these developments and in addition to the Company's inability to meet basic listing requirements Ellah Lakes received a delisting notice from the Nigerian Stock Exchange ("NSE") stating its intention to delist the Company from its trading platform.

Given the Company's inability to operate and closure of its operations, it has become necessary to chart a new strategic course to ensure ongoing existence of the Company. After evaluating various options, the Company has decided to pursue a business combination with Telluria Limited. Telluria Limited is a farming and food processing company with over 2,000 hectares of farmland in Edo State with a specialization in the cultivation and processing of Oil Palm, and other by-products for local and export markets.

The opportunity provided by Telluria Limited offers Ellah Lakes a resuscitation and growth strategy that will return Ellah Lakes to a competitive position in the marketplace. The proposed transaction will strengthen Ellah Lakes' balance sheet, restore customer confidence, provide access to new markets, improve operations and create organizational efficiencies that will drive profitability and increase shareholders' value.

Consequently, MBC Capital Limited, on behalf of Ellah Lakes Plc, is pleased to file this Information Memorandum as it seeks the approval of the Securities and Exchange Commission ("SEC") for the proposed acquisition of Telluria Limited by Ellah Lakes Plc.

## BACKGROUND INFORMATION

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### STATEMENT OF ACQUISITION OBJECTIVES

The primary objective of the acquisition is to strengthen Ellah Lakes' balance sheet, restore customer confidence, provide access to new markets, improve operations and create organizational efficiencies that will drive profitability and increase shareholders' value.

The Board of Directors and Management team of Ellah Lakes consider this business combination to be in the best interest of the Company and expect the transaction to provide the following opportunities and benefits to shareholders, employees, customers and other stakeholders:

- Revitalized management, access to diversified expertise, and financial strength;
- Improved administrative, operational and administrative efficiencies;
- Strengthened market positioning, access to new products and markets; leading to the ability to take advantage of opportunities in oil palm production and processing

## BACKGROUND INFORMATION

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### PARTIES TO THE ACQUISITION

<b>THE ACQUIRER:</b>	<b>ELLAH LAKES PLC.</b> 13B, Forces Avenue, Old GRA, Port-Harcourt Rivers State, Nigeria
<b>1. Chairman</b>	<b>General Zamani Lekwot</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>2. Managing Director</b>	<b>Mr. Frank Ellah</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>3. Director</b>	<b>Mrs. Patricia Ellah</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>4. Director</b>	<b>Mr. Chuka Mordi</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>5. Director</b>	<b>Osaro Oyegun</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>6. Director</b>	<b>Mr Enot Ogbedor</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>7. Director</b>	<b>Mr. Joe Attueyi</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>8. Director</b>	<b>Mrs. Chiamaka Cookey-Gam</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.
<b>9. Company Secretary</b>	<b>Michael Ellah</b> 13, Forces Avenue, Old G.R.A., Port Harcourt, Rivers State.

## BACKGROUND INFORMATION

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### THE TARGET:

**TELLURIA LIMITED**  
21, Boyle Street, Onikan  
Lagos, Nigeria

- 1. Director**  
**Mr. Chuka Mordi**  
21, Boyle Street, Onikan  
Lagos, Nigeria
- 2. Director**  
**Mr. Osaro Oyegun**  
21, Boyle Street, Onikan  
Lagos, Nigeria
- 3. Managing Director**  
**Mr Enot Ogbemor**  
21, Boyle Street, Onikan  
Lagos, Nigeria
- 4. Director**  
**Mrs. Kenechi Ezezika**  
21, Boyle Street, Onikan  
Lagos, Nigeria

### PROFESSIONAL PARTIES

- 1. Financial Adviser**  
**MBC Capital Limited**  
11th floor, Saint Nicholas house  
26, catholic mission street,  
Lagos Island, Lagos
- 2. Stockbroker**  
**MBC Securities Limited**  
11th floor, Saint Nicholas House  
26, Catholic Mission Street,  
Lagos Island, Lagos
- 3. Legal Adviser to the Acquirer**  
**The New Practice (TNP)**  
49 Raymond Njoku Street  
Ikoyi, Lagos



## BACKGROUND INFORMATION

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### ASSETS TO BE ACQUIRED AND THEIR VALUE

	ASSET	VALUE
1	1,000,000 Ordinary Shares of N1.00 each in Telluria Limited representing 100% of its issued and fully paid share capital	<b>₦4,796,828,767.00</b>

### STATEMENT OF FINANCIAL CAPABILITY

The transaction does not include a cash transfer. Ellah Lakes Plc. is expected to issue 1,880,000,000 Ordinary Shares to the shareholders of Telluria Limited as consideration in exchange for the entire 100% equity stake held in Telluria Limited.

## THE OFFER

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### PURCHASE CONSIDERATION

Following various meetings between the Directors of Ellah Lakes Plc (“Ellah Lakes”) and the representatives of Telluria Limited (“Telluria”) to explore a combination of both companies with a view to resuscitating Ellah Lakes and diversifying its ailing business, the respective Boards of Directors of Ellah Lakes and Telluria agreed to enter into a definitive agreement and discuss the possible terms of the transaction. The companies agreed to structure the offer consideration as an exchange of shares, further to which the shareholders of Telluria, would receive 1,880,000,000 Ordinary Shares of 50 Kobo each in Ellah Lakes Plc, in consideration for the transfer of Telluria Shareholder’s 1,000,000 Ordinary Shares representing 100% shareholding in Telluria to Ellah Lakes. The proposed Transaction has since been approved by the respective shareholders of both Ellah Lakes and Telluria, subject to fulfilment of all relevant conditions precedent.

Under the terms of the agreement, it is proposed that the transfers and consideration shall involve:

- a. 1,000,000 Ordinary Shares of ₦1.00 each in the capital of Telluria, being the entirety of the shareholding of the Telluria Shareholders in the issued share capital of Telluria, be transferred to Ellah Lakes in exchange for shares of Ellah Lakes
- b. all the assets, liabilities and business undertakings of Telluria, including real properties and intellectual property rights will continue to be held by Telluria, subject to dealings in the ordinary course of business
- c. all legal proceedings, claims and litigations, pending or contemplated by or against Telluria, will continue to subsist
- d. Telluria will operate as a separate entity but a wholly owned subsidiary of Ellah Lakes
- e. in consideration for the transfer of shares of Telluria to Ellah Lakes, it is agreed that each Shareholder of Telluria shall be entitled to:

**RECEIVE:** 1,880 Ellah Lakes Shares

**IN EXCHANGE FOR :** Every 1 Telluria Share

### COMPARISON OF PURCHASE CONSIDERATION WITH HISTORICAL MARKET PRICE

Telluria is a Private Limited Liability Company and is not quoted on any securities exchange such as NSE. Thus, Telluria does not have any historical market price that the purchase consideration can be compared with.

## **THE OFFER**

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### **EFFECT OF THE ACQUISITION ON THE MANAGEMENT AND EMPLOYEES OF TELLURIA LIMITED**

The acquisition provides Ellah Lakes the opportunity to revive its currently insolvent business and diversify operations into the cultivation of Oil Palm. It also facilitates the injection of new capital that will help reposition the company for better performance and profitability. Consequently, it is the intention of Ellah Lakes to integrate current management and employees of Telluria into Ellah Lakes, post-acquisition.

### **TERMS AND CONDITIONS OF THE ACQUISITION**

The terms and conditions of the proposed acquisition are contained in the Share Purchase Agreement (“SPA”) between Ellah Lakes and Telluria. The acquisition is in all respects conditional upon the fulfilment of all conditions precedent as stated in the SPA which includes receipt of all required regulatory approvals.

### **MANNER OF ACCEPTANCE**

The modalities for acceptance shall be in line with the Rules and Regulations of the SEC and all other applicable laws. At the close of the transaction, Ellah Lakes shall deliver or cause to have delivered to the Shareholders’ of Telluria, such instruments of transfer as is required under the SPA. The consideration shall be without any withholding, deduction, set-off or counterclaim on account of any claim by the Buyer or any person against any Vendor.

### **TREATMENT OF DISSENTING SHAREHOLDERS**

It is envisaged that there will be no instance of dissenting shareholders as the transaction has been agreed and approved by the shareholders of both parties.

## **BASIS OF VALUATION**

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### **BACKGROUND**

Ellah Lakes, in furtherance of its strategic objective of resuscitating its business, improving its competitive profile and positioning itself to harness opportunities in the agricultural industry, seeks to acquire all the shares of Telluria. It is envisaged that the acquisition will result in considerable benefits and opportunities for all stakeholders. The benefits include those arising from new products and market opportunities, increased management depth, and enhanced operational efficiencies.

Under the Agreement, Shareholders of Telluria will transfer their equity holding to Ellah Lakes in consideration for shares in Ellah Lakes. Telluria will become a subsidiary of Ellah Lakes after the transaction closes.

### **BASIS AND ASSUMPTIONS**

The main assumptions used for the valuation are as follows:

- i. The valuation reference date is December 31, 2018;
- ii. The issued and fully paid share capital of Ellah Lakes as at the valuation reference date, was ₦60,000,000.00 comprising 120,000,000 Ordinary Shares of 50 kobo each;
- iii. The issued and fully paid share capital of Telluria as at the valuation reference date, was ₦1,000,000.00 comprised of 1,000,000 Ordinary Shares of ₦1.00 each;
- iv. The Net book Value of Telluria as at December 31, 2018 was ₦4,796,828,767
- v. The closing price per share of Ellah Lakes on the NSE as at the valuation reference date was ₦4.26 (the stock has been stagnant on the price of ₦4.26 for five year and traded last on October 3, 2018)

### **VALUATION METHODOLOGY**

Given that the company has consistently recorded losses over the past 5 years, and has in essence lost all its operating assets and ceased commercial activity, the fair value of Ellah Lakes was determined through a mutual negotiation in deriving the implied Share Exchange Ratio for the Acquisition. While, the fair value of Telluria was determined using a Net Asset Value (NAV) approach. The Net Assets Value approach recognises the book value of shareholders' equity on a company's balance sheet at a particular date in arriving at a value for the company's shares. It considers the underlying fair value of a company's assets, net of its liabilities.

## **BASIS OF VALUATION**

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### **VALUATION SUMMARY AND EXCHANGE RATIO**

#### **Valuation Summary**

After duly evaluating the current financial situation of the companies, Ellah Lakes and Telluria adopted an exchange ratio of 1,880 Ellah Lakes Ordinary Shares for One (1) Telluria Ordinary Shares and a share price of ₦4,797 for Telluria.

#### **Share Exchange Ratio**

At the Board of Directors meeting of Ellah Lakes held on 14<sup>th</sup> August, 2018, the Directors of Ellah Lakes approved and accepted the above terms from Telluria .

This implies a share exchange ratio of 1,880-for-1, where each Shareholder of Telluria will receive 1,880 Ordinary Shares in Ellah Lakes for every 1 Ordinary Shares held in Telluria as at the Closing Date. Thus the Telluria Shareholders will receive a total of 1,880,000,000 Ordinary Shares of 50 kobo each in the Post-Offer Ellah Lakes in exchange for the transfer of the entire 1,000,000 ordinary shares of ₦1.00 held by them in Telluria as at the Closing Date.

## INFORMATION REGARDING ELLAH LAKES PLC (THE ACQUIRER)

### HISTORY AND BUSINESS

Ellah Lakes PLC, previously referred to as Ellah Lakes Limited, was incorporated as a Limited Liability company on July 22, 1980. Its main promoter/founder is the late Senator F. J. Ellah. It is headquartered in Port Harcourt, Rivers State, Nigeria. Ellah Lakes Plc engaged in fish farming and other related agricultural activities in Nigeria. Until 2016 it produced and marketed fresh water fish. The company is listed on the Main Board of the Nigeria Stock Exchange (NSE)

### SHARE CAPITAL AND OWNERSHIP STRUCTURE

#### SHARE CAPITAL HISTORY

Ellah Lakes Plc had an initial authorised share capital of ₦1 Million comprising 1 Million Ordinary Shares of ₦1.00 each, and an issued and fully paid-up share capital of ₦1 Million comprising of 1 Million Ordinary Shares of ₦1.00. As at the date of this Information Memorandum, the authorized share capital of the Company is ₦1 billion comprising 2 billion Ordinary Shares of 50 Kobo each, of which ₦60,000,000.00 comprising 120,000,000 Ordinary Shares of 50 kobo each have been issued and are fully paid up. The changes to the Company's authorized and issued share capital since incorporation are summarised below:

Year	Authorized Share Capital			Issued & Fully Paid-up Share Capital			Consideration
Date	Increase	Cumulative	(₦)	Increase	Cumulative	(₦)	Cash
1980	0	1,000,000	1,000,000	0	1,000,000	1,000,000	Cash
1991	29,000,000	30,000,000	30,000,000	29,000,000	30,000,000	30,000,000	Cash
1994	30,000,000	60,000,000	60,000,000	30,000,000	60,000,000	60,000,000	Cash
2004	240,000,000	360,000,000	180,000,000	Nil	120,000,000	60,000,000	Nil
2018	1,640,000,000	2,000,000,000	1,000,000,000	1,880,000,000	2,000,000,000	1,000,000,000	Share Exchange

#### OWNERSHIP STRUCTURE

The shares of the company are fully owned by Nigeria citizens and institutions. The table below shows the company's shareholding structure, as well as listing the shareholders that held more than 5% of the shares of the company as at December 31, 2018.

Pre-Acquisition Ownership Structure of Ellah Lakes

Shareholders	No. of Ordinary Shares Held	Percent (%)
Chief J.W. Ellah Sons & Co. Ltd.	59,390,522	49.90
UBAPC/ Trust fund pension PLC-main	25,000,000	20.83
Rims Merchant Bank Ltd	15,168,000	12.64
Rivers State ministry of Finance Inc.	11,450,000	9.40
Other	8,991,478	7.49
<b>Total</b>	<b>120,000,000</b>	<b>100</b>

## INFORMATION REGARDING ELLAH LAKES PLC (THE ACQUIRER)

### Post-Acquisition Ownership Structure

	Shareholders	Shareholding	
		No. of Shares	%
1	CBO Capital Partners Limited	564,000,000	28.20%
2	Enotie Ogbebor	376,000,000	18.80%
3	Blackman Consulting & Co Limited	338,400,000	16.92%
4	Lake-Oko Farms Limited	188,000,000	9.40%
5	Osaro Oyegun	94,000,000	4.70%
6	Creekside Equity Investors Limited	92,120,000	4.61%
7	Chief J.W. Ellah Sons & Co, Ltd	59,390,522	2.97%
8	Brawny Foods and Farms Limited	47,000,000	2.35%
9	Securtype Investment Limited	39,480,000	1.97%
10	Usiholo Anenih	37,600,000	1.88%
11	Iginla Limited	32,900,000	1.65%
12	UBAPC/Trust Fund Pension Plc-Main	25,000,000	1.25%
13	Isioma Coker	18,800,000	0.94%
14	J.O. Omogiate Limited	18,800,000	0.94%
15	Bolaji Ogundare	18,800,000	0.94%
16	Rims Merchant Bank Ltd	15,168,000	0.76%
17	Rivers State Ministry of Finance Inc	11,450,000	0.57%
18	Others	8,991,478	0.45%
19	Esohe Joan Eigbike	4,700,000	0.24%
20	Edward Osayande	4,700,000	0.24%
21	Giles Omezi	4,700,000	0.24%
		<b>2,000,000,000</b>	<b>100.00%</b>

### DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors of Ellah Lakes in the issued share capital of the Company as recorded in the Register of Members as at 31 December, 2018 and as notified by them for the purpose of Section 275 (1) of the Companies & Allied Matters Act Cap C20 LFN 2004 are as follows:

Year	Names of Shareholder	Shareholding	
		Direct	Indirect
2019	Gen. Zamani Iekwot (rtd)	500,200	-
	Mrs Patricia Ireju Ellah	-	-
	Dr (Mrs) Chiamaka Cookey-Gam	-	-
	Mr. Frank Ellah	-	59,390,522
	Mr. Chuka Mordi	-	-
	Mr. Osaro Oyegun	-	-
	Mr. Enot Ogbebor	-	-
	Mr. Joe Attuevi	-	-

## INFORMATION REGARDING ELLAH LAKES – FINANCIAL SUMMARY

### STATEMENT OF FINANCIAL POSITION FOR THE PAST FIVE FINANCIAL YEARS (2014– 2018)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Non-Current assets</b>					
Property, plant and equipment	1,106,743,064	1,093,452,298	1,079,623,033	1,059,017,286	1,050,145,032
Biological assets	44,537,737	43,004,413	38,908,756	36,860,926	34,813,098
<b>Total Fixed Assets</b>	<b>1,151,280,801</b>	<b>1,136,456,711</b>	<b>1,118,531,789</b>	<b>1,095,878,212</b>	<b>1,084,958,130</b>
<b>Current assets</b>					
Inventory	28,858,128	30,062,130	51,311,890	51,311,890	51,311,890
Investment				-	15,605,479
Cash and cash equivalents	15,301,737	14,352,313	3,236,041	19,428,816	3,955,050
<b>Total Current Assets</b>	<b>44,159,865</b>	<b>44,414,443</b>	<b>54,547,931</b>	<b>70,740,706</b>	<b>70,872,419</b>
<b>Total Assets</b>	<b>1,195,440,666</b>	<b>1,180,871,154</b>	<b>1,173,079,720</b>	<b>1,166,618,918</b>	<b>1,155,830,549</b>
<b>Current liabilities</b>					
Trade and other payables	2,847,541	3,847,541	23,801,018	23,301,018	23,301,018
<b>Total Current Liabilities</b>	<b>2,847,541</b>	<b>3,847,541</b>	<b>23,801,018</b>	<b>23,301,018</b>	<b>23,301,018</b>
<b>Non-current liabilities</b>					
Payables to related parties	614,475,143	634,635,175	634,635,175	634,635,175	634,635,175
Deferred tax		-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>614,475,143</b>	<b>634,635,175</b>	<b>634,635,175</b>	<b>634,635,175</b>	<b>634,635,175</b>
<b>Total Liabilities</b>	<b>617,322,684</b>	<b>638,482,716</b>	<b>658,436,193</b>	<b>657,936,193</b>	<b>657,936,193</b>
<b>Equity</b>					
Share Capital	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Retained earnings	(192,669,812)	(228,399,355)	(256,144,266)	(262,105,068)	(272,893,437)
Reserves	710,787,793	710,787,793	710,787,793	710,787,793	710,787,793
<b>Total equity</b>	<b>578,117,981</b>	<b>542,388,438</b>	<b>514,643,527</b>	<b>508,682,725</b>	<b>497,894,356</b>
<b>Total liabilities and equity</b>	<b>1,195,440,665</b>	<b>1,180,871,154</b>	<b>1,173,079,720</b>	<b>1,166,618,918</b>	<b>1,155,830,549</b>



## INFORMATION REGARDING ELLAH LAKES – FINANCIAL SUMMARY

### INCOME STATEMENT FOR THE PAST FIVE FINANCIAL YEARS (2014– 2018)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Sales/Revenue</b>	<b>94,362,735</b>	<b>72,212,376</b>	<b>59,372,048</b>	<b>20,774,577</b>	<b>140,000</b>
Cost of Sales	(69,255,613)	(60,918,102)	(44,553,385)	-	-
<b>Gross Profit</b>	<b>25,107,122</b>	<b>11,294,274</b>	<b>14,818,663</b>	<b>20,774,577</b>	<b>140,000</b>
Operating/Overhead Expenses:					
Administrative	(8,257,891)	(14,068,028)	(12,369,466)	(18,677)	(8,286)
Personnel	(8,217,650)	(12,037,800)	(11,094,836)	(4,063,125)	-
Depreciation	(22,575,495)	(19,917,989)	(19,099,273)	(20,605,747)	(8,872,254)
Amortization	-	-	-	(2,047,829)	(2,047,829)
<b>Profit/(Loss) Before Finance Charges</b>	<b>(13,943,914)</b>	<b>(34,729,543)</b>	<b>(27,744,912)</b>	<b>(5,960,801)</b>	<b>(10,788,369)</b>
Finance Cost	-	-	-	-	-
<b>Profit/(Loss) Before Taxation</b>	<b>(13,943,914)</b>	<b>(34,729,543)</b>	<b>(27,744,912)</b>	<b>(5,960,801)</b>	<b>(10,788,369)</b>
Taxation	-	-	-	-	-
<b>Net Profit/(Loss)</b>	<b>(13,943,914)</b>	<b>(34,729,543)</b>	<b>(27,744,912)</b>	<b>(5,960,801)</b>	<b>(10,788,369)</b>

## INFORMATION ABOUT TELLURIA LIMITED- PROFILE

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### HISTORY AND BUSINESS

Telluria Limited is a Nigerian farming and agri-processing company that specialises in growing oil palm. Telluria's production focus is refined palm products to be used as raw materials for the industrial production of cosmetics, cooking oils and energy. Telluria is located in Edo State of Nigeria. Telluria presently owns over 2,000 hectares of arable land and is in the process of increasing its land bank to over 5,000 hectares by December 2019.

### SHARE CAPITAL AND OWNERSHIP STRUCTURE

#### SHARE CAPITAL HISTORY

Telluria has an initial authorised share capital of ₦1 Million comprising 1 Million Ordinary Shares of ₦1.00 each, and an issued and fully paid-up share capital of ₦1 Million comprising of 1 Million Ordinary Shares of ₦1.00. As at the date of this Information Memorandum, the authorised share capital of the Company has not changed as stated below:

Year	Authorized Share Capital			Issued & Fully Paid-up Share Capital			Consideration
Date	Increase	Cumulative	(₦)	Increase	Cumulative	(₦)	Cash
2018	0	1,000,000	1,000,000	0	1,000,000	1,000,000	Cash

## INFORMATION ABOUT TELLURIA LIMITED- PROFILE

### OWNERSHIP STRUCTURE

The Issued Share Capital of Telluria Limited is currently held by the following:

	Shareholders of Telluria Limited	Current Shareholding	%
1	CBO Capital Partners Limited	300,000.00	30.00%
2	Enotie Ogbebor	200,000.00	20.00%
3	Blackman Consulting & Co Limited	180,000.00	18.00%
4	Lake-Oko Farms Limited	100,000.00	10.00%
5	Osaro Oyegun	50,000.00	5.00%
6	Creekside Equity Investors Limited	49,000.00	4.90%
7	Brawny Foods and Farms Limited	25,000.00	2.50%
8	Securtype Investment Limited	21,000.00	2.10%
9	Usiholo Anenih	20,000.00	2.00%
10	Iginla Limited	17,500.00	1.75%
11	Isioma Coker	10,000.00	1.00%
12	J.O. Omogiate Limited	10,000.00	1.00%
13	Bolaji Ogundare	10,000.00	1.00%
14	Esohe Joan Eigbike	2,500.00	0.25%
15	Edward Osayande	2,500.00	0.25%
16	Giles Omezi	2,500.00	0.25%
		<b>1,000,000.00</b>	<b>100.00%</b>

### DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors of Telluria Limited in the Issued Share Capital of the Company as recorded in the Register of Members as at 31 December, 2018 and as notified by them for the purpose of Section 275 (1) of the Companies & Allied Matters Act Cap C20 LFN 2004 are as follows:

Year	Names of Directors	Shareholdings	
		Direct	Indirect
2019	Mr. Chuka Mordi		480,000.00
	Mr. Osaro Oyegun	50,000.00	
	Mr. Enot Ogbebor	200,000	
	Mrs. Kenechi Ezezika		

## INFORMATION ABOUT TELLURIA LIMITED- FINANCIAL SUMMARY

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Telluria Limited was incorporated March 29, 2017 and commenced formal operation in 2018. Its financial summary for the years ended December 31, 2018 is shown below:

### STATEMENT OF FINANCIAL POSITION FOR 2018

	FY 2018
<b>Non-Current assets</b>	
Property, plant and equipment	5,482,211,000
<b>Total Fixed Assets</b>	<b>5,482,211,000</b>
<b>Current assets</b>	
Inventory of Seedling & Cutting	63,055,000
Cash and cash equivalents	18,747,767
<b>Total Current Assets</b>	<b>81,802,767</b>
<b>Total Assets</b>	<b>5,564,013,767</b>
<b>Current liabilities</b>	
Trade and other payables	21,000,000
Accrued Expenses	3,050,000
Shareholders Loans	193,135,000
<b>Total Current Liabilities</b>	<b>217,185,000</b>
<b>Non-current liabilities</b>	
Term Loan	550,000,000
<b>Total Non-Current Liabilities</b>	<b>550,000,000</b>
<b>Total Liabilities</b>	<b>767,185,000</b>
<b>Equity</b>	
Share Capital	1,000,000
Retained earnings	(85,503,733)
Asset Revaluation Surplus	4,881,332,500
<b>Total equity</b>	<b>4,796,828,767</b>
<b>Total liabilities and equity</b>	<b>5,564,013,767</b>

## INFORMATION ABOUT TELLURIA LIMITED- FINANCIAL SUMMARY

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### INCOME STATEMENT FOR 2018

	FY 2018
Revenue	-
Direct Cost	-
<b>Gross Profit</b>	-
Interest Income	-
Administrative Expenses	(85,503,733)
<b>Profit Before Tax</b>	<b>(85,503,733)</b>
Taxes	-
<b>Profit After Tax</b>	<b>(85,503,733)</b>

## **INFORMATION ABOUT TELLURIA LIMITED - CLAIMS AND LITIGATIONS**

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The Directors of Telluria Limited confirm that there is no existing, or impending litigation matters or claims involving the company neither are there any other significant claims against or any contingent liability of the company.

## EFFECTS OF THE ACQUISITION ON THE AGRICULTURAL INDUSTRY

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### LINE OF OPERATION OF THE ACQUIRER

Ellah Lakes Plc engaged in fish farming and other agricultural activities in Nigeria. However, the farm land has been taken over by militants and consequently, the company shut down operations since 2016. Going forward, Ellah Lakes will diversify into Telluria's business lines, namely cultivating and processing of Oil Palm and other by-products for local and export markets.

### STATEMENT OF EXISTING INVESTMENT IN A RELATED LINE OF BUSINESS

As at the date of this Information Memorandum, Ellah Lakes has no existing investment in any line of business directly related to that of Telluria.

### ANALYSIS OF MARKET SHARE OF ELLAH LAKES IN THE INDUSTRY

Based on the market capitalisation analysis of the agricultural firms listed on the NSE trading platform, Ellah Lakes has current market capitalization of ₦511.20 million which translates to a percentage share of 0.36%. The acquisition of Telluria will not significantly alter the competitiveness of the industry.

Market Cap of Listed Agricultural Firms		
	Market Cap	% Share
Ellah Lakes	511,200,000	0.36%
FTN Cocoa	440,000,000	0.31%
Livestock	1,499,999,709	1.05%
Okomu Oil	81,082,350,000	56.49%
Presco	60,000,000,000	41.80%
<b>Total</b>	<b>143,533,549,709</b>	<b>100.00%</b>

## FINANCIAL PROJECTIONS - EFFECTS OF THE ACQUISITION

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### EFFECTS OF THE ACQUISITION ON THE FINANCIAL POSITION OF ELLAH LAKES

The acquisition will strengthen the financial position of Ellah Lakes as Telluria will become a subsidiary to Ellah Lakes and Ellah Lakes will consolidate the financial accounts of Telluria. According to the projections below, Total Assets are expected to grow by 21.96% CAGR from ₦5.58 billion in 2018 to ₦18.37 billion in 2024 while Equity is expected to grow by 25.25% CAGR from ₦4.79 billion in 2018 to ₦18.50 billion in 2024.



## FINANCIAL PROJECTIONS- PROJECTED CONSOLIDATED BALANCE SHEET

Balance Sheet							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
<b>Assets</b>							
<b>Current Liabilities:</b>							
Cash & Equivalents	20,244,647	(1,879,535,615)	(17,077,962)	2,861,076,229	6,017,837,069	9,075,806,418	11,673,686,209
Accounts Receivable		14,219,178	514,178,082	936,208,048	955,868,417	975,941,654	996,436,428
Investments	16,395,000	16,395,000	16,395,000	16,395,000	16,395,000	16,395,000	16,395,000
Inventory	63,055,000	(178,737,886)	(210,581,578)	(239,496,462)	(241,534,348)	(243,572,234)	-
<b>Total Current Assets</b>	<b>99,694,647</b>	<b>(2,027,659,323)</b>	<b>302,913,542</b>	<b>3,574,182,815</b>	<b>6,748,566,139</b>	<b>9,824,570,838</b>	<b>12,686,517,638</b>
<b>Fixed Assets:</b>							
Property, Equipment & Fittings	-	433,500,000	387,500,000	341,500,000	295,500,000	249,500,000	203,500,000
Land	5,482,211,000	5,482,211,000	5,482,211,000	5,482,211,000	5,482,211,000	5,482,211,000	5,482,211,000
<b>Total Fixed Assets</b>	<b>5,482,211,000</b>	<b>5,915,711,000</b>	<b>5,869,711,000</b>	<b>5,823,711,000</b>	<b>5,777,711,000</b>	<b>5,731,711,000</b>	<b>5,685,711,000</b>
<b>Total Assets</b>	<b>5,581,905,647</b>	<b>3,888,051,677</b>	<b>6,172,624,542</b>	<b>9,397,893,815</b>	<b>12,526,277,139</b>	<b>15,556,281,838</b>	<b>18,372,228,638</b>
<b>Liabilities and Shareholder's Equity</b>							
<b>Current Liabilities:</b>							
Accounts Payable	44,939,211	(238,317,182)	(280,775,438)	(319,328,615)	(322,045,797)	(324,762,978)	(319,343,173)
Accrued Expenses	3,050,000	3,050,000	3,050,000	3,050,000	3,050,000	3,050,000	3,050,000
Shareholders Loans	193,135,000	193,135,000	193,135,000	193,135,000	193,135,000	193,135,000	193,135,000
<b>Total Current Liabilities</b>	<b>241,124,211</b>	<b>(42,132,182)</b>	<b>(84,590,438)</b>	<b>(123,143,615)</b>	<b>(125,860,797)</b>	<b>(128,577,978)</b>	<b>(123,158,173)</b>
<b>Long-term Liabilities:</b>							
Long-term Debt	550,000,000	488,888,889	305,555,556	122,222,222	(0)	(0)	(0)
<b>Total Non-Current Liabilities</b>	<b>550,000,000</b>	<b>488,888,889</b>	<b>305,555,556</b>	<b>122,222,222</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Equity</b>							
Share Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Share Premium	3,856,828,767	3,856,828,767	3,856,828,767	3,856,828,767	3,856,828,767	3,856,828,767	3,856,828,767
Reserves	710,787,793	710,787,793	710,787,793	710,787,793	710,787,793	710,787,793	710,787,793
Retained Earnings	(776,835,124)	(2,126,321,590)	384,042,864	3,831,198,648	7,084,521,375	10,117,243,256	12,927,770,251
<b>Shareholder's Equity</b>	<b>4,790,781,436</b>	<b>3,441,294,970</b>	<b>5,951,659,424</b>	<b>9,398,815,208</b>	<b>12,652,137,935</b>	<b>15,684,859,816</b>	<b>18,495,386,811</b>
<b>Liability &amp; Share Holder's Equity</b>	<b>5,581,905,647</b>	<b>3,888,051,677</b>	<b>6,172,624,542</b>	<b>9,397,893,815</b>	<b>12,526,277,139</b>	<b>15,556,281,838</b>	<b>18,372,228,638</b>

## FINANCIAL PROJECTIONS - ELLAH LAKES' EARNING PROJECTED

Income Statement							
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Palm Fruit Revenues	-	-	5,955,833,333	11,390,531,250	11,629,732,406	11,873,956,787	12,123,309,879
Cassava Revenues	140,000	173,000,000	300,000,000	-	-	-	-
<b>Total Revenues</b>	<b>140,000</b>	<b>173,000,000</b>	<b>6,255,833,333</b>	<b>11,390,531,250</b>	<b>11,629,732,406</b>	<b>11,873,956,787</b>	<b>12,123,309,879</b>
Fertilizers Costs (NGN)		(774,000,000)	(900,000,000)	(1,026,000,000)	(1,035,000,000)	(1,044,000,000)	(1,026,000,000)
Herbicide Costs (NGN)		(645,000,000)	(750,000,000)	(855,000,000)	(862,500,000)	(870,000,000)	(855,000,000)
Staff Feeding (NGN)		(30,762,855)	(58,050,580)	(61,582,410)	(61,611,930)	(61,641,450)	(61,670,970)
<b>Total COGS</b>	<b>-</b>	<b>(1,449,762,855)</b>	<b>(1,708,050,580)</b>	<b>(1,942,582,410)</b>	<b>(1,959,111,930)</b>	<b>(1,975,641,450)</b>	<b>(1,942,670,970)</b>
<i>COGS Margin</i>	<i>0.0%</i>	<i>838.0%</i>	<i>27.3%</i>	<i>17.1%</i>	<i>16.8%</i>	<i>16.6%</i>	<i>16.0%</i>
<b>Gross Profit</b>	<b>140,000</b>	<b>(1,276,762,855)</b>	<b>4,547,782,753</b>	<b>9,447,948,840</b>	<b>9,670,620,476</b>	<b>9,898,315,337</b>	<b>10,180,638,909</b>
<i>Gross Margin</i>	<i>100.0%</i>	<i>-738.0%</i>	<i>72.7%</i>	<i>82.9%</i>	<i>83.2%</i>	<i>83.4%</i>	<i>84.0%</i>
SG&A	(85,512,019)	(17,300,000)	(625,583,333)	(1,139,053,125)	(1,162,973,241)	(1,187,395,679)	(1,212,330,988)
<b>Operating Expenses</b>	<b>(85,512,019)</b>	<b>(17,300,000)</b>	<b>(625,583,333)</b>	<b>(1,139,053,125)</b>	<b>(1,162,973,241)</b>	<b>(1,187,395,679)</b>	<b>(1,212,330,988)</b>
<i>OpEX Margin</i>	<i>61080.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>
<b>EBITDA</b>	<b>(85,372,019)</b>	<b>(1,294,062,855)</b>	<b>3,922,199,420</b>	<b>8,308,895,715</b>	<b>8,507,647,236</b>	<b>8,710,919,658</b>	<b>8,968,307,921</b>
<i>EBITDA Margin</i>	<i>-60980.0%</i>	<i>-748.0%</i>	<i>62.7%</i>	<i>72.9%</i>	<i>73.2%</i>	<i>73.4%</i>	<i>74.0%</i>
Depreciation	(10,920,083)	(11,500,000)	(46,000,000)	(46,000,000)	(46,000,000)	(46,000,000)	(46,000,000)
<b>EBIT</b>	<b>(96,292,102)</b>	<b>(1,305,562,855)</b>	<b>3,876,199,420</b>	<b>8,262,895,715</b>	<b>8,461,647,236</b>	<b>8,664,919,658</b>	<b>8,922,307,921</b>
<i>EBIT Margin</i>	<i>-68780.1%</i>	<i>-754.7%</i>	<i>62.0%</i>	<i>72.5%</i>	<i>72.8%</i>	<i>73.0%</i>	<i>73.6%</i>
Net Interest Expense	-	(43,923,611)	(101,215,278)	(55,381,944)	(11,458,333)	0	0
<b>EBT</b>	<b>(96,292,102)</b>	<b>(1,349,486,466)</b>	<b>3,774,984,142</b>	<b>8,207,513,771</b>	<b>8,450,188,902</b>	<b>8,664,919,658</b>	<b>8,922,307,921</b>
Corporate Tax	-	-	(1,132,495,243)	(2,462,254,131)	(2,535,056,671)	(2,599,475,897)	(2,676,692,376)
<b>Net Profit</b>	<b>(96,292,102)</b>	<b>(1,349,486,466)</b>	<b>2,642,488,900</b>	<b>5,745,259,639</b>	<b>5,915,132,232</b>	<b>6,065,443,761</b>	<b>6,245,615,545</b>
<i>Net Profit Margin</i>	<i>-68780.1%</i>	<i>-780.0%</i>	<i>42.2%</i>	<i>50.4%</i>	<i>50.9%</i>	<i>51.1%</i>	<i>51.5%</i>
Bgn Retained Earnings		(776,835,124)	(2,126,321,590)	384,042,864	3,831,198,648	7,084,521,375	10,117,243,256
Add Net Income		(1,349,486,466)	2,642,488,900	5,745,259,639	5,915,132,232	6,065,443,761	6,245,615,545
Less Dividend		-	(132,124,445)	(2,298,103,856)	(2,661,809,504)	(3,032,721,880)	(3,435,088,550)
<b>Ending Retained Earnings</b>	<b>(776,835,124)</b>	<b>(2,126,321,590)</b>	<b>384,042,864</b>	<b>3,831,198,648</b>	<b>7,084,521,375</b>	<b>10,117,243,256</b>	<b>12,927,770,251</b>
<b>Dividend per share</b>			<b>0.066</b>	<b>1.149</b>	<b>1.331</b>	<b>1.516</b>	<b>1.718</b>

**SIGNATURE PAGE**

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For and on behalf of:

**ELLAH LAKES PLC**

**MBC CAPITAL LIMITED**

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Authorized Signatory

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Authorized Signatory

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Designation

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