



Dear fellow shareholders,

Metallon Corporation Limited (“Metallon”) is writing to request your support for the proposals we have requisitioned at the forthcoming extraordinary general meeting of Lekoil Limited (“Lekoil” or “the Company”) including the addition of three non-executive Directors with significant industry, commercial, financial and in-country expertise to significantly bolster the management oversight and governance at the Board.

Metallon is a private natural resources and infrastructure company focused on investing in Africa with a long-term investment horizon. We are the largest shareholder in Lekoil with a 15.10% interest in the Company’s shares. Metallon is categorically not seeking to take control of Lekoil and is not working in concert with any other shareholders. We believe Lekoil’s assets, specifically Otakikpo, are being substantially undervalued by the market and that the value of these assets could be realised if the proposed changes are made to the Lekoil Board.

Since notice of the requisition was given on 19 November, we are aware that a significant number of shareholders have the same concerns regarding the Board’s lack of governance and oversight of management. Furthermore, Metallon is aware that historically shareholders have tried to strengthen the Board and Lekoil has continually found ways to avoid the necessary changes needed to ensure the Board is truly independent from the CEO.

Since our submission we have engaged with the Board to seek the appointment of the nominated directors without the Company incurring the costs of an EGM. However, the Board was unable to reach a decision on the proposed appointments, although we understand that it was broadly supportive of such appointments. We believe the Board has been poorly advised by third parties aimed at highlighting problems, rather than seeking solutions and a stronger more experienced Board would reduce the likelihood of such situations arising in the future. We are very concerned that - underlying the incorrect accusations around a takeover - there is simply a lack of desire by certain Directors to have a Board with proper governance structures and oversight of management.

Our concerns:

1. **A lack of accountability of management by the Board has led to shareholder value being destroyed**
 - a. Lekoil has raised over US\$264m of equity from shareholders since listing in 2013. The Company’s shares were suspended on 23 November 2020 with a market cap of US\$13m.
 - b. During this period Lekoil has spent US\$129m on G&A and invested US\$210m into Oil & Gas activities but delivered no production growth at Otakikpo since first oil in 2017.
 - c. The Board has continually missed the market expectations it sets, with production levels at Otakikpo averaging 5,676 barrels of oil per day (“BOPD”) (gross) in H1 2020, despite setting targets of 10,000 BOPD by 2017 year-end and 20,000 BOPD in 2020. Otakikpo, its only asset generating returns, has been starved of investment whilst G&A and other costs remain at extremely elevated levels.
 - d. Since its listing, the Board has awarded the CEO a total remuneration of over US\$10m, close to the current market capitalisation of Lekoil. It also recently entered into a related party transaction to extend a material part of the longstanding US\$1.8m Directors loan to the CEO at a time when the Company is short of cash.

2. Corporate governance failures by the Board

- a. The entry into a US\$187m fake loan agreement in January 2020 was an embarrassment for everyone involved from management to the Board. Lekoil paid US\$450,000 of fees to a fake intermediary in the process. Inadequate Board oversight and a lack of management accountability are directly responsible for this situation occurring.
- b. The Board promised in March 2020 “to improve its standards of corporate governance”. However, we understand the extension of the Director loan to the CEO did not follow the correct process under the AIM rules and ignored a very clear message from shareholders to the Board, via the previous NOMAD. Ignoring shareholders’ views is an extremely concerning position for a Board to take and raises questions of its independence. We understand the Board extended the loan, without obtaining a fair and reasonable confirmation. We note the CEO’s current interest in the Company’s shares. Metallon will separately raise this issue of non-compliance with AIM Regulation.
- c. We are concerned by the Board’s loose interpretation of the dissemination of price sensitive information in relation to notice of the requisition delivered on 19 November 2020 that was only announced to the market four days later.
- d. We sought to impose additional restrictions on the Board in relation to the steps it can take pending a full review of its governance procedures. The Board has – in our opinion – wrongfully rejected this proposed resolution and has not included it within the notice of EGM. This is further evidence of the Board’s blatant disregard for the valid views of shareholders.
- e. We are aware of other shareholders in the last six months seeking to strengthen the board with one of the candidates that Metallon has proposed, given their outstanding track record operating in the region. The Board did not adequately engage with shareholders and avoided making any changes leading us to believe there is a desire by certain Directors to avoid both the Board and management team being held to account.

Conclusion and next steps

Metallon believes the poor governance and excessive approach to spending at Lekoil has to stop now. The Board has categorically failed in its duty to oversee the actions of the Executive team and implement best practice governance to the detriment of all shareholders.

We believe the Board would greatly benefit from the addition Michael Ajukwu and George Maxwell as independent non-executive directors and Thomas Richardson as a non-independent non-executive director representing Metallon, to provide the relevant governance, competence and oversight to ensure that the Executive team is held to account.

We strongly urge all shareholders to support these proposals by voting FOR the resolutions.

For further information please email Georgia.edmonds@camarco.co.uk.

Sincerely,

Metallon Corporation Limited