CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PRIVATE PLACEMENT OF

1,500,000,000
ORDINARY SHARES OF 50k EACH

AT N10.00 PER SHARE

JOINT LEAD ISSUING HOUSES

BGL Limited & Diamond Bank

JOINT ISSUING HOUSES

FutureView Financial Services Limited

access

This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. For information concerning certain risk factors which should be considered by prospective investors see 'risk factors' commencing from page 26

This Placement Document is dated July 14, 2008
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1.0 Important Notice

This Private Placement Memorandum ("Memorandum") has been prepared by BGL Limited ("BGL"), Diamond Bank Plc ("Diamond Bank"), FutureView Financial Services Limited ("FutureView") and Access Bank Plc ("Access Bank") for the purpose of giving information to potential investors in connection with the Private Placement of 1,500,000,000 Ordinary Shares of 50k each ("the Shares") at N10.00 per Share ("the Offer") in Aquitane Oil & Gas Limited ("Aquitane" or "the Company"), a company incorporated under the laws of the Federal Republic of Nigeria.

This Memorandum contains confidential information about the Company, and is intended mainly for the purpose of giving information to a select list of potential investors to whom it is addressed. It is not a Prospectus and does not constitute a public offer or an invitation to the general public to subscribe to the securities presented herein. Subscription to the shares being offered may only be made by prospective investors who have been specifically invited to take up shares in Aquitane in accordance with the terms and conditions contained in this Memorandum. Every prospective investor to whom this document has been addressed is expected to scrutinize the information contained in this Memorandum independently. In making an investment decision, potential investors must rely on their own examination of the opportunity and the terms of this placement, including the merits and risks involved.

The recipient agrees to keep this Memorandum and all information subsequently supplied or given to it in connection with the proposed Offer, confidential, safe and secure and to prevent any unauthorized person from having access to it. The recipient agrees that the information is proprietary to Aquitane, BGL, Diamond Bank, FutureView and Access Bank and he/she has no rights to such information except as set out in this notice. Neither BGL, Diamond Bank, FutureView and Access Bank commit themselves to providing recipients with any other information, updates or corrections to this Memorandum and any other information contained herein.

The Directors of Aquitane have taken all reasonable care to ensure that the information contained herein, is to the best of their knowledge and belief true and accurate in all material respect. The Directors confirm that to the best of their knowledge and belief there are no other facts, the omission of which would make any fact or opinion herein misleading or untrue. The Directors of Aquitane individually and collectively accept full responsibility for the accuracy of the information provided in this memorandum.
# 2.0 Summary of The Private Placement

The following should be read in conjunction with the full text of the Private Placement Memorandum, from which it was derived:

1. **Issuer**
   - Aquitane Oil and Gas Limited

2. **Lead Issuing Houses**
   - BGL Limited and Diamond Bank Plc

3. **Joint Issuing Houses**
   - FutureView Financial Services Limited & Access Bank Plc

4. **Share Capital**
   - **Authorised**: 10,000,000,000 ordinary shares of 50k each
   - **Issued and fully Paid**: 7,800,000,000 ordinary shares of 50k each
   - **Now being offered**: 1,500,000,000 ordinary shares of 50k each

5. **Offer Price**
   - N10.00

6. **Method of offer**
   - By private placement

7. **Utilization**
   Aquitane seeks to consolidate its position in downstream wholesale petroleum products market and integrate into the retail end of the value chain by systematically rolling out fuel stations, acquiring tank farms, trucks and vessels. It also seeks to expand its product offering to include PMS, LPFO, LPG and ATK. Aquitane will also use part of the net proceeds from the offer to restructure its balance sheet and refinance some of its short term borrowings with long term equity

<table>
<thead>
<tr>
<th>Items</th>
<th>Naira Amount</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tank Farms, Trucks &amp; Vessels</td>
<td>6,777,653,127.07</td>
<td>46.67</td>
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<td>Fuel Stations</td>
<td>3,873,152,108.40</td>
<td>26.67</td>
</tr>
<tr>
<td>Working Capital</td>
<td>2,904,501,018.67</td>
<td>20.00</td>
</tr>
<tr>
<td>Refinance Existing Debt</td>
<td>967,198,839.22</td>
<td>6.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,522,505,093.36</td>
<td>100.00</td>
</tr>
</tbody>
</table>

8. **Status**
   - The ordinary shares now being offered will rank pari-passu in every respect with the existing shares of the Company.

9. **Units of Sale**
   - A minimum of 500,000 shares and multiples of 100,000 shares thereafter

10. **Private Placement Size**
    - **Supplementary Allotment Allowance**: N15,000,000,000.00
    - **Supplementary Allotment**: N9,000,000,000.00

11. **Supplementary Allotment**
    - In the event of an oversubscription, Aquitane may issue shares out of the unissued shares of the company or some shareholders may divest a portion of their shares in order to provide for some of the oversubscribed portion

12. **Payment Terms**
    - In full on application
13 **Liquidity and Exit options**

Investors in this Private Placement will have the following liquidity and exit opportunities within the next one year:

In order to provide liquidity, BGL Limited, Diamond Bank Plc, FutureView Financial Services Limited and Access Bank Plc are willing to provide an Over the Counter market for Aquitane’s shares providing both bid and offer prices.

- **Listing by Introduction:** Aquitane intends to list the Company on the Nigerian Stock Exchange (“NSE”) via a Listing by Introduction (“LBI”) on or before June 30, 2009. The actual structure of the LBI will be determined to ensure it provides the best liquidity and exit options to the investors. As at the date of this placement document, no application for listing has been made to the NSE, however, the Company shall commence the process of the LBI in the second quarter of 2009 and expect that upon its meeting the NSE Listing Requirements, the Company would be admitted on the floor of NSE.

14 **Indebtedness**

As at the date of this Placement document, the Company had no outstanding debenture, mortgages, loans, charges or similar indebtedness other than in the ordinary course of business.

15 **Placement Begins**

July 14, 2008

16 **Placement Ends**

August 15, 2008

17 **Memorandum on Profit Forecast** *(Extracted from the Independent Auditors Report)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>4,424,698</td>
<td>11,296,560</td>
<td>15,022,430</td>
<td>19,273,837</td>
<td>24,268,153</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,198,277</td>
<td>10,922,769</td>
<td>14,323,205</td>
<td>18,328,084</td>
<td>23,083,276</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>2,959,830</td>
<td>7,278,650</td>
<td>9,571,790</td>
<td>12,165,269</td>
<td>15,221,793</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>2,012,684</td>
<td>4,949,482</td>
<td>6,508,817</td>
<td>8,272,383</td>
<td>10,350,819</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>-</td>
<td>(2,969,689)</td>
<td>(3,905,290)</td>
<td>(4,963,430)</td>
<td>(6,210,492)</td>
</tr>
<tr>
<td><strong>Retained profit</strong></td>
<td><strong>2,012,684</strong></td>
<td><strong>1,979,793</strong></td>
<td><strong>2,603,527</strong></td>
<td><strong>3,308,953</strong></td>
<td><strong>4,140,328</strong></td>
</tr>
</tbody>
</table>

Forecast earnings per 50 kobo share (kobo) | 22 | 53 | 70 | 89 | 111 |
Forecast earnings yield at offer price (%) | 2 | 5 | 7 | 9 | 11 |
Forecast EBITDA per 50 kobo share (kobo) | 45 | 117 | 154 | 197 | 248 |
Forecast dividend per 50 kobo share (kobo) | - | 32 | 42 | 53 | 67 |
Forecast dividend yield at offer price (%) | - | 3 | 4 | 5 | 7 |
Forecast price/earnings ratio at offer price | 46 | 19 | 14 | 11 | 9 |

Based on issued share capital of 9,300,000,000 shares of 50 kobo each.
### 3.0 Directors and Other Parties To The Private Placement

**Directors:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alhaji Dahiru Wada (Chairman)</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Ikechukwu Okolo (Managing Director/CEO)</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Olanrewaju Kusemiju (COO)</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Chief (Mrs.) Victoria Ngozi Okolo</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Kunle Akeju</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Kwame Nkrumah Ugoji</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
<tr>
<td>Ibukun Adegbite</td>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island, Lagos</td>
</tr>
</tbody>
</table>

**Registered Office:**

<table>
<thead>
<tr>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 Idowu Taylor Street</td>
</tr>
<tr>
<td>Victoria Island, Lagos</td>
</tr>
</tbody>
</table>

**Lead Issuing Houses:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGL Limited</td>
<td>Millenium House</td>
</tr>
<tr>
<td></td>
<td>12A Catholic Mission Street</td>
</tr>
<tr>
<td></td>
<td>Lagos Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
<tr>
<td>Diamond Bank Plc</td>
<td>Plot 1261 Adeola Hopewell Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>
### Directors and Other Parties To The Private Placement

<table>
<thead>
<tr>
<th>Joint Issuing Houses:</th>
<th>FutureView Financial Services Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plot 161D Aufu Taylor Close</td>
</tr>
<tr>
<td></td>
<td>Off Idejo Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Access Bank Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plot 1665 Oyin Jolayemi Street</td>
</tr>
<tr>
<td>Victoria Island</td>
</tr>
<tr>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint Financial Advisers:</th>
<th>BGL Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millenium House</td>
</tr>
<tr>
<td></td>
<td>12A Catholic Mission Street</td>
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<tr>
<td></td>
<td>Lagos Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Avantgarde Global Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/12 Udi Street Osborne Estate</td>
</tr>
<tr>
<td>Ikoyi</td>
</tr>
<tr>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solicitors to the Offer:</th>
<th>Banwo &amp; Ighodalo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>98 Awolowo Road</td>
</tr>
<tr>
<td></td>
<td>South West Ikoyi</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solicitors to the Company:</th>
<th>Logistix Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41 Igbosere Road</td>
</tr>
<tr>
<td></td>
<td>Lagos Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reporting Accountants:</th>
<th>Ahmed Zakari &amp; Co (Chartered Accountants)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5th Floor, African Alliance Building</td>
</tr>
<tr>
<td></td>
<td>F1, Sani Abacha Way</td>
</tr>
<tr>
<td></td>
<td>Kano</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Auditors:</th>
<th>Olatunji Fanifosi &amp; Co (Chartered Accountants)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plot 1231 Bishop Oluwole Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island</td>
</tr>
<tr>
<td></td>
<td>Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registrars:</th>
<th>Zenith Registrars Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plot 89 Ajose Adeogun Street</td>
</tr>
<tr>
<td></td>
<td>Victoria Island Extension, Lagos</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receiving Bankers:</th>
<th>Diamond Bank Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plot 1261 Adeola Hopewell Street</td>
</tr>
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<thead>
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<th>Receiving Bankers:</th>
<th>Access Bank Plc</th>
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<tr>
<td></td>
<td>Plot 1665 Oyin Jolayemi Street</td>
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<td></td>
<td>Victoria Island</td>
</tr>
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<td></td>
<td>Lagos</td>
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</table>
4.0 Executive Summary

Aquitane Oil and Gas Limited was incorporated in April 2005 as a direct response to the emerging trends in the dynamic Oil and Gas industry of the West African sub-region. Though a relatively young operating entity, the company is itself an amalgamation of individuals with industry competencies that cut across the various segments of the energy sector.

Specifically, the company’s members and partners bring with them an impressive repertoire of hands-on experience derived from many years of operations in the various segments of the industry in which they have been engaged.

As a result, the company has in a very short period, positioned itself as an emerging player of repute. In that period the company has been able to enter into major products trading transactions with market leaders, quickly surpassing all industry benchmarks over a 12 month period. Significantly, the company also enjoys a major trading relationship with the Petroleum Products and Marketing Company (PPMC), specifically with its Warri and Port Harcourt refinery arms as well as the Petroleum Product Pricing Authority (“PPPRA”) under the Petroleum Support Fund (“PSF”) according it the benefits of quick time to market and efficient transaction turnovers.

The company is executing this private placement to raise the sum of ₦15,000,000,000 (Fifteen Billion Naira Only) to finance strategic expansion initiatives, finance increased working capital requirements and refinance some debt obligations. Specifically, the net proceeds after deducting Offer costs will be deployed as shown below:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Items</th>
<th>Naira Amount</th>
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<td>1</td>
<td>Acquisition of Tank Farms, Trucks &amp; Vessels</td>
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<td><strong>Total</strong></td>
<td><strong>14,522,505,093.36</strong></td>
<td><strong>100.00%</strong></td>
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The company is executing this private placement to raise the sum of ₦15,000,000,000 (Fifteen Billion Naira Only) to finance strategic expansion initiatives, finance increased working capital requirements and refinance some debt obligations. Specifically, the net proceeds after deducting Offer costs will be deployed as shown below:
5.0 Overview Of The Nigerian Economy

5.1 Nigerian Economic Review

The Nigerian economy is currently one of the strongest economies in Sub Saharan Africa and is expected to maintain its strength over the next few years. The Nigerian economy has been growing at a steady pace of over 5% for the past six years. This represents the longest and strongest period of sustained growth in over two decades.

This growth has been broadly based across all the major sectors of the economy; Agriculture, Oil & Gas, Retail/Wholesale, Real Estate, Construction and Financial Services.

The key drivers of growth have been:

- Strong oil prices
- Economic reforms
- Increased foreign investment

5.2 Key Statistics

Nigeria has an estimated population of about 140 million people based on the 2006 census figures. The table below shows the key growth indices of the Nigerian economy as at December 2007, compared with comparable figures for 2006 and 2005.

<table>
<thead>
<tr>
<th>Growth Index</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>4.6</td>
<td>6.0</td>
<td>6.5</td>
</tr>
<tr>
<td>Per Capita Income (N)</td>
<td>1,180</td>
<td>1,071</td>
<td>673.0</td>
</tr>
<tr>
<td>Capacity Utilization (%)</td>
<td>46</td>
<td>55.7</td>
<td>53.3</td>
</tr>
<tr>
<td>Teledecity</td>
<td>29.98</td>
<td>15.72</td>
<td>23.29</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>5.5</td>
<td>8.2</td>
<td>17.9</td>
</tr>
<tr>
<td>External Debt ($’bn)</td>
<td>6.0</td>
<td>3.5</td>
<td>36.0</td>
</tr>
<tr>
<td>Domestic Debt ($’bn)</td>
<td>13.87</td>
<td>10.31</td>
<td></td>
</tr>
<tr>
<td>External Res. ($’bn)</td>
<td>49.07</td>
<td>42.29</td>
<td>16.95</td>
</tr>
<tr>
<td>Exchange Rate (%)</td>
<td>120</td>
<td>130</td>
<td>133.0</td>
</tr>
<tr>
<td>MRR/MPR (%)</td>
<td>9.50</td>
<td>10.0</td>
<td>14.0</td>
</tr>
</tbody>
</table>

The per capita income, which measures the average standard of living in Nigeria, has risen to over $1,011 from a low of $699.6 in 1990. Balance of payments have run at a surplus since 2003, resulting in external reserves of $45 billion (86% of GDP) by the end of Q3 2006. A deal was struck between the Nigerian government and its major creditors where Nigeria bought the majority of its debt (about $30 billion) at approximately forty cents on the dollar. This has further improved the country’s balance of payments.

5.3 Investment Indicators

There has been a significant increase in foreign investment over the past four years (despite an overall reduction for Africa). Investments have been channelled into oil & gas, food, drinks and consumer products, telecommunications and financial services.

Increased foreign investment has been fuelled by the government’s economic reforms, high oil prices and perceived better governance. Nigeria’s exit from the Paris Club and the recent credit rating of BB assigned to Nigeria by Fitch, has further boosted investors confidence in the Nigerian economy.

Domestic investment has also grown significantly, evidenced by the recent bull-run on the NSE with the market returning over 74% in 2007. There also remains a significant boom in the Oil and Gas...
sector in recent times with Oil and Gas related stocks showing a remarkable resilience to market downturns, a testament to the non cyclical nature of these companies.

5.4 Political Climate

It is believed that unless there is a major upset in the process, the current reforms will continue and gains made over the past few years will be kept. However, the level of determination with which further reforms are implemented will remain uncertain until several months into the current civilian administration.
6.0 Overview Of The Nigerian Downstream Oil & Gas Sector

6.1 Development of Nigeria’s Oil Industry

The advent of the oil industry can be traced back to 1908, when a German entity, the Nigerian Bitumen Corporation, commenced exploration activities in the Araromi area, West of Nigeria. These pioneering efforts ended abruptly with the outbreak of the First World War in 1914.

Oil prospecting efforts resumed in 1937, when Shell D’Arcy (the forerunner of Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary rights covering the whole territory of Nigeria. Their activities were also interrupted by the Second World War, but resumed in 1947. Concerted efforts after several years of investment of time and capital, led to the first commercial discovery in 1956 at Oloibiri in the Niger Delta.

This discovery opened up the Oil industry in 1961, bringing in Mobil, Agip, Safrap, Tenneco and Amoseas (Texaco and Chevron respectively) to join the exploration efforts both in the onshore and offshore areas of Nigeria. This development was enhanced by the extension of the concessionary rights, previously a monopoly of Shell, to the newcomers. The objective of the government in doing this was to increase the pace of exploration and production of Petroleum.

By the late sixties and early seventies, Nigeria had attained a production level of over 2 million barrels of crude oil a day. Although production figures dropped in the eighties due to an economic slump, 2004 saw a total rejuvenation of oil production to a record level of 2.5 million barrels per day. Current development strategies are aimed at increasing production to 4 million barrels per day by the year 2010.

At present, Nigeria produces 3.2 Million Barrel per day, with a vision to have an output of 4.0 Million Barrel per day by the year 2010.

6.2 The Regulatory Environment.

The Nigerian Oil & Gas industry is a highly regulated one. Key stakeholders comprise of Government and the marketers. While government is responsible for making policies, interacting with Regulatory Authorities for feedback on the impact of its policies and creating an enabling environment for investment in the sector, Marketers are responsible for the importation and supply of petroleum products throughout the country or to contract for the supply of petroleum products from local refineries in line with key prescribed regulations. Key regulators in this sector include:

6.2.1 Nigerian National Petroleum Corporation (NNPC)

The NNPC is vested with the exclusive responsibility for upstream and downstream development, which entails exploiting, refining, and marketing Nigeria’s crude oil. The NNPC through the National Petroleum Investment Management Service (NAPIMS) supervises and manages government investment in the Oil and Gas Industry. The downstream operations cover crude oil/gas conversion into refined and petrochemical products and finer chemicals, and gas treatment as well as transportation and marketing of the petroleum products.

Nigeria currently has 5000 kilometres of pipeline network, twenty-one (21) storage depots and nine (9) LPG depots.

6.2.2 Department of Petroleum Resources (DPR)

The DPR is vested with the necessary powers by various legal provisions to discharge the following functions and responsibilities:

- The issuance of licences and permits.
- Supervision of all petroleum industry operations being carried out under licences and leases in the country.
- Enforce safety and environmental regulations and ensuring that those operations conform to national and international industry practices and standards.
- Keep and update records on petroleum industry operations, particularly on matters relating to petroleum reserves, production and exports of crude oil, gas and condensate, licenses and leases.
- Advise Government and relevant Agencies on technical matters and policies which may have impact on the administration and control of petroleum.
- Monitor Government Indigenisation policy to ensure that local content policy is achievable.

These functions cover all activities in petroleum operations; upstream and downstream, as well as petrochemicals.
6.2.3 Pipelines and Products Marketing Company Limited (PPMC)

PPMC was set up to provide customer services by transporting crude oil to the refineries and moving white petroleum products to existing markets. Its mission is to profitably and efficiently market refined petroleum and petrochemical products in the domestic market, as well as in the ECOWAS sub region and provide marine service.

6.2.4 Petroleum Products Pricing Regulatory Agency (PPPRA)

PPPRA is responsible for repositioning Nigeria’s downstream sub-sector for improved efficiency and transparency. Its function includes:

- Determining the pricing policy of petroleum products;
- Regulating the supply and distribution of petroleum products;
- Creating an information databank through liaison with all relevant agencies to facilitate the making of informed and realistic decisions on pricing policies;
- Overseeing the implementation of the relevant recommendations and programmes of the Federal Government as contained in the White Paper on the Report of the Special Committee on the Review of the Petroleum Products Supply and Distribution, taking cognizance of the phasing of specific proposals;
- Moderating volatility in petroleum products prices, while ensuring reasonable returns to operators;
- Establishing parameters and codes of conduct for all operators in the downstream petroleum sector;
- Maintaining constant surveillance over all key indices relevant to pricing policy and periodically approving benchmark prices for all petroleum products;
- Identifying macro-economic factors with relationship to prices of petroleum products and advising the Federal Government on appropriate strategies for dealing with them;
- Preventing collusion and restrictive trade practices harmful in the sector;
- To create firm linkages with key segments of the Nigerian society, and ensure that its decisions enjoy the widest possible understanding and support;
- Exercising a mediatory role as is necessary for all stakeholders in the sector.

The volatile movement of oil prices has complicated the task of policymakers and business leaders in Nigeria over the past decade and half and available data show that Nigeria continues to be plagued with incessant hike in petroleum product prices especially the three white products (Petrol, Diesel, and Kerosene).

6.3 Sectoral Analysis - Structure of the Petroleum Marketing Sector

The downstream sector of the oil and gas industry is classified into two groups:

- The major oil marketers; and
- The independent marketers.

The major marketers comprise of African Petroleum Plc, Conoil Nigeria Plc, Mobil Nigeria Plc, Oando Nigeria Plc, Total Nigeria Plc and Chevron Oil Plc. Independent marketers are largely indigenous petroleum marketing companies. The trade group, Independent Petroleum Marketers Association of Nigeria (IPMAN) put the number of independent marketers at about 3,800. Some of the well known independent marketers are Ascon Oil, Honeywell Oil & Gas, Zenon Petroleum & Gas, Sea Petroleum & Gas, Aquitane Oil & Gas Limited, Acorn Petroleum and Obat Petroleum & Oil.
6.3.1 Size of the Industry

Sales of petroleum products were estimated at N853bn in 2005, a growth of 96% over the corresponding period of 2004. This accounted for 5.7% of Gross Domestic Product (GDP). The major marketers employed a total of 1,731 persons directly and about 3 times the size on contract basis while the Independent marketers are estimated to employ about 20,000 persons. Therefore the marketers alone employ about 30,000 persons.

Market Share of Operators

The fierce competition raging between the major and independent marketers has been on for years. In 2005, the major marketers controlled 57% of the industry down from 60% in 2004 while Independent marketers controlled 43% in 2005. However by the end of 2006, major marketers had increased their dominance to 61% while the market share of independent marketers dropped to 39%.

The principal regulators in the downstream sector include the Petroleum Inspectorate, the Department of Petroleum Resources (DPR) and the Pipeline & Products Marketing Company Limited (PPMC). These are all agencies of the Federal Government of Nigeria, which actively controls the oil industry because of its strategic importance to the development of the Nigerian economy. The pump price of PMS is a very important index in the Nigerian economy, and is determined by the FGN.

The Inspectorate monitors illegal bunkering, hoarding, tampering through adjustments of weights and measures, diversion and obstruction of transportation and marketing of petroleum products with or without licences. This it does in collaboration with government agencies (including the Ministry of Finance, Transport and Aviation, Nigerian Ports Plc, Nigeria Police, Army, Navy, State Security and Customs).

The role of the Inspectorate includes the following:

- Overseeing that activities of companies engaged in petroleum operations are carried out in accordance with all applicable laws and regulations.
- Monitoring and controlling oil industry operations to ensure compliance with national goals, issuing permits, licences, leases and authority and approvals as required under the various acts and regulations governing the oil industry.
- Keeping records of all petroleum activities, data, sales and other operational events monitoring and controlling environmental pollution associated with oil and gas operations guarding and protecting oil companies to ensure their continuity in the Nigerian Oil Industry.
### 6.3.2 Industry Analysis using Porter’s Five Forces

Using Porter’s Five Forces, the Nigerian Petroleum Marketing Sector can be analysed as follows:

<table>
<thead>
<tr>
<th>Element</th>
<th>Ranking</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threat of New Entrants</td>
<td>Medium</td>
<td>The industry is highly regulated and highly fragmented. Although no specific barriers to entry exist in general terms, some regulatory requirements have separated the major players from the fringe players. Operators can choose whether to be major players or to be sub-players. The threat of new entrants is therefore modest.</td>
</tr>
<tr>
<td>Bargaining Power Suppliers</td>
<td>High</td>
<td>The major suppliers of petroleum products are NNPC and other foreign oil producing countries. Due to the sensitivity and the high importance of the products, suppliers tend to influence the market to a great extent.</td>
</tr>
<tr>
<td>Bargaining Power Buyers</td>
<td>Medium</td>
<td>The industry is highly fragmented; hence it would be of expected that buyers control the market. However, due to the high importance and sensitivity of the products, buyers tend to be on the receiving side; taking all the price hikes by the suppliers although large industrial buyers are able to turn the bargain in their favour.</td>
</tr>
<tr>
<td>Threat of Substitutes</td>
<td>Low</td>
<td>A lot has been done to find substitute for petroleum products but no significant success has been achieved in that direction. Liquidified Natural Gas, using oil from plants to power automobiles and the use of other methods to substitute the domestic use of petroleum products have not been commercially successful.</td>
</tr>
<tr>
<td>Competitive Rivalry within the Industry</td>
<td>High</td>
<td>Competition within the major and independent marketers is historical. There has forever been a fierce war to claim and re-claim market share. The independent marketing industry is highly fragmented and competitive (has about 3,800 players).</td>
</tr>
<tr>
<td>Overall Industry Attractiveness</td>
<td>Moderate</td>
<td>Due to the high importance of petroleum, it is clear that operators in the industry are in good and vibrant business. One can reasonably conclude that the industry is very attractive and should be ranked as high. However, considering the volatility of product prices and the intense competition and high bargaining power of suppliers, it is more reasonable to be conservative and rank the industry as moderate.</td>
</tr>
</tbody>
</table>
6.3.3 Products & Services

Most marketers trade in the same products and services. Whilst some operators are more involved in certain products than others, they all principally sell the same products and services. The major products and services are as follows:

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum Motor Spirit (PMS)</td>
<td>PMS accounts for the bulk of the petroleum product sold in Nigeria (about 65%). Over 90% of automobiles are powered by PMS and there is virtually no other source of traveling in Nigeria other than motoring (except for airlines for long distance travel). In addition, average Nigerian families employ PMS-powered generators spending a fortune on PMS purchase.</td>
</tr>
<tr>
<td>Auto Gas Oil (Diesel)</td>
<td>Diesel is usually employed by heavy duty vehicles and machinery. Due to incessant power failure, most industries also employ the use of heavy duty diesel powered generating plants for their productions. Diesel sales account for about 18% of petroleum product sales.</td>
</tr>
<tr>
<td>Dual Purpose Kerosene</td>
<td>Kerosene is usually employed by the below average families for lighting and cooking purposes. It is also been employed by some sophisticated households as back-up to cooking gas.</td>
</tr>
<tr>
<td>Natural Cooking Gas</td>
<td>The Upper-Middle Class of the Nigerian society employs the use of cooking gas for domestic purposes. Some industrial concerns also use natural gas for varying combusting purposes.</td>
</tr>
</tbody>
</table>

In addition to the marketing of refined petroleum products, the marketers are also involved in the production of chemicals and exportation of bitumen.

6.3.4 Industry Key Success Factors

The following factors discussed in the table below are key to success in the downstream Oil & Gas Sector.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Funding</td>
<td>With the deregulation of the industry, the credit facilities hitherto granted the operators by the Government has been withdrawn, therefore competitive advantage will depend on the ability to finance the working capital requirement.</td>
</tr>
<tr>
<td>Access to the Supplies of Products</td>
<td>Recent developments in the industry reveal the movement of marketers towards investment in large depot facilities in anticipation of the full deregulation of the industry; however, the economic utilization of the facilities will depend greatly on the availability of stock of petroleum products.</td>
</tr>
<tr>
<td>Large number of retail outlets</td>
<td>Marketers can capture and maintain market share by having many strategically located retail outlets. Good locations will enjoy high patronage and sales. Large number of outlets and huge volume of sales are important parameters for obtaining allocations from PPMC.</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>Due to the nature of the products, low quality products could cause damage to assets, physical harms to human and even death. Players with special attention to quality assurance would have competitive advantage.</td>
</tr>
<tr>
<td>Effective Cost Control Measures</td>
<td>The profit margin in the industry are characteristically low. In most cases, the margins are fixed by the regulatory authorities and cannot be changed. Therefore, an operator that can put a tab on its cost and ensure cost control and reduction measures would succeed.</td>
</tr>
</tbody>
</table>
6.3.4 Industry Opportunities

Investment opportunities in the downstream sector include:


b. Domestic Manufacturing of LPG cylinders, valves and regulators, installation of filling plants, retail distribution and development of simple, flexible and less expensive gas burners to encourage the use of gas instead of wood.

c. Establishment of processing plants and industries for the production of:
   a. refined mineral oil, petroleum jelly and grease.
   b. bituminous based water / damp proof building materials e.g. roofing sheets, floor tiles, tarpaulin, and building of asphalt storage, packaging and blending that may export these products.

d. Establishment of chemical industries e.g. distillation units for the production of Naphtha and other special boiling point solvents used in food processing.

e. Linear Alkyl Benzene, Carbon Black and Polypropylene producing industries.

f. Small-scale production of chemicals and solvents e.g. chlorinated methane, Formaldehyde, Acetylene etc. from natural gas.

g. Crude oil refining with efficient export facilities. Companies with the technology can undertake turn around maintenance of refineries. There is a tremendous scope for small-scale joint venture manufacturing concerns with foreign technical partners. Such ventures can start warehousing arrangements that will ensure continuity of supply at competitive prices.

h. Products Transportation and Marketing Associated with products distribution and marketing is a chain of manufacturing and maintenance businesses e.g. Lubricating Oil reprocessing, LPG bottles and accessories, oil cans reconditioning etc.

Aquitaine is poised to exploit and take advantage of these budding opportunities leveraging on the skills of its executives, industry contacts, strong and increasing capital base and organisational synergies.
Aquitane Oil and Gas is an indigenous Energy Company with major operations in the downstream and midstream segments of the petroleum industry. Incorporated in 2005, the company has been successful at exploiting supply gaps in the downstream petroleum market. These opportunities derived in part from poor infrastructural support for the downstream sector (broken down/inefficient refineries, vandalized pipeline support e.t.c), inefficiencies in the power sector, increased demand by a growing consumer population, as well as, the stringent credit requirements of the local financial institutions.

Ironically, all these factors jointly constitute a significant barrier to entry into the segment and as a result only very credible, focused and committed players are admitted into the competitive space or indeed are able to achieve growth when they get there. Aquitane has earned its admittance through a combination of hard work, careful planning and long term visioning.

7.1 Brief History

Aquitane started operations in 2005 and over the last three years has steadily grown itself into a market leader in the downstream (supply and trading), midstream (storage and refining) and recently in the upstream segment of the industry.

The company began operations in the downstream segment as a mid level player, conducting predominantly arbitrage transactions and profiting from margins derived from transaction matching. This period enabled it gain the unique insight into the problems plaguing the downstream segment and the huge potentials that could be exploited in the sector and as a result its resolve to create long term sustainable value.

The company began implementation of an aggressive strategy of asset acquisition and investment in capacity in 2007 when it acquired petroleum product depots in Lagos (27,000 MT, Aquitane I) and Calabar (3,000MT, Aquitane II).

Over the next three years, Aquitane will increase its storage capacity by at least another 100,000MT by bringing on stream additional storage facilities in Lagos (Aquitane III), Calabar (Aquitane IV) and Port Harcourt (Aquitane V) and aggressively expand its product scope to include PMS, LPFO and ATK all in its bid to satisfy the growing local market demand and gain significant market share.

In refining, the company holds a 17% stake in the Sogara Refinery, Gabon, in conjunction with a minority partner Messrs Webb Energy through an offshore SPV (Portofino Assets Corporation). Agreements necessary for the full exploitation of this asset are currently being finalized. The acquisition represents a very strategic investment for the company with its potential to provide access to cheaper petroleum products from the refinery and also access to other potentially profitable opportunities in the country’s upstream segment.

Aquitane is duly registered with the DPR, NAPIMS, NIPEX and indeed has executed a Bulk Purchase Agreement with the Pipelines and Products Marketing Company (PPMC) for the procurement of refined petroleum products directly from Nigerian refineries.

To ensure that the company achieves more efficiently its bottom line aspirations namely: increase efficiency, acquire further strategic assets, capture greater market share, increase profitability and ultimately attain “Major” status; the company has retooled and repositioned itself to take advantage of the many growth opportunities that have presented themselves in the industry and is set to become the defining force in the African Energy Market.

7.2 Views On The Energy Industry

The management of Aquitane Oil & Gas Limited regularly reviews the trends in the local and international energy market as a prelude to the development of its risk management protocols. The industry as a whole is experiencing a quiet revolution the extent of which will be only be truly known when the current cycle has elapsed.

With the price of crude oil approaching the $150 a barrel mark, the major oil companies are gradually beginning to realign their strategies to take advantage of the phenomenon. The search for new oil has never been so frenzied.

Globally, companies involved in the upstream (E&P) segment have experienced tremendous growth in the last 12 months partly due to the exponential increases in prices.

In the period under reference, the price of energy has risen exponentially due to factors such as:

- Increased demand from industrial power houses like the United States and China and India due to the in-
creased populations and rapid industrialization of their economies.

- Political instability in major producing areas like the Middle East and Africa,
- The production quotas of OPEC (Organization of Petroleum Exporting Countries)
- The effect of speculative energy traders.
- Adverse weather conditions.
- Inadequate refining capacity to meet downstream demands of the every day consumer.
- The weakening dollar.

These higher energy costs have put pressure on other sectors of the economy which has ironically meant; higher production costs for energy producers themselves in spite of the bountiful profits being made on crude oil sales.

### 7.2.1 Effect of Price Volatility and Energy Producers

The price of energy in the last 12 months has followed a decidedly volatile trend, testing the forecasting strategy of even the most seasoned energy producer. Energy prices traditionally vary more than any other commodity and do so as a result of some of the above listed factors. This trend of price variation undoubtedly increases the difficulty of cash and credit management and of assessing the real value of prospective investments in the exploratory segment of the energy market.

In the period under review Crude Oil prices have risen from an average of $60/barrel in May 2007 to the present levels of between $130 and an all time high of $140/barrel (see graph below).

As a result, energy producers must of necessity deploy creative risk management initiatives to mitigate the effects such volatility engenders. Typical price volatility mitigation techniques employed by major energy producers include diversification, long term product delivery contracts, inventory maintenance, insurance and overall business integration; however these do not address the future investment requirements of the major energy producers.
7.2.2 Investment in the African Upstream Market: Trends in The Gulf of Guinea

The African energy market, especially throughout the Gulf Of Guinea region (coastal areas bounded by Nigeria, Angola, Sao Tome and Principe, Equatorial Guinea) has seen an increased wave of investment in the upstream energy sector, predominantly from the big state owned Asian companies, whose bullish “incursion” into Africa took the industry by storm that has seen the stranglehold of some of the more traditional European and North American majors broken.

Most developed nations agree that there is an urgent need to increase their strategic reserve position in the Gulf of Guinea as an alternative source of energy to their traditional reliance on the politically volatile Middle East.

In Nigeria, the upstream emphasis is gradually shifting to the deep offshore production fields where very significant finds have been made in recent times; the cost of production here is significantly higher than the continental shelf and other inland delta areas and puts a further burden on the investment profile of the companies and indeed government partners. The Nigerian government has in recent times struggled to fulfill its joint venture obligation as a result of funding shortfalls.

7.2.3 Views on the Downstream Market

The downstream market is afflicted by a number of factors which include:

1) Lack of maintenance of the refineries and other support infrastructure by successive governments.
2) Inconsistent policy framework for the industry segment.
3) Price regulation
4) Product scarcity

The major participants within the Nigerian downstream segment essentially conform to a “layered” structure where each participant operates horizontally with other members within its layer and vertically with other participants in other layers.

Below is a graphical representation of the Nigerian downstream petroleum products supply chain showing all the respective players and the interband and intraband relationships as regards the movement of petroleum products. This intricate movement of products sometimes makes the measurement of actual statistics of volumes delivered to the market difficult, as the same product is often times traded many times within and outside a particular segment in a single cycle.
The players in this segment can be classified as the players that are the point of origin of petroleum products into the Nigerian market. They are the local and international refineries who produce the various petroleum products and supply them into the local market.

Trading Houses:
These are well established trading companies with strong relationships with international refineries. These companies typically supply petroleum products into many different segments of the industry i.e. to the PPMC, Major Marketers and also independent marketers. These companies have the established credibility with the international refineries, the financial wherewithal to commit to large volume transactions and a well developed logistics support system to ensure delivery schedules are met.

Mid-level Players:
These are companies who sometimes operate as the middlemen in the industry. They are not oil companies in the true sense of the word as they may not necessarily have any regulatory operational certification, but understand the commercial cycle of downstream transactions and operate solely on the basis of arbitraging. These companies also sometimes import petroleum products and supply to major and independent marketers on a spot transaction basis.

The Directorate of Petroleum Resources policy in 2007 that only owners of tank farms would be allowed to open Letters of Credit for the import of petroleum products into the country served to realign the dynamics of this industry segment slightly.

Major and Independent Marketers:
The major marketing companies include the likes of Total, Mobil, Chevron Texaco, Conoil and Oando. They jointly account for about 65% of the total petroleum products sold in the market and have their upstream and downstream operations integrated. The independent marketers are the indigenous companies that operate in the market segment a number of whom have put in structural investments like tank farms in place. The majors and independents regularly trade products between themselves where they may have been supplied either directly from the refineries or from the trading houses or indeed from the midlevel players.

Companies in this segment also sometimes trade products back to the mid-level players who in turn reintroduce the products to the same market via other marketers.
Retail Suppliers
These players usually purchase wholesale quantities for distribution to the retail facing stations. These players buy bulk quantities from the marketing companies and constitute a significant supply link to the wider market.

7.2.4 Implications on the overall performance of the sector
Petroleum products are by their very nature fungible i.e. products commingle as they are not specific to a particular provider, therefore petroleum products are constantly being traded between parties within a particular segment and with other segments within the supply chain. This sometimes leads to:

1. Price manipulation by speculators.
2. Artificial scarcity
3. Product adulteration.

Increased vigilance by the regulatory authorities, full market deregulation and governments’ stimulation of private sector investment in refinery construction will go a long way to stabilize the market.

7.2 Business Objectives of Aquitane Oil & Gas
The business objectives of Aquitane Oil & Gas can be summarized as follows:

1. To expand the business aggressively into its primary niche areas, claim significant market share and offer above-average returns to shareholders.
2. To become the leading energy services company within the African continent and offer highest quality of products and services obtainable anywhere in the world.

7.3.1 The Company’s Strategic Goals
The strategic goals of Aquitane Oil & Gas can be summarized under the following headings:
Short-Medium Term Goals (2-5 years)
1. Increase market share of downstream segment and gain access to new local markets.
2. Increase volumes of products traded to 600,000MT/annum
3. Develop/Acquire further strategic assets to improve access to new markets (development of more tank farms).
4. Diversify product offerings, specifically enter into the Premium Motor Spirit (PMS) segment, (Possible entry into LPG and Lubricants Market to follow)
5. Become one of the largest suppliers of petroleum products to the local market by 2011.
6. Secure 30% of total downstream market by 2011
7. Undertake an IPO by 2010

Long term (5-10 years)
1. Develop R&D unit that will drive the development of the company’s future products and services.
2. Develop upstream assets of the company through the acquisition of full or quasi ownership in upstream producing assets in Nigeria and the Gulf of Guinea region.
3. Undertake construction of refinery of 25,000bb/d and increase by modules of 25,000 bb/d every 24 months.
4. Attain efficient integration of all business segments to ensure improved efficiency and greater margins from cost savings.

7.3.2. Business Strategy of Aquitane Oil & Gas
The operational strategy of the company is to create long term, sustainable, competitive advantage by ensuring year round product availability at a competitive price.

The downstream business is a low margin business and therefore, large volumes of products must be traded to ensure profitability. Aquitane’s strategy therefore, is to trade larger product volumes, improve logistics and reduce operational costs through the following means:

1. Enter into longer term supply contracts with offshore refineries (12-24 month term contracts) to augment supply from the PPMC.
2. As much possible seek to own value chain that supports the supply, trading & distribution aspects of the business through:
   a. Acquisition of marine vessel to improve the efficiency of product supply and dramatically reduce the cost and lead time on trades.
   b. Acquisition/construction of storage facilities by coastline locations.
   c. Operation of customer facing retail outlets (filling stations)
3. Develop new markets outside Lagos, South West, South South Nigeria, and Northern Nigeria.
4. Diversify into additional product lines; specifically PMS, LPFO, ATK, Crude Oil.
5. Become supplier of choice for NNPC (Term Supply contracts).
6. Acquire haulage trucks for the improvement of supply to retail stations.

7. Build new storage facilities in coastal locations outside of Lagos to reduce wait times currently experienced in Lagos.

Some industry wide operational challenges being faced in today’s downstream segment include:

- Transaction Turnaround times can sometimes be too long. Logistics issues lengthen turnaround times e.g. vessel discharge at Ibafon jetty due to congestion and limited offload facilities and issues of vessel demurrage may set in.
- Limited access to marine transportation vessels.
- Inconsistency of supply from Nigerian refineries and the associated logistics bottlenecks of lifting from said refineries.
- Access to regular supply of products.
- Lack of proper support infrastructure.
- Distance to secondary markets from major supply hub of Lagos.
- Thinning margins.
- Government regulation of sector. (Pricing restrictions on some products)

Lack of social infrastructure to support operations.

7.4 SWOT Analysis of Aquitane Oil & Gas

Strengths:

1. Highly effective management team of young, ambitious professionals in place with solid corporate governance structures fully established.

2. Operations are based on strong information technology support and enterprise wide risk management processes.

3. Acquisition of strategic business assets that provide strategic advantage in the marketplace. (Tank farm ownership, part ownership of Gabonese refinery).

4. Brand name established in the public domain and amongst industry peers.

5. Ownership of key licences and permits. (Including Bulk Purchase Agreements with the PPMC, depot operating licence, NAPIMS & NIPEX registrations.

6. Key operational processes are fully implemented.

7. Ability to attract other market opportunities in other segments of the oil industry.

Weaknesses:

1. High industry operational costs reduce company profits.
2. Perception as a new player in the market.
3. Need to improve operational logistics support.

Opportunities:

1. The company is aptly positioned to take advantage of this sector of economy that is poised for rapid growth.
2. Scope to diversify into related market segments. (midstream, upstream)
3. Long term prospects of movement into sub regional markets.

Threats:

1. Competition from established players in the downstream segment.
2. Possible entry of other major players into business segments.
3. Economic slowdown, weakness of the dollar, ever higher oil prices could affect business prospects.
4. Unfavorable Government regulation may affect the prospects of the business.

7.5 Future Growth Opportunities

1) Investment in midstream support infrastructure such as storage parks SPM Pipelines to improve product discharge turnaround times. SPM’s serve as a further line of revenue as third parties can be charged throughput fees for use of same.

2) Development of an energy Park by way of land concession and development from one of the Nigerian state governments

3) The company intends to implement an integrated biofuels refinery project in conjunction with a Palm Oil Plantation in Nigeria to improve product availability to the local market.

4) Investment into the upstream segment of the West African sub-region with investments in Nigeria and the
Gulf of Guinea region to further improve our vertical integration strategy. *Aquitane Oil and Gas is currently concluding the acquisition of minority interests in two oil blocks in the prolific Gulf of Guinea region.*

5) Set up subsidiary trading office in Europe for trading cargoes and option contracts.

### 7.6 Enterprise Risk Management (ERM)

Risk is a major component of any commodity related business and a significant component for growing business and increasing profitability. Aquitane has grown exponentially over the last three years and hopes to further this growth both organically and through acquisitions over the next five years. The company’s strategy has been to identify, along with its risk management consultants, the risks inherent in its current portfolio of assets and businesses and expand new business in a direction that helps diversify overall risk. This diversification strategy has allowed Aquitane to grow its business without proportionally growing its risks.

To further improve on its capacity and capability to identify, measure, evaluate and manage risks on a sustainable basis, Aquitane has contracted a team comprised of Avantgarde Global Markets and Price Waterhouse Coopers to do an enterprise-wide process review and implement relevant risk management software to create a framework to identify, measure, evaluate and manage risk.

The customized framework will establish proactive risk identification and evaluation mechanism in a cost effective manner as well as provide an integrated approach to risk management. Aquitane’s goal is to develop a world-class risk management framework that would be sophisticated, pragmatic and attuned not only to the peculiarities of the industry but also to the uniqueness of the Nigerian operating environment.
### 7.7 Risk Factors & Mitigants

<table>
<thead>
<tr>
<th>Risk</th>
<th>Type</th>
<th>Description</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concentration Risk</strong></td>
<td>Product</td>
<td>Product concentration risk is the possibility that the company’s overall revenue stream may be adversely affected by sudden shifts in the economics or policy around one product on which the company is heavily dependent.</td>
<td>Aquitane recently added Low Pour Fuel Oil, Premium Motor Spirit, and Aviation Turbine Kerosene to its stable of products to further diversify its income stream and guard against product specific risks. It also intends to leverage its stake in the Sogara refinery to enter into the crude oil marketing sector.</td>
</tr>
<tr>
<td></td>
<td>Markets</td>
<td>Market concentration risk is the possibility that the company’s overall revenue stream may be adversely affected by sudden shifts in the economics or policy around one market on which it is heavily dependent.</td>
<td>To mitigate these risks Aquitane intends to construct more tank farms in other geographical locations. It hopes to further geographically diversify its risk outside the country by the Soghar Refinery investment and other similar ventures.</td>
</tr>
<tr>
<td></td>
<td>Supplier</td>
<td>Supplier concentration risk or supplier power is the risk that a small number of suppliers may wield an unhealthy influence on the market and so determine product purchase price.</td>
<td>Aquitane has built a large portfolio of local and offshore suppliers. This ensures that pricing is always competitive.</td>
</tr>
<tr>
<td></td>
<td>Offtaker</td>
<td>Offtaker concentration risk or buyer power is the risk that a small number of buyers may wield an unhealthy influence on the market and so determine product sale price irrespective of purchase price.</td>
<td>Aquitane’s customer base is a diverse spread both in size and geographic location. This risk is also minimal because of the commodity nature of Aquitane’s business. Customers are mostly price takers. Aquitane is also developing its own retail chain which is estimated to offtake about 20% of its wholesale capacity.</td>
</tr>
<tr>
<td><strong>Financial Risk</strong></td>
<td>Interest rate risk</td>
<td>this is the possibility that interest rate changes may affect viability of trade opportunities or the even the viability of the enterprise at large.</td>
<td>Most of Aquitane’s borrowings are under a fixed interest rate regime.</td>
</tr>
<tr>
<td></td>
<td>Liquidity risk</td>
<td>The risk that company may not be able to meet obligations to banks, creditors, trade counterparties and other stake holders when they fall due.</td>
<td>Aquitane recently adopted the Asset/Liability Management system which matches the maturities of assets and liabilities. One of the objectives of our ongoing equity injection exercise is to adjust and eliminate mismatches in the maturities of Aquitane’s assets and liabilities.</td>
</tr>
</tbody>
</table>
### Foreign exchange risk
- **Description**: this is the possibility that foreign exchange movements may affect viability of trade opportunities or even the viability of the enterprise at large.
- **Impact**: Aquitane mostly matches the currency of assets to the currency of liabilities. However, the firm may seek exposure to foreign exchange risk to take advantage of forecasted economic trends.

### Commodity price volatility
- **Impact**: Aquitane is currently entered into long term fixed price contracts which are either fully fixed or a pre-agreed discount to the Platt price. This allows for better planning.

### Counter-party credit risk
- **Description**: Risk that a contractual counter party may fail to live up to its obligations.
- **Impact**: Aquitane currently maintains a list of credible counter parties with which we trade. The risk management committee also vets all trades and sets transactions limits based on an internally generated credit rating.

### Operational Risk
<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition Risk</td>
<td>Aquitane faces competition from other more established players in the sector.</td>
<td>The company's rapid expansion and acquisition of assets and goodwill in the market are indicators that the company has an excellent chance for growth and development.</td>
</tr>
<tr>
<td>Regulatory Risk</td>
<td>Aquitane is exposed to changes in the regulatory environment.</td>
<td>All Aquitane's products and assets conform to all Directorate of Petroleum Resources (DPR), PPMC and NAPIMS NNPC, standards and will be further upgraded to conform to stringent international standards of operation, safety and high quality of service.</td>
</tr>
</tbody>
</table>
7.8 Directors and Management

7.8.1 Profile of Directors

Dahiru Wada
(Chairman)
Born February 1953 in Kano, Dahiru Wada attended St. Saviour’s School, Ikoyi Lagos and thereafter, left for England in 1961 where he attended Dane Court Prep School till 1968. Till 1971 he was at Cokethorpe School Oxon. In May 1974 he passed his final professional exams with the Chartered Institute of Management Accountants at The Polytechnic of Central London marking the beginning of an illustrious career in business management.

He joined Sayen Nagai Co. Limited as an Assistant Manager and by 1979 he was General Manager based in Lagos. His duties included overall management of the company’s fleet of heavy trailers increasing the fleet by over a third by 1982 when he became an Executive Director and was instrumental in setting up subsidiaries in shipping and trading. In 1984 he was made Managing Director of Sayen Nagari Holdings Limited. The group included Combined Shipping Services Ltd, Digital Engineering Ltd, Sayen Nagari Co. Ltd, Sayen Nagari Farms and Sasco Ltd. From 1989 apart from his existing responsibilities he was an Executive Director of Standard Industrial Development Co. Ltd at Ogba, Lagos.

Between 1990 and 1994 he spent most of his time in London developing new business opportunities with Western Metal Products Limited, Ogba and Eisenbau Essen [EBE] and Ferrostaal Gmbh, Essen, Germany. In 1995 he was made an Executive Director of Nigerian Spanish Engineering Company Ltd.

Alhaji Wada was one of the directors involved in setting up Movido Exploration and Production, which was specifically to bid for Marginal Fields. Through their efforts the company was successful and is now the 100% beneficiary operator of Chevron-Texaco “Ekeh” Field in OML88.

His wealth of experience garnered from these different industry segments and an unflinching commitment to excellence, serves as one of the driving forces behind Aquitane’s business philosophy.

Ikechukwu Okolo
(Group Managing Director/CEO)
Ikechukwu Okolo a founding member of Aquitane Oil and Gas Limited; possesses an eclectic mix of competencies that traverse the entire spectrum of business development, energy and financial services. His corporate experience consists of 7 years with Guaranty Trust Bank PLC, where he worked in various capacities across various discipline areas.

Whilst at the bank, he spent 5 years in Warri, Delta State, where he was engaged in the bank’s energy department, dealing directly with products marketing initiatives from the Warri Refinery. During this period he further boosted his proficiency in the petroleum trading segment of the market as he handled many large volume transactions with the Pipelines and Product Marketing Company [PPMC] and also, the Nigerian National Petroleum Corporation [NNPC] an experience which properly schooled him on the inner workings of the system.

Ikechukwu is a graduate of Business Administration from the University of Lagos. He regularly attends energy industry courses, seminars and conferences all over the world in a bid to sharpen his knowledge of the industry and to develop new opportunities and contacts for the company’s future operations. He recently added the “Developing Strategy for Value Creation” course at the London Business School and “Brand Development Course at Phillips Consulting in Lagos to his list of academic achievements.

Numbered amongst his many accolades include recognition as one of Nigeria’s Fifty Outstanding Corporate Executives by the Financial Standard Newspapers, Award of Excellence by the Vanguard Newspapers as an emerging corporate leader in Nigeria and recently was featured in Oil Review Africa an international energy publication.

Lanre Kusemiju
(Chief Operating Officer)
Lanre Kusemiju is in charge of downstream logistics and strategy portfolio of the company. His duties focus on areas relating to logistics management and strategy design, industry relations, products trading and quality compliance. He is also in charge of implementing the decision analysis methodology across the entire company.

Lanre is a graduate of Economics from the University of Lagos and his corporate background spans a period of 10 years, which included a brief stint with Restral Consulting after which he moved to Guaranty Trust Bank PLC where he worked in several departments and received numerous commendations for exceptional profitability performance before resigning his appointment as Manager, Institutional Banking Group to pursue his entrepreneurial ambitions.

Whilst in the financial sector, Lanre developed a robust understanding of the workings in the petroleum industry especially with regards to the product transportation and logistics arm of the business. He is also a co-founder member of Crane Group, a growing haulage, logistics and distribution Company, before joining Aquitane Oil &Gas Limited. Today he brings all this experience and knowledge to bear on the operations of the company.
Ibukun Adegbite

Ibukun Adegbite is a graduate of chemical engineering from the University of Lagos. His working experience includes a brief Industrial Attachment programme with Vitafoam Nigeria Plc where he served in the production department and in Guaranty Trust Bank Plc where he worked as a credit officer attached to the Institutional Banking Group. During his career with the bank which spanned over 3 years, he handled various portfolios among which include the Oil & Gas and emerging corporates desk where he distinguished himself and was at various times recognized by the bank for outstanding portfolio growth.

After leaving the bank, Ibukun co-founded Crane Group and today actively manages the operations of a growing haulage, logistics and distribution company in Nigeria. He is a member of the board of Aquitane Oil and Gas Limited where he continually dispenses invaluable guidance and knowledge to the company’s global aspirations.

Olakunle Akeju

Kunle started his career at Guaranty Trust Bank Nigeria PLC in the International Funds transfer unit where he received numerous commendations from the bank for exceptional service. Later, he was transferred to the Corporate Institutional banking group where he handled accounts for different major indigenous and multinational companies where he received further letters of commendation and awards for exceptional service in the beverages team. He is also a recipient of the award for exceptional profitability performance at GTBank.

Kunle left GTBank to set up Crane Group where he was the head of the marketing department. As a result of his passion and vision for the growth of the Nigerian economy, he moved on to establish Gapbridge Investment services Ltd until the emergence of Gapbridge Microfinance Bank where he now manages the day to day activities of the company. As one of the Directors of Aquitane Oil and Gas Limited, he has been actively involved in mapping out a clear and consistent vision for the company.

Kunle has a B.SC in Economics from the University of Lagos and an MBA from University of Lincoln where he majored in International Business. He is an alumnus of London Business School where he obtained a certificate in Corporate Finance. His membership with professional bodies includes: Nigerian Institute of Management (Chartered), Chartered Institute of Bankers, Nigeria (CIBN), and Chartered Institute of Logistics and Transport UK.

Ikenna Oguike

Ikenna is the Managing Director of Gapbridge Microfinance Bank, a financial institution dedicated to providing financial services to micro, small and medium enterprises (MSMEs) and emerging businesses looking for opportunities to increase their potential for success.

Chief Mrs. Victoria Okolo

Chief Mrs. Victoria Okolo is the Chairman of Southern Grace Investment Services Ltd. A respected community leader, Mrs. Okolo built up an enviable career in the Nigerian civil service where she was engaged primarily in the educational sector, a position in which she excelled and invariably attained role model status to her peers and subordinates alike.

Her dedication to duty and consummate professionalism has been a guiding light in the many professional exertions she has undertaken following her exit from the civil service, seeing her take on a number of high profile positions in the business world and rising to board memberships in a number of notable Nigerian companies including that of Aquitane Oil and Gas Limited.

Kwame Nkrumah Ugoji

Kwame Ugoji is the Managing partner in the law firm of Logistix Solicitors where he oversees the Corporate & Commercial and litigation desks. Kwame’s professional life consists of over 15 years of experience in business and technology related industries including strategy formulation and implementation across several industry segments specifically, energy, financial services and information technology.

Kwame holds two degrees in Psychology and Law from the University of Lagos. He has worked in a number of organizations and firms such as Equitorial Trust Bank Ltd, Shell Petroleum and Development Company (SPDC), and also at B.O Benson (SAN) Law Offices. He is currently the company secretary/ legal adviser of Triana Ltd, SilverFleece Investments and Trust Ltd.

7.8.2 Profile of Key Management Staff

Ikenna Oguike

(Strategy, Business Development & Risk Management)

A graduate of Electrical Engineering from the University of Lagos, Ikenna brings sound and committed leadership to the everyday affairs of the company and delivers needed guidance on all the company’s projects and business development initiatives.

Ikenna heads the strategy & Risk Management desk and oversees all the company’s new business initiatives. He has been instrumental in developing some of the risk management models which have been central in managing the myriad of risks inherent in the downstream energy industry. His robust perspective on risk management has allowed Aquitane develop an independent mechanism for making trade decisions.
Prior to joining Aquitane, Ikenna was involved in numerous project development and project finance initiatives in his time with Drake Alliance Project Ltd.

**Victor Ilofuan**  
(Chief Financial Officer)
Victor is currently the Chief Finance Officer and Head, Treasury of Aquitane Oil and Gas Limited. He had previously performed in the capacity of Head, Finance and Marketing for Aquitane Oil and Gas. He holds a Bachelor of Science Degree in Economics from the University of Benin, Edo State. Prior to joining Aquitane Oil and Gas, he had amassed a wealth of banking and financial advisory competencies with Guaranty Trust Bank Plc, where he worked for 6 years in a variety of capacities as Branch Head of Operations in various branches, and as relationship manager and Head of Downstream, within the Energy Group in Guaranty Trust Bank.

Whilst at the bank, he was involved in a number of sectors including energy where he developed an understanding of the downstream petroleum products market up to and including logistics, distribution and marketing as he serviced a number of industry majors.

He has attended numerous courses and workshops on Oil and Gas locally and internationally, and has written contributions to business development and strategy in emerging downstream markets along the west coast of Africa as well as on price fluctuations of derivatives, hedging and risk management.

**Bayo Tejuoso**  
(Head, Lagos Trading Office)
Bayo Tejuoso, a graduate of the University of Ile Ife, Oyo State, heads the Lagos trading desk at Aquitane. Bayo’s experience in the downstream market derives from his time working in the petroleum products trading segment of the industry principally at Sahara Energy Ltd a market leader in the segment. His experience covers the entire gamut of international petroleum products trading within the African continent.

Bayo heads a ten man trading unit that implements the company’s products marketing and distribution business.

**Debo Olujimi**  
(Head, Abuja Trading Office)
Debo heads the company’s Abuja trading office, where he interfaces directly with the NNPC and PPMC decision making offices in fulfillment of the company’s Bulk Purchase Agreements. He brings with him vast experience having worked in a number of petroleum products trading companies in the past including Sigmund Petroleum and in the Presidency in the Department of Project Monitoring and Evaluation.

His experience and contacts have been very instrumental to the navigation of the bureaucratic bottlenecks that are sometimes encountered in dealings with governmental institutions. Debo attended the University of Lagos where he majored in Business Administration.

**Usifo Eguabor**  
(Senior Trader)
Usifo recently joined the company’s Abuja trading office as a senior petroleum products trader with a specialty in PMS and Fuel Oils. Usifo is experienced in local and international trading and has held positions previously with Sahara Energy, an indigenous Oil and Gas company. He later worked in the Presidency in the office of the special assistant on aviation matters where he gained useful experience in the affairs of state. After leaving the presidency, he worked for NICON Insurance for a short period before joining Guaranty Trust Assurance as head of the energy desk. Usifo has also worked with Oil Logistics Ltd a private oil company based in Lagos before joining Aquitane.

**Jimi Ibironke**  
(Head, Logistics)
Jimi is a graduate of Banking and Finance from the Ogun State University. His experience in the industry spans over six years where he worked in various capacities first as a trainee in the finance, trading and logistic units and then rose through the ranks until he became the Shipping & Operations Supervisor at Sahara Energy Resource Limited.

Jimi joined Aquitane in December 2007 and has since been a strong member of the operations team with his strong work ethic and dedication to duty with which he transformed the whole process of downstream operations where he deals with the daily challenges of cheap, timely and efficient product delivery.

**Ejemen Anuge**  
(Senior Investment Manager)
Ejemen is a CIPD chartered holder (Chartered Institute for Personnel & Development) and also holds a Master’s degree in Employment Studies and Human Resource Management at London Metropolitan University. She graduated from the Ambrose All University with a B.Sc in Political Science and started her work experience at All State Trust Bank as a Customer Relationship Officer and rose in the ranks as a Credit Risk Officer to the Commercial Banking Group where she was responsible for generating and maintaining relationships High Networth Individuals while monitoring existing credit lines.

Ejemen’s ability to succeed at what she does saw her move to the Investment Banking Group where she dealt with Treasury Bills and Forex trading.
Ejemen has a wealth of experience in Investment Banking, Credit Risk Management, Credit Marketing and Human Resources Management which she brings daily to her desk at the Aquitane Group. Her duties include identifying, monitoring and development of short term investment alternatives for the company.

**Emem Ema**  
*(Head, Corporate Affairs)*  
Emem is a qualified lawyer, and an accomplished musician who is imbued with the ethos of hard work and a strong entrepreneurial spirit. Emem brings to the company invaluable insights from the creative arts and corporate communications segment honed through a decade of active involvement in the industries, as both artist and entrepreneur: she is a founding (and charter) member of the pioneering, and internationally lauded indigenous inspirational musical quartet KUSH, as well as the first British Council’s International Young Music Entrepreneur of the Year (2006).

Emem is in charge of developing the company’s brand image and overseeing all its corporate affairs activities.

**Muhroko Omamegbe**  
Muhroko head the human resources team at Aquitane. Muhroko started her professional career at Sikon Securities and Investment Trust Ltd as a trainee investment analyst after which worked at the defunct Midas Bank before moving to Guaranty Trust Bank Plc. She has attended several human resource development and capacity building courses locally and internationally.
8.0 Historical Financial Summary

8.1 Letter from the Reporting Accountant

The Directors,
Aquitane Oil and Gas Limited
26 Idowu Taylor Street
Victoria Island
Lagos

And, And, And,
The Directors,
BGL Limited,
Millenium House,
12A Catholic Mission Street,
Lagos

The Directors,
Diamond Bank Plc,
Plot 1261 Adeola Hopewell Street
Victoria Island
Lagos

The Directors,
FutureView Financial Services Ltd,
Plot 161D Aifu Taylor Close
Victoria Island
Lagos

Dear Sirs,

We report on the financial information set out on the following pages, which have been prepared for inclusion in the Private Placement Memorandum to be issued in connection with the proposed Offer for Subscription of 1,500,000,000 ordinary shares of 50 kobo each in the share capital Aquitane Oil and Gas Limited.

The financial information is based on the audited financial statements of Aquitane Oil and Gas Limited for the two years ended 31 December 2007 and for the four month period ended 30 April 2008.

The financial statements were prepared under the historical cost convention. Messrs Olatunji Fanifosi and Co. were the company’s auditors for the two years ended 31 December 2007 and the four months period ended 30 April, 2008.

The financial information have been prepared in accordance with the accounting policies set out in the following pages after making such adjustments we considered necessary. The financial statements on which the information is based are the responsibility of the Directors of the company who approved their issue. The Directors of the company are responsible for the contents of the Placement Memorandum in which this report is included.
Historical Financial Summary

We conducted our work in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. Our review was limited primarily to examination of the work papers of the external auditors, inquiries of the company's personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information does not give a true and fair view of the state of affairs of Aquitane Oil and Gas Limited as at the dates stated and of its profit and cash flows for the periods then ended in accordance with generally acceptable accounting principles in Nigeria.

Yours Faithfully,

Ahmed Zakaria Co.
(Chartered Accountants) 27 June, 2008
Lagos - Nigeria
### 8.2 Historical Profit & Loss Accounts

<table>
<thead>
<tr>
<th></th>
<th>FOUR MONTHS TO 30 APRIL</th>
<th>FOR THE YEARS ENDED 31 DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 N’000</td>
<td>2007 N’000</td>
</tr>
<tr>
<td>Turnover</td>
<td>6,684,672</td>
<td>3,415,108</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(5,745,329)</td>
<td>(2,329,291)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>939,343</td>
<td>1,085,817</td>
</tr>
<tr>
<td>Overhead expenses</td>
<td>(182,937)</td>
<td>(198,542)</td>
</tr>
<tr>
<td>Trading profit</td>
<td>756,406</td>
<td>887,275</td>
</tr>
<tr>
<td>Other income</td>
<td>2,106</td>
<td>64,000</td>
</tr>
<tr>
<td>Profit before interest, tax, depreciation and amortisation</td>
<td>758,512</td>
<td>951,275</td>
</tr>
<tr>
<td>Interest expense and similar charges</td>
<td>(103,056)</td>
<td>(98,983)</td>
</tr>
<tr>
<td>Profit on ordinary activities before depreciaion &amp; taxation</td>
<td>655,456</td>
<td>852,292</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(145,335)</td>
<td>(151,267)</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation</td>
<td>510,121</td>
<td>701,025</td>
</tr>
<tr>
<td>Taxation</td>
<td>(141,456)</td>
<td>(103,590)</td>
</tr>
<tr>
<td>Retained profit for the year</td>
<td><strong>368,665</strong></td>
<td><strong>597,435</strong></td>
</tr>
</tbody>
</table>
### 8.2 Historical Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>FOUR MONTHS TO 30 APRIL</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18,923,070</td>
<td>19,037,167</td>
<td>25,858</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td></td>
<td>310,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td></td>
<td>891,670</td>
<td>372,669</td>
<td></td>
</tr>
<tr>
<td>Debtors and prepayments</td>
<td></td>
<td>940,335</td>
<td>658,970</td>
<td>1,488,677</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td></td>
<td>234,651</td>
<td>875,830</td>
<td>158,240</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>2,066,656</td>
<td>1,907,469</td>
<td>1,646,917</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Borrowings (Secured)</td>
<td></td>
<td>7,363,374</td>
<td>7,525,248</td>
<td>1,158,588</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td></td>
<td>306,319</td>
<td>165,066</td>
<td>62,829</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>7,669,693</td>
<td>7,690,314</td>
<td>1,221,417</td>
</tr>
<tr>
<td><strong>CAPITAL AND RESERVES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td></td>
<td>3,900,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Deposit for shares</td>
<td></td>
<td></td>
<td>- 3,093,724</td>
<td></td>
</tr>
<tr>
<td>Directors current account</td>
<td></td>
<td></td>
<td>- 453,043</td>
<td>252,381</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td></td>
<td>9,512,653</td>
<td>9,512,653</td>
<td>-</td>
</tr>
<tr>
<td>General Reserve</td>
<td></td>
<td>508,890</td>
<td>696,412</td>
<td>98,977</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>13,921,543</td>
<td>13,855,832</td>
<td>451,358</td>
</tr>
</tbody>
</table>

---

The table above provides a historical financial summary for Aquitane Oil & Gas Limited as at 31 December and for the four months to 30 April. The financial statements include details of fixed assets, investment, current assets, current liabilities, and capital and reserves, with comparisons to the previous year.
## 8.3 Historical Cashflow Statements

<table>
<thead>
<tr>
<th></th>
<th>FOUR MONTHS TO APRIL</th>
<th>FOR THE YEARS ENDED 31 DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008 N’000</td>
<td>2007 N’000</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit before taxation</td>
<td>510,121</td>
<td>701,025</td>
</tr>
<tr>
<td>Adjustment for non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>145,335</td>
<td>151,267</td>
</tr>
<tr>
<td><strong>Cash Flow before changes in working capital</strong></td>
<td>655,456</td>
<td>852,292</td>
</tr>
<tr>
<td>Decrease/[Increase] in stock &amp; work in progress</td>
<td>(519,001)</td>
<td>(372,669)</td>
</tr>
<tr>
<td>Decrease/[Increase] in debtors &amp; prepayment</td>
<td>(281,365)</td>
<td>829,707</td>
</tr>
<tr>
<td>[Decrease]/Increase in creditors &amp; accruals</td>
<td>(203)</td>
<td>(1,353)</td>
</tr>
<tr>
<td><strong>Cash generated from/[absorbed] in operations</strong></td>
<td>(145,113)</td>
<td>1,307,977</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>(31,238)</td>
<td>(9,649,923)</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>(3,310,000)</td>
</tr>
<tr>
<td><strong>Net cash outflow from investing activities</strong></td>
<td>(31,238)</td>
<td>(12,959,923)</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>3,243,813</td>
<td>-</td>
</tr>
<tr>
<td>Directors current account</td>
<td>(453,043)</td>
<td>200,662</td>
</tr>
<tr>
<td>Deposit for shares</td>
<td>(3,093,724)</td>
<td>3,093,724</td>
</tr>
<tr>
<td>Long term loan</td>
<td>-</td>
<td>2,708,490</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>(302,954)</td>
<td>6,002,876</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(479,305)</td>
<td>(5,649,070)</td>
</tr>
</tbody>
</table>

| **CASH AND CASH EQUIVALENT AT 1 JAN**    |                      |                                |            |
| Bank and Cash Balances                    | 875,830     | 158,240     | -          |
| Bank Overdraft                            | (2,025,489) | (400,985)   | -          |
| Short Term Loans                          | (4,484,475) | (757,603)   | -          |
| Trade finance facility                    | (1,015,284) | -           | -          |
| **(7,128,723)                            | (6,649,418) | (1,000,348) | -          |

| **CASH AND CASH EQUIVALENT AT 31 DEC**    |                      |                                |            |
| Bank and Cash Balances                    | 234,651     | 875,830     | 158,240    |
| Bank Overdraft                            | (3,025,489) | (2,025,489) | (400,985)  |
| Short Term Loans                          | (2,822,601) | (4,484,475) | (757,603)  |
| Trade finance facility                    | (1,515,284) | (1,015,284) | -          |
| **(7,128,723)                            | (6,649,418) | (1,000,348) | -          |
9.0 The Profit Forecast

9.1 Letter from the Reporting Accountants

Dear Sirs,

We have reviewed the accounting bases and calculations for the profit forecast set out on page 38, of Aquitane Oil Gas Limited for the years ending 31st December, 2008, 2009, 2010, 2011 and 2012 (for which the Directors of Aquitane Oil Gas Limited are solely responsible).

The forecast includes results shown by the company’s management financial statements for the four months period ended 30 April, 2008.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors of the company as set out on pages 51 to 53 and are presented on a basis consistent with the accounting policies normally adopted by the company and in accordance with generally accepted accounting principles applicable in Nigeria. However, there will usually be differences between forecast and actual results, because events and circumstances frequently do not occur as expected and these differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

27 June, 2008
Lagos - Nigeria

The directors are of the opinion that subject to unforeseen circumstances, and based on the bases and assumptions set out on pages 14 to 17, the profit before taxation for the years ending 31 December 2008, 2009, 2010, 2011 and 2012 will be in the order of N2.96 billion, N7.28 billion, N9.57 billion, N12.17 billion and N15.22 billion respectively as detailed below:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>(27,921,213)</td>
<td>(93,581,883)</td>
<td>(121,137,107)</td>
<td>(155,032,502)</td>
<td>(193,405,219)</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>4,424,698</td>
<td>11,296,560</td>
<td>15,022,430</td>
<td>19,273,837</td>
<td>24,268,153</td>
</tr>
<tr>
<td>(226,421)</td>
<td>(629,271)</td>
<td>(816,957)</td>
<td>(1,045,838)</td>
<td>(1,306,040)</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,198,277</td>
<td>10,667,289</td>
<td>14,205,473</td>
<td>18,227,999</td>
<td>22,962,113</td>
</tr>
<tr>
<td>Overhead expenses</td>
<td>255,480</td>
<td>117,732</td>
<td>100,805</td>
<td>121,163</td>
<td></td>
</tr>
<tr>
<td>Trading profit</td>
<td>4,198,277</td>
<td>10,667,289</td>
<td>14,205,473</td>
<td>18,227,999</td>
<td>22,962,113</td>
</tr>
<tr>
<td>Profit before interest, tax, depreciation and amortisation</td>
<td>4,198,277</td>
<td>10,922,769</td>
<td>14,323,205</td>
<td>18,328,084</td>
<td>23,083,276</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>(740,304)</td>
<td>(2,901,605)</td>
<td>(3,835,329)</td>
<td>(4,977,857)</td>
<td>(6,278,269)</td>
</tr>
<tr>
<td>Profit before depreciation and amortisation</td>
<td>3,457,973</td>
<td>8,021,164</td>
<td>10,487,876</td>
<td>13,350,226</td>
<td>16,805,007</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(498,143)</td>
<td>(742,514)</td>
<td>(916,086)</td>
<td>(1,184,957)</td>
<td>(1,583,214)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>2,959,830</td>
<td>7,278,650</td>
<td>9,571,790</td>
<td>12,165,269</td>
<td>15,221,793</td>
</tr>
<tr>
<td>Income tax provision</td>
<td>(947,146)</td>
<td>(2,329,168)</td>
<td>(3,062,973)</td>
<td>(3,892,886)</td>
<td>(4,870,974)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>2,012,684</td>
<td>4,949,482</td>
<td>6,508,817</td>
<td>8,272,383</td>
<td>10,350,819</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>-</td>
<td>(2,969,689)</td>
<td>(3,905,290)</td>
<td>(4,963,430)</td>
<td>(6,210,492)</td>
</tr>
<tr>
<td>Retained profit</td>
<td>2,012,684</td>
<td>1,979,793</td>
<td>2,603,527</td>
<td>3,308,953</td>
<td>4,140,328</td>
</tr>
</tbody>
</table>

Forecast earnings per 50 kobo share (kobo) | 22 | 53 | 70 | 89 | 111 |
Forecast earnings yield at offer price (%) | 2 | 5 | 7 | 9 | 11 |
Forecast EBITDA per 50 kobo share (kobo) | 45 | 117 | 154 | 197 | 248 |
Forecast dividend per 50 kobo share (kobo) | - | 32 | 42 | 53 | 67 |
Forecast dividend yield at offer price (%) | - | 3 | 4 | 5 | 7 |
Forecast price/earnings ratio at offer price | 46 | 19 | 14 | 11 | 9 |
Forecast CAPEX - Naira ’000 | 1,480,000 | 3,888,000 | 2,375,000 | 2,348,000 | 4,062,569 |
Based on issued share capital of 9,300,000,000 shares of 50 kobo each.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>'000</td>
<td>'000</td>
<td>'000</td>
<td>'000</td>
<td>'000</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19,740,149</td>
<td>22,885,635</td>
<td>24,344,549</td>
<td>25,507,592</td>
<td>27,986,947</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>3,310,000</td>
<td>6,279,689</td>
<td>7,215,290</td>
<td>8,273,430</td>
<td>9,520,492</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,050,149</td>
<td>29,165,324</td>
<td>31,559,839</td>
<td>33,781,022</td>
<td>37,507,439</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>3,558,050</td>
<td>8,390,275</td>
<td>9,531,168</td>
<td>13,156,618</td>
<td>13,595,173</td>
</tr>
<tr>
<td>Debtors and payments</td>
<td>1,031,075</td>
<td>3,336,374</td>
<td>3,670,921</td>
<td>3,752,518</td>
<td>3,553,618</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>8,221,852</td>
<td>1,997,329</td>
<td>2,711,950</td>
<td>1,291,433</td>
<td>3,555,086</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,810,978</td>
<td>13,723,978</td>
<td>15,914,039</td>
<td>18,200,569</td>
<td>20,703,877</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>35,861,127</td>
<td>42,889,302</td>
<td>47,473,878</td>
<td>51,981,591</td>
<td>58,211,316</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Borrowings (secured)</td>
<td>711,610</td>
<td>2,415,348</td>
<td>4,357,105</td>
<td>5,577,803</td>
<td>8,293,541</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>1,495,809</td>
<td>6,872,034</td>
<td>9,430,563</td>
<td>11,942,249</td>
<td>14,781,913</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,207,420</td>
<td>9,287,382</td>
<td>13,787,668</td>
<td>17,520,052</td>
<td>23,075,454</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>30,945,217</td>
<td>31,505,396</td>
<td>32,242,060</td>
<td>33,069,298</td>
<td>33,586,839</td>
</tr>
<tr>
<td><strong>Capital and Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>4,650,000</td>
<td>4,650,000</td>
<td>4,650,000</td>
<td>4,650,000</td>
<td>4,650,000</td>
</tr>
<tr>
<td>Share premium</td>
<td>14,250,000</td>
<td>14,250,000</td>
<td>14,250,000</td>
<td>14,250,000</td>
<td>14,250,000</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>9,512,653</td>
<td>9,512,653</td>
<td>9,512,653</td>
<td>9,512,653</td>
<td>9,512,653</td>
</tr>
<tr>
<td>General Reserve</td>
<td>2,532,564</td>
<td>3,092,743</td>
<td>3,829,407</td>
<td>4,656,646</td>
<td>5,174,187</td>
</tr>
<tr>
<td><strong>Shareholders' Fund</strong></td>
<td>30,945,217</td>
<td>31,505,397</td>
<td>32,242,061</td>
<td>33,069,299</td>
<td>33,586,840</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>35,861,127</td>
<td>42,889,302</td>
<td>47,473,878</td>
<td>51,981,591</td>
<td>58,211,316</td>
</tr>
</tbody>
</table>
9.4 Bases and Assumptions

The forecast has been arrived at on the following bases and assumptions which are expected to remain in operation throughout the forecast period:

9.4.1 Bases

a. Previous years’ actual performances of the company and the company’s actual results for four months ended 30 April, 2008 have been used as a basis for measuring the reasonableness of the forecasts for the remaining part of year 2008 and the 2009, 2010, 2011 and 2012 financial years.

b. The forecast includes results as shown by the management financial statements for the four months period ended 30 April, 2008.

c. The results for the four months period ended 30 April, 2008 and the estimates for the remaining eight months of the year ending 31 December, 2008 and the years ending 31 December, 2009, 2010, 2011 and 2012 have been prepared on a basis consistent with the company’s accounting policies.

9.4.2 Assumptions

a. At the current selling prices and based on projected level of demand and production capacity, the turnover of the company for the years ending 31 December, 2008, 2009, 2010, 2011 and 2012 will be approximately ₦32.35 billion, ₦104.88 billion, ₦136.16 billion, ₦173.31 billion, and ₦217.67 billion respectively.

b. Local trades – purchase and sale of refined petroleum products from local independent marketers is projected to grow at 25% for the years 2009 and 2010 and grow at 15% and 10% in the years 2011 and 2012 respectively.

c. PPMC loading – purchase of subsidised products from NNPC and sale of same at market price is projected to peak at 30% growth in 2009 and trend down to 15% by 2012.

d. International trades – it is projected that 240,000 MT of AGO shall be imported in 2009 and a growth of 15% per annum thereafter. Only 10,000 MT transaction is projected for 2008.

e. PPMC import – importation of refined petroleum products by licensed companies on behalf of PPMC. 40,000 MT of PMS and DPK are projected to be imported on behalf of PPMC in the last quarter of 2008. This projection is expected to be sustained through out the period.

f. Government policies on petroleum products – importation of refined petroleum products and subsidies shall remain throughout the period.

g. Taxation (comprising income and education taxes) will be at an average rate of 32% of net profit before tax for 2008, 2009, 2010, 2011 and 2012.

h. There will be no drastic change in the legal, political and economic environment that will adversely affect the operations of the company.

i. The company will suffer no major uninsured catastrophe.

j. Dividend payout will be approximately 60% of profit after tax in 2009, 2010, 2011 and 2012 respectively.

k. There will be no adverse change in the existing price structure for the company’s products, other than as provided in the forecast.

l. There will be no changes in the current accounting policies.

m. The total national demand for the petroleum product will be sustained, and its share of the market will not show a significant reduction.

n. No import restriction or ban will be imposed on petroleum products requirements of the company.

o. There will be no change in the existing cost structure.

p. There will be no material change in international currency exchange rates, or import duties pertaining to the company’s business.

q. Shipping arrangements with overseas suppliers of petroleum products will be executed on schedule.

r. Interest rates and bases of taxation, both direct and indirect, will not change materially.

s. There will be no material acquisitions or disposal of fixed assets, other than as shown in the forecast.

t. The political situation in this country, and in the country of suppliers of essential petroleum products, will remain stable.

u. Trading results will not be affected by industrial disputes within the company, or in those of its principal suppliers.

v. The quality of the company’s management will be upgraded and sustained during the forecast period.

w. There will be no drastic change in the legal, political
The Profit Forecast

and economic environment that will adversely affect the operations of the company.

x. There will be no material successful claims for damages against the company.

y. There will be no material successful claims for damages against the company.
10.0 STATUTORY AND GENERAL INFORMATION

10.1 Incorporation and Share Capital History

The Company was incorporated on 13th of April, 2005 with RC No. 621,356. At incorporation, the Company’s authorized share capital was N1,000,000 (One Million Naira) divided into 1,000,000 (One million) ordinary shares of N1 each.

Pursuant to several shareholder resolutions and Certificates of Registration of Increase in Shares Capital, the Company’s initial Authorized Share Capital has been increased several times to the present sum of N5,000,000,000 (Five Billion Naira Only).

Detailed hereunder is a summary of the Company’s Authorised Share Capital reflecting increases effected therein, to date.

<table>
<thead>
<tr>
<th>Date</th>
<th>Authorised (N)</th>
<th>Issued &amp; Fully Paid (N)</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase</td>
<td>Cumulative</td>
<td>Increase</td>
</tr>
<tr>
<td>Initial</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2006</td>
<td>99,000,000</td>
<td>100,000,000</td>
<td>99,000,000</td>
</tr>
<tr>
<td>2008</td>
<td>4,900,000,000</td>
<td>5,000,000,000</td>
<td>3,800,000,000</td>
</tr>
</tbody>
</table>

10.2 Shareholding Structure

On the date of this Private Placement, the 7,800,000,000 ordinary shares of 50k each in the issued and fully paid ordinary shares of the Company were beneficially held as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of Ordinary shares held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria Ngozi Okolo (representing Triaqui Limited)</td>
<td>4,680,000,000</td>
<td>60.00%</td>
</tr>
<tr>
<td>Olanrewaju Kusemiju (representing Crane Synergy Nigeria)</td>
<td>1,950,000,000</td>
<td>25.00%</td>
</tr>
<tr>
<td>Ikechukwu Okolo</td>
<td>1,165,000,000</td>
<td>14.94%</td>
</tr>
<tr>
<td>Kwame Nkrumah Ugoji</td>
<td>5,000,000</td>
<td>0.06%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7,800,000,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

10.3 Directors’ Beneficial Interests

The respective interests held by the Directors of Aquitane Oil & Gas Limited in the issued share capital of the Company as recorded in the Register of Members as at June 30, 2008 or as notified by them for the purpose of section 275 (1) of the Companies and Allied Act 2004 are as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ikechukwu Okolo</td>
<td>14.94%</td>
</tr>
</tbody>
</table>

Except as stated above, no shareholder holds more than 5% of the issued share capital of the Company.

10.4 Company Indebtedness:

The company has no debt except for those taken in the ordinary course of business.
10.5 Subsidiaries and Associated Companies:

As at the date of the preparation of this document, the company had interests in two subsidiary companies namely:

1. Portofino Assets Corporation
2. Baytekk ventures Nigeria Limited

10.6 Extracts from the Memorandum and Articles of Association

The following are the relevant extracts from the Company's Articles of Association:

PRIVATE COMPANY

3. The Company is a private company and accordingly:

(a) The right to transfer shares is restricted in the manner hereinafter prescribed;

(b) The number of members of the Company (exclusive of persons who are in the employment of the Company or persons who having been formerly in the employment of the Company were while in such employment and have continued after the determination of such employment to be members of the Company) is limited to fifty; Provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this regulation be treated as a single member;

(c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited;

(d) Any invitation to the public to deposit money for fixed periods or payable at call, whether or not bearing interest is prohibited;

(e) The Company shall not have power to issue share warrants.

CLASSES OF SHARES

4. The Company may from time to time issue classes of shares. It shall be the responsibility of the Directors to determine the classes of shares to be issued. All the rights or restrictions attached to each particular class of shares shall be specified in the terms of issue but such rights may at any time be varied in accordance with the provisions of the Act.

5. Without prejudice to any special rights previously conferred on the holders of any existing shares or classes of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

PRE-EMPTIVE RIGHTS OF SHARE HOLDERS

5a. The share for the time being unissued or any new shares shall be offered in the first instance, and either at par or at premium, to all the existing holders of any class of shares, in proportion as nearly as may be to the amount of the capital held by them respectively and such offer shall be made by notice specifying the number of shares, to which the member is entitled and limiting the time, within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time or no receipt of any intimation from the member to whom such notice is given that he declines to accept the share offered, the Directors may dispose of the same in such manner as they think beneficial to the company.

5b. Except so far as otherwise provided by the conditions of issue, or by the Articles, any capital raised by the creation of new shares shall be considered a part of the original capital and shall be subject to the provisions herein contained with regard to payment of class and installments, transmission, forfeiture, lien, surrender and otherwise.

5c. The company shall have a first paramount lien upon all shares (whether fully paid up or not) registered in the name of any member, either alone or jointly with any other person, for his debts, liabilities and engagements, whether solely or jointly with any other persons, to do with the company, whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, and such lien shall extend to all dividends from time to time declared in respect of such shares, but the Directors may at any time, declare any share to be exempt, wholly or partially, from the provisions of the Articles.

TRANSFER AND TRANSMISSION OF SHARES

6. Subject to the provisions hereinafter contained, shares in the Company shall be transferable by written instrument in the common form or in any other form which the Directors may approve and shall be signed by both the transferee and the transferor shall be
deemed to remain the holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

7. The Directors may in their absolute discretion and without assigning any reason therefore decline to register any transfer of shares (not being a fully paid share) to a person of whom they do not approve, and may also refuse to register the transfer of a share on which the Company has a lien. The Directors may also suspend the register of transfer during the fourteen days immediately preceding the annual general meeting in each year. The Directors may refuse to register any instrument of transfer unless-

(a) A fee as the Company may from time to time determine is paid to the Company in respect thereto; and

(b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and

(c) The instrument of transfer is in respect of only one class of shares. If the Directors refuse to register a transfer of any shares they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

8. The personal representatives of a deceased sole holder of a share shall be the only persons recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the personal representatives of the deceased survivors, shall be the only persons recognised by the Company as having any title to the share.

9. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall upon such evidence being produced as may from time to time be required by the Directors have the right either to be registered as a member in respect of the share or instead of being registered himself, to make such transfer of the share as the deceased or bankrupt persons could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

10. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any rights conferred by membership in relation of meetings of the Company.

COMMISSION AND BROKERAGE

11. The Company may exercise the powers of paying commissions conferred by Section 131 of the Act, provided that the rate per cent or the amount of the commission paid shall be disclosed in the manner required by the said section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or in one way and partly in the other.

12. The Company may also on any issue of shares pay such brokerage as may be lawful.

GENERAL MEETINGS

13. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next: Provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint.

14. All general meetings other than annual general meetings shall be called extraordinary general meetings.

15. The Directors may, wherever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisitions as provided by Section 215 of the Act.

NOTICE OF GENERAL MEETINGS

16. The notice required for all types of general meetings shall be twenty-one days notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and in case of special business, the general nature of that business and shall be given in the manner hereinafter mentioned, to such persons as are, under the Act, entitled to receive such notices from the Company: provided that a meeting
of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat and in the case of an extraordinary general meeting by a majority in number of members having a right to attend and vote at the meeting, being a majority holding not less than ninety-five per cent (95%) of the nominal value of the shares of the Company.

17. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

18. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of Directors and the fixing of the remuneration of the auditors.

19. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and for the purposes hereof two-thirds of the members present in person or by proxy, shall be a quorum.

20. If within one hour from the time appointed for the meeting a quorum is not present, the meeting may be dissolved or adjourned for forty-eight hours or such earlier time as a regularly constituted quorum is present at the same place, or to such other day and at such other time and place as the Directors may determine, and, if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the members present shall be a quorum.

21. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the company, or if there is no such Chairman, or if he shall not be present within one hour after the time appointed for the holding of the meeting or is unwilling to act the Directors present shall elect one of their number to be Chairman of the meeting.

22. If at any meeting no Director is willing to act as Chairman or if no Director is present within one hour after the time appointed for holding the meeting, the members present shall choose one of their number to be Chairman of the meeting.

23. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

24. Each member shall have one vote for each share held by such member. Except as otherwise specifically provided, any vote shall be passed by a simple majority of the votes.

25.(a) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands.

(b) Unless a poll is demanded (before or promptly after the declaration of the show of hands), a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

26. In the event of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.

27. Votes may be given either personally or by proxy. A proxy, if so authorised, shall be entitled to vote on all matters that the member could have voted on if he were present in person.

28. The instrument appointing a proxy shall be in writing under the hand of the appointing member or his attorney duly authorised in writing, or if the appointing member is a corporation, either under seal or under the hand of an officer, attorney or employee duly authorised. A proxy need not be a member of the Company.

29. An instrument appointing a proxy need not be in any particular form so long as it is in the English language, clearly states the authority of the proxy and is effective against the member under the laws of the member’s residence or jurisdiction of incorporation.
30. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

31. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

32. Subject to the provisions of the Act, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations, by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

33. The first Directors of the Company shall be appointed by the subscribers to the Memorandum of Association or a majority of them who may appoint one or more of themselves.

34. The Company shall have at least two Directors and unless and until otherwise determined by the Company in general meeting the number of Directors shall not be more than ten.

35. The members at the annual general meeting shall have power to re-elect or reject Directors and appoint new ones.

36. The Directors shall have power to appoint new Directors to fill any casual vacancy arising out of death, resignation, retirement or removal and a person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

37. The Company in general meeting may from time to time direct such sums as may be thought fit to be paid as and by way of remuneration to the Directors and any such sum shall be divided amongst them as they may agree, or failing agreement, equally. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them respectively in or about the performance of their duties as Directors.

38. It shall not be necessary for any Director of the Company to acquire or hold any share qualification, but a Director shall be entitled to receive notice and to attend all general meetings.

**PROCEEDINGS OF DIRECTORS**

39. There shall be a Board of Directors of the Company constituted by the current Directors of the Company. The Directors shall appoint amongst themselves a Chairman who shall preside over the meetings of the Board of Directors but if the Chairman is not present within thirty minutes after the time appointed for holding the meeting, the Directors may choose one of their number to be Chairman of the meeting. The Chairman shall hold office for one year, subject however to a decision of the Board of Directors to extend his tenure yearly. There shall be no limit to the number of years for which a Director could be the Chairman of the Company.

40. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of any equality of votes, the Chairman shall have a second or casting vote. A director may, and the Secretary on the requisition of a Director, shall at any time summon a meeting of the Directors.

41. The Board of Directors shall hold meetings as many times during the year as they deem necessary.

42. Unless and until otherwise determined by the Board of Directors, there shall be given fourteen days notice in writing to all Directors entitled to receive notice of a meeting of Directors.

43. A resolution in writing signed by all Directors entitled to receive notice of a meeting of Directors shall have the same effect and validity as a resolution of the Board of Directors duly passed at a meeting of the Board duly convened and constituted.

44. No business shall be transacted at a meeting of the Board of Directors of the Company, unless a quorum of Directors is present at the time when the meeting proceeds to business. The quorum necessary for the transaction of the business of the Directors shall be two-thirds of number of Directors.

45. The business of the Company shall be managed by the Board of Directors of the Company, which may exercise all such powers of the Company as are not, by the act or any statutory modification thereof for the time being in force, or by these Articles required to be exercised by the Company in general meeting.
46. The shareholding qualification for Directors may be fixed by the Company in general meeting, and unless and until so fixed no qualification shall be required.

47. The Directors may from time to time appoint one or more of their body to the office of Managing Director at such remuneration (whether by way of salary or commission or participation in profits, or partly in one way and partly in another) as they may think fit.

48. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collateral with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such power.

49. The Directors, from time to time, and at any time, may provide through Local Boards, Attorneys or Agencies for the management of the affairs of the Company outside Nigeria, and may appoint any persons to be members of such Local Boards or as attorneys or agents and may remove any person as appointed and appoint others in their place, and may fix their remuneration.

50. The Directors, from time to time, and at any time may delegate to any such Local Board, Attorney or Agents any of the powers, authorities and discretion for the time being vested in the Directors, other than the power to make call, forfeit shares, borrow money or issue debentures and any such delegation may be made on such terms and subject to such conditions as the Directors may think fit, and may include a power to sub-delegate, and the Directors may at any time annul or vary such delegation.

51. The Directors may from time to time and at any time delegate to any person or persons any of the powers, authorities and discretions vested in the Directors subject to such conditions as the Directors may think fit.

52. Any Director may at any time appoint any other Director or appoint any other person approved by a majority of the other Directors for the time being to be his alternate and may at any time remove any alternate Director appointed by him, and (subject to such approval as aforesaid) appoint another in his place. An alternate Director shall not be entitled to receive any remuneration from the Company nor shall it be necessary for him to acquire or hold any qualification share, but he shall be entitled (subject to his giving to the Company an address within Nigeria at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meetings at which the Director appointing him is not present and at such meetings to exercise all powers, duties and authorities of the Director appointing him. A Director who is also an alternate Director shall be entitled in addition to his vote, to a separate vote on behalf of the Director he is representing and shall also be considered as two Directors for the purpose of forming a quorum of Directors when such quorum shall exceed two. If the Director who appointed him ceases for any reason to be a Director, he shall ipso facto cease to be an alternate Director. All appointments and removals of alternate Directors made by any Director pursuant to this Article, shall be in writing under the hand of the Director making the same and shall be sent to or left at the registered office of the Company.

BORROWING POWERS

53. The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third part.

10.6 Claims and Litigations:

At the date of the placement, the company was not involved in any pending litigation.

10.7 Material Contracts:


10.9 Declarations:

1. No share of the Company is under option or agreed conditionally or unconditionally to be put under option.

2. No commissions, discounts, brokerages or other special terms have been granted to any person in connection with the Private Placement or sale of any share of the Company.

3. There are no founders, management or deferred shares or any options outstanding.
4. There are no long service agreements between the Company and any of its Directors and employees other than in the ordinary course of business.

5. No Director of the Company has any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company.

10.10 Consents:

The following have given and not withdrawn their written consents to the issue of this Private Placement Memorandum with their names and reports (where applicable) included in the form and context in which they appear:

**Directors:**
- Alhaji Dahiru Wada
- Ikechukwu Okolo
- Victoria Ngozi Okolo
- Olanrewaju Kusemiju
- Olakunle Akeju
- Ibukun Adegbite
- Kwame Nkrumah Ugoji

**Lead Issuing Houses:**
- BGL Limited
- Diamond Bank Plc

**Joint Issuing House:**
- FutureView Financial Services Limited
- Access Bank Plc

**Joint Financial Advisers:**
- BGL Limited
- Avantgarde Global Markets

**Solicitors to the Offer:**
- Banwo & Ighodalo

**Solicitors to the Company:**
- Logistix Solicitors

**Auditors:**
- Olatunji Fanifosi & Co.

**Reporting Accountants:**
- Ahmed Zakari & Co

**Receiving Bankers:**
- Diamond Bank Plc
- Access Bank Plc

10.11 Documents Available for Inspection

Copies of the following documents may be inspected at the offices of BGL Limited, 12A, Catholic Mission Street Lagos Island, Lagos and Diamond Bank Plc, Adeola Hopewell Street, Victoria Island, Lagos, FutureView 161D, Aufu Taylor Close, Victoria Island, Lagos, and Access Bank Plc 1665, Oyin Jolayemi Street, Victoria Island, Lagos during normal business hours on any week day (except public holidays), during the Application Period.

1. The Certificate of Incorporation of the Company.
2. The Memorandum and Articles of Association of the Company.
3. The Company’s Board Resolution approving the Private Placement.
4. The Shareholders’ Resolution approving the Private Placement and waiving the pre-emptive rights of shareholders.
6. The material contracts referred in section 10.8 above.
7. The written consents referred to in 10.10 above.
11.0 Procedure For Application and Allotment

11.1 Application

Prospective investors to whom this Private Placement Memorandum is addressed are hereby invited to apply for the shares through BGL Limited, Diamond Bank Plc, FutureView Financial Services Limited and Access Bank Plc.

Applications for the shares must be made in accordance with the instructions set out at the back of the application form. Care must be taken to follow these instructions, as applications that do not comply may be rejected.

The Application List for the shares will be open to each prospective investor from the date of receipt of the Private Placement Memorandum until the date indicated in the covering letter from BGL, Diamond Bank, FutureView and Access Bank or any other date that may be subsequently communicated. Applications must be for a minimum of 500,000 shares and in multiples of 100,000 shares thereafter. The number of shares for which an application is made and the value and details of the cheque should be entered in the boxes provided.

Applicants should sign the form and write their full names, address and telephone number(s) in the boxes provided. A corporate applicant should affix its seal and state its Incorporation (RC) Number in the signature box.

Each application should be forwarded together with cheque or bank draft for the full amount of the purchase price made payable to BGL Limited, Diamond Bank Plc, FutureView Financial Services Limited and Access Bank Plc. The cheque should be crossed “Aquitane Offer” with the name and address including day time telephone number of the applicant written on the back. All cheques and drafts will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected.

11.2 Allotment

The Directors of the Company reserve the right to accept or reject any application in whole or in part. All irregular applications will be rejected. The shares would be allotted on a first-come, first served basis.

11.3 Application Monies

All application monies will be retained in separate bank accounts by the Issuing Houses pending approval of the allotment. If any application is not accepted, or is accepted for fewer shares than the number applied for, a cheque for the full amount or the balance of the amount paid (as the case may be) will be returned by post at the applicant’s risk within one week of allotment. Share certificates will be sent out by registered mail at the applicant’s risk not later than 3 weeks from the date of allotment.
12.0 Addresses Of Issuing Houses and Contacts

Duly completed application forms for the proposed investment in Aquitane Oil & Gas Limited, should be submitted directly to any of the offices of either BGL, Diamond Bank, FutureView and Access Bank.

### BGL Limited

**Head office - Lagos:**
BGL Limited
Millennium House
12A, Catholic Mission Street
Lagos Island
Lagos

**Contacts:**
Feyi Olusanya
Kayode Fadahunsi
Tel: +234 (01) 462 2601-9
Fax: +234 (01) 462 2628
Website: www.bglltd.com

**Port Harcourt Office**
59B, King Perekule Street
G.R.A Phase II, Port Harcourt
Rivers State

**Contacts:**
Henry Okonji
Tel: +234 (084) 462 359, 576 552, 240 009
Fax: +234 (084) 462 359

### Diamond Bank Plc

**Head office - Lagos:**
Diamond Bank Plc
Plot 1261 Adeola
Hopewell Street
Victoria Island
Lagos

**Contacts:**
Adegboyega Adebajo
Tel: +234 (01) 2620740 – 9,
Fax: +234-1-2619728
www.diamondbank.com

### FutureView Financial Services Ltd

**Head office - Lagos:**
FutureView Plaza,
161D, Aafu Taylor Close,
Victoria Island,
Lagos.

**Contacts:**
Tochukwu Kemakolam
Uche Nwaogu
Tel: +234-1-4733570, 4822015,
Fax: +234-1-2629857
Website: www.futureview.com.ng

**Abuja Office**
NICON Plaza (6th Floor)
Plot 242, Muhammadu Buhari Way,
Central Business District,
Abuja.
Tel: +234-9-6709969.
Fax: +234-9-2341853

### Access Bank Plc

**Contacts:**
Ebenezer Olufowose
Executive Director
Investment Banking Division

**Access Bank Plc**
Plot 1665, Oyin Jolayemi Street
Victoria Island
Lagos
Tel: +234-4619264-9
Fax: +234-4618811

**Roosevelt Ogbonna**
Super Regional Head
Commercial Banking Group

**Access Bank Plc**
30A, Adetokunbo Ademola Street
Victoria Island
Lagos
Tel: +234-2712025
Fax: +234-2712025
Cell: +234-7768423

**Jekwu Ozoemene**
Group Head,
Global Financial Markets

**Access Bank Plc**
Plot 1665, Oyin Jolayemi Street
Victoria Island
Lagos
Tel: +234-4619264-9
Fax: +234-4618811
APPLICATION FORM

PRIVATE PLACEMENT OF

1,500,000,000

Ordinary Shares of 50k each

At

₦10.00 Per Share
Payable in full on Application

LEAD ISSUING HOUSES:

BGL Limited

Diamond Bank

JOINT ISSUING HOUSES

Future View Financial Services Limited

Access Bank

Applications must be made in accordance with the instructions set out on the back of this Application Form. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in doubt as to the action to take, please consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately.

<table>
<thead>
<tr>
<th>Name of Applicant:</th>
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<tr>
<td>Address:</td>
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DECLARATION

I/We have read a copy of Private Placement Memorandum of Aquitane Oil & Gas Limited, dated July 14, 2008, prepared by BGL Limited, Diamond Bank Plc, Future View Financial Services Limited and Access Bank Plc and hereby confirm my/our interest to participate in the Private Placement of Aquitane Oil & Gas Limited.

I/We hereby attach my/our cheque/draft for the sum of (₦)................................................... being payment for.................................................... Ordinary shares in Aquitane Oil & Gas Limited.

<table>
<thead>
<tr>
<th>Yours faithfully,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature</td>
</tr>
<tr>
<td>Day time telephone number(s)</td>
</tr>
</tbody>
</table>

OFFICIAL SEAL (FOR CORPORATE APPLICANTS ONLY)
INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

1. Applications should be made only on the accompanying Application Form, Photostat or scanned copies of the Application Form.
2. Application must be for a minimum of 500,000 shares and in multiples of 100,000 thereafter.
3. The Application Form when completed should be submitted to either BGL Limited, Diamond Bank Plc, FutureView Financial Services Limited and Access Bank Plc. Applications must be accompanied by a cheque or bank draft made payable to the designated branches of Diamond Bank Plc and Access Bank Plc. The cheque must be drawn on a bank in the same town or city in which the branch of Diamond Bank Plc or Access Bank Plc is located and crossed “Aquitane Offer” with the name, address and daytime telephone number of the applicant written on the bank of the cheque.
4. Applicants must be at least 18 years or older.
5. Joint applicants must all sign the Application Form.
6. An application from a corporate body must bear the corporate body’s seal and be completed under the hand of a duly authorised official.
7. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.