

17 May 2013



Lekoil Limited

**PLACING OF 80,000,000 NEW ORDINARY SHARES
TO RAISE GROSS PROCEEDS OF £32 MILLION
AND
ADMISSION TO TRADING ON AIM**

Lekoil Limited (the “Company”, or together with its subsidiaries, the “Group”) is a holding company that intends to use its access to potential oil and gas licence interests and its experienced management team to build a multi-asset exploration, development and production business in Africa. Its founders consist of a group of leading professionals with extensive experience in the upstream international oil and gas sector and in the global fund management/investment banking industries.

The Company’s principal subsidiary, Lekoil (Nigeria) Limited, a company incorporated in Nigeria, (“Lekoil Nigeria”) has entered into a farm out agreement through a subsidiary, Mayfair Assets and Trusts Limited (“Mayfair”), with a subsidiary of Afren PLC by which Mayfair will ultimately acquire, upon completion, an overall 30 per cent. economic interest (including a 17.14 per cent. participating interest) in OPL310, an offshore Nigerian asset located in the Dahomey-Benin Basin. OPL310 represents an early stage asset with significant potential and strong partners.

The Company is entitled to 90 per cent. of the income and capital distributed from Lekoil Nigeria and therefore has an indirect 27 per cent. economic interest and an indirect 15.43 per cent. participating interest in OPL310. Unrisked net recoverable prospective resources attributable to the Company have been estimated by Netherland, Sewell & Associates, Inc. (“NSAI”) at c.128.5 mmboe with production estimated to commence, assuming positive drilling results, in late 2015 at the earliest. Exploration drilling, using the GSF Transocean Monitor rig, commenced on 23 April 2013 and is currently drilling at a depth of 3,500 ft.

In addition, the Company's Namibian subsidiary, Lekoil Exploration and Production (Pty) Ltd (“Lekoil Namibia”), is the operator of Namibian offshore exploration blocks, located in the prospective Luderitz Basin. Lekoil Namibia holds a 77.5 per cent. participating interest and economic interest in Blocks 2514 A & B. Subject to available funding, Lekoil Namibia intends to acquire 2D seismic data in 2014 as a first step towards defining drillable exploration prospects. The Company is entitled to 90 per cent. of the income and capital distributed by Lekoil Namibia, equating to an indirect 69.75 per cent. participating interest and economic interest in Blocks 2514 A & B.

The Group’s management team is headed by its Chief Executive and founding director, Olalekan (“Lekan”) Akinyanmi, a native Nigerian who has spent much of his career in the US, and whose experience to date includes working in the oil industry in Nigeria, Scotland, the Sultanate of Oman, Pakistan and Egypt. Lekan is supported by the Chief Financial Officer,

David Robinson, who has spent the majority of his career involved in global energy equities at AllianceBernstein L.P, HSBC Securities, Credit Suisse First Boston and Westpac Investment Management.

Placing Statistics

Placing price per placing share	40 pence
Number of Placing Shares to be issued pursuant to the Placing	80,000,000
Enlarged Share Capital at Admission	182,774,233
Estimated net proceeds of the Placing receivable by the Company	£26.8 million
Market capitalisation of the Company at the Placing Price on Admission	£73.0 million
AIM symbol	LEK

Admission is expected to become effective and dealings in the Enlarged Share Capital to commence on AIM on 17 May 2013. Financial and Nominated Adviser to the Company is Strand Hanson Limited with Mirabaud Securities LLP acting as Broker and Revere Securities Corp. as US Placing Agent.

Lekan Akinyanmi, Chief Executive, said: “We have been extremely pleased with the positive response from investors in both the UK and the US to the Company’s plans to take advantage of the undoubted opportunities in Nigeria for indigenous businesses. The Board believes that our transition to the public markets, and the consequent access to a wider pool of capital, represents an obvious next step towards our goal of building a multi-asset exploration, development and production business in Africa.

“I am also personally delighted that we have been able to attract such experienced and high quality non-executive directors. From Nigeria, I welcome our Chairman, Mr Samuel Adegboyega, together with Mr Atedo Peterside and Ms Aisha Oyebode and from the UK, I welcome Mr John van der Welle.

“I also welcome our new shareholders, thank them for their support so far and look forward to reporting the Group’s progress as we develop.”

For further information, please visit www.lekoil.com or contact:

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Key Investment Proposition

The Directors believe that an investment in the Company should be attractive to potential investors for the following reasons:

- the goal of the Group is to be an independent E&P group with a pan-African focus, building on its existing foundations in Nigeria and Namibia;
- Nigeria holds the second largest oil reserves and largest gas reserves in Africa. There is a long history of discovering and producing oil both onshore and offshore in Nigeria and an extensive pipeline network infrastructure and a number of export terminals are already in place;
- the Nigerian Government has stated that it intends to increase the participation of indigenous companies in the development and operation of oil and gas projects in Nigeria. Lekoil Nigeria and its subsidiary Mayfair are indigenous companies so are well positioned to develop the Company's strategy alongside its indigenous partners. The Nigerian Government has also passed the Local Content Act, which gives certain advantages to indigenous companies during bidding rounds for petroleum assets;
- the Group has an experienced management team with extensive oil and gas industry experience and with significant experience of operations in Sub-Saharan Africa, in particular Nigeria, and a broad range of technical, operational and financial skills. Management has strong and long-developed relationships with Sub-Saharan African governments, IOCs, large independent E&P businesses and companies and global financial institutions;
- OPL310 represents an early stage asset with significant potential and strong partners in Afren and Optimum. Unrisked net recoverable prospective resources attributable to the Company have been estimated at c.128.5 mmbob by NSAI with production estimated to commence, assuming positive drilling results, in late 2015 at the earliest. Mayfair has executed the Farm Out Agreement with Afren to acquire an ultimate 30 per cent. Economic Interest in OPL310 which will be a non-operated profit oil interest (including a 17.14 per cent. Participating Interest, conditional upon the consent of the Minister of Petroleum Resources of Nigeria);
- Lekoil Namibia is the operator of an exploration block in Namibia through its 77.5 per cent. Interest in Blocks 2514 A & B. These blocks are located in the prospective Luderitz basin, in which oil seeps are thought to reflect an active petroleum system. Subject to available funding, Lekoil Namibia intends to acquire 2D seismic data in 2014 as a first step towards defining drillable exploration prospects;
- the Group's potential rights in respect of Nigerian oil field OPL241 would, if fully realised, represent a new asset for the Group;
- the Group intends to enhance Shareholder value through:
 - i. further appraisal of the identified resources at OPL310, following Farm Out Completion, in conjunction with its joint venture partners in order to upgrade the identified resources to reserves, with the aim of commencing first production by 2015 at the earliest;
 - ii. further exploration programmes to identify resources within Blocks 2514 A & B in Namibia; and
 - iii. pursuing additional carefully screened African acquisitions, for example a current opportunity identified by the Group that concerns a block in close proximity to

OPL310 which exhibits analogous geological characteristics. The Group is in discussions regarding the potential acquisition of an interest in this asset.

- the Group is involved in other business development activities that it hopes will lead to the acquisition of marginal fields in Nigeria, divestment assets of IOCs and exploration opportunities in selected new basins; and
- the Group had previously commissioned a proprietary regional study of the Dahomey-Benin Basin and continues to pursue acquisition opportunities in the area based on its detailed technical study.

Subsidiaries

The Company's principal subsidiary is Lekoil Nigeria and a further subsidiary, Lekoil Namibia, has interests in Namibia. In addition, the Group has further subsidiary companies in Benin and the USA. The Group's African operations are co-ordinated from its offices in Lagos (Nigeria) and supported by a further office in Princeton (USA).

Lekoil Nigeria

The Company's shareholding in Lekoil Nigeria is limited to 40 per cent. This enables Lekoil Nigeria to satisfy the provisions of the Nigerian Government's indigenisation legislation allowing it to benefit from, inter alia, preferential treatment in the award of further licences and increased access to assets. The remaining 60 per cent. is split between three other shareholders, the Group's CEO Lekan Akinyanmi (33.33 per cent.), an employee benefit trust (20.66 per cent.) and a Directors' share trust (6 per cent.). The shareholders in Lekoil Nigeria have agreed by way of the Shareholders Agreement that the Company has the right to receive 90 per cent. of any dividend declared or of any capital returned to members.

Assets

Mayfair, a subsidiary of Lekoil Nigeria, has entered into a farm out agreement with Afren Investments Oil and Gas (Nigeria) Limited, a subsidiary of Afren PLC, to acquire an overall 30 per cent. economic interest, including a 17.14 per cent. participating interest, in OPL310, an offshore Nigerian asset located in the Dahomey-Benin Basin. OPL310 represents an early stage asset with significant potential and strong partners. The Company is entitled to 90 per cent. of the income and capital distributed to Lekoil Nigeria, equating to an indirect 15.43 per cent. participating interest and an indirect 27 per cent. economic interest in OPL310. Net recoverable prospective resources attributable to the Company for OPL310 have been estimated by NSAI, being the Competent Person responsible for the Competent Person's Report on OPL310, at c.128.5 mmboe, with production estimated to commence, assuming positive drilling results, in late 2015 at the earliest.

In addition, on 17 October 2011, Lekoil Nigeria signed a Prepayment Agreement relating to the proposed acquisition of an interest in another Nigerian field, OPL241 from Oilworld Limited ("Oilworld"), a company incorporated under the laws of the Federal Republic of Nigeria. It was proposed that Lekoil Nigeria acquire a 10 per cent. Participating Interest in OPL241 subject to negotiation of a commercial transaction and suitable documentation being agreed and certain payments being made by Lekoil Nigeria to Oilworld.

Lekoil Nigeria paid a deposit of US\$1 million on the understanding that this would be held by Oilworld as a deposit and applied by Oilworld towards any subsequent acquisition by

Lekoil Nigeria of a 1 per cent. Participating Interest in OPL241. Ministerial Consent would be needed for the transfer of the interests, and although the OPL241 Acquisition has not completed, Oilworld is still holding the sum of US\$1 million as a deposit on the above basis.

If the OPL241 Acquisition fails to complete, Lekoil Nigeria has a right of first refusal over the 10 per cent. Participating Interest in OPL241 held by Oilworld (including the 1 per cent. interest to which the US\$1 million deposit above refers to) on Lekoil Nigeria placing US\$8 million into an escrow account, although the terms on which that right of first refusal would be exercised have not been specified.

The Company is also, via its Namibian subsidiary, Lekoil Namibia, the operator of Namibian offshore exploration blocks, located in the prospective Luderitz Basin, through Lekoil Namibia's 77.5 per cent. participating interest (and economic interest) in Blocks 2514 A & B. Subject to available funding, Lekoil Namibia intends to acquire 2D seismic data in 2014 as a first step towards defining drillable exploration prospects in these blocks. The Company is entitled to 90 per cent. of the income and capital distributed by Lekoil Namibia, equating to an indirect 69.75 per cent. participating interest and economic interest in Blocks 2514 A & B.

Directors on Admission

Samuel Adegboyega (Non-Executive Chairman)

Samuel, aged 59, has over 30 years' experience in the oil and gas industry, and is currently Managing Director of SOWSCO Well Services (Nig.) Ltd., in Port Harcourt, Nigeria. Samuel is a member of the Board of Trustees Ile-Oluji Economic Summit Group, a traditional local community leadership organisation as well as being a founding member of S.T. Adegboyega & Co., a Nigerian law firm.

Samuel is a founding member and current Executive of the Petroleum Technology Association of Nigeria, an association formed to bring together Nigerian oil and gas entrepreneurs. Samuel graduated from the University of Ibadan with a degree in Petroleum Engineering.

Olalekan Akinyanmi (Chief Executive Officer)

Olalekan ("Lekan"), aged 41, has over 20 years' experience in the oil and gas industry, most recently with AllianceBernstein L.P. in New York where he spent six years as a research analyst and portfolio manager covering Energy and Materials worldwide.

Lekan has held senior positions at UBS Investment Research, 3Fold Ventures and Encabler Inc, a Californian headquartered technology company specialising in interactive television software, which he founded in June 2000, as well as successfully negotiating and raising the first round of equity capital for the Company's operations.

Prior to founding Encabler Inc, Lekan worked as lead engineer for Schlumberger Limited, where he advanced High Pressure High Temperature wireline operations for Texaco's North Sea oil prospects. Lekan's work at Schlumberger took him to a number of different petroleum jurisdictions including Scotland, Oman, Pakistan, Egypt and Nigeria.

Lekan graduated from the Obafemi Awolowo University in Nigeria with a Bachelor of Science Degree in Electronic and Electrical Engineering and also holds an MBA from Massachusetts Institute of Technology (MIT) Sloan School of Management. He is also a Member of the Society of Petroleum Engineers.

David Robinson (Chief Financial Officer)

David, aged 42, has over 20 years' experience in global financial markets and most recently worked as senior vice president and global sector head for Energy and Natural Resources at AllianceBernstein L.P., where he managed multi-billion dollar equity portfolios for institutional and mutual fund clients.

David has extensive experience in corporate analysis and research, and prior to working for AllianceBernstein L.P., he worked for HSBC Securities, Credit Suisse First Boston and Westpac Investment Management.

David graduated from the University of Western Sydney with a Bachelors degree in Commerce, majoring in Accounting and later attained a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. David is also a Chartered Financial Analyst.

Gregory Eckersley (Non-Executive Director)

Gregory ("Greg"), aged 48, has 25 years' experience in international financial markets. He is the global head of the Abu Dhabi Investment Authority's internal equities department, where he oversees portfolios, risk management and the due diligence process.

Prior to joining the Abu Dhabi Investment Authority, Greg worked for AllianceBernstein L.P. in New York, where he acted as Senior Portfolio Manager, leading a team responsible for the construction, management and risk control of multiple global and international growth equity portfolios. Prior to this appointment he was with AllianceBernstein in South Africa as Chief Executive of its regional offices, Draycott Partners, Century Asset Management and Cigma International Investment Advisors in London.

Greg graduated from Oxford University in 1987 with a degree in Philosophy, Politics and Economics (PPE), where he also received a Rhodes scholarship. He then undertook a programme in Investment Management and Modern Portfolio Theory at the London Business School.

Atedo Peterside (Non-Executive Director)

Atedo, aged 57, has over 30 years' banking and financial experience, most recently as the Chairman of Stanbic IBTC Holdings PLC, the holding company for a group of financial services companies in South Africa, Nigeria and more generally Sub-Saharan Africa, and, prior to that, as Chief Executive Officer of IBTC Chartered Bank Plc ("IBTC"). During his time with IBTC Atedo led the bank's growth campaign and capital markets assignments leading up to the merger with Stanbic in 2007.

Atedo is the Founder and President of the ANAP Foundation, a non-profit organisation committed to promoting good governance at national, state and local government levels.

He currently holds several additional directorships in Nigeria, including Chairman for Cadbury Nigeria Plc, Director of Unilever Nigeria Plc and Director of Nigerian Breweries Plc.

Atedo graduated from City University, London, with a degree in Economics, following which he obtained a post graduate degree in Economics from the London School of Economics and Political Science.

Aisha Oyebode (Non-Executive Director)

Aisha, aged 49, has over 20 years' experience in finance and property in Nigeria, where she has held a senior position with Asset Management Group Limited since its foundation in 1991, with which she was heavily involved.

Aisha founded and is Chief Executive Officer of the Murtala Muhammed Foundation which is dedicated to engendering socio-economic change through encouraging discourse and debate on issues pertinent to Africa's development.

Aisha trained as a lawyer at Nigerian Law School, Lagos, and later received a qualification in Public International Law from King's College, London, and an MBA in Finance from Imperial College, London. Aisha graduated from the University of Buckingham, England with a Bachelor of Law degree in 1986.

John van der Welle (Non-Executive Director)

John, aged 57, has over 25 years' oil industry experience, having qualified as a chartered accountant with Arthur Andersen in 1981. He is a member of the Association of Corporate Treasurers and the Institute of Taxation.

After 11 years at Enterprise Oil where he was Business Development Manager and subsequently Group Treasurer, John has been Finance Director of a number of listed E&P companies, including Premier Oil between 1999 and 2005.

He was Managing Director and Head of Oil and Gas at the Royal Bank of Scotland in 2007-2008 and, since 2010 has worked as a consultant to, and non-executive director of, a number of listed and private E&P companies including, most recently, his appointment to the board of Hurricane Energy Plc.

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