THE BOARD HAS RESOLVED, EXCLUDING THE CHAIRMAN (FOR THE REASONS SET OUT IN THE CIRCULAR TO SHAREHOLDERS DATED 11 DECEMBER 2020) AND WITH ANTHONY HAWKINS DISSENTING, TO APPROVE THE FOLLOWING STATEMENT. THAT BEING THE CASE, ANTHONY HAWKINS DOES NOT SHARE IN THE BELIEFS OR OPINIONS IN RELATION TO THE REQUISITION OR THE REQUSITIONIST EXPRESSED HEREIN. ALL REFERENCES TO THE "BOARD" AND TO THE "COMPANY" CONTAINED HEREIN SHOULD, AS THE CONTEXT MAY REQUIRE, THEREFORE BE READ ACCORDINGLY.

Dear shareholders,

METALLON IS ATTEMPTING TO TAKE CONTROL OF YOUR COMPANY

As you will be aware, Metallon Corporation Limited ("Metallon"), a shareholder, has requisitioned an Extraordinary General Meeting and has issued a statement in support of its proposed resolutions.

The Company would like to take this opportunity to respond to that statement.

In summary, your Board believes:

Metallon's arguments are specious and designed to distract from their true intentions.

Your Board has never been averse to considering the appointment of new Directors, with two new directors appointed in 2020. Indeed, your Board unanimously regards George Maxwell, with his extensive industry and country experience, as highly suitable and potentially a positive addition to the Board. Metallon was well aware, long before its requisition of an EGM, of the Company's willingness to consider suitable board candidates such as Mr Maxwell. However, the appointment of one director would not achieve Metallon's objectives.

The Board considers the Requisitioned Resolutions to be no more than an ill-disguised attempt by Metallon to gain control of your Company without paying a price to all shareholders that reflects the intrinsic value of the business and assets of the Company.

If all of the Requisitioned Resolutions are passed, Metallon's appointees would represent 50% of the directors on the Board and, if Michael Ajukwu is elected Chairman, they will also have the casting vote. The Board does not believe that it would be appropriate for a c.15% shareholder, to enjoy that level of Board representation and control over the Company. Metallon has been a shareholder for less than six months.

The Board does not consider Metallon to be a fit or proper entity to determine the future of your Company.

Shareholders are urged to undertake their own due diligence on Metallon. Your Board has done so, and sets out below its major areas of significant concern.

In summary, your Board's concerns centre on the violation of foreign exchange control regulations in Zimbabwe; winding-up petitions from several creditors leading to a winding up order of the High Court; the distressed state of Metallon's gold mines in Zimbabwe; and the failure to remunerate employees – all of which are a matter of public record.

Your Board believes that Metallon has identified Lekoil's assets as an opportunity to address its own financial challenges.

Set out below in Section One is a statement by the Company and in Section Two the Board provides a direct rebuttal of the Statement from Metallon announced by RNS and posted to the Company's website on 17 December 2020.

Yours sincerely,

Aisha Oyebode

Independent Non-Executive Director

Enquiries:

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The information in Section One below, sets out additional background information to assist shareholders in forming a decision on Metallon's proposed resolutions. A detailed response to a number of erroneous statements contained in Metallon's letter to shareholders appears in Section Two.

SECTION ONE

The following is provided as additional background information to assist shareholders in forming a decision on Metallon's proposed resolutions.

1. About Metallon

Following the acquisition of a 15.10% interest in the Company shares earlier this year, Metallon is LEKOIL's largest shareholder. Metallon's stake was acquired between 16 June 2020 and end August 2020. The Company's share price between 1 June and 3 August 2020 ranged between 2.6p and 2.75p. The Company's share price on the last day before suspension of trading on 20th November 2020 was 1.75p.

Metallon is a private company focussed on gold mining in Zimbabwe since its inception in 2002. Metallon has no expertise or track record in oil and gas development. Metallon's gold mining operations have fared poorly over the years and contracted from at least four mines in 2002 to just one operating mine at present.

Whilst Metallon claims to be a natural resources and infrastructure investment company, it is not apparent from its most recently filed 2018 financial statements that it has interests in infrastructure. Prior to its investment in Lekoil, its only asset was its interest in its Zimbabwe gold mines.

In understanding the nature of the requisitionist, Shareholders are urged to consider certain matters of public record relating to Metallon's business and affairs:

- Metallon's 2018 audited financial statements (https://find-and-update.company-information.service.gov.uk/company/06223345/filing-history/MzI4NTg2NzU1NmFkaXF6a2N4/document?format=pdf&download=0) indicate:
  - loss for the year of approximately US$78 million;
  - US$141MM in payables and US$190.4MM in short term liabilities due within 12 months. With annual revenues of US$79MM, Metallon's payables are almost two times its 2018 revenues;
  - operating cash flow of US$3.9 million would be negative if US$51.9 million of overdue payables had been settled. If overdue payables had been settled, Metallon's operating cash flow would be negative US$48 million;
  - one of the only reasons the company is now considered a going concern given its negative equity, is that it has sales of two subsidiary goldfields in December 2020 (possibly explaining the reason for the very late filing of the 2018 accounts).

- violation of foreign exchange control regulations in Zimbabwe;

- Adverse press coverage, including in respect of Mr Khumalo's investment in Lekoil: https://www.africaintelligence.com/oil--gas/2020/07/17/disgraced-in-zimbabwe-metallon-mining-boss-mzi-khumalo-tries-his-luck-with-nigerian-junior-lekoil,109244791-bre (Africa Intelligence, July 2020).

- Winding-up petitions from several creditors, including:
  - American Express Services Europe Limited on 27 December 2018 to recover unpaid credit card expenditure of approximately £180,000 (leading to a winding-up order been granted by the High Court, which was later rescinded upon payment of the outstanding debt); and
  - UK HMRC on 1 August 2019 to recover approximately £300,000 in unpaid taxes.

- the decline of Metallon's operations in Zimbabwe:

- in April 2019, Metallon filed for business rescue for two of its Zimbabwe-based subsidiaries, Goldfields of Mazowe Limited and Goldfields of Shamva Limited, in order to protect the companies' assets from being seized by creditors;
- the Shamva mine has since been sold and it is understood that Mazowe Mine is expected to also be sold in December this year;
- Metallon Corporation's gold mines now comprise a single working operation in Zimbabwe, How mine in Bulawayo. Its other remaining mine, Redwing near Penhalonga, has been idled for over a year and is also up for sale.

- Failure to remunerate employees – according to the Associated Mine Workers Union of Zimbabwe, some 1,400 workers employed at Metallon Corporation's mines were owed $40m in salaries, benefits and unremitted pensions.

The Company does not believe that Metallon has the resources to advance the development of the Company's assets. On the contrary, the Company firmly believes that the disproportionate influence and or control of the Company by Mr Khumalo's Metallon will impede the ability of the Company to raise funding from conventional institutions and parties that typically fund development of oil and gas assets such as off-takers.

The Company urges Shareholders to undertake their own due diligence on Metallon and its chairman, Mr Mzikilazi Khumalo, in order to determine whether installing Metallon's nominees to the Board is in the best interests of the Company, its shareholders and employees. The Company believes that if Metallon is afforded a disproportionate influence, it will harm your Company and destroy shareholder value.

2. Circumstances surrounding the requisition

On 15 November 2020, the Company received notice from Strand Hanson of its resignation as the Company's nominated adviser, with effect from close of business on 20 November 2020 (resulting in trading in the Company's shares being suspended from 23 November 2020). On the same date that Strand Hanson's resignation took effect, the Company received Metallon's requisition notice (together with the consent of the three proposed directors to act as directors of the Company).

Following receipt of the requisition notice, the Company sought to engage in constructive dialogue with Metallon in relation to its requisition – including by indicating its willingness to support the appointment of Mr Maxwell to the Board. The offer, however, was refused by Metallon, who preferred instead to pursue a more adversarial and hostile approach through the requisition process.

The Company is in discussions to appoint a new Nomad, which appointment must be effective by 23 December 2020 otherwise the Company's admission to trading on AIM will be cancelled. The requisition has complicated and delayed the appointment of a new Nomad, materially increasing the risk of cancellation.

3. Challenging industry trading environment

Over recent years, the Company has faced challenges that have affected its ability to deliver on its vision and resulted in a poor share price performance. Some of the challenges faced have been experienced by all oil and gas production companies, whilst others have been specific to the Company. The Company's market capitalization decline since Admission and from a high point of GBP294 million in July 2014 approximates to 87% and 97% respectively. Tullow's market capitalization has declined from US$11 billion to US$450 million over the same period, representing a 96% decline. ExxonMobil's share price has declined by 55% over the same period. The Directors however understand the frustration felt by Shareholders.

The global over-supply of oil resulting from US shale production and the return to production of countries such as Iraq and Libya in recent years, together with falling demand for oil resulting from competition from other energy sources has led to falling oil prices and meant that all oil and gas producing companies have experienced extremely difficult trading conditions. The COVID-19 pandemic this year led to an unprecedented destruction in global demand for oil, further exacerbating trading conditions for the Company and the industry at large. However, the Board has taken decisive action to combat the extremely challenging trading environment experienced by the Company, with significant cuts to its operating costs that has reduced monthly expenditure by at least 40%. Rent and facility management expenses, headcount, travel costs as well as IT and telecommunication expenses have been notably reduced such that the corporate general and administrative ("G&A") monthly run rate is at US$1.0 million.

Consistent with other exploration and production companies, and as a result of the global macroeconomic circumstances including the transition from crude oil to renewables sources of energy, Lekoil has experienced difficulties in raising the capital required to develop its appraisal and exploration assets especially OPL 310, forcing it to consider alternative funding sources and often more expensive sources of capital. If able to secure funding to develop its assets, Lekoil expects to be able to execute on its strategy and significantly increase its production.

Earlier this year, the Company discovered that it had signed a loan agreement with certain individuals falsely purporting to represent the Qatar Investment Authority. The Board regrets falling victim to this fraud and in response established an independent committee to investigate the origination of the agreement and commenced steps to recover funds paid to an intermediary. A detailed review of the Company's wider corporate governance practices and procedures for the approval of major transactions was conducted with the Board immediately implementing improvements to the Company's corporate governance.

4. Progress in development of the Company's assets

The Board wishes to highlight some of the achievements of the Company to date.

Following a spend of US$144.8 million, Lekoil has together with its joint venture partner discovered the Ogo field which was the third largest global discovery in 2013 with approximately gross resources of 774mmboe (P50) observed from the Ogo prospect. Notwithstanding the collapse of Afren Energy Resources, the Company has managed the relationship with the operator on the OPL 310 licence, Optimum Petroleum Development Company ("Optimum"), whilst defending its rights and interest in the asset. Whilst the Company acknowledges outstanding payments to Optimum, the current management, led by the Chief Executive Officer, has been able to maintain a working relationship with Optimum to secure multiple extensions and deferment to these payments due to the lingering effects of the global pandemic on global commerce. To finance the appraisal programme, which is the next stage in the development of the asset, the Company is in constructive discussions with potential financiers to provide a combination of cost effective vendor and alternative financing solutions.

On Otakikpo, with the acquisition of a 40% interest in the marginal field in 2014, the Company managed to bring the marginal field, which was originally discovered in 1987, to production with the ability to produce over 20,000 bopd. Following extensive civil works to reclaim the swamp, production infrastructure has been installed with a capacity of at least 10,000 bopd available. Upon drilling two additional wells, the Company is confident that Shareholders will benefit from the operational efficiency inherent in the investment made by the Company at Otakikpo. The current management team, led by the Chief Executive Officer, has a good relationship with the Operator of the field, Green Energy International Limited ("GEIL") and expects to raise its own portion of the required funding for the drilling of wells from a combination of offtake financing and cashflow from existing production.

It is challenging for Lekoil to drive and influence development on the oilfield where it is not the nameplate operator, as the operator and other stakeholders within Nigeria such as the Department of Petroleum Resources as well as the nearby communities must be carried along. As a result, the Company has increasingly focused on cost effectively acquiring interests in oil and gas assets in the country where it can obtain the role of operator. This has been key for the Company as its strategy is to build a balanced portfolio of assets. This has led to the acquisition of OPL 276, a potential near-term producing asset with significant resource potential and OPL 325, which provides additional exploration optionality, and in respect of both, LEKOIL will be the operator.

Metallon's assertion that close to half of the equity raised has been spent on G&A is incorrect. In fact, of the US$275.5 million equity raised since listing in 2013, US$166.2 million was invested in capital expenditure for the development of OPL 310, OPL 325 and Otakikpo, with only US$73.3 million (which represents, 27%) going towards G&A expenditure. To date, taking into account all sources of funding for the Company (including debt and proceeds from production), G&A expenditure would represent 28% of total funds raised or generated. Further, the Company would like to clarify that the cash component of the Chief Executive Officer's total remuneration is US$7.9 million over a period of seven years, with the balance in the form of share awards and stock options. The Chief Executive's total remuneration since Admission of US$10.6 million is included in the total G&A expenditure referred to above.

As noted below, for the two-year period prior to Admission and 18 months period following Admission, the Chief Executive Officer agreed to receive his salary in the form of shares.

The Board wishes to re-emphasise its resolute focus and commitment to the generation of value from LEKOIL's balanced portfolio of assets for all shareholders.

5. Chief Executive Officer's Loan

The Company notes the concerns expressed by Shareholders regarding the US$1.5 million unsecured loan (the "**Loan**") granted to the Chief Executive Officer, Mr. Olalekan Akinyanmi on 9 December 2014.

At the time that the Loan was granted, the Company's market capitalization was GBP99.8 million (peaking at GBP294 million in July 2014), meaning that the Loan was then a far less significant proportion of the market capitalization of the Company than it is at present. The Loan should also be considered against the context that at the time of the admission of the Company's shares to trading on AIM ("**Admission**") in May 2013, Mr. Akinyanmi agreed to receive 100% of his salary for the period from January 2011 and 100% of his salary for the 18 months period following Admission, in the form of shares subject to the right of the Company to exercise its discretion to pay 50% of Mr. Akinyanmi's back salary in respect of the two-year period prior to Admission if certain conditions were met

Notwithstanding the above, the Board acknowledges the frustration of Shareholders with regards to the Loan and, as announced 18 December 2020, the Company has reached an agreement with Mr. Akinyanmi, which the independent directors consider to be fair and reasonable (having consulted with the Company's prospective nominated adviser, in the absence of an engaged nominated adviser), for the complete repayment of the Loan before 9 December 2021.

6. Changes to the LEKOIL Board

Within the statement from Metallon, it is proposed that the inclusion of three non-executive Directors to the LEKOIL Board would help to counteract the substantial undervaluation by the market of LEKOIL assets, specifically Otakikpo. There is no or little connection between undervaluation of assets and appointment of three new non-executive directors, which the Board considers to be an ill-disguised attempt by a new shareholder, Metallon, to gain control of your Company without paying a price to all shareholders that reflects the intrinsic value of the business and assets of the Company.

In line with the significant cost reduction initiatives which were implemented this year, the Company has recently taken action to reduce the Board size and cost base and is reluctant to prematurely increase this for reasons both of cost and operating efficiency, noting the current market capitalization and size of the Company. At the request of Shareholders, the Board was heavily restructured this year to ensure that its shape and size reflects the Company's present circumstances. Mr Mark Simmonds was appointed as a director in January, together with non-executive Director, Mr Anthony Hawkins, each with 99% support of shareholders. Five (5) non-executive Directors have left the Board this year, with Mr. Mark Simmonds taking over the role of chairman of the LEKOIL Board in September. A resolution to remove a director appointed with 99% support of shareholders less than 12 months ago and a chairman who has been in his seat for less than three months (as proposed by Metallon) would be disruptive and otherwise appear to be only designed to transfer control of the Board to a new shareholder.

At a time when the Company is seeking to maintain an efficient management and governance structure, it would be a regressive step to make unjustifiable increases to the size of the Board. With the Company's renewed focus on strong corporate governance, the independence of the non-executive Directors is key for appropriate oversight of executive management.

The Board considers it to be revealing that Metallon has not, at any point, sought to assert that its three proposed appointees to the Board should be considered to be independent of Metallon.

If all of the Requisitioned Resolutions are passed, Metallon's appointees would represent 50% of the directors on the Board and, if Michael Ajukwu is elected Chairman, they will also have the casting vote. The Board does not believe that it would be appropriate for a c.15% shareholder to enjoy that level of Board representation and control over the Company.

Conclusion

The Requisitioned Resolutions are no more than an ill-disguised attempt by Metallon to gain control of your Company. Metallon's Requisitioned Resolutions present no solution to the global or macroeconomic challenges facing Lekoil.

The Board does not believe Metallon to be fit to be in control of your Company – you must conduct your own due diligence on Metallon and its track record, and decide for yourself.

Rest assured of the Board's continued commitment to engage fully with all shareholders, to promote the success of the Company going forwards.

SECTION TWO

Dear fellow shareholders,

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

LEKOIL RESPONSE: Your Board has listened, and will continue to listen, to shareholders’ concerns. Following concerns expressed about the composition of the Board and the need for an independent Chairman, the Company appointed Mark Simmonds as a director in January 2020 and Chairman in September 2020. Mr. Simmonds is a former Foreign & Commonwealth Office Minister with responsibilities for Africa, the Caribbean, UK Overseas Territories, and International Energy. He was a senior advisor to the then Prime Minister, David Cameron, and focused on driving and facilitating inward investment into Africa and across a range of key economic sectors including Hydrocarbons and Energy.

The Company also appointed Mr. Anthony Hawkins in January 2020. Mr. Hawkins is a senior energy lawyer, predominately in oil and gas but also in power, LNG and renewables. Until August 2020, Mr. Hawkins was the Chief Executive Officer at Columbus Energy Resources plc and from January 2021 he will be the Chief Executive Officer of Sterling Energy plc. Previously, he was Legal and M&A Director at Columbus Energy Resources plc, which followed his role as General Counsel & Head of Commercial for Sterling Energy plc, a London listed oil and gas company. Prior to Sterling Energy, Mr. Hawkins spent six (6) years at Centrica plc (a FTSE 100 listed energy utility).

Your Board already possesses directors with deep country and industry expertise. Following a rationalization to reduce costs and the size of the Board, with the exception of the appointment of Mr. George Maxwell, the Board does not consider it to be appropriate to add further directors who will not usefully supplement the collective experience or sector capability of the existing Board.

Metallon is a private natural resources and infrastructure company focused on investing in Africa with a long-term investment horizon. We are the largest shareholder in Lekoil with a 15.10% interest in the Company’s shares.

LEKOIL RESPONSE: Metallon is a gold mining company with no prior experience in the oil and gas or energy sector. Based on its most recently filed accounts, it would appear that Metallon has no subsidiary or associate investments in infrastructure. Metallon operations have contracted from at least four gold mines to one operating gold mine. Its 2018 audited financial statements indicates a net loss for the year of approximately US$78 million and a negative balance sheet. Shareholders should consider for themselves whether that track record suggests that it has the ability to make a meaningful contribution to the success of your Company if it is placed in a position to be able to control the Board.

Metallon is categorically not seeking to take control of Lekoil and is not working in concert with any other shareholders.

LEKOIL RESPONSE: The Board considers it to be revealing that Metallon has not, at any point, sought to assert that its proposed appointees to the Board should be considered to be independent of Metallon.

If all of the Requisitioned Resolutions are passed, Metallon’s appointees would represent 50% of the directors on the Board and, if Michael Ajukwu is elected Chairman (as sought by Metallon), they will also have the casting vote. The Board does not believe that it would be appropriate for a c.15% shareholder to enjoy that level of Board representation and control over the Company. Shareholders must surely agree, regardless of their view on the Company’s recent performance.

As far as concert party matters are concerned, as indicated in its RNS announcement of 23 November 2020, the Company is investigating whether any parties are acting in concert.

We believe Lekoil's assets, specifically Otakikpo, are being substantially undervalued by the market and that the value of these assets could be realised if the proposed changes are made to the Lekoil Board.

LEKOIL RESPONSE: As announced on 13 July 2020, the Company has entered into project and joint venture agreements with its partner on Otakikpo, Green Energy International Limited and Schlumberger (the "Otakikpo Development Partners") to drill additional wells to increase production at Otakikpo to 20,000 bopd and create additional evacuation and storage infrastructure. The Otakikpo Development Partners are currently in the process of raising financing to implement the proposals.

The changes proposed by Metallon to the Board cannot and will not lead to an increase in the valuation placed on Otakikpo by the market. What will increase the value placed on Otakikpo by the market is the actions that the current management is taking with regards to increasing production. The proposed changes to the Board will only deliver control and disproportionate influence over the Company to a minority shareholder with no experience in oil and gas anywhere in the world.

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

LEKOIL RESPONSE: The above statement is not correct. As noted above, the Company in January 2020 appointed two new directors at the suggestion of its shareholders. Following a letter dated 16 June 2020 from certain shareholders requesting changes to the Board (the "16 June 2020 Letter"), the Company indicated that it was willing to include Mr George Maxwell and Mr Michael Ajukwu (two of the three proposed Metallon appointees) in a formal process to identify, assess and appoint new directors of the Company,. The Company sought to undertake customary background checks on Mr Maxwell and Mr Ajukwu to support the required disclosure under Aim Rule 17 (and paragraph (g) of Schedule 2 to the AIM Rules). However, Mr Maxwell declined at that time to continue with the appointment process. Mr Ajukwu submitted himself for vetting and the Company was in the process of undertaking background checks and preparing a relationship agreement when Metallon took the aggressive step of submitting its requisition notice.

The appointment of three directors to the Board is not necessary to ensure that the Board is truly independent of the CEO. The appointment of one director will result in three new directors in the last 12 months. The Board is unanimously in favour of the appointment of Mr George Maxwell to the Board, and recommended in the circular and notice of EGM published on 11 December 2020 that Shareholders vote in favour of his appointment.

The appointments of Mr Thomas Richardson (the current Metallon CEO) and Mr Michael Ajukwu (who has been previously nominated to the Board by Metallon and who the Board believes to be a close friend of Mr Mzi Khumalo, chairman of Metallon) will only serve to transfer control of the Board of Directors of your Company to Metallon and, indirectly, Mr Mzi Khumalo. Whilst the Company had previously agreed to appoint Mr Ajukwu, a Nigerian national, to the board, he has little or no oil and gas experience. The in-country experience that he may bring is already possessed by Mrs Aisha Oyebode and Mr Akinyanmi (and a strong compliment of executives in Nigeria), such that Mr Ajukwu brings no additional expertise. Mr Richardson was formerly the chief financial officer at Nostrum Oil and Gas Plc ("Nostrum") from 2016 to March 2020. During this period, the market capitalisation of Nostrum fell from GBP218.75 per share to GBP5 per share, an approximately 98% decline in four years. Nostrum is currently renegotiating US$1.2 billion of bonds with its bondholders. Following Mr Richardson's departure from Nostrum, he joined Metallon, an unlisted and financially challenged company (refer to the recently published

2018 financial statement of Metallon). The Board does not consider that Mr Richardson will make any meaningful contribution to the Company.

Since our submission we have engaged with the Board to seek the appointment of the nominated directors without the Company incurring the costs of an EGM. However, the Board was unable to reach a decision on the proposed appointments, although we understand that it was broadly supportive of such appointments.

LEKOIL RESPONSE: The Company sought to engage in constructive dialogue with Metallon in relation to its requisition, including by indicating its willingness to support the appointment of Mr. Maxwell to the Board. The offer, however, was refused by Metallon, who preferred instead to pursue a more adversarial and hostile approach through the requisition process. As noted, as far back as July 2020, following receipt of the 16 June 2020 letter, the Company had acquiesced to the appointment of new non-executive directors upon the recommendation of the shareholders, and the Company subsequently acquiesced to appoint Mr. Maxwell and Mr Ajukwu as potential new directors of the Company, subject to customary background checks and vetting.

We believe the Board has been poorly advised by third parties aimed at highlighting problems, rather than seeking solutions and a stronger more experienced Board would reduce the likelihood of such situations arising in the future. We are very concerned that - underlying the incorrect accusations around a takeover - there is simply a lack of desire by certain Directors to have a Board with proper governance structures and oversight of management.

LEKOIL RESPONSE: The Board rejects the statement above and believes that the Requisitioned Resolutions are an ill-disguised attempt to take over your Company without paying a price that is reflective of the intrinsic value of the Company's business and assets.

In 2020, as described in further detail above, the Board appointed two new Non-executive Directors (including the Non-executive Chairman) to ensure adequate governance and oversight of management. The appointments of Mr Simmonds and Mr Hawkins was ratified by shareholders at the 2020 Annual General Meeting of the Company ("AGM") in September 2020. Yet Metallon is asking shareholder to remove one of the directors, Mr Simmonds, recently approved by shareholders at AGM, with overwhelming support. To seek to remove a chairman that has been in his seat for three months would be disruptive and would appear designed to facilitate Metallon taking control of the Board.

The Board has indicated a willingness to appoint suitably qualified individuals to the Board following customary checks in accordance with regulatory requirements. Your Board has unanimously recommended that shareholders vote in favour of the appointment of Mr George Maxwell. Mr Maxwell's appointment would ensure that the majority of the Board comprises the new appointees requested by shareholders.

Our concerns:

1. A lack of accountability of management by the Board has led to shareholder value being destroyed

    a. Lekoil has raised over US$264m of equity from shareholders since listing in 2013. The Company's shares were suspended on 23 November 2020 with a market cap of US$13m.

       LEKOIL RESPONSE: This is incorrect. The Company has raised US$275.5 million of equity since listing in 2013.

       It should be noted that on Admission, Lekoil had a market capitalization of GBP73 million and peaked at GBP294 million. Lekoil's market capitalization has declined 87% since Admission and 96% from its peak.

Lekoil is not alone in suffering such significant declines in its market capitalization. By way of comparison with its peers, at the time of Lekoil's Admission, Tullow Plc, a London listed oil and gas company with assets in Africa, had a market capitalization of US$11 billion. Today, Tullow Plc has a market capitalization of US$450 million, a 96% decline over the same period. Further, ExxonMobil had a market capitalization at the time of Lekoil's admission of US$410 billion. Today, ExxonMobil's market capitalization is US$180.7 billion, a 55% decline over the period.

The Company's performance should be considered against sector-wide global macroeconomic and structural issue, largely resulting from an oil price decline from US$103 per barrel of oil at the time of Lekoil's Admission to today's US$52 per barrel of oil.

b. During this period Lekoil has spent US$129m on G&A and invested US$210m into Oil & Gas activities but delivered no production growth at Otakikpo since first oil in 2017.

LEKOIL RESPONSE: Of the US$275.5 million equity raised since listing in 2013, US$166.2 million was invested in capital expenditure for the development of OPL 310, OPL 325 and Otakikpo, with only US$73.3 million (which represents, 27%) going towards G&A expenditure. To date, taking into account all sources of funding for the Company (including debt and proceeds from production), G&A expenditure would represent 28% of total funds raised or generated. These percentages are consistent with, if not lower than, the industry average. The G&A expended by the Company has been across several assets and not in respect of Otakikpo alone.

In bringing Otakikpo to production, the Company determined to re-enter the existing wells rather than drilling new wells, as it would be more cost effective and quicker to production. Consequently, the Company was able to bring Otakikpo to production within 18 months. Projected production from the three wells re-entered was 10,000 bopd, but wasn't met due to operational challenges encountered, in the form of restricted access in one of the re-entered wells.

Otakikpo sits on swamp land and in order to develop additional wells, significant civil works are required, which can only be implemented in the dry season. There is a seasonal weather window therefore in which civil works that precede the drilling of the additional new wells can be developed at Otakikpo. As announced on 13 July 2020, the Company has entered agreements with its joint venture partner, Green Energy, and Schlumberger to drill additional wells and create additional evacuation infrastructure.

Since 2016, the Company has not raised any new equity capital from the public markets. On Admission, the Company was supported by many global funds with a mandate to invest in crude oil, and who were attracted by the potential of OPL310. With the global environmental concerns surrounding crude oil, many of those funds have ceased to invest in appraisal and exploration. The lack of availability of equity capital for appraisal and exploration assets such as OPL 310, has negatively impacted the Company reaching first oil on OPL 310.

c. The Board has continually missed the market expectations it sets, with production levels at Otakikpo averaging 5,676 barrels of oil per day ("BOPD") (gross) in H1 2020, despite setting targets of 10,000 BOPD by 2017 year-end and 20,000 BOPD in 2020. Otakikpo, its only asset generating returns, has been starved of investment whilst G&A and other costs remain at extremely elevated levels.

LEKOIL RESPONSE: The missed targets referred to by Metallon conveniently omit the key obstacle to attaining the set goals, which is the fact that Lekoil is not the operator of the Otakikpo Marginal Field. Indeed the success of converting the asset from a non-producing asset to producing asset occurred during Phase

1 when Lekoil as Technical Partner led the development work and operational activities to first oil pursuant to the terms of the Joint Operating Agreement between Lekoil and Green Energy.

The success of Lekoil as Technical Partner leading the re-entry of Otakikpo has driven the Company's strategy to acquire interests in near term assets that not only offer promising recoverable reserves but the prospect of securing the status of name plate operator. This is a strong prospect in our acquisitions of participating interest in OPL 276 and 325 respectively. The Company remains committed to further development on Otakikpo. With agreements executed this year, as announced on 13 July 2020, the phased drilling of up to seven new wells in Otakikpo is expected to commence in 2021. The drilling of the first two wells is expected to increase gross production to approximately 10,000 bopd from current gross rates.

Metallon lacks the financial capacity and the technical capacity to actualise the attainment of these targets (requirements under applicable law in Nigeria). A review of Metallon's 2018 financial statements together with the number of winding-up petitions presented against it, show that Metallon is not itself in a position to finance the development of the Company's assets. The Board believes that with Metallon as a significant shareholder and with the appointees of Metallon controlling the Board and the management of your Company, it will likely make raising capital extremely challenging for the Company. Institutional sources of capital and funders that typically provide capital to oil and gas production companies (e.g. offtakers) may not wish to fund a company with a board controlled by Metallon.

d. Since its listing, the Board has awarded the CEO a total remuneration of over US$10m, close to the current market capitalisation of Lekoil. It also recently entered into a related party transaction to extend a material part of the longstanding US$1.8m Directors loan to the CEO at a time when the Company is short of cash.

   LEKOIL RESPONSE: The Company notes that of the over US$10.6 million total compensation paid to the Chief Executive Officer since Admission in 2013 (a period of seven years), which is included in the total G&A expenditure, the cash component of the Chief Executive Officer's total remuneration is US$7.9 million with the balance being in the form of shares and options.

   Of the share awards and options based compensation, most of these share awards and options were granted at a time of high oil prices and a share price that was performing well, meaning that all of the Chief Executive Officer's stock options are now underwater. Further, it should be noted that for a two-year period prior to Admission and 18 months period following Admission, the Chief Executive Officer agreed to receive his salary in the form of shares.

2. **Corporate governance failures by the Board**

   a. The entry into a US$187m fake loan agreement in January 2020 was an embarrassment for everyone involved from management to the Board. Lekoil paid US$450,000 of fees to a fake intermediary in the process. Inadequate Board oversight and a lack of management accountability are directly responsible for this situation occurring.

      LEKOIL RESPONSE: Consistent with other exploration and production companies, and as a result of the global macroeconomic circumstances including the transition from crude oil to renewables sources of energy, the Company has experienced difficulties in raising the capital required to develop its appraisal and exploration assets (in particular OPL 310), forcing it to consider

alternative funding sources and often more expensive sources of capital. Earlier this year, the Company discovered that it had signed a loan agreement with certain individuals falsely purporting to represent the Qatar Investment Authority ("QIA"). The Board regrets falling victim to this fraud and in response established an independent committee to investigate the origination of the agreement and commenced steps to recover funds paid to an intermediary. A detailed review of the Company's wider corporate governance practices and procedures for the approval of major transactions was conducted, with the Board immediately implementing improvements to the Company's corporate governance.

b. The Board promised in March 2020 "to improve its standards of corporate governance". However, we understand the extension of the Director loan to the CEO did not follow the correct process under the AIM rules and ignored a very clear message from shareholders to the Board, via the previous NOMAD. Ignoring shareholders' views is an extremely concerning position for a Board to take and raises questions of its independence. We understand the Board extended the loan, without obtaining a fair and reasonable confirmation. We note the CEO's current interest in the Company's shares. Metallon will separately raise this issue of non-compliance with AIM Regulation.

   LEKOIL RESPONSE: The Company notes the concern expressed by Shareholders regarding the loan to the Chief Executive Officer, Mr. Olalekan Akinyanmi. It is worth noting the background to this loan, which has now attracted increased attention given the Company's current market capitalization and the proportion of the market capitalization represented by the loan. It should also be noted that at the time that the loan was granted, the Company's market capitalization was GBP99.8 million (peaking at GBP294 million in July 2014), meaning that the Loan was then a far less significant proportion of the market capitalization of the Company than it is at present.

   At the time of the Admission in May 2013, Mr. Akinyanmi agreed to receive 100% of his salary for the period from January 2011 and 100% of his salary for the 18 months period following Admission, in the form of shares.

   Notwithstanding, the Board acknowledges the frustration of Shareholders with regards to this loan. As announced on 18 December 2020, that the Company has reached an arrangement with Mr. Akinyanmi regarding the payment of the loan, details of which are set out above. The Company believes, having consulted with its prospective nominated adviser (in the absence of an engaged nominated adviser), that the terms of the arrangement reached with Mr Akinyanmi are fair and reasonable.

c. We are concerned by the Board's loose interpretation of the dissemination of price sensitive information in relation to notice of the requisition delivered on 19 November 2020 that was only announced to the market four days later.

   LEKOIL RESPONSE: On 15 November 2020, the Company received notice from Strand Hanson of its resignation as the Company's nominated adviser, with effect from close of business on 20 November 2020.

   On Friday 20 November 2020, the same date that Strand Hanson's resignation took effect, the Company received valid notice of Metallon's requisition notice in accordance with the Company's articles of association (and not, in fact, on 19 November 2020).

   An announcement of the requisition was made on Monday 23 November 2020, the first trading day after the receipt of the requisition. It should be noted that the Company was without a nominated adviser at the date on which the Metallon requisition was received.

d. We sought to impose additional restrictions on the Board in relation to the steps it can take pending a full review of its governance procedures. The Board has – in our opinion – wrongfully rejected this proposed resolution and has not included it within the notice of EGM. This is further evidence of the Board's blatant disregard for the valid views of shareholders.

LEKOIL RESPONSE: The resolution referred to above sought to deadlock decision-making in respect of Lekoil Nigeria and fetter the discretion of the directors, force the directors of the Company on the board of Lekoil Nigeria to act in breach of their fiduciary duties to the Company, and breach the provisions of the Companies and Allied Matters Act 2020 (Laws of the Federation of Nigeria). The Board received Nigerian legal advice that the effect of the proposed resolution would therefore be contrary to laws applicable to Lekoil Nigeria. The Board received Cayman legal advice that, in consequence of that position under Nigerian law, the Company was not obliged to propose the resolution described above. Metallon was informed of this by the Company in writing prior to circulation of the notice of extraordinary general meeting.

Contrary to the Company's articles of association, Metallon also proposed that Michael Ajukwu be appointed as Chairman of the Company, a power expressly reserved to the Board. The Company determined not to include this request in the resolution seeking the appointment of Mr Michael Ajukwu to the Board.

The Board takes the valid views of its Shareholders very seriously indeed – the proposals by Metallon to deadlock Lekoil Nigeria and appoint Mr Ajukwu as chairmanwere in contravention of Nigerian law and the articles of association of the Company respectively. All of the other resolutions validly requisitioned by Metallon have been included in the notice of meeting circulated on 11 December 2020.

e. We are aware of other shareholders in the last six months seeking to strengthen the board with one of the candidates that Metallon has proposed, given their outstanding track record operating in the region. The Board did not adequately engage with shareholders and avoided making any changes leading us to believe there is a desire by certain Directors to avoid both the Board and management team being held to account.

LEKOIL RESPONSE: Your Board has never been averse to considering the appointment of new directors, with two new directors appointed in 2020. Indeed, your Board unanimously regards George Maxwell, with his extensive industry experience, as highly suitable and potentially a positive addition to the Board. Following receipt of the 16 June 2020 letter, the Company initiated the formal process to potentially appoint Mr Maxwell and Mr Ajukwu to the Board. Mr Maxwell however declined to be appointed at that time. Metallon was well aware long before its requisition of an EGM of the Company's willingness to appoint new non-executives including Mr. Maxwell and Mr Ajukwu to the Board. However, Metallon adopted a more adversarial approach, and now seeks to propose the appoint of three directors and the chairman, in an effort to take over your Company without paying a fair price.

Conclusion and next steps

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

LEKOIL RESPONSE: As noted above the Company's G&A has been slashed by 40% in the last year with G&A currently running at US$1 million a month. The Company will continue to look for

costs savings and rationalisations that will allow it to invest more in its assets and create shareholder value.

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

LEKOIL RESPONSE: Whilst the Company would be supportive of the candidacy of Mr George Maxwell as a director of the Company, the Board believes the appointment of three directors by a single shareholder holding c15% of the issued share capital provides such shareholder a disproportionate influence over the Company and effectively delivers control of the Company. The Board does not consider that Mr Ajukwu and Mr Richardson would advance the experience and capabilities within the Company in a material way.

LEKOIL CONCLUSION:

Shareholders,

Your Board believes that the Requisitioned Resolutions are no more than an ill-disguised attempt by Metallon to gain control of your Company.

The Board does not believe Metallon to be fit to be in control of your Company – you must conduct your own due diligence on Metallon and its track record, and decide for yourself.

Rest assured of the Board's continued commitment to engage fully with all shareholders, to promote the success of the Company going forwards.