

CONCURRENT WRIT OF SUMMONS
IN THE FEDERAL HIGH COURT OF NIGERIA
IN THE LAGOS JUDICIAL DIVISION
HOLDEN AT LAGOS

SUIT NO: FHC/L/CS/ 793/2018

BETWEEN

SUNTRUST OIL COMPANY NIGERIA LIMITED

PLAINTIFF

AND

- 1. SAN LEON ENERGY PLC**
- 2. MIDWESTERN LEON PETROLEUM LIMITED**
- 3. MARTWESTERN ENERGY LIMITED**
- 4. MIDWESTERN OIL AND GAS COMPANY LIMITED**
- 5. MART RESOURCES INC**
- 6. MINISTER OF PETROLEUM RESOURCES**
- 7. CORPORATE AFFAIRS COMMISSION**

DEFENDANTS

TO THE DEFENDANTS

SAN LEON ENERGY PLC of First Floor, Wilton Park House, Wilton Place, Dublin 2, Republic of Ireland

MIDWESTERN LEON PETROLEUM LIMITED of 5th Floor, Barkly Wharf, Le Cauden Waterfront, Port Louis, Mauritius

MARTWESTERN ENERGY LIMITED of 11 Abimbola Awoniyi Close, Victoria Island, Lagos

MIDWESTERN OIL AND GAS COMPANY LIMITED of 11 Abimbola Awoniyi Street, Victoria Island, Lagos

MART RESOURCES INC of Suite 310, 1167 Kensington Crescent NW, Calgary, Alberta T2N 1X7

MINISTER OF PETROLEUM RESOURCES of NNPC Towers, Central Business District, Herbert Macaulay Way, Abuja, FCT

CORPORATE AFFAIRS COMMISSION of Plot 420 Tigris Crescent, Off Aguyi Ironsi Street, Maitama, Abuja

You are hereby commanded that within 30 days after the service of this writ on you, inclusive of the day of such service, you do cause an appearance to be entered for you in an action at the suit of above-named Plaintiff and take notice that in default of your so doing the Plaintiff may proceed with the claim and judgment may be given in your absence.

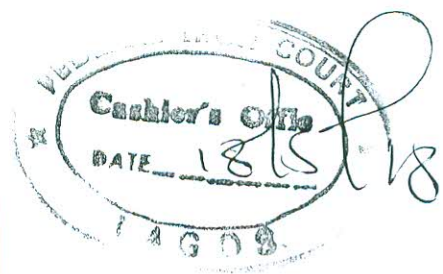
Dated this 18th day of May 2018

Dated this 18th day of May 2018


Registrar

N.B- This writ is to be served within twelve calendar months from the date thereof, or if renewed, within six calendar months from the date of the last renewal, including the day of such date, and not afterwards.

The Defendants may enter appearance personally or by a Legal Practitioner either by handing in the appropriate forms, duly completed, at the Registry of the Federal High Court, Lagos or by sending them to the Registry by registered post.



INDORSEMENTS

The Plaintiff's claim is for the following reliefs:

1. A declaration that by virtue of Clause 11.1 of the shareholders agreement dated November 2013 between the Plaintiff and the Third, Fourth and Fifth Defendants (the "Shareholders Agreement"), no shareholder has the right to sell or transfer or otherwise dispose of all or any part of its shareholding in the Third Defendant unless and until the shareholder first gives the other shareholders a right of first refusal to buy such shares evidenced by a transfer notice stating the selling shareholder's intention to sell such shares and setting forth the full terms including the price at which it intends to sell the specified shares.
2. A declaration that pursuant to clause 21 of the said Shareholders Agreement there can be no waiver of a shareholder's right of first refusal unless such waiver is evidenced in writing and signed by the waiving party.
3. A declaration that pursuant to clause 13 of the said Shareholders Agreement no additional shareholder can be admitted as a shareholder of the Third Defendant unless all the existing shareholders provide unanimous consent and such additional shareholder executes a Deed of Accession substantially in the terms set out in schedule 2 of the said Shareholders Agreement.
4. A declaration that the purported transfer of 357,143 shares by the Plaintiff to the Second Defendant on or about 11 April 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
5. A declaration that the purported transfer of 1,642,857 shares by the Plaintiff to the Second Defendant and/or First Defendant on or about September 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
6. A declaration that the purported transfer of 4,000,000 shares in the Third Defendant by the Fifth Defendant to the Second Defendant on or about 30

March 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.

7. A declaration that the transfer of 4,000,000 shares in the Third Defendant by the Fourth Defendant to the Second Defendant on or about 30 March 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
8. In the alternative to the reliefs sought at paragraphs 4 and 5 above, insofar as the purported share transfers referred to in either or both paragraphs were effective to any extent, a declaration that the Plaintiff has an overriding unpaid vendor's lien on the 357,143 and 1,642,857 shares ranking in priority to any interest which the First and/or the Second Defendant might have in the said shares.
9. A declaration that all the purported shareholder resolutions of the Third Defendant whether passed formally or informally by or involving the Second Defendant since April 2016 are null and void and all actions premised on the said resolutions are similarly null and void.
10. A declaration that in consequence of the declarations sought in paragraphs 1 to 9 above, neither the First Defendant nor the Second Defendant has any direct or indirect interest in oil mining lease (OML) No 18 in Nigeria.
11. An order setting aside the purported share transfers referred to in paragraphs 4, 5, 6 and 7 above.
12. An order rectifying the Third Defendant's share register by restoring to the Third Defendant's share register the names of the Plaintiff, the Fourth and the Fifth Defendants as the sole shareholders of the Third Defendant holding respectively 2 million shares, 4 million shares and 4 million shares in the Third Defendant's share capital.
13. An order setting aside all purported shareholder resolutions of the Third Defendant whether passed formally or informally by or involving the

Second Defendant since April 2016 and all actions premised on the said resolutions.

14. An injunction restraining the Third Defendant from paying any dividends, distributions howsoever described including without limitation repayment of capital or payment of interest in respect of any share or debt instrument to the First Defendant and/or Second Defendant and/or their agents, nominees and/or privies.
15. An injunction restraining the Second Defendant and/or its agents and/or privies from selling, offering for sale, disposing, alienating, encumbering or otherwise attempting to deal (in any manner whatsoever) with the shares transferred or purportedly transferred to it by the Plaintiff, the Fourth and Fifth Defendants referred to in paragraph 4, 5, 6 and 7 above.
16. An injunction restraining the Second Defendant and/or its agents and/or privies from paying any interest or principal to the First Defendant in respect of any Loan Notes issued pursuant to a Loan Note Instrument dated March 2016 including any amendments thereof.
17. An injunction restraining the Sixth Defendant from giving statutory consent (if applicable) to the purported share transfers to the Second Defendant referred to in paragraphs 4, 5, 6, and 7 above.
18. All necessary and appropriate orders, accounts, enquiries and directions.
19. Further or other relief.
20. Costs.

Dated this 18th day of May 2018

This writ was issued by *Fidelis Oditah*
Fidelis Oditah QC, SAN whose address for service is
28A Oju Olobun Street, Victoria Island, Lagos, Counsel to the Plaintiff

This Writ was served by me at..... on the Defendants (insert the mode of service) on the day of 2018

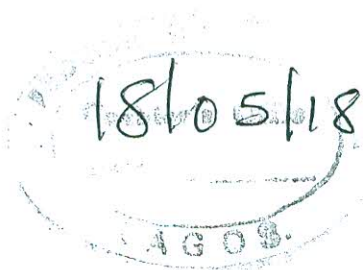
Signed

Address

Before the writ is issued the following certificate must be indorsed on it:

The Registry, Federal High Court, Lagos Division

.....
Registrar



IN THE FEDERAL HIGH COURT OF NIGERIA
IN THE LAGOS JUDICIAL DIVISION
HOLDEN AT LAGOS

SUIT NO: FHC/L/CS/ 993 /2018

BETWEEN

SUNTRUST OIL COMPANY NIGERIA LIMITED

PLAINTIFF

AND

1. SAN LEON ENERGY PLC
2. MIDWESTERN LEON PETROLEUM LIMITED
3. MARTWESTERN ENERGY LIMITED
4. MIDWESTERN OIL AND GAS COMPANY LIMITED
5. MART RESOURCES INC
6. MINISTER OF PETROLEUM RESOURCES
7. CORPORATE AFFAIRS COMMISSION

DEFENDANTS

STATEMENT OF CLAIM

THE PARTIES

1. The Plaintiff ("SunTrust") is a company incorporated in Nigeria and carrying on the business of oil and gas exploration, development and production in Nigeria.
2. The First Defendant ("San Leon") is a company incorporated in the Republic of Ireland, listed on the Alternative Investment Market ("AIM") of the London Stock Exchange and carrying on the business of oil and gas appraisal, development and production in Africa and Europe. Its principal asset is a supposed indirect economic interest in oil mining lease ("OML") No 18 in onshore Rivers State, Nigeria. Through its Nigerian subsidiary, San Leon Energy Nigeria Limited ("San Leon Nigeria"), the First Defendant purports to hold a 40% shareholding in the Second Defendant.
3. The Second Defendant ("Midwestern Leon") is a company incorporated in Mauritius and established to acquire and hold the Third Defendant's issued share capital. Together with one Charles Odita (who holds one share in

the Third Defendant), the Second Defendant purports to hold the entire issued share capital of the Third Defendant.

4. The Third Defendant ("Martwestern") is a company incorporated in Nigeria and carrying on the business of oil and gas exploration, development and production. The Third Defendant is a 50% shareholder in Eroton Exploration and Production Company Limited ("Eroton"), which is the operator of and holder of a 27% participating interest in OML 18.
5. The Fourth Defendant ("Midwestern") is a company incorporated in Nigeria and carrying on the business of oil and gas exploration, development and production. The Fourth Defendant is a 60% shareholder in the Second Defendant and, prior to the purported reorganization of the Third Defendant, the Fourth Defendant held 40% (4 million shares) of the Third Defendant's issued share capital.
6. The Fifth Defendant ("Mart Resources") is a company incorporated in Canada and carrying on the business of oil and gas exploration, development and production in Nigeria and elsewhere. Prior to the purported reorganization of the Third Defendant, the Fifth Defendant held 40% (4 million shares) of the Third Defendant's issued share capital.
7. The Sixth Defendant (the "Minister") is the minister vested with statutory power to supervise oil and gas business in Nigeria. One of the Sixth Defendant's functions is to give consent to transfers of interests in an oil prospecting licence (OPL) or OML or the shares in a company that owns a participating interest in an OPL or OML.
8. The Seventh Defendant ("CAC"), is a body corporate established pursuant to section 1 of the Companies and Allied Matters Act 1990 ("CAMA") and responsible for supervising the formation, management and winding up of companies under or pursuant to CAMA, and for establishing and maintaining the companies registry.

THE SHAREHOLDERS AGREEMENT

9. In or about November 2013, the Plaintiff, Third, Fourth and Fifth Defendants entered into a shareholders agreement ("Shareholders

Agreement”) to regulate inter alia the transfer of shares in the Third Defendant, the admission of new shareholders and matters incidental thereto.

10. By clause 2.2 of the Shareholders Agreement the Third Defendant agreed with the shareholders that it will at all times comply with the terms and conditions of the Shareholders Agreement so far as concerns the Third Defendant.
11. Clause 11 provides that except as otherwise provided in the Shareholders Agreement or with the approval of all the shareholders, no shareholder shall have the right to sell, transfer or otherwise dispose of all or any part of its shareholding in the Third Defendant unless the selling shareholder gives the other shareholders a right of first refusal by issuing a transfer notice specifying the number of shares it proposes to sell or transfer and setting forth the full terms of the proposed sale or transfer including the price.
12. By clause 13 no new shareholder shall be admitted as a shareholder of the Third Defendant unless and until all existing shareholders have provided their unanimous consent and the incoming shareholder has agreed to be bound by the terms of the Shareholders Agreement by executing a Deed of Accession substantially in the form set out in Schedule 2 to the Shareholders Agreement.
13. Clause 21 provides that there shall be no waiver of any provision of the Shareholders Agreement unless such waiver is evidenced in writing and signed by the waiving party.

OML 18

14. OML 18 is an onshore Nigerian oil and gas asset with 2P reserves of more than 576 million barrels of oil and approximately 4.2 trillion cubic feet (“Tcf”) of gas. OML 18 is owned as to 27% by Eroton, 15% by Sahara Field Production Limited (“Sahara”) and 55% by Nigerian National Petroleum Corporation (“NNPC”).

15. The Third Defendant and Bilton Energy Limited ("Bilton") own 50% each of Eroton's issued share capital but until all of Eroton's costs of acquiring OML 18 have been fully recovered and production reaches 40 million barrels, the Third Defendant is entitled to a 90% economic interest in Eroton's 27% participating interest in OML 18 while Bilton is entitled to 10%. Eroton is the operator of OML 18.
16. The Plaintiff's 20% shareholding in the Third Defendant gave it a very valuable 2.7% indirect interest in OML 18.
17. In order to acquire an indirect economic interest in OML 18, from March 2016, the First Defendant (San Leon) began acquiring direct and indirect interests in the Third Defendant's shareholding.
18. To achieve its aim, the First Defendant (San Leon) and the Fourth Defendant (Midwestern) formed the Second Defendant (Midwestern Leon) as a special purpose vehicle to acquire and restructure the entire shareholding in the Third Defendant outside the framework of the Shareholders Agreement.
19. In or about March 2016, the Fourth and Fifth Defendants transferred all their shareholding in the Third Defendant (4 million shares each) to the Second Defendant ("Sale Shares"). The Second Defendant did not execute a Deed of Accession as required by clause 13 of the Shareholders Agreement.
20. None of the Sale Shares was offered to the Plaintiff whether pursuant to clause 11 of the Shareholders Agreement or otherwise. The Plaintiff did not waive its right of first refusal.
21. The purported transfers of 4m shares each in the Third Defendant by the Fourth and Fifth Defendant to the Second Defendant violated clauses 11 and 13 of the Shareholders Agreement and are consequently null and void.
22. In April 2016, the Plaintiff purported to transfer 357,143 shares in the Third Defendant to the Second Defendant. The Fourth and Fifth

Defendants did not waive their right of first refusal under the Shareholders Agreement. The Second Defendant did not execute any Deed of Accession. Consequently, the purported share transfer is null and void being in violation of clauses 11 and 13 of the Shareholders Agreement.

23. By an amended and restated share sale and purchase agreement dated 30 June 2016, the Plaintiff purported to transfer 1,642,857 shares in the Third Defendant to the Second Defendant, and by a deed of novation dated August 2016 the Plaintiff, the Second Defendant and the Third Defendant novated the purported share transfer to the First Defendant. The Fourth and Fifth Defendants did not waive their right of first refusal and neither the First nor the Second Defendant executed a Deed of Accession. The purported share transfers violated clauses 11 and 13 of the Shareholders Agreement and are consequently null and void.

24. Further and in any event, the First Defendant did not pay for the purported share transfer. Consequently, if and to the extent that the purported novation transferred any interest in the relevant shares to the First Defendant, the Plaintiff has an overriding unpaid vendor's lien on the shares ranking in priority to any interest that the First Defendant might have in the shares (which interest is denied).

ILLEGAL CASH SWEEP AND LOAN NOTES

25. In announcing the transactions to the London Stock Market in January 2016, The First Defendant stated that the acquisition and restructuring of the Third Defendant would give the First Defendant a 9.72% indirect economic interest in OML 18. The First Defendant also stated as follows:

"San Leon will receive a minimum 65% enhanced cash sweep of Martwestern's production proceeds from OML 18 to cover the timely repayment of debt incurred to finance the total acquisition cost...

San Leon will additionally have the right to provide oilfield services such as workover and drilling rigs to OML 18 operator (EROTON Exploration and Production Limited)."

26. As contemplated in the First Defendant's regulatory disclosure of January 2016, in or about March 2016 the Second Defendant issued loan notes to the First Defendant pursuant to which the First Defendant has been sweeping the production proceeds from OML 18 passed on to the Third Defendant by Eroton, to the prejudice of the Plaintiff.
27. One of the ways that the First Defendant has been extracting value from its purported indirect interest in the Third Defendant and OML 18 is by receipt of quarterly payments from the Second and/or Third Defendant in respect of its purported indirect acquisition of shares in the Third Defendant as described above. As a result of the indirect acquisition, the First Defendant has been receiving approximately US\$19 million quarterly. The last receipt was US\$19 million for Q1 2018, which was received on or about 1 April 2018 and in respect of which it made a regulatory disclosure to the London Stock Exchange on 3 April 2018. Another US\$19 million will soon become due in respect of Q2 2018. These payments are being made at the expense of the Plaintiff who is receiving no payments in respect of its shareholding in the Third Defendant.
28. Since April, alternatively August, 2016, the Plaintiff has not received notice of any meeting of the shareholders of the Third Defendant, as it should have. Furthermore, the Plaintiff has not participated in passing any resolution, formal or informal, of the Third Defendant and has otherwise been denied its shareholder rights and benefits in respect of its 2 million shares in the Third Defendant. As a result, all decisions taken by the purported shareholders of the Third Defendant since April, alternatively August, 2016 which excluded the Plaintiff are null and void.
29. Notwithstanding that it did not validly acquire any direct or indirect interest in the shares of the Third Defendant or OML 18, the First Defendant has held itself out and otherwise paraded itself as having an indirect economic interest in both the Third Defendant and OML 18 and by so doing deceived its own shareholders and the investors in the London Stock Exchange. In this regard, in its regulatory and operating update to the London Stock Exchange dated 21 February 2018, the First Defendant gave extensive information regarding production and other operational

issues in OML 18, thereby giving a false impression to the market that it has an indirect or economic interest in OML 18 when it does not.

30. By a letter dated 3 May 2018 to the Plaintiff, the Department for Petroleum Resources ("DPR") stated that the Sixth Defendant (Minister) has received no application for statutory consent in respect of the Second and/or First Defendant's purported acquisition of the Plaintiff's indirect 2.7% interest in OML 2018 or the Fourth and Fifth Defendant's shares in the Third Defendant, that there is no evidence that the procedure for the acquisition of an indirect interest in an OML had been followed by the First and/or Second Defendant, and that until the requisite procedure is followed and ministerial consent is sought and obtained the First Defendant has no interest whatsoever, direct or indirect, in OML 18.

31. By a letter dated 11 May 2018 entitled "Notice of Unlawful Transfer of Shares in Martwestern Energy Ltd to San Leon Energy Plc", the DPR noted that it had no record of any application for consent with respect to any transfer of shares in the Third Defendant (Martwestern) to the First Defendant (San Leon) and accordingly, "no right, claim, title, ownership or interest in any OPL or OML whether directly or indirectly is valid unless such arises out of transaction in compliance with the Petroleum Act and the DPR Guidelines. Therefore, any claim to any interest in OML 18 by any party without due process of the law and DPR Guidelines is invalid."

32. By reason of the foregoing, the Plaintiff has suffered loss and damage.

33. And the Plaintiff claims the following reliefs:

- a. A declaration that by virtue of Clause 11.1 of the Shareholders Agreement, no shareholder has the right to sell or transfer or otherwise dispose of all or any part of its shareholding in the Third Defendant unless and until the shareholder first gives the other shareholders a right of first refusal to buy such shares evidenced by a transfer notice stating the selling shareholder's intention to sell such shares and setting forth the full terms including the price at which it intends to sell the specified shares.

- b. A declaration that pursuant to clause 21 of the said Shareholders Agreement there can be no waiver of a shareholder's right of first refusal unless such waiver is evidenced in writing and signed by the waiving party.
- c. A declaration that pursuant to clause 13 of the said Shareholders Agreement no additional shareholder can be admitted as a shareholder of the Third Defendant unless all the existing shareholders provide unanimous consent and such additional shareholder executes a Deed of Accession substantially in the terms set out in schedule 2 of the said Shareholders Agreement.
- d. A declaration that the purported transfer of 357,143 shares by the Plaintiff to the Second Defendant on or about 11 April 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
- e. A declaration that the purported transfer of 1,642,857 shares by the Plaintiff to the Second Defendant and/or First Defendant on or about September 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
- f. A declaration that the purported transfer of 4,000,000 shares in the Third Defendant by the Fifth Defendant to the Second Defendant on or about 30 March 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
- g. A declaration that the transfer of 4,000,000 shares in the Third Defendant by the Fourth Defendant to the Second Defendant on or about 30 March 2016 violated clauses 11 and 13 of the Shareholders Agreement and is consequently null and void.
- h. In the alternative to the reliefs sought at paragraphs 32(d) and (e) above, insofar as the purported share transfers referred to in either or both paragraphs were effective to any extent, a declaration that the Plaintiff has an overriding unpaid vendor's lien on the 357,143

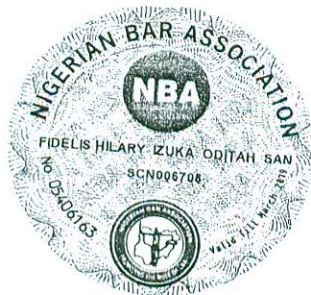
and 1,642,857 shares ranking in priority to any interest the First and/or Second Defendant in the said shares.

- i. A declaration that all the purported shareholder resolutions of the Third Defendant whether passed formally or Informally by or involving the Second Defendant since April 2016 are null and void and all actions premised on the said resolutions are similarly null and void.
- j. A declaration that in consequence of the declarations sought in paragraphs 32(a) to 32(i) above, neither the First Defendant nor the Second Defendant has any direct or indirect interest in oil mining lease (OML) No 18 in Nigeria.
- k. An order setting aside the purported share transfers referred to in paragraphs 32(d), 32(e), 32(f) and 32(g) above.
- l. An order rectifying the Third Defendant's share register by restoring to the Third Defendant's share register the names of the Plaintiff, the Fourth and the Fifth Defendants as the sole shareholders of the Third Defendant holding respectively 2 million shares, 4 million shares and 4 million shares in the Third Defendant's share capital.
- m. An order setting aside all purported shareholder resolutions of the Third Defendant whether passed formally or Informally by or involving the Second Defendant since April, alternatively August, 2016 and all actions premised on the said resolutions.
- n. An injunction restraining the Third Defendant from paying any dividends, distributions howsoever described including without limitation repayment of capital or payment of interest in respect of any share or debt instrument to the First Defendant and/or Second Defendant and/or their agents, nominees and/or privies.
- o. An injunction restraining the Second Defendant and/or its agents and/or privies from selling, offering for sale, disposing, alienating, encumbering or otherwise attempting to deal (in any manner

whatsoever) with the shares transferred or purportedly transferred to it by the Plaintiff, the Fourth and Fifth Defendants referred to in paragraph 32(d), 32(e), 32(f) and 32(g) above.

- p. An injunction restraining the Second Defendant and/or its agents and/or privies from paying any interest or principal to the First Defendant in respect of any Loan Notes issued pursuant to a Loan Note instrument dated March 2016 including any amendments thereof.
- q. An injunction restraining the Sixth Defendant from giving statutory consent (if applicable) to the purported share transfers to the Second Defendant referred to in paragraphs 32(d), 32(e), 32(f) and 32(g) above.
- r. All necessary and appropriate orders, accounts, enquiries and directions.
- s. Further or other relief.
- t. Costs.

Dated this 18th day of May 2018



Fidelis Oditah
✓ Fidelis Oditah QC, SAN
Ikem Stephen Nwoye
Benedicta Onyeodi
Ayokunnu Oyedotun
ODITAH
28a Oju Olobun Street
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FOR SERVICE ON

1. First Defendant
First Floor
Wilton Park House
Wilton Place
Dublin 2
Republic of Ireland



2. Second Defendant
5th Floor
Barkly Wharf
Le Cauden Waterfront
Port Louis
Mauritius
3. Third Defendant
11 Abimbola Awoniyi Close
Victoria Island
Lagos
4. Fourth Defendant
11 Abimbola Awoniyi Close
Victoria Island
Lagos
5. Fifth Defendant
Suite 310
1167 Kensington Crescent NW
Calgary
Alberta T2N 1X7
Canada
6. Sixth Defendant
NNPC Towers
Herbert Macaulay Way
Central Business District
Abuja, FCT
7. Seventh Defendant
Plot 420
Tigris Crescent
Off Aguyi Ironsi Street
Maitama
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MIDWESTERN OIL AND GAS COMPANY LIMITED
MART RESOURCES INC
MINISTER OF PETROLEUM RESOURCES
CORPORATE AFFAIRS COMMISSION

DEFENDANTS

LIST OF WITNESSES

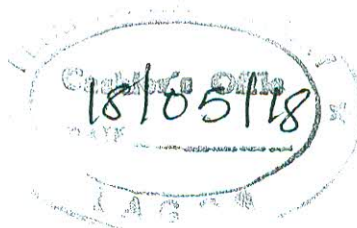
1. SEYI BANIGBE

Dated this 18th day of May 2018

Fidelis Oditah
✓ Fidelis Oditah QC, SAN
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FOR SERVICE ON

1. First Defendant
First Floor
Wilton Park House
Wilton Place
Dublin 2
Republic of Ireland



2. Second Defendant
5th Floor
Barkly Wharf
Le Cauden Waterfront
Port Louis
Mauritius
3. Third Defendant
11 Abimbola Awoniyi Close
Victoria Island
Lagos
4. Fourth Defendant
11 Abimbola Awoniyi Close
Victoria Island
Lagos
5. Fifth Defendant
Suite 310
1167 Kensington Crescent NW
Calgary
Alberta T2N 1X7
6. Sixth Defendant
NNPC Towers
Herbert Macaulay Way
Central Business District
Abuja, FCT
7. Seventh Defendant
Plot 420
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Off Aguyi Ironsi Street
Maitama
Abuja, FCT

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5. MART RESOURCES INC
6. MINISTER OF PETROLEUM RESOURCES
7. CORPORATE AFFAIRS COMMISSION

DEFENDANTS

WITNESS STATEMENT OF SEYI BANIGBE

I, SEYI BANIGBE, female, of 7A Akin Olugbade Street, Victoria Island, Lagos
WILL SAY ON OATH as follows:

INTRODUCTION

1. I am the Company Secretary of the Plaintiff at all times material to these proceedings and as such I am familiar with the facts and matters arising in these proceedings. I have the Plaintiff's consent to make this witness statement.
2. The facts and matters to which I refer in this my witness statement derive partly from my personal knowledge acquired as the Plaintiff's Company Secretary and partly from the documents and sources to which reference is made in the body of this my witness statement. Where the facts are within my knowledge, they are true. Where the facts are not within my knowledge, I believe them to be true.
3. The Plaintiff ("Suntrust") was incorporated in Nigeria on 4 April 2001 and has been carrying on the business of oil and gas exploration, development and production in Nigeria. Prior to the events with which these

proceedings are concerned, the Plaintiff owned 2 million shares in the issued share capital of the Third Defendant ("Martwestern") representing 20% of Martwestern's issued share capital. Its shareholding gave it an indirect 2.7% economic interest in oil mining lease ("OML") No 18. The Plaintiff also has an interest in the Umusadege marginal field located in OML 56.

4. The First Defendant ("San Leon") is a company incorporated in the Republic of Ireland, listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. According to the First Defendant's regulatory disclosures to the London Stock Exchange, the First Defendant carries on the business of oil and gas appraisal, development and production in Africa and Europe. Its principal asset appears to be a supposed indirect economic interest in OML 18 in onshore Rivers State, Nigeria. Through its Nigerian subsidiary, San Leon Energy Nigeria Limited ("San Leon Nigeria"), the First Defendant purports to hold a 40% shareholding in the Second Defendant and claims to own a 9.72% indirect economic interest in OML 18.
5. The Second Defendant ("Midwestern Leon") is a company incorporated in Mauritius as a special purpose vehicle to acquire and hold the Third Defendant's issued share capital. Together with one Charles Odita (who holds one share in the Third Defendant), the Second Defendant purports to hold the entire issued share capital of the Third Defendant.
6. The Third Defendant (Martwestern) is incorporated in Nigeria and carries on the business of oil and gas exploration, development and production. The Third Defendant is a 50% shareholder in Eroton Exploration and Production Company Limited ("Eroton"), which is the operator of and holder of a 27% participating interest in OML 18.
7. The Fourth Defendant ("Midwestern") is incorporated in Nigeria and carries on the business of oil and gas exploration, development and production. Following the purported restructuring of Martwestern by San Leon and Midwestern, Midwestern purports to be a 60% shareholder in Midwestern Leon and, prior to the purported reorganization of the

Martwestern, Midwestern held 40% (4 million shares) of Martwestern's issued share capital.

8. The Fifth Defendant ("Mart Resources") is a company Incorporated in Canada and carrying on the business of oil and gas exploration, development and production in Nigeria and elsewhere. Prior to the purported reorganization of Martwestern referred to in the preceding paragraph, Mart Resources held 40% (4 million shares) of Martwestern's issued share capital.
9. The Sixth Defendant (the "Minister") is the minister vested with statutory power to supervise oil and gas business in Nigeria. One of the Minister's functions is to give consent to transfers of interests in an oil prospecting licence (OPL") or OML or the shares in a company that owns a participating interest in an OPL or OML.
10. The Seventh Defendant ("CAC"), is a body corporate established pursuant to section 1 of the Companies and Allied Matters Act 1990 ("CAMA") and responsible for supervising the formation, management and winding up of companies under or pursuant to CAMA, and for establishing and maintaining the companies registry.

THE SHAREHOLDERS AGREEMENT

11. Martwestern was incorporated on 15 August 2013. The original subscribers and shareholders were Suntrust, Midwestern and Mart Resources. Whilst Suntrust owned 2 million shares or 20% of Martwestern's issued share capital, Midwestern and Mart Resources each owned 4 million shares or 40% of Martwestern. It was therefore necessary to regulate the relationship between the parties and how they intended to run certain important aspects of Martwestern's business and share transfers and the admission of new shareholders. To that end, in or about November 2013, the three parties entered into a shareholders agreement ("Shareholders Agreement").
12. Although Marwestern was not a shareholder, clause 2.2 of the Shareholders Agreement provides that Martwestern agreed with the

shareholders that it will at all times comply with the terms and conditions of the Shareholders Agreement so far as concerns it.

13. Clause 11 provides that except as otherwise provided in the Shareholders Agreement or with the approval of all the shareholders, no shareholder shall have the right to sell, transfer or otherwise dispose of all or any part of its shareholding in Martwestern unless the selling shareholder gives the other shareholders a right of first refusal by issuing a transfer notice specifying the number of shares it proposes to sell or transfer and setting forth the full terms of the proposed sale or transfer including the price.

14. By clause 13 no new shareholder shall be admitted as a shareholder of Martwestern unless and until all existing shareholders have provided their unanimous consent and the incoming shareholder has agreed to be bound by the terms of the Shareholders Agreement by executing a Deed of Accession substantially in the form set out in Schedule 2 to the Shareholders Agreement.

15. Clause 21 provides that there shall be no waiver of any provision of the Shareholders Agreement unless such waiver is evidenced in writing and signed by the waiving party.

OML 18

16. OML 18 is located in Rivers State in the Southern Niger Delta part of Nigeria. It is largely mangrove swamp and covers an area of approximately 1,035 square kilometers and contains a number of fields including Awoba (straddling OML 18 and OML 24). OML 18 is a rich oil and gas asset with 2P reserves of more than 576 million barrels of oil and approximately 4.2 trillion cubic feet ("Tcf") of gas. OML 18 is owned as to 27% by Eroton, 18% by Sahara Field Production Limited ("Sahara") and 55% by Nigerian National Electricity Corporation ("NNPC").

17. Martwestern and Bilton Energy Limited ("Bilton") own 50% each of Eroton's issued share capital but until all of Eroton's costs of acquiring OML 18 have been fully recovered and production reaches 40 million barrels, Mart Western is entitled to a 90% economic interest in Eroton's

27% participating interest in OML 18 while Bilton is entitled to 10% economic interest. Eroton is the operator of OML 18.

18. The Plaintiff's 20% shareholding in Martwestern gave it a very valuable 2.7% indirect interest in OML 18.

19. In order to acquire an indirect economic interest in OML 18, from March 2016, San Leon began acquiring direct and indirect interests in Martwestern's shareholding. The first step in achieving San Leon's intentions was that it and Midwestern formed Midwestern Leon as a special purpose vehicle to acquire and restructure the entire shareholding in Martwestern. It appears that they acquired Mart Resources and in or around March 2016 transferred Mart Resources' 40% shareholding in Martwestern to Midwestern Leon.

20. Also, in or about March 2016, Midwestern transferred all its 40% shareholding (4 million shares) in Martwestern to Midwestern Leon. As a result of these purported share transfers, Martwestern became an 80% subsidiary of Midwestern Leon. However, none of the Mart Resources or Midwestern shareholding in Martwestern was offered to Suntrust as was required by clause 11 of the Shareholders Agreement. Also, Midwestern Leon did not execute an Accession Deed as was also required by clause 13 of the Shareholders Agreement. I know that the Plaintiff did not waive its right of first refusal. Its rights were simply ignored. I believe that one consequence of the failure by Mart Resources and Midwestern to offer their shares to Suntrust for purchase and Midwestern's failure to execute a Deed of Accession is that the purported share transfers were null and void.

21. As part of their desire to make Martwestern a wholly owned subsidiary of Midwestern Leon, Midwestern and Midwestern Leon approached Suntrust to see whether it would sell its shares in Martwestern. In principle, Suntrust was willing to do so provided all legal and contractual requirements were met and the proceeds of sale were paid to Guaranty Trust Bank ("GTB") to repay the loan given to Suntrust by GTB to fund Suntrust's acquisition of its 2.7% indirect interest in OML 18. To that end, in April 2016, Suntrust purported to transfer 357,143 shares in the

Martwestern to Midwestern Leon. I do not recall Suntrust receiving any waiver of the right of first refusal of Midwestern or Mart Resources, nor do I recall Midwestern Leon executing any Deed of Accession. Consequently, I believe that the purported share transfer violated clauses 11 and 13 of the Shareholders Agreement and is null and void.

22. By an amended and restated share sale and purchase agreement dated 30 June 2016, Suntrust purported to transfer 1,642,857 shares in Martwestern to Midwestern Leon, and by a deed of novation dated August 2016 Suntrust, Midwestern Leon and Martwern novated the purported share transfer to San Leon pursuant to a document described as a transfer of obligations deed. I do not recall Midwestern or Mart Resources waiving its right of first refusal neither do I recall San Leon executing a Deed of Accession. For these reasons, I believe that the purported share transfers violated clauses 11 and 13 of the Shareholders Agreement and are consequently null and void.

23. I should add that San Leon has acted fraudulently in relation to the purported share acquisitions from Suntrust. Contrary to its promise, San Leon did not pay for the purported share transfer, whether in cash or kind. Moreover, San Leon has failed to honour its guarantee obligations towards Suntrust and GTB. It should have been obvious to San Leon that it cannot come to Nigeria and assert an indirect ownership interest in OML 18 without paying for the shares which give access to the economic interest. I know that as unpaid attempted vendor, Suntrust has an overriding unpaid vendor's lien on the shares ranking in priority to any interest that crooked San Leon might have acquired in the shares.

ILLEGAL CASH SWEEP AND LOAN NOTES

24. In announcing the transactions to the London Stock Market in January 2016, San Leon stated that the acquisition and restructuring of Martwestern would give it a 9.72% indirect economic interest in OML 18, stating as follows:

"San Leon will receive a minimum 65% enhanced cash sweep of Martwestern's production proceeds from OML 18 to cover the

timely repayment of debt incurred to finance the total acquisition cost...

San Leon will additionally have the right to provide oilfield services such as workover and drilling rigs to OML 18 operator (EROTON Exploration and Production Limited)."

25. As contemplated in San Leon's regulatory disclosure of January 2016, in or about March 2016 Midwestern Leon issued loan notes to San Leon pursuant to which San Leon has been sweeping the production proceeds from OML 18 passed on to Martwestern by Eroton, to the prejudice of Suntrust who remains a shareholder of Martwestern but has not received any part of the OML 18 production cash sweep.

26. I believe that one of the ways that San Leon has been extracting value from its purported indirect interest in Martwestern and OML 18 is by receipt of quarterly payments from Midwestern Leon and/or Martwestern in respect of its purported indirect acquisition of shares in Martwestern. As a result of the purported indirect acquisition, San Leon has been receiving approximately US\$19 million quarterly from the OML 18 production proceeds. The last receipt was US\$19 million for Q1 2018, which was received on or about 1 April 2018 and in respect of which San Leon made a regulatory disclosure to the London Stock Exchange on 3 April 2018. Another US\$19 million will soon become due in respect of Q2 2018. These payments are being made at the expense of Suntrust who is receiving no payments in respect of its shareholding in Martwestern.

27. I am aware that since April 2016, Suntrust has not received notice of any meeting of the shareholders of Martwestern, as it should have, nor has it participated in passing any resolution, formal or informal, of Martwestern. In short, Suntrust has been denied its shareholder rights and benefits in respect of its 2 million shares in Martwestern. As a result, I believe that all decisions taken by the purported shareholders of Martwestern since April 2016 which excluded Suntrust are invalid.

28. Notwithstanding that it did not validly acquire any direct or indirect interest in the shares of Martwestern or OML 18, San Leon has held itself

out and otherwise paraded itself as having an indirect economic interest in both Martwestern and OML 18 and by so doing deceived its own shareholders and the investors in the London Stock Exchange. I note in this regard that in its regulatory and operating update to the London Stock Exchange dated 21 February 2018, San Leon gave extensive information regarding production and other operational issues in OML 18, thereby giving a false impression to the market that it has an indirect or economic interest interest in OML 18 when it does not.

29. By a letter dated 3 May 2018 to Suntrust, the Department for Petroleum Resources ("DPR") stated that the Minister has received no application for statutory consent in respect of Midwestern Leon and/or San Leon's purported acquisition of Suntrust's indirect 2.7% interest in OML 2018 or Mart Resources and Midwestern's shares in Martwestern, that there is no evidence that the procedure for the acquisition of an indirect interest in an OML had been followed by the San Leon and/or Midwestern Leon, and that until the requisite procedure is followed and ministerial consent is sought and obtained San Leon has no interest whatsoever, direct or indirect, in OML 18.

30. By a letter dated 11 May 2018 entitled "Notice of Unlawful Transfer of Shares in Martwestern Energy Ltd to San Leon Energy Plc", the DPR noted that it had no record of any application for consent with respect of any transfer of shares in Martwestern to San Leon and accordingly, "no right, claim, title, ownership or interest in any OPL or OML whether directly or indirectly is valid unless such arises out of transaction in compliance with the Petroleum Act and the DPR Guidelines. Therefore, any claim to any interest in OML 18 by any party without due process of the law and DPR Guidelines is invalid."

31. I believe that the DPR letters set out the position correctly. San Leon has not acquired any direct or indirect interest in Martwestern or OML 18 and to the extent that it states the contrary in its regulatory filings at the London Stock Exchange, I believe that it is wrong to do so and is deliberately misleading the users of that market.

32.I also believe that there is absolutely no basis that San Leon should continue to cash seep the production proceeds from OML 18 when to put it at its lowest it has not paid Suntrust for any purported acquisition of its Martwestern shares.

33.It is my belief based on the facts and matters that I have set out above that justice can only be done in this matter if the court grants the reliefs sought by Suntrust in its Statement of Claim.

34.I make this witness statement in good faith and in accordance with applicable law.


DEPONENT

Sworn at the Federal High Court, Lagos Registry
This 18th day of May 2018

BEFORE ME



COMMISSIONER FOR OATHS



