



ELIGAS ENERGIES NIGERIA LIMITED

BUSINESS PLAN FOR THE RETAIL OF LIQUIFIED PETROLEUM GAS (“LPG”) IN NIGERIA

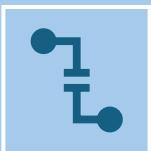
TABLE OF CONTENT

2	
Executive Summary	3
Company Overview	6
Business Model	14
Regulatory Requirements	21
Financing	29
Exit Strategy	32

EXECUTIVE SUMMARY (I)



Eligas Energies Nigeria Limited (“the Company”) is a company incorporated in 2023 under Nigerian law. The Company’s primary business focus is on the retail and distribution of Liquefied Petroleum Gas (“LPG”) through a 2.5MT/day micro-bottling and cylinder exchange hub in Lagos State. The Company aims to provide clean, safe, and affordable energy solutions to households, estates, restaurants, and small industries, while contributing to Nigeria’s clean energy transition agenda.

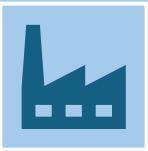


The Company’s business model involves bulk procurement, micro-bottling, cylinder exchange, and last-mile delivery. Revenue streams will be generated through cylinder refills and exchanges, cylinder sales or rentals, and delivery/service fees. The Company’s initial operations will be based in Lagos, with future plans for phased expansion across key urban centres in Nigeria.



With a seasoned management team possessing a combined experience of over ten (10) years in oil and gas downstream operations, handling and supply contracts, and regulatory compliance, the Company is positioned to deliver operational excellence and safety in LPG distribution.

EXECUTIVE SUMMARY (II)



The business is supported by strong market fundamentals: Nigeria's LPG demand exceeded 1.3 million metric tonnes in 2021, with projections to reach 15 million metric tonnes annually by 2030 under the Federal Government's Decade of Gas Initiative and National Clean Cooking Policy. Increasing urbanization, supportive fiscal policies, and private sector infrastructure investments continue to expand market opportunities.



The Company's operations align with national energy transition objectives, offering solutions that reduce dependence on firewood, curb deforestation, and promote environmental sustainability. The Company intends to leverage available financing opportunities such as the CBN ₦250 billion Gas Expansion Facility, and the Midstream and Downstream Gas Infrastructure Fund to support asset acquisition and working capital.



Recognizing potential challenges such as infrastructure deficits, safety compliance, affordability, and reliance on third-party fuelling stations, the Company has developed proactive mitigation strategies including long-term lease agreements, blended financing, regulatory engagement, and supply diversification.

EXECUTIVE SUMMARY (III)



In the long term, the Company envisions scaling its operations nationwide and achieving exit through strategic acquisition, joint venture buyout, or private equity participation. Through innovation, compliance, and sustainability, the Company is committed to playing a pivotal role in Nigeria's LPG value chain and delivering cleaner energy for all.

COMPANY OVERVIEW (I)

The Company's principal business activities include oil and gas distribution, general merchandise, and general contracting in the Nigerian oil and gas sector.

It was founded in 2023, and has its registered address at 1, Suru Street, Okeira, Ogbia, Lagos State, Nigeria.

The Company is looking to kickstart its operations by venturing into the retail of LPG at pre-existing fueling stations in Lagos, Nigeria.

Mission statement for LPG

- To deliver excellence in LPG operations by ensuring top quality services in execution/delivery, uncompromising quality, safety, reliability, and efficiency.
- To stay competitive and achieve steady, profitable growth.
- To Implement effective safety measures and uphold industry best practices.
- To ensure efficient management of operations and maintenance.
- To guarantee steady and reliable availability of products.

COMPANY OVERVIEW (II)



Vision



To champion cleaner energy adoption by providing safe and affordable LPG solutions, reducing dependence on firewood and deforestation, and creating a sustainable environment for future generations.



Motto



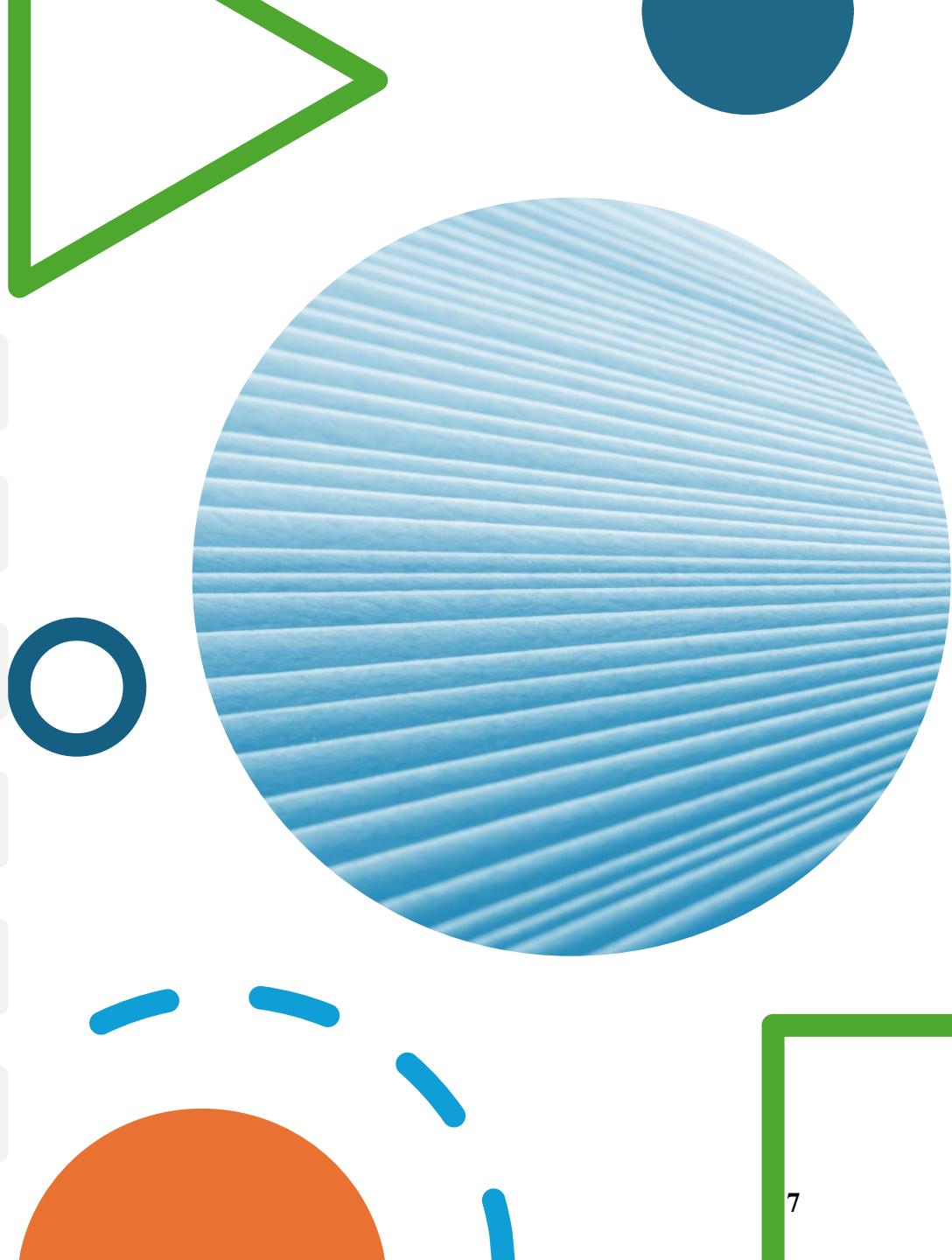
Energy For you



Core Values



Safety, Customer Satisfaction, Integrity, Environmental Responsibility.



MANAGEMENT TEAM

The Company is supported by a seasoned management team with a cumulative experience of approximately ten (10) years in managing complex projects within the oil and gas downstream sector, including handling and supply contracts, as well as navigating regulatory frameworks critical to exploration and production activities. Leveraging this industry knowledge and technical expertise, the Company intends to drive the advancement and efficient distribution of LPG in Nigeria, commencing operations from its initial distribution hub in Lagos State.

Members of the Management Team.

- Director - Philip Philip Elias
- Director - Philip Blessed
- Director & Secretary - Lucky Nwode

BUSINESS OVERVIEW

The Company is advancing a proposed LPG business in Lagos State, Nigeria, designed to deliver a comprehensive and scalable energy solution. The venture will focus on LPG retailing to households, businesses, and industries, leveraging LPG's versatility and clean-burning qualities to tap into Nigeria's vast investment potential and rising demand for sustainable energy alternatives.

MARKET SIZE & OPPORTUNITY (I)

- LPG has become a cornerstone of Nigeria's energy transition, powering households, industries, power generation, and transport. Demand exceeded 1.3 million metric tonnes in 2021 and is projected to grow exponentially as the country pursues the Federal Government's 15 million tonnes per year (MTPA) consumption target by 2030.
- Key drivers include:
 - a) Policy push – Government's Decade of Gas initiative and supportive fiscal incentives.
 - b) Rising demand – Population growth, rapid urbanization, and increased consumer awareness of LPG as a cleaner, safer alternative.
 - c) Infrastructure expansion – Private sector investments in storage, cylinder manufacturing, and distribution networks.
 - d) Supply boost – The Dangote Refinery and NLNG are expected to significantly increase domestic LPG availability by 2025–2026.

MARKET SIZE & OPPORTUNITY (II)

- Nigeria's 200+ trillion cubic feet of natural gas reserves provide a strong resource base to sustain this growth. However, unlocking the full market potential depends on addressing the “three A’s” of LPG adoption: Accessibility, Affordability, and Acceptability.
- Together, these dynamics position Nigeria as one of the most attractive LPG growth markets in Africa, offering substantial opportunities for investors, operators, and service providers across the entire value chain.

GOVERNMENT POLICIES AND SUPPORT (I)

1. National Clean Cooking Policy and LPG Expansion Programme: In March 2024, the Federal Executive Council approved the National Clean Cooking Policy, aimed at achieving universal access to clean cooking energy solutions for households and institutions by 2030. Under this framework, LPG is designated as a key transitional fuel, expected to provide 54% of total clean cooking energy services. This positions LPG as the cornerstone of Nigeria's shift toward a net-zero cooking energy future.
2. Public-Private Partnerships (PPP): To further support LPG growth, the Nigerian Content Development and Monitoring Board (NCDMB) announced in 2022, its plan to partner with select industry stakeholders to develop LPG projects capable of meeting 10% of nationwide demand. This PPP initiative underscores the government's commitment to leveraging private sector participation to expand infrastructure, enhance supply security, and deepen domestic market penetration.

GOVERNMENT POLICIES AND SUPPORT (II)

3. National Gas Policy, 2017: Approved by the Federal Executive Council in 2017, the National Gas Policy provides a new policy direction and governance framework for Nigeria's gas sector. Its objectives include:
 - a. Driving industrial growth through enhanced gas utilization strategies;
 - b. Creating a transparent and efficient market structure;
 - c. Encouraging investment across upstream and downstream segments;
 - d. Promoting the use of Liquefied Petroleum Gas (LPG), Natural Gas Liquids (NGLs), and Compressed Natural Gas (CNG) for industrial and domestic purposes.
4. Infrastructure Development for LPG Advancement: To support the policy's objectives, the Federal Government has prioritized gas infrastructure expansion, including:
 - a. ANOH–OB3 CTMS Gas Pipeline Project and the Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline, designed to facilitate nationwide gas transportation and distribution;
 - b. Commissioning of gas processing plants, such as the AHL Gas Plant and the ANOH Gas Processing Plant, which enhance domestic gas supply and strengthen Nigeria's capacity to meet growing LPG demand.

BUSINESS MODEL (I)

The Company will operate a 2.5 MT/day micro-bottling and cylinder exchange hub in Lagos State, providing clean energy solutions to households, estates, restaurants, and small industries.

Modus Operandi:

- a. Bulk Procurement & Storage: LPG will be purchased in bulk and stored at a local micro-terminal.
- b. Micro-Bottling: The LPG will be filled into smaller, portable cylinders tailored to different customer needs.
- c. Cylinder Exchange: Customers exchange empty cylinders for pre-filled ones at the hub or through delivery channels.
- d. Last-Mile Distribution: Distribution will be facilitated through direct delivery to homes, estates, restaurants, and small industrial users.

BUSINESS MODEL (II)

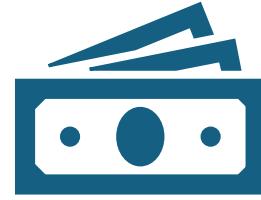
Revenue Streams



Cylinder fills and exchanges;



Cylinder sales and rentals;



Delivery and service fees

KEY CUSTOMER AND MARKET SEGMENTS FOR LPG BUSINESS

a. Households & Estates:

- Regular cylinder exchange customers.
- Characterized by small but consistent repeat purchases.

b. Restaurants:

- Higher frequency and larger volume consumption.
- Offer stable and predictable accounts.

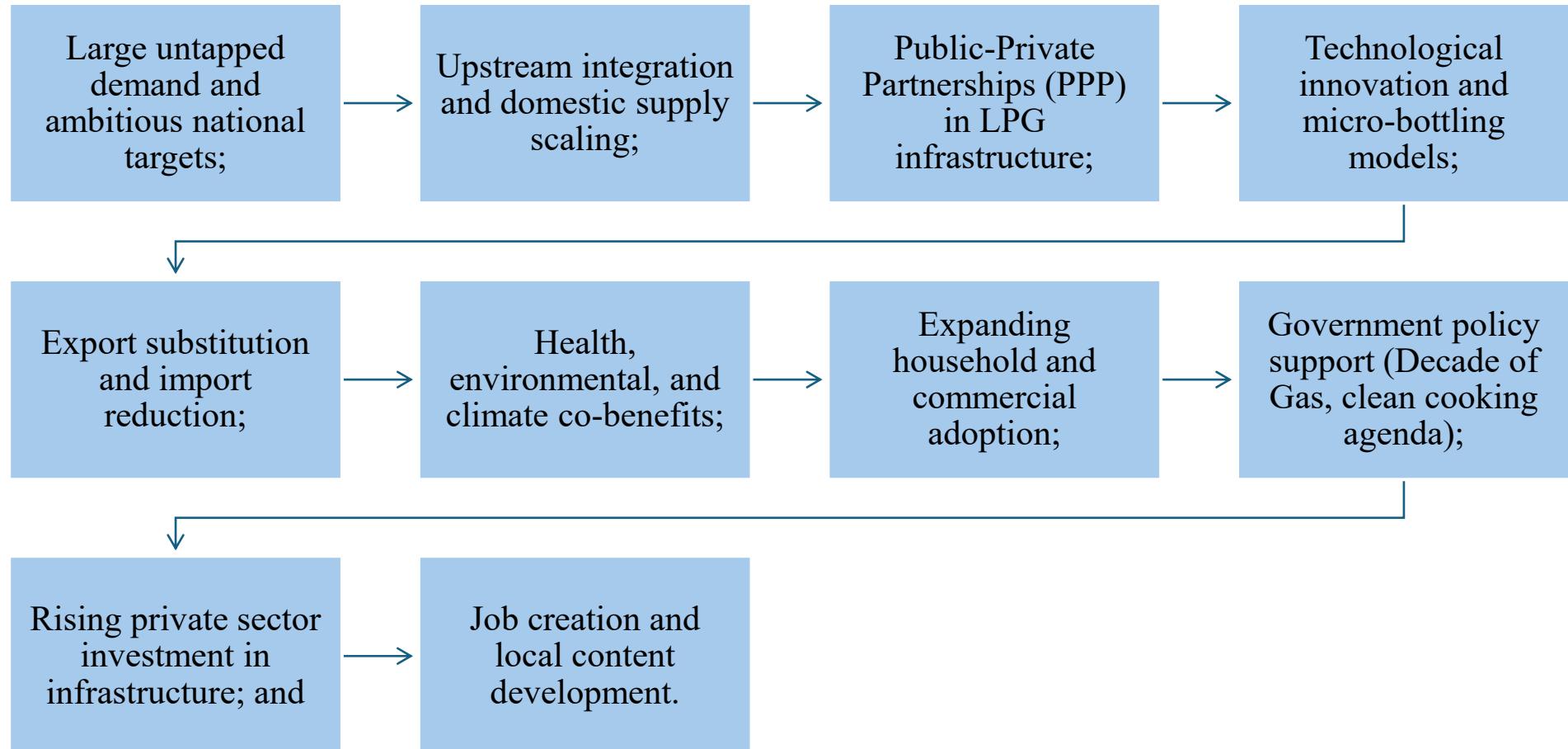
c. Small Industries (e.g., bakeries, laundries, small manufacturers)

- Heavy and predictable LPG usage.
- Demand driven by production cycles.

d. Estate Management Contracts

- Bulk supply or scheduled cylinder exchange agreements.
- Provide recurring, long-term revenue streams.

OPPORTUNITIES FOR THE LPG BUSINESS



CHALLENGES FOR THE LPG BUSINESS

Infrastructure and storage deficits;

Fragmented and inefficient supply chains;

Affordability and price volatility;

Safety, regulation, and standards enforcement;

Low consumer awareness and reliance on traditional fuels;

Access and last-mile distribution constraints;

High upfront capital requirements and financing gaps;

Export restrictions and policy volatility;

Overreliance on imports and supply bottlenecks;

Operational losses, cylinder inventory, and maintenance burdens; and

Dependence on third-party fuelling station landlords leading to lease insecurity, operational restrictions, or cost escalations.

RECOMMENDATIONS (I)

Secure long-term lease agreements with renewal options (at least a five-year lease);

Negotiate clear operational rights within the lease;

Include clauses capping annual rent increases;

Diversify by planning additional standalone hubs;

Build strong landlord–tenant relationships through regular engagement;

Invest in modular storage solutions;

Establish bulk distribution partnerships;

Introduce flexible payment schemes and hedge supply contracts;

Implement strict compliance SOPs and continuous staff/customer safety training;

Launch targeted awareness campaigns and incentive programs for LPG adoption;

Develop micro-distribution hubs and partner with local transport providers; and

Explore blended finance, lease-to-own models, and strategic investor partnerships.

RECOMMENDATIONS (II)



Maintain regulatory engagement and diversify sourcing contracts; and



Secure long-term offtake agreements with local producers such as NLNG and Dangote Refinery

REGULATORY REQUIREMENTS (I)

Relevant Licenses, Permits, Certifications, Authorisations and Approvals

LPG Refilling Plant Operating Licence



Licence to Establish



Licence to
Construct/Install



Pressure Test
Authorisation



Tank Calibration
Authorisation

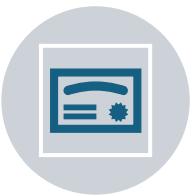


Licence to Operate

REGULATORY REQUIREMENTS (II)

Relevant Licenses, Permits, Certifications, Authorisations and Approvals

Other Incidental Certifications, Permits and Approvals



Environmental Impact
Assessment (EIA)
Certificate



Approval Letter from the
Town Planning Authority
and Divisional Police
Officer



Fire Safety Certificate
from the Federal or State
Fire Service



Certification of Weight
and Measurement of
equipment installed at the
plant



Certification of LPG
Tank by the Standards
Organisation of Nigeria



LPG Tank and Piping
Pressure Test
Certification



Safety and Security
Clearance Certificate
issued by the NSCDC

REGULATORY REQUIREMENTS (III)

Relevant Licenses, Permits, Certifications, Authorisations and Approvals

Other Incidental Certifications, Permits and Approvals



Approval of
Decommissioning and
Abandonment Plan



Approval for Preliminary
Environmental Risk
Assessment



Land Acquisition
(outright purchase or
lease) – Apply for
Governor's Consent



Certificate of
Authorisation from the
Nigerian Content
Development and
Monitoring Board
(NCDMB)



On-premise Signage
Permit from the relevant
signage agency



Building Permit

REGULATORY REQUIREMENTS (IV)

Insurance

In compliance with **Section 49 of the Nigerian Oil and Gas Industry Content Development Act**, the Company is required to maintain insurance policies with registered insurers against all insurable risks associated with its operations.

Insurable risks in the context of the business include fire, explosion, property damage, environmental damage, workplace injury, and death.

Insurance cover may be obtained either through a **comprehensive Oil and Gas Insurance Policy** (bundling multiple risks) or through separate, targeted policies such as:

- Fire & Special Perils Insurance;
- Public Liability Insurance;
- Employer's Liability / Workers' Compensation Insurance; and
- Environmental Liability Insurance.



MEMBERSHIP OF ASSOCIATIONS

Membership in relevant professional and industry associations provides timely access to regulatory updates, advocacy support, and opportunities for collaboration within the LPG sector. Active participation may also enhance the Company's credibility and industry visibility.

Key associations include:

- Nigerian Liquefied Petroleum Gas Association (NLPGA)
- Nigerian Association of Liquefied Petroleum Gas Marketers (NALPGAM)
- Nigerian Gas Association (NGA)



TAXES, LEVIES AND SOCIAL CONTRIBUTIONS (I)

The business will be subject to taxes*, levies, and statutory contributions including:

S/N	TAXES/LEVIES/SOCIAL CONTRIBUTIONS	NEW TAX RATE	DESCRIPTION
1	Companies Income Tax	30% of taxable profit	Paid annually on company profit
		0% for small companies*	
2	PAYE (withholding tax)	0% to 25%	Deducted from employee salaries
3	Value Added Tax (withholding)	7.5%	Deducted on eligible payments (e.g. contracts, services, rent)
4	Nigeria Social Insurance Trust Fund	1%	Paid annually on annual payroll

*The tax rates in no. 1, 2 and 9 of the table above shall be effective from 2026

**"small company" means a company that earns gross turnover of NGN 100,000,000 or less per annum with total fixed assets not exceeding NGN 250,000,00

TAXES, LEVIES AND SOCIAL CONTRIBUTIONS (II)

S/N	TAXES/LEVIES/SOCIAL CONTRIBUTIONS	NEW TAX RATE	DESCRIPTION
5	Pension Contribution	10% employer	Payable on monthly Basic Salary, Housing and Transport allowances of employee
		8% employee	
6	Industrial Training Fund Levy	1%	Paid annually on annual payroll
7	National Health Insurance Scheme	10% employer	Payable on monthly basic salary
		5% employee	
8	Mandatory Group Life Insurance	At least 3x the annual total emolument of the employee	To be maintained in respect of each employee
9	Development Levy	4%	Paid annually on assessable profit
		0% for small companies	

TAXES INCENTIVES

The Federal Government of Nigeria has introduced various fiscal incentives to encourage investment in gas utilization and the broader energy transition. The LPG business will benefit from the following tax and import-related incentives:

S/N	ITEM	DESCRIPTION
1	Machinery, equipment and spare parts related to LPG	0% import duty
2	VAT on LPG equipment components, conversion and installation services	0%
3	Value Added Tax on LPG sales	0%

FINANCING AND GRANTS (I)

Financing options the Company can explore other than equity investment include public funding initiatives and commercial lending facilities to support infrastructure acquisition, working capital, and expansion.

Midstream and Downstream Gas Infrastructure Fund

The Midstream and Downstream Gas Infrastructure Fund was established under the Petroleum Industry Act 2021 to foster equity investment by the Federal Government in midstream and downstream infrastructure projects including projects aimed at increasing the domestic consumption of natural gas in Nigeria.

Procedure: Submit a proposal to the Midstream and Downstream Gas Infrastructure Fund. The project will be evaluated by a transaction advisor appointed by the Fund.



FINANCING AND GRANTS (II)

CBN NGN 250 Billion Intervention Facility for the National Gas Expansion Programme

Launched in 2020 by the Central Bank of Nigeria (CBN) to support both large-scale and SME operators in the CNG and LPG value chains, including retail distributors.

Highlights:

- **Maximum Term Loan:** ₦50 million per SME
- **Maximum Working Capital Loan:** ₦5 million per SME
- **Interest Rate:** 9% per annum

Procedure:

Applications are submitted through the **NIRSALE Microfinance Bank (NMFB)**, which conducts due diligence and forwards qualified applications to CBN for approval. Upon approval, CBN releases funds to NMFB for disbursement.

FINANCING AND GRANTS (III)

▪ CBN NGN 250 Billion Intervention Facility for the National Gas Expansion Programme

Evaluation Criteria:

- Technical feasibility of the project
- Strength of the business plan
- Management experience and capacity
- Socio-economic impact
- Financial viability and cash flow projections
- Environmental sustainability

▪ Commercial Bank Financing

In addition to public funding initiatives, the company may access loans and credit facilities from **commercial banks** to finance working capital and asset acquisition. Commercial banks in Nigeria such as Access Bank, Zenith Bank, First Bank, and UBA, offer dedicated energy or SME-focused facilities with flexible repayment terms.

EXIT STRATEGIES FOR AN LPG RETAILING BUSINESS IN NIGERIA



Trade Sale / Strategic Acquisition: Likely buyers are larger LPG marketers, oil majors, or independent distributors wanting footprint in Lagos/urban areas.



Asset Sale: Sell physical assets (cylinders, trucks, filling infrastructure, customer contracts) to competitors or new entrants in the LPG space.



Joint Venture Buyout Clause: Exit via negotiated buyout from strategic partners (e.g., fuelling station landlords or investors).



Merger or Consolidation: Combine with other micro-bottling hubs or regional players to build scale, then exit through a merger buyout.



Private Equity or Venture Capital Exit: Bring in an investor at growth stage, then sell your stake once the business hits profitability or target market share.



Initial Public Offering (IPO) (long-term): If the business scales significantly (multi-city hubs, strong revenue base), list on the Nigerian Exchange (NGX) for capital and exit.