

MINUTES OF MEETING

SSAGS - CEIP OPUKUSHI NODE VARIATION PROPOSAL NEGOTIATION MEETING

Date: 22nd March 2023

Venue: Teams Meeting

Time: 1300 Hrs

Attendees:

No	NAMES	COMPANY
1	Tiamiyu Bashir	NUIMS
2	Nuruddeen Yusuf	NUIMS
3	Onyebuchi Ogbuiké	NUIMS
4	Abdullahi Umar	NUIMS
5	Olalekan Olaniyan	NUIMS
6	Abdullahi Umar	NUIMS
7	Macdonald Ikhureigbe	SPDC
8	Ahmed Abubakar	SPDC
9	Ali Kadafur	SPDC
10	Peter Oluwatumise	SPDC
11	Pendo Lawani	SPDC

No	NAMES	COMPANY
1	Festus Olaoye	BEL
2	Adedayo Adeleke	BEL
3	Busayo Abioye	BEL

1.0 AGENDA	<ol style="list-style-type: none"> Welcome/ Introduction & Presentation of Contractor's proposals - Contractor. Questions/clarifications - NUIMS/SPDC JV. Negotiation. Resolutions & Closeout out.
2.0 WELCOME/INTRODUCTION & PRESENTATION OF VARIATION PROPOSAL (VP).	
2.1	<p>Meeting started at 13.30 hrs with the introduction of attendees followed by opening remarks by NUIMS, SPDC and Beam Energy Limited (CONTRACTOR).</p> <ul style="list-style-type: none"> NUIMS welcomed all to the meeting and advised that the VPs should be addressed in line with the Contract. SPDC (the Operator) introduced its team, thanked NUIMS for making out time for the meeting and commended CONTRACTOR for having achieved 34% of the project and expressed optimism for a successful negotiation. CONTRACTOR introduced its team members and thereafter gave a detailed account of events leading to this variation request with emphasis on the escalation in prices of materials and services, inflation, high bank interest rates and terrain challenges as well as rising water levels which made it impractical to continue the project at the time of pulling out of site in September 2021. CONTRACTOR also narrated some losses incurred as a result of the security incident in March 2021 which necessitated the claims on standby and therefore pleaded with the JV to consider its plight in reaching a landing at this negotiation meeting.
3.0 QUESTIONS/CLARIFICATION	<p>In response to questions on the basis for the variation and cost build-up, Contractor clarified as follows:</p> <ul style="list-style-type: none"> Major cost driver is the cost of money, given the continuous hike in interest rates by banks since 2018 when commercials were concluded. Other drivers are escalation in the cost of marine construction equipment lease, and their associated fuelling requirements (diesel and petrol). Cost of construction materials like iron rod, cement, etc., have also increased significantly. The JV expressed dissatisfaction that the contractor de-mobbed from site without consideration of the overall interest of the JV as work could have continued while the variations were being discussed. In response contractor explained the rising water levels and prevailing inflationary rise in the cost of construction made it impracticable to continue running the site and hence their decision to de-mobilise after achieving 34% completion.

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	<ul style="list-style-type: none">Contractor confirmed that if this VP is addressed, there will be no future variation on the project since key risks (schedule, weather, community, security, etc.) have been factored in. This aligns with the JV's position that no variation will be entertained on the project once this VP is resolved.																																				
4.0	<p>NEGOTIATION</p> <p>Contractor declined the JV's proposal to negotiate the VP as a combined lumpsum, preferring to take the Request for ACV Increase as a standalone, and the others (transmission line re-routing and standby VPs) in one bucket. The negotiation therefore progressed on this basis.</p> <p>Contractor's Opening Prices:</p> <ul style="list-style-type: none">ACV Increase VP: NGN 5,659,325,579.13.Transmission Line Re-routing + Standby costs: 365,182,050.00 + 40,636,867.50 + 13,183,650.00 = NGN 419,002,567.50. <p>Table 1: ACV Increase VP offers/counteroffers:</p> <table><tr><th>OFFERS</th><th>CONTRACTOR (NGN)</th><th>JV (NGN)</th></tr><tr><td>1st</td><td>5,659,325,579.13</td><td>Nil</td></tr><tr><td>2nd</td><td>4,907,217,903.00</td><td>1,064,204,978.87</td></tr><tr><td>3rd</td><td>4,690,000,000.00</td><td>1,368,263,544.27</td></tr><tr><td>4th</td><td>4,140,000,000.00</td><td>1,672,322,109.66</td></tr><tr><td>5th</td><td>4,037,000,000.00</td><td>1,672,322,109.66</td></tr><tr><td>6th</td><td>3,940,000,000.00</td><td>1,672,322,109.66</td></tr><tr><td>Closing</td><td>3,940,000,000.00</td><td>1,672,322,109.66</td></tr></table> <p>Table 2: Other VPs (Transmission line re-routing and standby) offers/counteroffers:</p> <table><tr><th>OFFERS</th><th>CONTRACTOR (NGN)</th><th>JV (NGN)</th></tr><tr><td>1st</td><td>419,002,567.50</td><td>Nil</td></tr><tr><td>2nd</td><td>390,652,567.50</td><td>86,197,245.79</td></tr><tr><td>Closing</td><td>390,652,567.50</td><td>86,197,245.79</td></tr></table>	OFFERS	CONTRACTOR (NGN)	JV (NGN)	1 st	5,659,325,579.13	Nil	2 nd	4,907,217,903.00	1,064,204,978.87	3 rd	4,690,000,000.00	1,368,263,544.27	4 th	4,140,000,000.00	1,672,322,109.66	5 th	4,037,000,000.00	1,672,322,109.66	6 th	3,940,000,000.00	1,672,322,109.66	Closing	3,940,000,000.00	1,672,322,109.66	OFFERS	CONTRACTOR (NGN)	JV (NGN)	1 st	419,002,567.50	Nil	2 nd	390,652,567.50	86,197,245.79	Closing	390,652,567.50	86,197,245.79
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5.0	<p>RESOLUTIONS & CLOSE OUT</p> <ul style="list-style-type: none">The negotiation was deadlocked as summarized below:<ul style="list-style-type: none">✓ Contractor's closing offer of NGN 3,940,000,000.00 as against the JV's NGN 1,672,322,109.66 for the ACV increase VP.✓ Contractor's closing offer of NGN 390,652,567.50 as against the JV's NGN 86,197,245.79 for the other VPs.The meeting was adjourned to enable further consultations and alignment between the Contractor and the operator (on behalf of the JV).																																				
5.1	<p>In closing, NUIMS lead, on behalf of the JV thanked all for the positive attitude displayed at the meeting and encouraged the contractor to re-consider their closing numbers and close the loop in good time with the operator.</p> <p>CONTRACTOR thanked the JV for the opportunity and promised to review its offer, while expecting the JV to make significant move as well towards speedy convergence as this will enable a timely return to site/project completion.</p>																																				

POST NEGOTIATION UPDATE

Contractor after further considerations, reverted to the operator with a revised final offer of **NGN2,400,000,000.00** for ACV increase VP and **NGN200,000,000.00** for the others (transmission line re-routing and standby costs) on the 4th of April 2023. These offers are acceptable to the JV.

NUIMS Team Lead:


BASHIR TIAMIYU (Apr 13, 2023 14:29 GMT+1)
 Tihamiyu Bashir

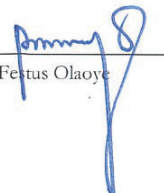
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SPDC Team Lead:

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Date: 13/04/2023

BEAM ENERGY CEO:


 Festus Olaoye

Date: 12/04/2023

Note: All Resolutions and Contents agreed are subject to NUIMS Management approval.

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