

CONTRACT NG01011278 – FORCADOS YORKRI INTEGRATED PROJECT (FYIP) OFFSHORE FLARE DOWN WORKS**MINUTES OF NEGOTIATION MEETING HELD 25TH MAY VIA TELECONFERENCE****ATTENDANCE**




SPDC on behalf of the Joint Venture (hereinafter referred to as SPDC-JV)	Hydrodive Limited (hereinafter referred to as the HYDRODIVE)
1. Bala Misbahu - Project. Mgr. NAPIMS	1. Frank Ifedi - Chief Executive Officer*
2. Odiong Ekanem - Project Engineer NAPIMS	2. Afam Ejidike – GM Projects
3. Folajomi Shotunde - NAPIMS*	3. Orobosa Adenusi – Contract Manager
4. Sebastian N. Eze - NAPIMS*	
5. Hamed Sadiq – Project Engineer NAPIMS	
6. Salomi Ihejiahi - C&P Lead SPDC	
7. Gbolahan Balogun - HA FSO Lead SPDC	
8. Nwandu Eze - HA Construction Team Lead SPDC	
9. Moses Adeogun - FYIP Offshore Lead SPDC	
10. Nonye Eforuoku - Contract Manager SPDC	
11. Smart Ogbulie - Lead Cost Engineer DFTP SPDC	

*Not present on day 2

HIGHLIGHTS

S/N	DISCUSSION
1.0	AGENDA <ul style="list-style-type: none"> • Introduction/Purpose • Context Discussion and Clarifications • Commercial Negotiation • Closing
	DAY 1 – 25TH MAY, 2022
2.0	INTRODUCTION/OBJECTIVE
2.1	The meeting commenced at 3:00pm with the participants introducing themselves.
2.2	The objective of the meeting was to negotiate HYDRODIVE's claim for outstanding payment on the FYIP Offshore Flare Down Works, for work done by HYDRODIVE NIG LTD, being subcontractor to main contractor on the project - OPI Nig Ltd/TECHNIX.
2.3	SPDC-JV acknowledged previous clarification meetings with HYDRODIVE and noted that the current meeting was to continue the discussions, integrate Senior partners into the discussions , and to reach a mutually beneficial conclusion.
2.4	SPDC-JV further stated that its engagement with HYDRODIVE on the subject claim was not based on any contractual obligation as there was no contract between HYDRODIVE and SPDC-JV for the subject scope. However, the discussions being held are in the interest of fairness, to fairly support OPI/TECHNIX's' sub-contractor HYDRODIVE being a key stakeholder in its diving operations and for the key role HYDRODIVE played in delivering value to SPDC on the 1st 5 FYIP oil wells.
2.5	HYDRODIVE implored SPDC-JV to consider its claim, in view of its performance on the 5 FYIP oil wells project, for which SPDC is getting production benefits.
3.0	CONTEXT DISCUSSION AND CLARIFICATIONS

3.1	HYDRODIVE took the meeting through its current commercial position, re:content of letter titled: 'HD COMMENTARY' dated 19 th November, 2021 and basis for the various elements claimed. HYDRODIVE maintained that their position on each element highlighted in that letter remains the same. Whilst SPDC JV maintained its basis and explanations on those elements, clarifying that its position were based on daily site reports .											
3.2	HYDRODIVE confirmed its current requested amount as USD 2,772,548.00 and NGN 61,773,961.00 . These figures capture: <ul style="list-style-type: none">Reduction in number of days for Transit between 51A and 3A on cluster 3A from 48 to 18 days andExclusion of Outstanding payment from the 18"/24" subsea spool works – USD 650,000.00 and NGN 359,500,000.00											
3.3	SPDC referred to HYDRODIVE's letter of the 15 th of October, 2021, requesting an interest valued at NGN49,911,169.00 and USD471,186.00 on late payment of the claimed amount, SPDC requested that HYDRODIVE withdraws the request, considering that SPDC was stepping in to amicably resolve complications between HYDRODIVE and OPI Nig Ltd/TECHNIX (Main contractor). HYDRODIVE accepted to withdraw its request for interest on late payment in good faith. Consequently, HYDRODIVE's base position for the negotiation was revised to; NGN11,862,792.00 USD2,301,362.35 (i.e F\$2,340,256.75 @ \$1 = NGN305)											
3.4	At the instance of NAPIMS, there was a break out by each party, to re-convene for commercial negotiations, to enable close out of the protracted discussions.											
4.0	COMMERCIAL DISCUSSIONS											
4.1	SPDC-JV reminded HYDRODIVE that its claim was being reviewed in good faith and based on its value of fairness and implored HYDRODIVE to favourably consider the offer SPDC-JV will be making, to ensure completion of the negotiation process and progress for respective Management reviews.											
4.2	Commercial negotiations proceeded with the parties breaking out intermittently for internal consultations. Series of offers and counter offers were made as follows: <table><tr><th rowspan="2">OFFERS</th><th>SPDC-JV</th><th>HYDRODIVE</th></tr><tr><th>USD</th><th>USD</th></tr><tr><td>First Offer</td><td>1,400,000.00</td><td>2,340,256.75</td></tr><tr><td>Second Offer</td><td>1,500,000.00</td><td>2,240,256.75</td></tr></table>	OFFERS	SPDC-JV	HYDRODIVE	USD	USD	First Offer	1,400,000.00	2,340,256.75	Second Offer	1,500,000.00	2,240,256.75
OFFERS	SPDC-JV		HYDRODIVE									
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First Offer	1,400,000.00	2,340,256.75										
Second Offer	1,500,000.00	2,240,256.75										
4.3	Given the huge disparity between both offers, SPDC-JV reminded HYDRODIVE that it is in the JV and HYDRODIVEs interest to speedily close-out the protracted claim.											
4.4	HYDRODIVE responded that SPDC JV's offer is not acceptable and its offered price was reasonable, considering the loss it has incurred in delivering the project and the time value of the claim over the last 3 years.											
4.5	In response, SPDC JV stated that it had indeed considered the time value of money, hence its initiation of this discussion, despite the complexities in the contracting arrangement between HYDRODIVE and OPI Nig Ltd/TECHNIX and also emphasised its interest in closing out the claim with HYDRODIVE's co-operation, having lingered for 3 years. The parties failed to reach agreement and meeting ended at a deadlock.											
5.0	CLOSING REMARKS											
5.1	HYDRODIVE implored the JV to review its offer, considering the loss it has incurred and the value the JV is deriving from the Project delivered.											

5.2	SPDC-JV implored HYDRODIVE to re-consider its position, in the interest of time , considering the spontaneous changes happening in the industry, and requested HYDRODIVE to communicate any change of position to the JV via email.																				
5.3	SPDC-JV thanked everyone for joining the session.																				
6.0	NEGOTIATION DAY 2: 3RD JUNE, 2022																				
6.1	The meeting commenced by 9:30am with opening remarks from all parties a refresher of the discussions and latest offer by both parties at meeting of 25 th May was shared as follows: SPDC-JV made an offer of USD1,500,000.00 , whilst HYDRODIVE's final position was USD 2,240,256.75.																				
6.2	SPDC-JV made a full and final offer of <u>USD1,800,000.00</u> for the claim, on the premise that HYDRODIVE will make no further claim on the subject OPI/TECHNIXS contract.																				
6.3	HYDRODIVE confirmed acceptance of the full and final offer of <u>USD1,800,000.00</u> made by SPDC JV.																				
7.0	CLOSING REMARKS																				
7.1	HYDRODIVE thanked SPDC for making the time to review its claim, stating it would look forward to payment and future work engagements with SPDC.																				
7.2	SPDC-JV thanked everyone for joining the session and reiterated that the agreed amount of <u>USD1,800,000.00</u> is full and final settlement and no further claims would be entertained on the OPI/TECHNIX Contract NG01011278 .																				
7.3	The meeting came to a close by 10:00am																				
<i>Parties understand and agree that the negotiated price for the procurement of the goods or execution of the work, and/or services as detailed in this Minute of Meeting shall be deemed to be an offer made by the HYDRODIVE to SPDC-JV, and shall only be deemed to have been accepted by SPDC-JV upon SPDC-JV management approval as indicated by the signing of a formal contract document, or an interim agreement, by the parties. Parties further understand and agree that this minute of meeting shall therefore not constitute a contract or an intention to award a contract and no such liability shall arise therefrom"</i>																					
All resolutions are subject NAPIMS/SPDC Management approval																					
	<table><tr><td></td><td>NAPIMS</td><td>SPDC</td><td>HYDRODIVE LIMITED</td></tr><tr><td>NAME</td><td></td><td></td><td>Afam EJIDIKE</td></tr><tr><td>DESIGNATION</td><td></td><td></td><td>GM Projects</td></tr><tr><td>SIGNATURE</td><td></td><td></td><td></td></tr><tr><td>DATE</td><td></td><td></td><td>14th June 2022</td></tr></table>		NAPIMS	SPDC	HYDRODIVE LIMITED	NAME			Afam EJIDIKE	DESIGNATION			GM Projects	SIGNATURE				DATE			14 th June 2022
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