



**AFRICAN NONFERROUS INDUSTRIES LIMITED**

**RC: 988867**

INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA]



**₦10,000,000,000**

**COMMERCIAL PAPER ISSUANCE PROGRAMME**

African Nonferrous Industries Limited ( "**ANFIL**" or "**the Issuer**" or "**the Company**" ), a private limited liability company incorporated in Nigeria, has established this ₦10,000,000,000 Commercial Paper Issuance Programme (the "**CP Programme**"), under which ANFIL may from time to time issue Commercial Paper notes ("**CPs**" or "**Notes**"), denominated in Nigerian Naira ("Naira" or "**₦**") or in such other currency as may be agreed between the Issuer and the Dealers and or the Arrangers(as defined in the section entitled, "*Summary of the Programme*", in separate series or tranches subject to the terms and conditions ("**Terms and Conditions**") contained in this Programme Memorandum.

Each Series and each Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the "**Applicable Pricing Supplement**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the CP Programme shall not exceed ₦10,000,000,000 or its equivalent in any other currency over a three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference, and in relation to any Series or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

This Programme Memorandum, the Applicable Pricing Supplement and the CPs have not been and will not be registered with the Securities and Exchange Commission, or under the Investment and Securities Act, No. 29 of 2007.

The Notes issued under this Programme shall be issued in dematerialised form, registered, quoted and traded over the counter via the FMDQ Securities Exchange ("**FMDQ Exchange**") platform in accordance with the rules, guidelines and such other regulation with respect to the issuance, registration and quotation of commercial paper as may be prescribed by the Central Bank of Nigeria ("**CBN**") and FMDQ Exchange from time to time, or any other recognised trading platform as approved by the CBN. The CPs issued under the Programme will settle via the FMDQ Depository Limited ("**FMDQ Depository**"), acting as Registrars and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "**Recipient**") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

This Programme Memorandum has been prepared in accordance with the CBN Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on September 11, 2019, the CBN letter to all deposit money banks and discount houses dated July 12, 2016 on Mandatory Registration and Quoting of Commercial Papers (together the "**CBN Guidelines**") and the Commercial Paper Registration and Quotation Rules (the "**Rules**") of FMDQ Exchange in force as at the date thereof. The document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her banker, stockbroker, accountant, solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Board of Directors of African Nonferrous Industries Limited, who jointly and individually accept full responsibility for the accuracy of all information given.

**Lead Arranger and Dealer**  
**Issuing, Collecting and Paying Agent**  
**FBNQUEST MERCHANT BANK LIMITED**  
 RC: 264978

**Joint Arranger and Dealer**  
**CORONATION MERCHANT BANK LIMITED**  
 RC: 207138

**This Programme Memorandum is dated 10 February 2023**

**TABLE OF CONTENTS**

---

|   |    |
|---|----|
| Glossary of Defined Terms                         | 3  |
| Important Notices                                 | 7  |
| Incorporation of Documents by Reference           | 8  |
| Summary of the Programme                          | 9  |
| Overview of African Nonferrous Industries Limited | 92 |
| Use of Proceeds                                   | 16 |
| Terms and Conditions of the Notes                 | 17 |
| Tax Considerations                                | 22 |
| Risk Factors                                      | 23 |
| Settlement, Clearing and Transfer of Notes        | 26 |
| Pro forma Applicable Pricing Supplement           | 29 |
| Auditor's Comfort Letter                          | 33 |
| Issuer's Rating Report- Agosto & Co.              | 38 |
| Issuer's Rating Report- DataPro                   | 39 |
| Legal Opinion on the Notes                        | 40 |
| General Information                               | 48 |
| Parties to the Transaction                        | 49 |

**GLOSSARY OF DEFINED TERMS**

*Except where expressed otherwise, the following definitions apply throughout this document.*

|   |  |
|---|--|
| <b>"Agency Agreement"</b>                       | The Issuing, Collecting and Paying agency agreement dated on or about 10 February 2023 and entered into between the Issuer and the Issuing, Collecting and Paying Agent  |
| <b>Lead Arranger and Dealer:</b>                | FBNQuest Merchant Bank Limited   |
| <b>Joint Arranger and Dealer:</b>               | Coronation Merchant Bank Limited   |
| <b>"Board" or "Directors"</b>                   | Board of Directors of African Nonferrous Industries Limited  |
| <b>"Business Day"</b>                           | Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria  |
| <b>"CBN"</b>                                    | Central Bank of Nigeria  |
| <b>"CBN Guidelines"</b>                         | CBN's Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 18 <sup>th</sup> November 2009, as amended or supplemented from time to time.  |
| <b>"CGT"</b>                                    | Capital Gains Tax as provided for under the Capital Gains Tax Act Cap C1, LFN 2004   |
| <b>"CITA"</b>                                   | Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007)  |
| <b>"Commercial Paper", "CP" or "Notes"</b>      | Quoted unsecured commercial paper notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes under the CP Programme   |
| <b>"Conditions" or "Terms and Conditions"</b>   | Terms and conditions, in accordance with which the Notes will be issued, set out in the section headed "Terms and Conditions of the Notes"   |
| <b>"CP Programme" or "Programme"</b>            | The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate series of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦10,000,000,000 or its equivalent in any other specified currency. |
| <b>"Central Securities Depository" or "CSD"</b> | FMDQ Depository Limited or such other central securities depository registered or recognised by the Securities and Exchange Commission and approved by the Issuer or as may be specified in the Applicable Pricing Supplement  |
| <b>"Day Count Fraction"</b>                     | The method of calculating the discount in respect of a Note as specified in the Applicable Pricing Supplement  |
| <b>"Dealers"</b>                                | FBNQuest Merchant Bank Limited<br>Coronation Merchant Bank Limited   |

## GLOSSARY OF DEFINED TERMS

|  |   |
|--|---|
| <b>“Dealing Members”</b>                                     | A member of FMDQ Exchange that is licensed to make market in CPs to eligible investors on any of the FMDQ Exchange-advised trading systems  |
| <b>“Event of Default”</b>                                    | Means an event of default by the Issuer as set out in Condition 6 of the “Terms and Conditions of the Notes”  |
| <b>“Face Value”</b>  | The par value of the Notes  |
| <b>"FGN"</b>   | Federal Government of Nigeria   |
| <b>"FIRS"</b>  | Federal Inland Revenue Service  |
| <b>“ANFIL” or “Issuer” or “ANFIL”</b>                        | African Nonferrous Industries Limited   |
| <b>“FMDQ Depository” or “FMDQ Depository Limited”</b>        | FMDQ Depository Limited, which expression shall include its successors or any additional or alternative clearing system approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement  |
| <b>“FMDQ Exchange” or “FMDQ Securities Exchange Limited”</b> | Means FMDQ Exchange, a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission to provide a platform for, amongst others, listing, quotation, registration and trading of debt securities, among others   |
| <b>“FMDQ Exchange Rules”</b>                                 | The FMDQ Exchange Commercial Paper Registration and Quotation Rules, April 2021 (as may be amended from time to time) and such other regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time  |
| <b>“Force Majeure”</b>                                       | Means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, acts of terrorism, and industrial unrest |
| <b>“Government”</b>  | Any federal, state or local government of the Federal Republic of Nigeria   |
| <b>“Holder” or “Noteholder”</b>                              | The holder of a Note as recorded in the Register kept by the Registrar in accordance with the Terms and Conditions  |
| <b>“Implied Yield”</b>                                       | The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement  |
| <b>“Issue Date”</b>  | The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement  |
| <b>“Issue Price”</b>   | The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement  |
| <b>“Issuing, Collecting and Paying Agent”</b>                | FBNQuest Merchant Bank Limited or any successor issuing, collecting and paying agent in respect of the Notes, appointed by the Issuer   |

## GLOSSARY OF DEFINED TERMS

|   |  |
|---|--|
| "LFN"   | Laws of the Federation of Nigeria  |
| "Maturity Date"   | The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due   |
| "Material Adverse Change"                               | Means a material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme   |
| "NIBOR"   | The Nigerian Inter-bank Offered Rate   |
| "Naira", "NGN" or "₦"                                   | The Nigerian Naira   |
| "Noteholders"   | Means the several persons for the time being, whose names are shown in the records of the Registrar and/or entered in the Register of Noteholders as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders   |
| "Notes"   | The commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the REGISTRAR  |
| "Outstanding"   | Means, in relation to the Notes, all the Notes issued, other than: <ul style="list-style-type: none"> <li>(i) those Notes which have been redeemed pursuant to these Conditions</li> <li>(ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Deed and</li> <li>(iii) those Notes which have become void under the provisions of this Deed</li> </ul> |
| "Pricing Supplement' or 'Applicable Pricing Supplement" | The Pricing Supplement applicable to a particular series or tranche of Notes issued under the CP Programme   |
| "Principal Amount"                                      | The nominal amount of each Note, as specified in the Applicable Pricing Supplement   |
| "Programme"   | The ₦10,000,000,000 (Ten Billion Naira) commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time  |
| "Programme Memorandum"                                  | This information memorandum dated 10 February 2023 which details the aggregate size and broad terms and conditions of the CP Programme   |
| "Qualified Institutional Investor" or "QII"             | include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be  |

## GLOSSARY OF DEFINED TERMS

|                             |   |
|-----------------------------|---|
|                             | determined by the Securities and Exchange Commission from time to time.   |
| <b>“Redemption Amount”</b>  | The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date  |
| <b>“Redemption Date”</b>    | Means in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement  |
| <b>“Register”</b>           | A register or such registers as shall be maintained by the Registrar in which are recorded details of Noteholders   |
| <b>“Registrar”</b>          | The FMDQ Depository Limited   |
| <b>“Relevant Currency”</b>  | The currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement   |
| <b>“Relevant Date”</b>      | The payment date of any obligation due on the Notes   |
| <b>“Relevant Last Date”</b> | The date stipulated by the Registrar and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered   |
| <b>“Series”</b>             | A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices |
| <b>“Specified Office”</b>   | The office of the Issuing, Collecting and Paying Agent as specified under the Agency Agreement and shall include such other office or offices as may be specified from time to time thereunder  |
| <b>“Tranche”</b>            | Notes which are identical in all respects   |
| <b>Unique Identifier</b>    | Means a code specifically designated/assigned to identify a CP.   |
| <b>“VAT”</b>                | Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007)  |
| <b>“WHT”</b>                | Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA   |

**IMPORTANT NOTICES**

---

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦10,000,000,000 (Ten Billion Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained or incorporated in this Programme Memorandum is correct and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is reasonably material in the context of the CP Programme and the offering of the Notes, that the information contained in this Programme Memorandum is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make this document or any of such information misleading in any material respect.

No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the CP Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation or the rendering of investment advice by the Issuer, the Dealers, or the Arrangers that any recipient of this Programme Memorandum should purchase any Notes.

No representation, warranty or undertaking, express or implied is made and no responsibility is accepted by the Arrangers, the Dealers, or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arrangers, the Dealers and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

Each person contemplating purchasing any Commercial Paper should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

Notes issued under the Programme shall be restricted to Qualified Institutional Investors who meet the qualification criteria prescribed by FMDQ Exchange from time to time.

**FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.**

**INCORPORATION OF DOCUMENTS BY REFERENCE**

---

This Programme Memorandum should be read and construed in conjunction with:

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme; and
2. The audited annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme
3. Any supplements and/or amendments to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Memorandum.

which shall be deemed to be incorporated into, and to form part of, this Programme Memorandum and which shall be deemed to modify and supersede the contents of this Programme Memorandum as appropriate.

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum or a further supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes, where there has been: -

- (a) material change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme, which would then make the programme materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have substituted the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

ss

The audited financial statements and documents incorporated by reference shall be available on the website of the Issuer, [africannonferrous.com](http://africannonferrous.com), unless such documents have been modified or superseded (and which documents may at the Issuer's option be provided electronically). Requests for such documents shall be directed to the Issuer or Arrangers at their specified offices as set out in this Programme Memorandum.



## SUMMARY OF THE PROGRAMME

This summary information should be read in conjunction with the full text of this Programme Memorandum from where it is derived. The information below is a brief summary of the key features and summarised terms and conditions of the proposed CP Programme:

|  |   |
|--|---|
| <b>Issuer:</b>                               | African Nonferrous Industries Limited   |
| <b>Lead Arranger and Dealer:</b>             | FBNQuest Merchant Bank Limited  |
| <b>Joint Arranger and Dealer:</b>            | Coronation Merchant Bank Limited  |
| <b>Issuing, Collecting and Paying Agent:</b> | FBNQuest Merchant Bank Limited  |
| <b>Auditors:</b>                             | Ernst & Young   |
| <b>Registrars/Custodian:</b>                 | FMDQ Depository Limited   |
| <b>Solicitors:</b>                           | Templars Law Firm   |
| <b>Programme:</b>                            | The commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time under a standardised documentation framework  |
| <b>Programme Size:</b>                       | ₦10,000,000,000 (Ten Billion Naira)   |
| <b>Issuance in Series:</b>                   | The Notes will be issued in series and each series may comprise one or more tranches issued on different dates. The Notes in each Series, each a tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement |
| <b>Issue Price:</b>                          | The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement  |
| <b>Issue Size:</b>                           | As specified in the Applicable Pricing Supplement, subject to a minimum value of ₦5million and multiples of ₦1,000 thereafter   |
| <b>Use of Proceeds:</b>                      | Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of the CPs will be applied to support the Issuer's short term funding requirements, as part of its working capital management strategy   |
| <b>Interest Payments:</b>                    | Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than in the case of late payment  |
| <b>Source of Repayment:</b>                  | The repayment of all obligations under the CP issuance will be funded from the operating cash flows of the Company  |
| <b>Default Rate:</b>                         | Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher)   |
| <b>Currency of Issue:</b>                    | Nigerian Naira  |
| <b>Redemption:</b>                           | As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Exchange Rules   |
| <b>Issuer Rating:</b>                        | "A-" rating expiring 30 June 2023 by Agosto & Co. Limited<br>"A1" short term rating expiring 05 September 2023 by DataPro Limited<br><b><i>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency</i></b>   |
| <b>Tenor:</b>                                | As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue  |
| <b>Status of Notes:</b>                      | Each Note constitutes a senior unsecured obligation of the Issuer and the Notes rank <i>pari passu</i> among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time  |
| <b>Quoting:</b>                              | The Notes will be quoted on the FMDQ Exchange Platform or any other recognised trading platform. All secondary market trading of the Notes shall  |

|                               |  |
|-------------------------------|--|
|                               | be done in accordance with the rules in relation to the quotation of any Series or Tranche of Notes quoted on the relevant trading platform  |
| <b>Taxation:</b>              | As seen on page 23   |
| <b>Governing Law:</b>         | The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law                                    |
| <b>Source of Repayment</b>    | Operating Cash Flow of the Issuer  |
| <b>Settlement Procedures:</b> | Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”) |

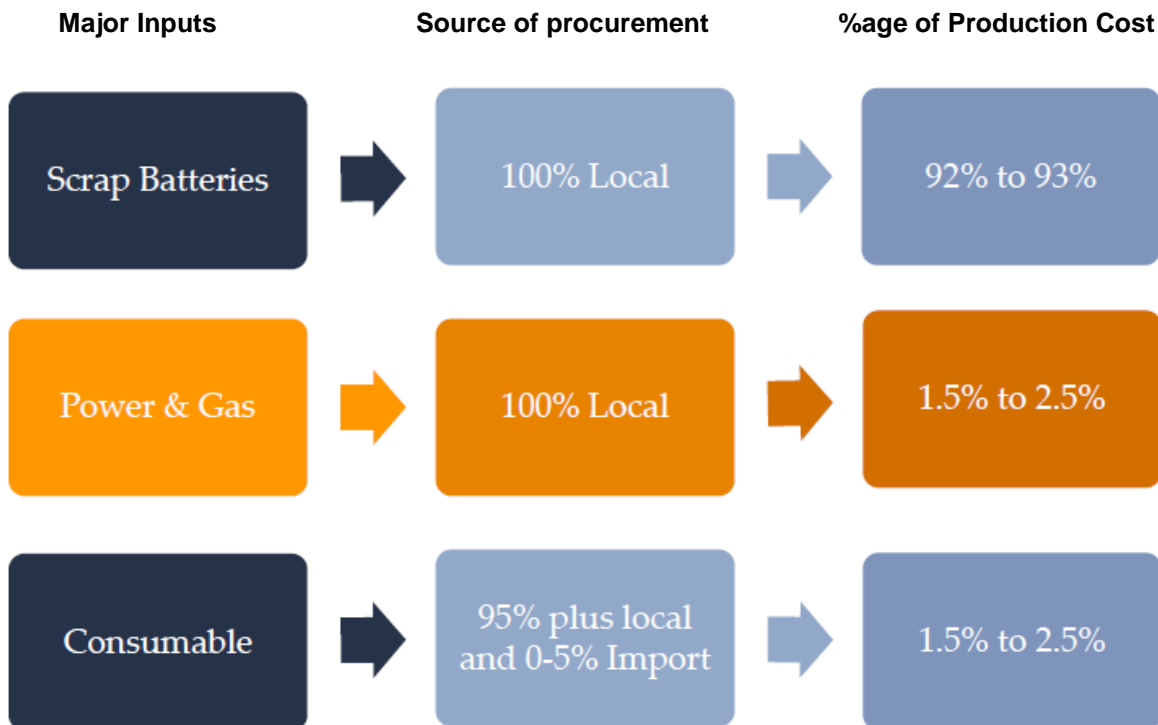
## A. BUSINESS OVERVIEW – AFRICAN NONFERROUS INDUSTRIES LIMITED

African Nonferrous Industries Limited was incorporated in 2011 and commenced commercial production at an Initial capacity of 10,000 MT/year in 2013. The Company is the largest manufacturer of Refined Lead in Nigeria with current installed capacity of 30,000MT/year. Presently, the company is working on expanding the capacity to 40,000 MT/year.

ANFIL aims to continue expand its production capacity and is currently working towards increasing its capacity to 40,000 MT/year. The Company employs, directly and indirectly, over 232 people from diverse ethnic, cultural and religious backgrounds working harmoniously to deliver superior value to customers and other stakeholders.

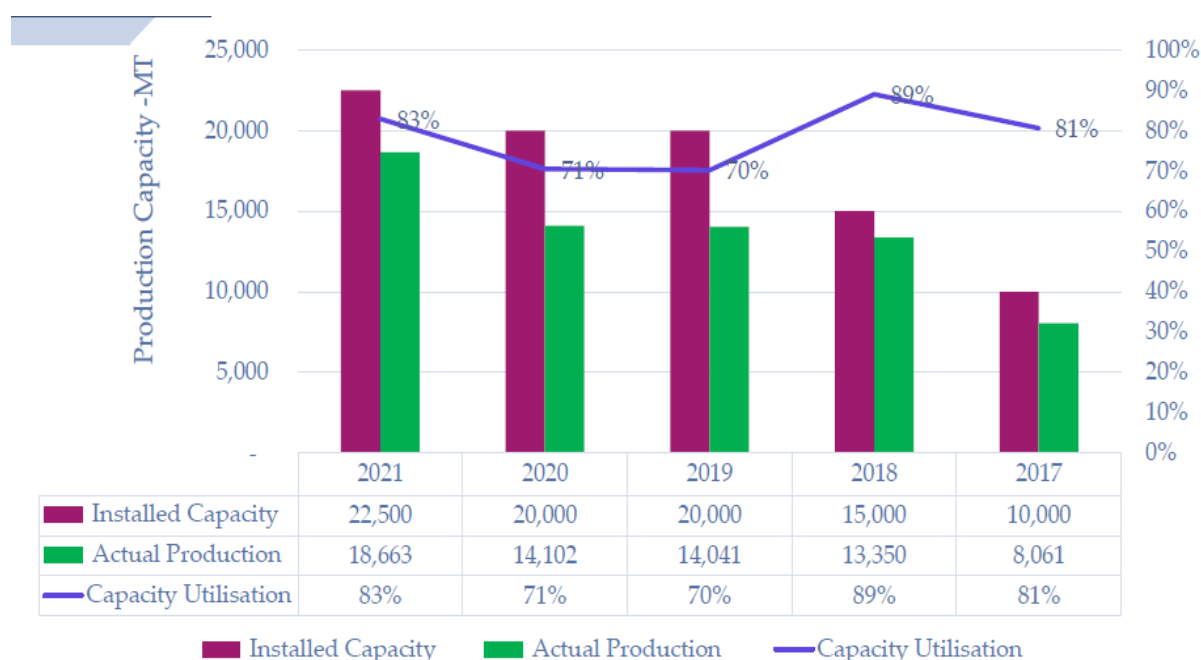
### I. Products

ANFIL's core products include Refined Lead (99.985% Purity) and Antimony Lead (Antimony content varying between 5% and 7%). The major raw materials used for production are scrap batteries which are sourced locally. In addition to scrap batteries, other locally sourced raw materials include charcoal, soda ash dense, scrap wire, sharp sand, sulphur, caustic soda, aluminium scrap, hydrated lime, iron pyrites and lead chloride. Another raw material used in the production of lead is sodium nitrate which is imported.



## II. ANFIL's Production Capacity – Installed vs Actual

ANFIL started its manufacturing operations with installed capacity of 10,000 MT/Year in 2013. Over the period of 8 years ANFIL expanded its capacity by 20,000 MT/year and achieved an installed capacity of 30,000 MT/year. ANFIL has a production capacity target of 40,000 MT/Year by 2023. ANFIL is a 100% export-oriented business with a huge international market and customers all over the world who purchase its products. The Company also enjoys support from the Federal Government of Nigeria through its export policy which provides export incentives in the form of reduced exchange rate of Naira 65 /USD (RT 200 Policy).



## III. Application of Lead

### Batteries

The major application of lead is in the battery production industry, with vehicle batteries accounting for about 80% of the total production within the industry. Other types of battery are produced for motorcycles, planes, tanks, trains, tractors, factories, energy, wharves and export

### Cable Sheaths

In the past, lead was utilised in the cable sheath industry. However, due to its high density and toxicity, lead has gradually been replaced by plastic and some other materials

**OVERVIEW OF ANFIL OF NIGERIA PLC**

|                         |   |
|-------------------------|---|
| Machinery Manufacturing | Lead is made into bearing alloys, solder alloys and abrasive alloys in machinery manufacturing  |
| Shipbuilding            | Considering that lead has corrosion resistance, it can be made into lead plate, plumbing and other alloy materials to protect ships from marine corrosion in shipbuilding   |
| Light Industry          | In the past, lead was used as a writing tool. Currently, it is used for cultural items, electric light sources and everyday hardware  |
| Lead Oxide              | Lead oxide is mainly used for battery paste in lead acid batteries, also used in the production of plastic stabilisers, rubber vulcanisation agents, ceramic glaze additives, ray proof glass, optical glasses, crystal glasses, as well as various kinds of paints and coatings etc. |

**IV. Shareholding Structure**

| Shareholders                      | Number of shares   | %              |
|-----------------------------------|--------------------|----------------|
| Speedway Industrial Ventures Ltd. | 499,999,999        | 99.999         |
| Mr. Alok Gupta                    | 1                  | 0.001          |
| <b>Total</b>                      | <b>500,000,000</b> | <b>100.000</b> |

**V. Board of Directors**

The Board of Directors of ANFIL comprises five members. The Board formulates the broad policies and takes decisions regarding the management and operations of ANFIL, to ensure that the Company's strategic objectives are achieved.

**Mr. Raj Kumar Gupta - Chairman**

Mr. Gupta started his career in the family business in India and then moved to Lagos in his early years. He focused on the trading side of the business developing a clear understanding of the operations as a whole. Mr. Gupta strategically expanded the trading activities, introducing new products to diversify the franchise in the Nigerian market. With his understanding of the supply chain and a keen entrepreneurial focus, he dramatically increased the revenues and profitability of the trading outfit.

**Mr. Kayode Soyombo – Non-Executive Independent Director**

Mr. Soyombo worked with Guinness Nigeria Plc in 1980. He worked for a period of ten(10) years as Production Manager before voluntarily resigning in 1990. He remains an articulate, proactive

**OVERVIEW OF ANFIL OF NIGERIA PLC**

---

and seasoned entrepreneur and manager, with a passion for initiating and identifying new business opportunities and bringing them to market and establishing profitable companies.

**Mr. Alok Gupta - Managing Director**

Mr. Gupta joined the Group in 1999 after completing a degree in Chemical Engineering from Cambridge University. He currently spearheads all the manufacturing efforts of ANFIL. Under his supervision, the Company's manufacturing capacity for steel has increased sixfold in less than 10 years. Mr. Gupta setup a technical projects task force consisting of a team of highly experienced engineers to evaluate and implement ongoing projects for ANFIL.

**Mr. Ravi Kant Sharma - Executive Director**

Mr. Sharma has over 35 years of industrial experience in setting up and handling operation of steel plants in India and Nigeria. He has worked in the top management of various companies such as Kew Metal Works located in Nigeria, Rajgarhia Group of Industries located in India, Bird and Company Kolkata and Krishna Steel located in India. After joining ANFIL, he has been instrumental in setting up of steel plants such as African Steel Mills, Ikordu Steel, African Foundries Limited, Abuja Steel Mills etc.

**Mr. Don Terblanche - Executive Director**

Mr. Terblanche previously worked on the goldmines in South Africa in the engineering department. After which he moved to Cape Town and joined Profile Engineering in 1999 as a consultant to develop their Paving Stone and block machines. He has also travelled round the world to help clients improve their machines and their businesses. In 2006, he joined Amsad Paving Stones in Lagos, Nigeria as the General Manager of the company. In 2010 he joined HFP Paving Stones as the Managing Director. In 2015, ANFIL bought HFP Paving Stones from HFP Engineering and Mr. Terblanche moved to The ANFIL as the Managing Director of HFP Paving Stones. In 2021, he got promoted to a Director on the Board of some of the companies of ANFIL.

**VI. Management Team****Mr. Anand Singh**

Mr. Singh is the Chief Executive Officer ("CEO"). He joined African Nonferrous Industries Limited on 1st March 2020 as the Group Chief Operating Officer. He is a dynamic professional with over 20 years' experience (about 18 years' experience only in African Country) in Production, Operation, PPC, People Management and Product Management. Before joining ANFIL, Mr. Singh worked with Sphurna Global Nigeria. His area of expertise include production planning control, purchase of raw materials and its management, spares consumables, receivable management, project coordination report, product management, people management and environmental compliances.

**Mr. Munish Modi**

Mr. Modi is the Chief Finance Office ("CFO"). He is a Chartered Accountant from the ICAI and also holds MBA degree from London Business School. Mr. Modi is associated with ANFIL from inception. He was spearheading the team which arranged initial financing for ANFIL project. He has over 25 years' experience in Finance, Accounts and General Management in Africa, Europe and Asia.

**Mr. Sayeed Siddique**

Mr. Siddique is the Technical Director. He is a mechanical engineer with experience of over 47 years in automotive, industrial inverters, batteries and lead recycling plants in Nigeria and India. He conceptualised the current African Nonferrous Industries Plant and has been with the Unit

**OVERVIEW OF ANFIL OF NIGERIA PLC**

---

since inception. He has, in the past 17 years, been associated with Comcraft Services, UK; Batteries Manufacturers Nig Ltd; and Tower Aluminum Extrusion Plants. He has also worked with Chloride India and Sar Silicon Systems Pvt Ltd.

**Mrs. Chiamaka Okeke**

Mrs. Okeke is the Head, Legal. She spent her early years working in legal and also in Credit/Risk Control management in one of the big telecommunications companies in the UK before relocating to Nigeria. While in Nigeria, where she worked as a Legal Officer in one of the first-generation banks, where she worked as part of the team that handled matters of Compliance and Governance for the bank. Over the decade she has acquired a wide range of experience on various aspects of corporate and commercial matters ranging from manufacturing, foreign direct investments management, and energy with major focus on power, mergers and acquisitions, business regulatory and compliance, conveyancing and management advisory amongst others.

**Mr. Gadadhar Panda**

Mr. Panda is the Vice President, Accounts. He is a Cost and Management Accountant with over 21 years of experience in costing, accounts, budgeting, financial reporting, commercial production and planning. He also holds an executive development programme in financial data analysis and applied financial risk management from IIM, India.

**B. BUSINESS OVERVIEW- AFRICAN INDUSTRIES GROUP**

African Industries Group (“**AIG**” or the “**Group**”) is an international group, manufacturing and trading wide range of industrial and trading products. AIG is focused on the development of steel in Nigeria using international technology and quality comparable to international standards in the manufacture of Iron rod, Angle, billets, wire rod, nails, BRC mesh and other steel profiles. The group has employed over 13,000 people directly and indirectly guided by a strong workforce of trained managers who have decades of experience on steel industries abroad. The Group currently operates in eight different locations within Nigeria, and exports its products mainly to other West African nations.

Over the last two decades, AIG has ventured into multiple sectors and geographies. The Group started manufacturing in 2004 and now has more than 20 manufacturing plants. AIG’s manufacturing operations in Nigeria cut across various segments from steel manufacturing to steel processing, chemicals manufacturing, glass manufacturing, lead recycling, plastic manufacturing, aluminium manufacturing, wood processing, sesame processing, and power generation.

**USE OF PROCEEDS**

---

Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of CPs will be used to support the Issuer's short term funding needs.

The applicable Pricing Supplement for each Series under the Programme will specify details of the use of proceeds of the particular Series.



## TERMS AND CONDITIONS OF THE NOTES

---

*The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Series are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of those Notes. The Applicable Pricing Supplement in relation to any Series may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such Series.*

### 1.1 Interpretations

- 1.1.1 Any reference in this Deed to a Clause is, unless otherwise stated, reference to a clause in this Deed.
- 1.1.2 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed.
- 1.1.3 Any reference in this Deed to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.
- 1.1.4 All references in this Deed to an agreement, instrument or other document (including the Dealer Agreement and the IPCA Agreement) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time.

### 1.2 Business Day Adjustment

Where the day on or by which a payment is due to be made or an event due to occur is not a Business Day, that payment shall be made and that event shall occur on or by the next succeeding Business Day, unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made or that event shall occur on or by the immediately preceding Business Day.

## 1. STATUS AND CONSTITUTION OF THE NOTES

### 2.1 Status of the Notes

- 2.1.1 Each Note constitutes a direct, unconditional, unsubordinated, senior and unsecured obligation of the Issuer and the Notes rank *pari passu* among themselves and, save for certain debts preferred by law, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.
- 2.1.2 The aggregate Principal Amount of the Notes from time to time outstanding shall be a sum, not exceeding ₦10,000,000,000.00 (Ten Billion Naira). The Notes shall have a par value as specified in the Applicable Pricing Supplement.
- 2.1.3 The tenor of each series or tranches of the Notes shall be as specified in the applicable pricing supplement.

### 2.2 Constitution of the Notes

**TERMS AND CONDITIONS OF THE NOTES**

---

The Issuer hereby constitutes the Notes and covenants in favour of each Noteholder that it will duly perform and comply with the direct and unconditional obligations expressed to be undertaken by it in the Transaction Documents in respect of the Notes.

**2. DEPOSIT OF DEED OF COVENANT**

This Deed shall be deposited with and held by the Issuing and Placing Agents until the date on which all the obligations of the Issuer under or in respect of the Notes (including, without limitation, its obligations under this Deed) have been discharged in full. The Issuer acknowledges the right of every Noteholder to request the production of this original Deed or the issuing of copies thereof.

**3. STAMP DUTIES AND SIMILAR TAXES**

The Issuer shall bear and pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery and performance of this Deed, and shall indemnify each Noteholder against any claim, demand, action, liability, damage, cost, loss or expense (including, without limitation, any properly incurred legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

**4. COVENANTS OF THE ISSUER**

The Issuer hereby covenants with the Noteholders and undertakes that as long as any of the Notes remain outstanding and at all times during the continuance of this Deed (except as may otherwise be agreed in writing by the Noteholders):

- 5.1 it shall not without the express written consent of the relevant Noteholders, create or permit to subsist, or agree or purport to permit to subsist any encumbrance(s) on the Notes established under the Programme Memorandum and any Applicable Pricing Supplement;
- 5.2 it shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein and in any Transaction Document or applicable law; and
- 5.3 each Noteholder shall have the benefit of the terms and conditions of the Notes which are stated in the Programme Memorandum and/or the Applicable Pricing Supplement as if they had been incorporated mutatis mutandis into this Deed.

**5. BENEFIT OF THE DEED**

- 6.1 This Deed shall take effect as a deed poll for the benefit of the Noteholders from time to time and shall enure for the benefit of each Noteholder and its successors and assigns, each of which shall be entitled severally to enforce this Deed against the Issuer.
- 6.2 Nothing in this Deed or in the Notes, express or implied, shall give to any person, other than the Noteholders hereto and their successors and assigns hereunder and, where specified herein, the beneficial owners of the Notes, any benefit or any legal or equitable right, remedy or claim under this Deed.

**6. TITLE**

**TERMS AND CONDITIONS OF THE NOTES**

7.1 Any Noteholder may protect and enforce its rights arising out of this Deed in respect of any Note held by such Noteholder without the necessity of using the name of or obtaining any authority from any predecessor in title.

7.2 A Noteholder will be entitled to receive payment of all amounts due to it with respect to each Note held by it to the exclusion of any other person and payment in full by the Issuer to a Noteholder shall discharge the Issuer from all obligations in respect of such Note.

**7. EVIDENCE**

Statements issued by the CSD as to the name of the Noteholder and aggregate number of Notes standing to the CSD Securities Account of any person shall be conclusive and binding for all purposes (save in the case of manifest error) and such person shall be treated by the Issuer, the Issuing and Placing Agents, and the Collecting and Paying Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.

**8. PAYMENTS**

9.1 All sums payable under this Deed shall be paid:

9.1.1 free of any restriction or condition; and

9.1.2 free and clear of and (except to the extent required by law) without any deduction or withholding for or on account of any tax imposed, levied, collected, withheld, or assessed by or within the Federal Republic of Nigeria.

**9. NOTICES****10.1 Notices to the Noteholders**

10.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant register of Notes of a Tranche or Series maintained by the Collecting and Paying Agent. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the FMDQ Rules, rules of the CSD, the rules and regulations of the CBN or such other regulatory authority as may be applicable to the Notes.

10.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

**10.2 Notices from the Noteholders**

10.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the Collecting and Paying Agent.

10.2.2 Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the Collecting and Paying Agent.

**10. SEVERABILITY**

**TERMS AND CONDITIONS OF THE NOTES**

---

Any term or provision of this Deed or the application thereof to any circumstance that is illegal, invalid, prohibited or unenforceable (to any extent) in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or rendering unenforceable the remaining terms or provisions hereof or the application of such term or provision to circumstances other than those to which it is held illegal, invalid, prohibited or unenforceable. Any such illegality, invalidity, prohibition, or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable laws, the parties hereto waive any provision of law that renders any term or provision of this Deed illegal, invalid, prohibited, or unenforceable in any respect.

**11. ASSIGNMENT**

The Issuer shall not be entitled to assign or transfer all or any of its rights, benefits, and obligations under this Deed, except as approved by a Special Resolution of Noteholders of all Series then outstanding.

**12. GOVERNING LAW**

This Deed shall be governed by and construed in all respects in accordance with the laws of the Federal Republic of Nigeria.

**13. JURISDICTION**

- 14.1 The Issuer agrees for the benefit of the Noteholders that the courts of the Federal Republic of Nigeria shall have exclusive jurisdiction to hear and determine any suit, action, or proceedings and to settle any disputes, which may arise out of or in connection with this Deed (respectively, “**Proceedings**” and “**Disputes**”) and for such purposes, irrevocably submits to the jurisdiction of such courts.
- 14.2 The Issuer irrevocably waives any objection, which it might now or hereafter have to the courts of Nigeria being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 14.3 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement, or execution against any property whatsoever of any order or judgment which is made or given in such Proceedings.
- 14.4 To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.
- 14.5 This Clause shall be severable from the rest of this Deed and shall remain effective if this Deed is cancelled or terminated.

**15. EVENT OF DEFAULT****15.1. Event of Default**

An event of default in relation to the Notes (each an "Event of Default") shall arise if any one or more of the following events shall have occurred and is continuing:

- 15.1.1. If the Issuer fails to make payment in full by the Maturity Date;
- 15.1.2. If the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of 7 days following the service on the Issuer of a written notice requiring that breach to be remedied;
- 15.1.3. Should any, representation, warranty or undertaking made in connection with any documentation supplied by the Issuer be, in the Arranger's opinion, materially incorrect;
- 15.1.4. If the Issuer initiates bankruptcy or insolvency proceedings or becomes insolvent, or is provisionally or finally sequestrated, or is provisionally or finally wound up, or is unable to pay its debts as they become due as prescribed under the CAMA or any other applicable law, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors;
- 15.1.5. Should the shareholders of the Issuer pass a resolution for the winding up of the Issuer;
- 15.1.6. If an attachment, execution or other legal process is levied, enforced upon, issued on or against a material or substantial part of any assets of the Issuer and is not discharged or stayed within 90 days of service by the relevant officer of the court of such attachment, execution or other legal process; or
- 15.1.7. If a writ of execution is issued by any competent court attaching any material or substantial part of assets belonging to the Issuer and such remains unsatisfied for more than 10 Business Days after the date on which it is issued.

**15.2. Action upon Event of Default**

- 15.2.1. Upon the occurrence of an Event of Default which is continuing, any Noteholder may by written notice to the Issuer at its specified Office(s), effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.
- 15.2.2. Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of Nigeria.

**TAX CONSIDERATIONS**

---

The Issuer shall bear and pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery and performance of the Deed of Covenant, and shall indemnify each Noteholder against any claim, demand, action, liability, damage, cost, loss or expense (including, without limitation, any properly incurred legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## RISK FACTORS

*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Notes. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Programme Memorandum, which may describe additional risks associated with the Notes. Investors should also seek professional advice before making investment decisions in respect of the Notes.*

### IN RELATION TO THE COMPANY

ANFIL is exposed to operational and market risks in its ordinary course of business. Whilst the Issuer believes that it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and/or reputation of the Issuer. The following is a description of the risk factors which are material in respect of the financial situation of ANFIL as the Issuer of the Commercial Paper Notes under the Programme.

#### 1. Business Risks – These are the risks that ANFIL faces in its operations and include the following:

***The Company may be affected by product liability claims or otherwise be subject to adverse publicity***

The Company may be affected by product liability claims resulting from tampering by unauthorised third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, and other agents. In addition, any significant product liability claim against the Company could also subject the Company to adverse publicity. Furthermore, the Company may be subject to adverse publicity relating to other matters, including, but not limited to, product quality, brands, complaints and production facilities. Adverse publicity may negatively impact the Company's reputation, regardless of whether or not the allegations are valid.

***Industrial Actions may cause disruptions to operations***

The Company may face industrial action, disturbances across its workforce or employees may otherwise oppose the closure of production facilities. Any such actions, disturbances or opposition could result in a deterioration of the Company's relationship with its employees. In addition, the Company may experience a disruption of operations and increased costs as a result of such actions or disturbances. Therefore, any major deterioration in relationship with employees, trade unions and other employee representative bodies could have a material adverse effect on the Company's business, financial condition and results of operations

#### 2. Environmental Risks - These are losses that may arise due to significant natural occurrences in the environment. The operations of the Company are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards:

***Any major natural disaster may significantly affect the day-to-day operations of the Company and may result in severe damage beyond the Company's control and adversely affect the Company's business.***

The nature of environmental risks is that they are often sudden, unpredictable and unforeseen. Although the Company feels that it has sufficient processes and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect the Company's business.

**RISK FACTORS*****Non-compliance with established environmental rules and regulations is also a threat to the Company***

Failure to comply with environmental laws and regulations in Nigeria could subject the Company to potential liabilities or result in the limitation or suspension of the sale or production of product

***The operations of the Company may pose certain hazards to the environment, which include but are not limited to release of dust particles into the atmosphere***

The Company may be liable for clean-up costs, replacement costs or subject to litigation claims under hazardous conditions. Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Company to incur additional costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect financial performance.

**3. Sector Risks – These are the risks generally facing the Lead Manufacturing Industry:*****A significant loss of market share by ANFIL may lead to a decline in earnings if consumers opt for competitor products and/or substitute brands***

Consumer pricing and value for money are critical measures that determine the popularity and demand for the Company's brands. ANFIL products compete with other brands on the basis of quality, price, availability and market demand. In addition, if the Company is unable to remain up to date in its production and distribution strategies, this may result in the loss of market share to competitors who are able to do so. A loss of market share to a competitor would reduce the prevalence of the Company's brand in the market and negatively impact its earnings.

**4. Regulatory Risk – these are the risks brought about through adherence to regulation governing the sector, which may have a negative impact on the way the Company operates:**

The Company's operations may be affected by unfavourable governmental policies and regulations in both Nigeria and countries from which it imports its raw materials.

**5. Market Risks - These are risks arising from the fluctuation in the value of financial instruments caused by changes in market prices such as interest rate, exchange rates and other prices:**

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates, interest rates and other prices. Exposure to market risk is measured using sensitivity analyses.

**6. Currency Risks - These are risks that arise from the change in price of one currency against another:**

The input costs of ANFIL are subject to fluctuation in the exchange rate of the Naira against the United States Dollar. The Company undertakes transactions denominated in foreign currencies such as the importation of a proportion of the Company's raw materials. As some of ANFIL's raw materials are imported, ANFIL is vulnerable to volatility in the Naira to United States Dollar exchange rate. Unfavourable movement in exchange rates may affect the Company's foreign currency transactions and have a negative impact on the Company's financial condition.

**7. Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates:**

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. It conducts sensitivity analyses that are determined based on the exposure to interest



**RISK FACTORS**

---

rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1000 basis point (BP) increase or decrease is used when reporting the Nigerian Interbank Offered Rate (NIBOR) risk internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

**8. Credit Risk Management - Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company:**

A default by a counterparty poses the risk of the Company incurring higher costs in debt recovery. Where the debts are recovered or obligations enforced late, there are financial losses as a result of the time value of money for the period the debt was unrecovered or delays in production due to delays in performance. In the event that the debt cannot be recovered, financial loss is incurred

**IN RELATION TO THE NOTES****1) Limited active trading market for the Commercial Paper**

Any Series or Tranche issued under the Programme will be new securities for which there may be no active two-way quote trading market, thus, the liquidity of the notes may be limited. Although an application will be made for commercial papers issued under the Programme to be quoted on the FMDQ (subject to the provisions of the applicable Supplement), there is no assurance that an active trading market will develop or any quotation or admission to trading of the commercial papers will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche/ Series of the commercial papers.

**2) Credit ratings may not reflect the full impact of the commercial papers' risks**

The commercial papers will assume the entity rating of ANFIL or may be assigned separate rating by or any SEC registered rating agency appointed by the Issuer as specified in the relevant Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above and any other factors that may affect the value of the commercial papers. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**3) Modifications, waivers and substitution**

The Conditions of the commercial papers contain provisions for modification of the Terms and Conditions and for calling general meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

---

## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

---

*Words used in this section shall bear the same meanings as used in the section headed "Definitions and Interpretations", except to the extent that they are separately defined in this section or the meaning if applied, would be clearly inappropriate for the context.*

### Clearing System

The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, each Series or Tranche of Notes will be held in custody by the CSD, either in the name of the beneficial owner or Nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSD. Subject as aforesaid, each Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through authorised participants who will follow the electronic settlement procedures prescribed by the CSD.

### Authorised Participants

The CSD will maintain a central securities account for Dealing Members (the "Authorised Participants") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Noteholders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participant is FBNQuest Merchant Bank Limited and any other bank appointed by the Issuer to act as ICPA.

### Registration

- i. The Authorised Participant shall register with the CSD, where CP custody and depository services are required. The Authorised Participant shall complete the required Form and shall be required to submit proof of appropriate FMDQ membership along with the completed form.
- ii. Noteholders are required to route their account opening applications and transactions through the Authorised Participant, who will officially notify THE CSD to create sub-accounts for these Noteholders and attach Noteholders' mandates to this effect.
- iii. The CSD will assign a unique identification number (the "Trade Member Code") to the Authorised Participant and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CPs.
- iv. FMDQ shall request for the CP to be registered with the CSD, who in turn shall furnish FMDQ and the Authorised Participant with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participant.
- v. The CSD will re-open the existing ISIN code for all tranches with same maturity dates, however new ISIN codes will be issued for tranches with different maturity dates.

### Custody and Dematerialisation

- i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with the CSD by completing the required CSD Form
- ii. All holders of CP notes must route these notes through the Authorised Participant who will then submit on the Registrar's authorised platform in dematerialised form.
- iii. The Authorised Participant may also decide to keep the CPs in physical form with the Registrar (subject to service agreement with the Registrar), acting as the Custodian for the issue.
- iv. The Authorised Participant can also lodge the CP(s) electronically by using the Registrar's e-lodgement format.
- v. The Authorised Participant will advise the Registrar, after dematerialisation or e-lodgement to transfer CPs to Noteholders' (or their custodians') accounts at the Registrar before trading commences.

**SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

- vi. Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and the Registrar shall process the same within 24 hours of receipt.

**Redemption**

- i. No transactions or trades may be effected for any CPs two (2) working days prior to its maturity date as the register closes two (2) working days before the Maturity Date.
- ii. The Authorised Participant will submit a letter to the Registrar confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) working days before the Maturity Date.
- iii. The Registrar shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.
- iv. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following working day.
- v. In case of default by the Issuer, the Issuing and Placing Agents and the Calculating and Paying Agent must notify the CSD and FMDQ Exchange latest by 3.00pm on the Maturity Date to make public, the default status of the CP to the market.
- vi. In case of (v) above, the CP must remain with the CSD until the CPA pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence.
- vii. Thereafter, the CSD will notify the public and expunge the CP accordingly

**Roll-Over**

- i. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.
- ii. Upon granting approval for rollover, FMDQ shall request for the rollover CP to be registered with the Registrar, who in turn shall furnish FMDQ and the Authorised Participant with the new CP Symbol and ISIN Codes, subject to receipt of CP rollover fees from the Authorised Participant.
- iii. The Registrar shall expunge the existing CP Symbol and ISIN Codes from the system and replace with the new codes.

**Default**

- i. Where the Issuer is unable to repay the Noteholders and the CP will be in default status, the Authorised Participant shall notify the Registrar, FMDQ, as well as the Noteholders, latest two (2) Business Days before the Maturity Date, latest by 3.00pm.
- ii. The Registrar shall make public the default status to the market latest by the date which is one (1) Business Day before the Maturity Date.
- iii. In case of (i) above, the CP holdings must remain with the Registrar until the ICPA pays off the Noteholders and notifies the Registrar and the FMDQ with evidence.
- iv. Thereafter, the Registrar will notify the public and expunge the CP from the Registrar's depository accordingly.

**Secondary Market Trading Guidelines**

- i. Standard settlement cycle is T+2.
- ii. FMDQ shall submit the confirmed CP trade details on trade day in the specified format via the Registrar's authorised platform, based on the following settlement timelines:
  - Same Day Settlement: 12.30 p.m.
  - T+1 or T+2 Settlements: 3.00 p.m.
- iii. The Registrar shall deliver securities and send confirmation of transfers via the Registrar's authorised platform by 2.00 p.m. on the settlement date to FMDQ and the Nigeria Inter-Bank Settlement System ("NIBSS") simultaneously. The Authorised Participant shall state the particular account number where the CP(s) will be settled.

**SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

---

- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ and the Registrar simultaneously.
- v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

**Reporting**

- i. The Registrar shall effect the transfer of CPs on the settlement date as advised by the Authorised Participant or the FMDQ and keep records of consideration for each transaction.
- ii. The Registrar will advise the Authorised Participant or the FMDQ for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.
- iv. The Authorised Participant can visit the Registrar's website to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the Registrar's online service.

**Transfer of Notes**

Title to beneficial interest in the Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the Registrar and may be transferred only in accordance with rules and operating procedures of the Registrar.

**Cash Settlement**

Transaction parties will be responsible for effecting the payment transfers via Real Time Gross Settlement, National Electronic Funds Transfer or any other transfer mode agreed by the transaction parties and recognised by the CBN.



RC: 988867

AFRICAN NONFERROUS INDUSTRIES LIMITED

**Issue of Up to ₦[●] (Series 1) Commercial Paper Notes  
Under its ₦10,000,000,000  
Commercial Paper Issuance Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, originally dated 10 February 2023 prepared by FBNQuest Merchant Bank Limited on behalf of African Nonferrous Industries Limited in connection with its ₦10,000,000,000 Commercial Paper Issuance Programme (“the Programme Memorandum”), as amended and/or supplemented from time to time.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

This document constitutes the Applicable Pricing Supplement relating to the issue of Commercial Paper Notes (“CP Notes” or “the Notes”) described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

This document has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11<sup>th</sup> September 2019 and the FMDQ Exchange Commercial Paper Registration and Quotation Rules in force from time to time. The document is not required to be registered with the Nigerian Stock Exchange (“NSE”) or the Securities and Exchange Commission (“SEC”). The document is important and should be read carefully, if any recipient is in any doubt about its contents or the actions to be taken, such recipient should consult his/her Banker, Stockbroker, Accountant, Solicitor any other professional adviser for guidance immediately.

**Lead Arranger and Dealer  
Issuing, Collecting and Paying Agent  
FBNQUEST MERCHANT BANK LIMITED  
RC: 264978**

**Joint Arranger and Dealer  
CORONATION MERCHANT BANK LIMITED  
RC 207138**

This Pricing Supplement Is Dated [●]

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

|   |  |
|---|--|
| <b>Issuer</b>   | African Nonferrous Industries Limited  |
| <b>Lead Arranger &amp; Dealer, Issuing, Collecting and Paying Agent</b> | FBNQuest Merchant Bank Limited   |
| <b>Sponsor to the Quotation of the CP</b>                               |  |
| <b>Joint Arranger &amp; Dealer</b>                                      | Coronation Merchant Bank Limited   |
| <b>Receiving Bank</b>   | FBNQuest Merchant Bank Limited   |
| <b>Auditors</b>   | Ernst & Young  |
| <b>Solicitors</b>   |  |
| <b>Custodian</b>  | FMDQ Depository Limited  |
| <b>Series Number</b>  | 1  |
| <b>Programme Size</b>   | ₦10,000,000,000  |
| <b>Issued and Outstanding at the date of this Pricing Supplement</b>    | ₦[●]   |
| <b>Face Value</b>   | ₦[●]   |
| <b>Discounted Value</b>   | ₦[●]   |
| <b>Nominal Amount Per Note</b>  | ₦[●]   |
| <b>Tenor</b>  | [●]  |
| <b>Issue Date</b>   | [●]  |
| <b>Maturity Date</b>  | [●]  |
| <b>Final Redemption Amount</b>  | [●]  |
| <b>Minimum Subscription</b>   | ₦5,000,000 and multiples of ₦1,000 thereafter  |
| <b>Specified Currency</b>   | Nigerian Naira (₦)   |
| <b>Status Of Notes</b>  | Each Note constitutes a senior unsecured obligation of the Issuer and rank <i>pari passu</i> among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time |
| <b>Restriction on Issuance/Sale and Transfer of the CP Notes</b>        | The issuance, sale and transfer of the Notes shall be restricted to Qualified Institutional Investors (“QIIs”)   |
| <b>Form Of Notes</b>  | Uncertificated   |
| <b>Quoting</b>  | The FMDQ Exchange platform or any other recognised Exchange  |
| <b>Taxation</b>   | Please refer to the ‘Tax Considerations’ section in the Programme Memorandum   |
| <b>Method Of Offer</b>  | Fixed Price Offer  |
| <b>Book Closed Period</b>   | The Register will be closed from [●] to [●] until the Maturity Date  |
| <b>Implied Yield</b>  | [●]%   |
| <b>Discount Rate</b>  | [●]%   |
| <b>Basis For Determining Amount(s) Payable</b>                          | $PV = FV * (1 - (DR * t / \text{actual number of days in a year}))$  |
| <b>Day Count Fraction</b>   | Actual/Actual (actual number of days in a month and actual number of days in a year)   |
| <b>Business Day Convention</b>  | Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria  |
| <b>Use of Proceeds</b>  | To support short term funding requirements   |

---

**PRO FORMA APPLICABLE PRICING SUPPLEMENT**


---

|  |   |
|--|---|
| <b>Source of Repayment</b>   | General cash flows  |
| <b>Redemption/Payment Basis</b>  | Redemption at par   |
| <b>Issuer's Early Redemption</b>   | Not Applicable  |
| <b>Issuer's Optional Redemption</b>  | Not Applicable  |
| <b>Issuer's Optional Redemption</b>  | Not Applicable  |
| <b>Other Terms Applicable On Redemption</b>  | [●]   |
| <b>Offer Opens</b>   | [●]   |
| <b>Offer Closes</b>  | [●]   |
| <b>Allotment Date</b>  | [●]   |
| <b>Notification Of Allotment</b>   | All applicants will be notified through an email and/or telephone of their allotment by no later than [●]           |
| <b>Payment Date</b>  | [●]   |
| <b>Details Of Bank Account(s) To Which Payments Are To Be Made In Respect Of The Notes</b> | <b>Bank:</b><br><b>Account Name:</b><br><b>Account Number:</b><br><b>Sort Code:</b>                                 |
| <b>Settlement Procedures And Settlement Instructions</b>                                   | Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)                     |
| <b>Issuer Rating</b>   | [.] (short term) expiring [.] by Global Credit Rating Co<br>[.] (long term) expiring [.] by Global Credit Rating Co |
| <b>Specified Office of Arranger</b>  | FBNQuest Merchant Bank Limited<br>16 Keffi Street<br>Off Awolowo Road<br>Ikoyi, Lagos                               |

**CORPORATE ACTIONS**

Except as disclosed in this document, there have been no corporate actions since the December 31, 2021 audited accounts.

**MATERIAL ADVERSE CHANGE STATEMENT**

Except as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer since the December 31, 2021 audited accounts.

**RESPONSIBILITY**

The Issuer and its Board of Directors accepts responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Programme Memorandum and supplemental Programme Memorandum, if any, contains all information that is material in the context of the issue of the Notes.

Signed at African Nonferrous Industries Limited, KM 45 Ikorodu, Sagamu Expressway, Ogijo , Ogun State, Nigeria on this [●] day of [●], 2023.

**PRO FORMA APPLICABLE PRICING SUPPLEMENT**

---

For and on behalf of African Nonferrous Industries Limited

\_\_\_\_\_  
Name  
Capacity: Director  
Who warrants his/her authority hereto  
hereto

\_\_\_\_\_  
Name  
Capacity: Director  
Who warrants his/her authority



## AUDITOR'S COMFORT LETTER



Building a better  
working world

Ernst & Young  
10th Floor  
UBA House  
57, Marina  
P. O. Box 2442, Marina  
Lagos.

Tel: +234 (01) 631 4500  
Fax: +234 (01) 463 0481  
Email: Services@ng.ey.com  
www.ey.com

23 December 2022

The Managing Director  
African Nonferrous Industries Limited  
Km 45, Ikorodu-Sagamu Express Way  
Ogijé  
Ogun State.

Dear Sir,

**REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY COMBINED HISTORICAL FINANCIAL STATEMENTS WITH RESPECT TO THE 10 BILLION NAIRA COMMERCIAL PAPER OF AFRICAN NONFERROUS INDUSTRIES LIMITED**

The accompanying summary combined financial statements, which comprise the summary statements of financial position as at 31 December 2021, 31 December 2020, and 31 December 2019 and the summary statements of profit or loss and other comprehensive income for the years ended 31 December 2021, 31 December 2020, and 31 December 2019 and summary statements of cash flows for the years then ended, are derived from the audited financial statements of African Nonferrous Industries Limited ("the Issuer") for the years ended 31 December 2021, 31 December 2020, and 31 December 2019 ("the audited financial statements"). We expressed an unmodified audit opinion on those audited financial statements in our reports dated 14 July 2022, 25 August 2021 and 19 November 2020 respectively.

Those audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

**Summary financial statements**

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act No. 6, 2011, applied in the preparation of the audited financial statements. Therefore, the summary financial statements are not a substitute for the audited financial statements of the Company.

**Director's responsibility for the summary combined financial statements**

The Directors are responsible for the preparation and fair presentation of a summary of the audited financial statements in accordance with the Companies and Allied Matter Act, 2020, International Financial Reporting Standards, and the FMDQ commercial paper quotation rules.

**Auditors' responsibilities for the summary financial statements**

Our responsibility is to express an opinion based on our procedures, which were conducted in accordance with International Standards on Auditing, on whether the summary financial statements are consistent, in all material respects, with the audited financial statements.



### Opinion

The accompanying summary financial information, included in the Programme Memorandum for the ₦10,000,000,000 (Ten Billion Naira) Commercial Paper Issuance Programme (the "CP Programme") on pages 42 to 44 (the "Historical Financial Information"), which comprise the statements of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019, the statements of profit or loss and other comprehensive income, and the statements of cash flows for the respective years then ended are derived from the Audited Financial Statements of African Nonferrous Industries Limited for the years ended 31 December 2021, 31 December 2020 and 31 December 2019.

In our opinion, the Summary Financial Information are consistent, in all material respects, with the Audited Financial Statements.

.....  
Omolola Alebiosu, FCA  
FRC/2012/ICAN/00000000145  
For: Ernst & Young  
Lagos, Nigeria



23 December 2022



## EXTRACT OF THE ISSUER'S AUDITED FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | 31-Dec-2021      | 31-Dec-2020      | 31-Dec-2019      |
|---|------------------|------------------|------------------|
|   | N'000            | N'000            | N'000            |
| Revenue   | 17,726,470       | 9,285,217        | 9,349,294        |
| Direct costs                                      | (12,842,188)     | (6,454,494)      | (6,194,711)      |
| <b>Gross profit</b>                               | <b>4,884,282</b> | <b>2,830,723</b> | <b>3,154,583</b> |
| Other income                                      | 250,000          | 1,229,582        | 22,944           |
| Administrative expenses                           | (285,800)        | (226,589)        | (188,853)        |
| Impairment (loss) write back on trade receivables | (37)             | 1,492            | (1,518)          |
| <b>Result from operating activities</b>           | <b>4,848,445</b> | <b>3,835,208</b> | <b>2,987,156</b> |
| Finance income                                    | 155,145          | 366,723          | 171,705          |
| Finance costs                                     | (314,704)        | (573,151)        | (642,666)        |
| <b>Profit before tax</b>                          | <b>4,688,886</b> | <b>3,628,780</b> | <b>2,516,195</b> |
| Income tax expense                                | (467)            | (2,757)          | (162)            |
| <b>Profit for the year</b>                        | <b>4,688,419</b> | <b>3,626,023</b> | <b>2,516,033</b> |
| Other comprehensive income, net of tax            | -                | -                | -                |
| <b>Total comprehensive income for the year</b>    | <b>4,688,419</b> | <b>3,626,023</b> | <b>2,516,033</b> |
| <b>Earnings per share</b>                         |                  |                  |                  |
| Basic/ diluted earnings per share (Naira)         | 9.38             | 362.60           | 251.60           |



## EXTRACT OF THE ISSUER'S AUDITED FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

|   | 31-Dec-2021<br>N'000 | 31-Dec-2020<br>N'000 | 31-Dec-2019<br>N'000 |
|---|----------------------|----------------------|----------------------|
| <b>Assets:</b>                                      |                      |                      |                      |
| <b>Non-Current assets</b>                           |                      |                      |                      |
| Property, plant and equipment                       | 3,513,580            | 2,736,656            | 2,891,703            |
| <b>Total non-current assets</b>                     | <b>3,513,580</b>     | <b>2,736,656</b>     | <b>2,891,703</b>     |
| <b>Current assets</b>                               |                      |                      |                      |
| Inventories   | 5,965,092            | 3,573,480            | 2,022,789            |
| Trade and other receivables                         | 8,478,477            | 6,106,757            | 6,953,764            |
| Prepayments   | 23,892               | 23,258               | 3,677                |
| Cash and bank balances                              | 3,335,434            | 256,562              | 29,278               |
| <b>Total current assets</b>                         | <b>17,802,895</b>    | <b>9,960,057</b>     | <b>9,009,508</b>     |
| <b>Total assets</b>                                 | <b>21,316,475</b>    | <b>12,696,713</b>    | <b>11,901,211</b>    |
| <b>Equity and liabilities</b>                       |                      |                      |                      |
| <b>Equity</b>                                       |                      |                      |                      |
| Issued share capital                                | 500,000              | 10,000               | 10,000               |
| Retained earnings                                   | 13,660,454           | 8,972,035            | 5,346,012            |
| <b>Equity attributable to owners of the Company</b> | <b>14,160,454</b>    | <b>8,982,035</b>     | <b>5,356,012</b>     |
| <b>Non-current liabilities</b>                      |                      |                      |                      |
| Loans and borrowings                                | 1,972,395            | 732,060              | 966,147              |
| Government grant                                    | 250,314              | 140,080              | 210,120              |
| Deferred taxation                                   | -                    | -                    | -                    |
| <b>Total non-current liabilities</b>                | <b>2,222,709</b>     | <b>872,140</b>       | <b>1,176,267</b>     |
| <b>Current liabilities</b>                          |                      |                      |                      |
| Trade and other payables                            | 1,258,914            | 205,672              | 121,271              |
| Loans due to related parties                        | -                    | 1,000,825            | 2,452,900            |
| Loans and borrowings - third parties                | 3,558,822            | 1,563,244            | 2,624,559            |
| Government grant                                    | 115,109              | 70,040               | 70,040               |
| Income tax payable                                  | 467                  | 2,757                | 162                  |
| <b>Total current liabilities</b>                    | <b>4,933,312</b>     | <b>2,842,538</b>     | <b>5,368,932</b>     |
| <b>Total liabilities</b>                            | <b>7,156,021</b>     | <b>3,714,678</b>     | <b>6,545,199</b>     |
| <b>Total equity and Liabilities</b>                 | <b>21,316,475</b>    | <b>12,696,713</b>    | <b>11,901,211</b>    |



## EXTRACT OF THE ISSUER'S AUDITED FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

|  | 31-Dec-2021      | 31-Dec-2020        | 31-Dec-2019        |
|--|------------------|--------------------|--------------------|
|  | N'000            | N'000              | N'000              |
| <b>Cash flow from operating activities</b>                   |                  |                    |                    |
| Profit before taxation                                       | 4,688,886        | 3,628,780          | 2,516,195          |
| <b>Adjustments for:</b>                                      |                  |                    |                    |
| Depreciation of property, plant and equipment                | 144,698          | 215,370            | 171,231            |
| Impact of foreign exchange difference                        | 126,148          | 396,674            | (68,130)           |
| Impairment loss/ (write back) on trade receivables           | 37               | (1,492)            | 1,518              |
| Finance cost   | 314,704          | 573,151            | 642,666            |
| Finance income   | (155,145)        | (366,723)          | (171,705)          |
| <b>Changes in assets and liabilities</b>                     |                  |                    |                    |
| Increase in inventories                                      | (2,391,612)      | (1,550,691)        | 1,000,933          |
| (Increase)/ decrease in trade and other receivables          | (2,121,760)      | 848,500            | (2,489,976)        |
| Increase in prepayments                                      | (634)            | (19,581)           | (2,593)            |
| Increase in trade and other payables                         | 1,053,242        | 84,401             | 63,051             |
| Tax paid   | (2,757)          | (162)              | (541)              |
| <b>Net cash generated from operating activities</b>          | <b>1,655,807</b> | <b>3,808,227</b>   | <b>1,662,649</b>   |
| <b>Investing activities</b>                                  |                  |                    |                    |
| Acquisition of property, plant and equipment                 | (921,622)        | (60,323)           | (1,646,377)        |
| Interest received  | 4                | 10                 | 126                |
| <b>Net cash used in investing activities</b>                 | <b>(921,618)</b> | <b>(60,313)</b>    | <b>(1,646,251)</b> |
| <b>Financing activities</b>                                  |                  |                    |                    |
| Proceeds from borrowings                                     | 4,956,350        | 5,986,859          | 7,713,556          |
| Increase in share capital                                    | 240,003          | -                  | -                  |
| Repayment of borrowings                                      | (2,683,338)      | (9,208,907)        | (8,009,780)        |
| Interest paid  | (169,196)        | (276,655)          | (402,957)          |
| <b>Net cash provided by/ (used in) financing activities</b>  | <b>2,343,819</b> | <b>(3,498,703)</b> | <b>(699,181)</b>   |
| <b>Net increase/ (decrease) in cash and cash equivalents</b> | <b>3,078,008</b> | <b>249,211</b>     | <b>(682,785)</b>   |
| Cash and cash equivalents at the beginning of the year       | 256,558          | 7,347              | 699,132            |
| Net foreign exchange difference on cash held                 | -                | -                  | -                  |
| <b>Cash and cash equivalents at the end of the year</b>      | <b>3,334,566</b> | <b>256,558</b>     | <b>7,347</b>       |

# African Non-Ferrous Industries Limited

Issuer Rating:

## A-

*This is a company with good financial condition and strong capacity to repay obligations on a timely basis.*

Outlook: Stable

Issue Date: 21 October 2022

Expiry Date: 30 June 2023

Previous Rating: N/A

Industry: **Non-Ferrous Metals (Lead) Manufacturing**

| Outline                              | Page |
|--------------------------------------|------|
| Rationale                            | 1    |
| SWOT Analysis                        | 3    |
| Non-Ferrous Metals Industry Overview | 4    |
| Company's Profile                    | 7    |
| Financial Condition                  | 8    |
| Ownership, Mgt. & Staff              | 13   |
| Outlook                              | 15   |
| Financial Summary                    | 16   |
| Rating Definitions                   | 20   |

Analysts:

**Racheal Animashaun**

rachealanimashaun@agusto.com

**Isaac Babatunde**

isaacbabatunde@agusto.com

**Agusto & Co. Limited**

UBA House (5th Floor)

57, Marina

Lagos

Nigeria

www.agusto.com

## RATING RATIONALE

- Agusto & Co. hereby assigns an "A-" rating to African Non-Ferrous Industries Limited ("African Non-Ferrous Industries", "ANFIL" or "the Company"). The assigned rating reflects the Company's financial condition characterised by its good profitability buoyed by the continued expansion in production capacity and sales volume as well as the rise in international Lead prices. The rating is further enhanced by the off-take agreement with offshore customers for its high-quality Lead which also commands a premium on international prices as well as the Company's satisfactory cash flow and moderate leverage position. The rating also considers ANFIL's stable, experienced and qualified management team as well as the strong technical and financial support the Company enjoys from African Industries Group (AIG)<sup>1</sup>. Furthermore, the rating takes cognisance of the ongoing plant expansion which we believe would result in a higher earnings capacity over the near to medium term, in addition to the strong governmental support for export-oriented businesses in Nigeria. However, the rating is moderated by the Company's concentrated ownership profile, inadequate working capital and the governance structure that needs further strengthening in line with best practices. The rating is also tempered by ANFIL's exposure to volatilities in the global commodities market and the persistent inflationary pressures in Nigeria with resultant adverse impact on margins.
- African Non-Ferrous Industries Limited is a leading producer and exporter of high-purity refined Lead in Nigeria. The Company is part of African Industries Group (AIG), a conglomerate with several business interests in Nigeria. ANFIL has a fully integrated Lead manufacturing plant with 30,000 metric tonnes per annum capacity located in Ogijo, Ogun State, which it plans to scale up to 40,000 metric tonnes per annum before the end of 2023.
- ANFIL generates revenue predominantly from the sale of refined Lead to various commodity trading and metals manufacturing companies in North America, the Middle East, Asia and Europe mostly under an off-take agreement. In the financial year ended 31 December 2021, African Non-Ferrous Industries Limited's revenue grew by approximately 91% year-on-year to ₦17.7 billion, driven by higher sales volume and price increases. In

<sup>1</sup> AIG is a leading player in the metals manufacturing industry in Nigeria with its long track record of business operation and a well-diversified portfolio of industrial products in Nigeria

The copyright of this document is reserved by Agusto & Co. Limited. No matter contained herein may be reproduced, duplicated or copied by any means whatsoever without the prior written consent of Agusto & Co. Limited. Action will be taken against companies or individuals who ignore this warning. The information contained in this document has been obtained from published financial statements and other sources which we consider to be reliable but do not guarantee as such. The opinions expressed in this document do not represent investment or other advice and should therefore not be construed as such. The circulation of this document is restricted to whom it has been addressed. Any unauthorized disclosure or use of the information contained herein is prohibited.

## AFRICAN NONFERROUS INDUSTRIES LIMITED

### Long-Term Rating:

# A

Short Term Rating: A1  
 Rating Outlook: Stable  
 Trend: UP  
 Currency: Naira  
 Date Issued: 6 Sept., 2022  
 Valid Till: 5 Sept., 2023

### Reference:

Abiodun Adeseyoju, FCA.  
 Abimbola Adeseyoju  
 Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

### EXECUTIVE SUMMARY

|                     | 2021<br>₦'000 | 2020<br>₦'000 | 2019<br>₦'000 | 2018<br>₦'000 |
|---------------------|---------------|---------------|---------------|---------------|
| Turnover            | 17,726,470    | 9,285,217     | 9,349,294     | 10,382,231    |
| Pre-Tax-Profit      | 4,688,886     | 3,628,780     | 2,516,195     | 2,299,353     |
| Shareholders Fund   | 14,160,454    | 8,982,035     | 5,356,012     | 2,839,979     |
| Prop. Plant & Equip | 3,513,580     | 2,736,656     | 2,891,703     | 1,416,557     |
| Long Term Debt      | 2,222,709     | 872,140       | 1,176,267     | 1,567,500     |

### Rating Explanation

The Short-Term Rating of A1 indicates *Good Credit Quality* and satisfactory capacity for timely payment of financial commitments.

The Long-Term Rating of A indicates *Low Risk*. It shows Very Good Financial Strength, Operating Performance and Business Profile when compared to the standard established by DataPro. This Company, in our opinion, has strong ability to meet its ongoing obligations.

### RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

#### Strengths:

- High Revenue Profile
- Experienced Management Team
- Leverage on Group Company
- Good Liquidity Profile
- Strong Market Share

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

## LEGAL OPINION ON THE NOTES

---

### 1. INTRODUCTION

1.1 We have acted as legal counsel to African Nonferrous Industries Limited (the “**Issuer**”) in connection with:

- (a) The establishment of the ₦10,000,000,000 (Ten Billion Naira) commercial paper issuance programme (the “**Programme**”) under which the Issuer may from time to time, issue commercial paper notes (the “**Notes**”) in separate series or tranches to support the Issuer’s working capital requirements (the “**Transaction**”);
- (b) the negotiation and preparation of the following (together the “**Transaction Documents**”):
  - (i) an Issuing and Placing Agency Agreement dated 10 February 2023 and entered into between the Issuer, Coronation Merchant Bank Limited and FBN Quest Capital Limited as agents (the “**IPAs**”);
  - (ii) a Collecting and Paying Agency Agreement dated 10 February 2023 and entered into between the Issuer and Fidelity Bank Plc as agent (the “**CPA**”);
  - (iii) a Deed of Covenant dated 10 February 2023 and entered into as a deed poll by the Issuer in favour of the Noteholders (the “**Deed of Covenant**”);
  - (iv) a programme memorandum in connection with the Transaction dated 10 February 2023 (the “**Programme Memorandum**”); and

1.2 This opinion (the “**Opinion**”) is rendered pursuant to paragraph 4 of Schedule 3 of the Issuing and Placing Agency Agreement.

1.3 All capitalised terms used in this Opinion shall have the meanings ascribed to them in the Programme Memorandum, unless otherwise defined herein or the context otherwise requires. For the purposes of this Opinion, the following terms shall have the specific meanings given to them below:

“**FIRS**” means the Federal Inland Revenue Service;

“**High Court**” means the Federal High Court, the High Court of a state in Nigeria or the High Court of the Federal Capital Territory, Abuja;

“**Nigerian Court**” means any superior court of record in Nigeria, including the Supreme Court of Nigeria, the Court of Appeal, the Federal High Court, the National Industrial Court, the High Court of each of the states in Nigeria and the High Court of the Federal Capital Territory, Abuja;

“**Nigerian Law**” means as at the date of this Opinion, final decisions of the Nigerian Courts and any applicable statutes, laws or binding regulations made or imposed by any governmental authority in Nigeria and any treaty or international convention which Nigeria has given statutory force; and

“**Opinion Documents**” means the documents listed in paragraph 2 of Schedule 2 (*Documents and Enquiries*) of this Opinion.

### 2. DOCUMENTS



**LEGAL OPINION ON THE NOTES**

---

- 2.1 For the purposes of this Opinion, we have examined, reviewed and relied only on the Opinion Documents.
- 2.2 We have also reviewed such matters of law as we have considered appropriate for the purpose of rendering this Opinion.
- 2.3 We have completed only the searches and enquiries referred to in Schedule 2 (*Documents and Enquiries*) of this Opinion.

**3. EXTENT OF REVIEW AND EXAMINATION**

- 3.1 We have not carried out or assisted in the investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion of any person expressed to be a party to the Transaction Documents or any other person disclosed in the Transaction Documents or in determining whether any material fact has been omitted therefrom.
- 3.2 For the purpose of providing this Opinion, we have examined several drafts and the executed copies of the Opinion Documents but based this Opinion only on the executed copies of the Opinion Documents and conducted a corporate search on the Issuer to ascertain whether or not it has been declared insolvent.
- 3.3 We have not examined any document or agreement cross-referenced in any of the Transaction Documents save for any other transaction document and such other documents that we have considered necessary for the purpose of giving this Opinion.

**4. APPLICABLE LAW**

This Opinion is governed by Nigerian Law. We express no opinion on the laws of any other jurisdiction.

**5. ASSUMPTIONS**

For the purposes of this Opinion, we have, without independent verification or further enquiry, assumed the following:

**5.1 Original and *genuine* documentation**

- (a) All signatures, stamps and seals are genuine, all original documents are authentic, and all copy documents provided to us by email are complete and conform to the originals and continue to remain in full force and effect.
- (b) Any certificate referred to in Schedule 2 (*Documents and Enquiries*) is correct in all respects.

**5.2 Status of the transaction parties**

- (c) The resolutions of the board of directors of the Issuer referred to in Schedule 2 (*Documents and Enquiries*):
  - (i) were duly passed at properly convened meetings, of duly appointed directors (in the

**LEGAL OPINION ON THE NOTES**

---

case of the resolutions of the board of directors) of the Issuer; and

- (ii) have not been amended or rescinded and are in full force and effect.
- (d) The directors of the Issuer acted in good faith and in the interests of the Issuer in approving the transactions contemplated under the Transaction Document.
- (e) The lack of bad faith and absence of fraud, coercion, duress or undue influence on the part of any party to the Transaction Documents, their respective directors, employees, agents and advisers.

**5.3 Searches and Enquiries**

There has been no alteration in the status or condition of the Issuer as disclosed by the searches referred to in paragraph 1 of Schedule 2 (*Documents and Enquiries*) to this Opinion.

**5.4 Other Documents**

There is no agreement, instrument or other arrangement between any of the parties to the Transaction Documents which modifies or supersedes the Transaction Documents.

**6. OPINION**

Based on the assumptions stated above, and subject to the qualifications in Paragraph 7 (*Qualifications*) below, we are, as of the date hereof, of the following opinion:

**6.1 Corporate Existence**

The Issuer (i) is a private limited liability company duly incorporated and validly existing under the laws of the Federal Republic of Nigeria; and (ii) has the capacity to own, occupy and possess its properties, to carry on its business and activities as described in the Transaction Documents and to sue or be sued in its own name.

**6.2 Capacity and Due Authorisation**

The Issuer has the capacity, corporate power and authorisation to enter into, and perform the obligations contained in the Transaction Documents to which it is a party and has taken all necessary corporate authorisation to authorise the execution of the Transaction Documents, and the performance of its obligations thereunder including the issuance of the Notes.

**6.3 Insolvency**

To the best of our knowledge, no order has been made, or other steps taken, to liquidate or wind up the Issuer or to terminate its existence or to appoint a receiver, liquidator or similar

**LEGAL OPINION ON THE NOTES**

insolvency officer in respect of their business or assets or otherwise to place any of their business or assets outside the control of their respective directors.<sup>1</sup>

**6.4 Proper Form and Enforceability**

- (a) The obligations expressed to be assumed by the Issuer in the Transaction Documents to which it is party constitute legal, valid, binding and enforceable obligations in Nigeria.
- (b) Each Transaction Document is in the proper legal form for its enforcement against the Issuer in the Nigerian Courts in the most expeditious manner available under Nigerian Law.
- (c) The Noteholders are empowered to enforce the Deed of Covenant against the Issuer.
- (d) The issuance of the Notes in dematerialised form is legal and valid under Nigerian law.

**6.5 Non-conflict**

Neither the execution by the Issuer of the Transaction Documents to which it is a party, nor the performance of the obligations of the Issuer under the Transaction Documents:

- (a) will conflict with (i) its constitutional documents; or (ii) any Nigerian Law or any published decision or judgment of any governmental instrumentality of Nigeria or any similarly published arbitral award, in each case binding on the Issuer or its properties; or
- (b) will violate, contravene or result in a breach of any existing treaty, agreement or other instrument disclosed to us to which the Issuer is a party, or which is binding on the Issuer in order to assume its obligations under the Transaction Documents.

The Notes will be issued, and the Transaction Documents have been executed and delivered in compliance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on September 11, 2019, and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited of April 2021.

**6.6 Further Acts**

Save for the registration of the Notes with a registered Central Securities Depository who shall serve as the custodian and registrar of the Notes, the registration of the Notes on the FMDQ Securities Exchange Limited for quotation and as provided in paragraph 6.7 (*Stamp Taxes*), it is not necessary that the Transaction Documents be filed, recorded, registered, notarised or enrolled with any court or other governmental or regulatory authority, or that any consent, approval or authorisation be obtained from any such governmental or regulatory authority, or that any other acts, conditions or things be done, fulfilled or performed by the Issuer to ensure the legality, validity, enforceability or admissibility in evidence of the Transaction Documents or to enable the Issuer lawfully to enter into, exercise its rights or perform its obligations under the Transaction Documents to which it is a party<sup>2</sup>.

---

<sup>1</sup> We say to the best of our knowledge, because winding-up petitions (including other analogous steps) may be filed and heard before any division of the Federal High Court (or constitute the subject of appeals at higher court in the hierarchy of Nigerian Courts) and there is currently no systematic way of undertaking a comprehensive search of court records to allow for a definitive conclusion regarding the existence or non-existence of petitions of the nature under reference. Public notice of such events only occurs when an order arising from any such petition is published in the newspapers or filed at the CAC. However, based on our searches carried out at the CAC on the Issuer, no order or resolution for any suspension of payments, receivership, winding-up or similar insolvency proceedings has been registered in relation to the Issuer, nor has there been registered any notice of the appointment of a receiver, liquidator or similar insolvency representative over any part of the assets, business or undertaking of the Issuer.

<sup>2</sup> Section 313(1)(h) of the ISA provides that the Securities and Exchange Commission (“SEC”) may, from time to time, make rules and regulations for the purpose of giving effect to the ISA and may, in particular, make rules and regulations, among other things, prescribing that the provisions of the ISA shall not apply or shall apply with such modifications, if

## 6.7 Stamp taxes

- (a) Under the Stamp Duties Act,<sup>3</sup> any instrument executed in Nigeria, or relating, wheresoever executed, to any property situate or any matter or thing done or to be done in Nigeria is required to be stamped and an appropriate stamp duty paid in respect of the said instrument. Thus, the Transaction Documents will be liable to stamp duty; and are required to be stamped within forty (40) days from the date they are first executed or if such Transaction Document is subject to *ad valorem* rate, within thirty (30) days after they are first executed or have been received in Nigeria (including electronic documents), if executed outside Nigeria.
- (b) The Transaction Documents will be assessed and stamped at the prevailing stamp duties rate as of the time of stamping.
- (c) The Notes will be issued in a dematerialised form and as book entries in the register of the CSD. Historically, the Notes did not attract stamp duty, as it was not in certificated form. However, the Finance Act, 2019 has amended the definition of stamp to include an “electronic stamp” or an “electronic acknowledgment for denoting any duty or fee”.
- (d) Save for the payment of the aforementioned stamp duty which is assessed and payable in respect of the Transaction Documents (other than the Programme Memorandum and/or Pricing Supplement) and the Notes (where so assessed as noted in paragraph 6.7(c) above), to the Commissioner for Stamp Duties, no other stamp duty is payable, and no filing or registration is required in Nigeria in connection with the execution, delivery, performance, enforcement of any of the Notes or the Transaction Documents.
- (e) The Transaction Documents will not be admissible in evidence in any civil proceedings for the enforcement of rights thereunder in a Nigerian Court or arbitration if appropriate stamp duty is not paid thereon.

## 6.8 Withholding Tax

Interest payments on debt obligations are subject to withholding tax pursuant to the Companies Income Tax Act<sup>4</sup> and the Personal Income Tax Act<sup>5</sup>. As the Notes will not bear any interest (save for default interest in respect of late payments), all payments by the Issuer to Noteholders under the Transaction Documents may be made free and clear of and without withholding or deduction for or on account of, any income tax imposed, levied, collected, withheld or assessed by any Federal, State or Local government in Nigeria.

## 6.9 Pari Passu Ranking

---

any, as may be specified in the regulations to any person or any securities or to any transaction. Rule 8 of the Rules and Regulation of the SEC, 2013 (as amended) (the “**SEC Rules**”) provides that the provisions of the ISA and the SEC Rules requiring registration shall not apply to, among other things, any note, bill of exchange or banker’s acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity, at the time of issuance, not exceeding nine (9) months exclusive of days of grace, or the maturity of which is likewise limited. This means that commercial papers which have a maturity of two hundred and seventy (270) days or less (such as the Notes) are not required to be registered with the SEC.

<sup>3</sup> Cap S8 Laws of the Federation of Nigeria 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

<sup>4</sup> Cap, C21, Laws of the Federation of Nigeria, 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

<sup>5</sup> Cap, P8, Laws of the Federation of Nigeria, 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

**LEGAL OPINION ON THE NOTES**

---

The Notes established pursuant to the Transaction Documents when issued, will rank at least *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer, except for any such obligation which is mandatorily preferred under Nigerian Law.

**6.10 Immunity**

The Issuer is not entitled to claim in relation to itself or its assets any form of immunity from the service of processes, legal suits or proceedings and from the execution of judgments against it or its assets in any suit, action or proceedings arising out of the Transaction Documents.

**6.11 No Adverse Consequences**

- (a) Under the laws of Nigeria, the Noteholders will not be deemed to be resident, domiciled or carrying on business in or subject to, companies' taxation in Nigeria by reason only of holding Notes.
- (b) It is not necessary under the laws of Nigeria that the Noteholders be authorised or qualified to carry on business in Nigeria for the execution, delivery, performance or enforcement of their rights under the Notes.
- (c) The due performance by any party of any of its rights, duties, obligations or representations under the Transaction Documents (including the Notes), subject to complying with applicable Nigerian securities law, the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on September 11, 2019, and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited of April 2021, will not violate any existing applicable law or regulation in the Federal Republic of Nigeria (subject to the requirements of such party's constitutional documents (other than the Issuer)).

**6.12 Choice of Law**

The choice of Nigerian Law as the governing law of the relevant Transaction Documents is a valid choice of law and a Nigerian court or arbitral tribunal will apply same to give effect to the provisions of the relevant Transaction Documents.

**6.13 Dispute Resolution**

The submission to arbitration by the parties under the relevant Transaction Documents is permitted under the laws of Nigeria and an arbitral award rendered by a recognised arbitral tribunal would be enforced by the courts of Nigeria as a legal, valid and binding submission to arbitration subject to the provisions of the Arbitration and Conciliation Act<sup>6</sup>.

**7 GENERAL QUALIFICATIONS**

7.1 This Opinion is subject to the following qualifications:

- (a) In the case of such laws that have been subject to judicial interpretation or court action, we have relied on them as construed and enforced by duly constituted Nigerian Courts. With respect to the laws that have not been subject to judicial interpretation or been the subject

---

<sup>6</sup> Cap A18 LFN 2004

**LEGAL OPINION ON THE NOTES**

---

of court action, we have relied on those laws on the basis of our belief of how they would be so interpreted and enforced by the courts aforesaid.

- (b) This Opinion is expressed as of the date hereof and we assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.
- (c) We express no opinion as to any agreement, instrument or other document other than as specified in this Opinion.
- (d) Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which the Nigerian Courts will enforce. It does not mean that the obligation or document will necessarily be enforced in all circumstances as the validity, enforceability and/or binding nature of such obligations or documents under Nigerian Law will be subject to, amongst other things, the laws of bankruptcy, insolvency, receivership, reorganisation, liquidation, moratorium, including the Companies and Allied Matters Act<sup>7</sup>, the Bankruptcy Act,<sup>8</sup> and other Nigerian Laws affecting the rights of creditors generally. In particular, equitable remedies such as injunctions and specific performance are discretionary and are not generally available in circumstances where damages are considered by the Nigerian Courts to be an adequate remedy.
- (e) The enforcement of the rights of the parties under the Transaction Documents may with the passage of time become statute-barred under Nigerian Law or may be or become subject to the defence of set-off or to counterclaim.
- (f) The enforcement of obligations may be limited by the provisions of Nigerian Law, which may hold an agreement to have been frustrated by a supervening event such as illegality, dissolution or incapacity of a corporation and similar events.
- (g) The law relating to misrepresentation and fraud may mean that an agreement, or part of it, is rescinded and, therefore, unenforceable.
- (h) Where an obligation is to be performed in a jurisdiction outside Nigeria, that obligation may not be enforceable in Nigeria to the extent that its performance would be illegal or contrary to public policy under the laws of the jurisdiction in which it is to be performed; and the Nigerian Courts take account of the law of that jurisdiction.
- (i) Nigerian Courts may refuse to treat as final, conclusive and/or binding any notification, calculation, certificate or determination which is stated in a Transaction Document to be final, conclusive and/or binding if it is shown to have an unreasonable or arbitrary basis, or not to have been reached in good faith, despite a provision to the contrary.

**8 BENEFIT OF OPINION**

- (i) This Opinion is issued to and is, other than as referred to below, solely for the benefit of the Addressees and may not, without our prior written consent, be transmitted or disclosed to or used or relied upon by any other person or for any other purpose except in connection with the validity and enforceability of the Transaction Documents.
- (ii) This Opinion may, however be disclosed by the Addressees (i) to the extent required by law, regulation (including the rules of any applicable securities exchange) or any

---

<sup>7</sup> Companies and Allied Matters Act, 2020.

<sup>8</sup> Cap B2, Laws of the Federation of Nigeria, 2004.

**LEGAL OPINION ON THE NOTES**

---

governmental or competent regulatory authority or in connection with legal proceedings relating to the issuance of the Notes or any of the Transaction Documents; ii) to any person seeking to invest in the first series of the Notes; iii) to professional advisors in connection with the Transaction; iv) to any additional agents appointed under the Issuing and Placing Agency Agreement and Collecting and Paying Agency Agreement; and v) to the affiliates, officers, employees, auditors, regulators and professional advisers of the IPAs and CPA.

**GENERAL INFORMATION**

---

○ **Authorisation**

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of African Nonferrous Industries Limited dated 06 September 2022.

○ **Auditors**

Ernst & Young acted as auditors of the annual financial statements of the Issuer for the financial year ended 31 December, 2021, and was responsible for the audit, and issued unqualified reports.

○ **Going Concern**

The Issuer is at the date hereof a going concern, and can be reasonably expected to meet all of its obligations as and when they fall due.

○ **Litigation**

To be provided by the Solicitors

○ **Material Contracts**

The following agreements have been entered into and are considered material to this Programme:

- i. the Deed of Covenant dated 10 February 2023 executed by the Issuer as a deed poll in favour of the Noteholders;
- ii. the Dealer Agreement dated 10 February 2023 executed by the Arrangers and the Issuer; and
- iii. the Issuing, Placing, Paying and Collecting Agency Agreement dated 10 February 2023 executed by the Issuer and the Issuing, Placing, Paying and Collecting Agent.

Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.

○ **Ultimate Borrower**

The Issuer is the borrower in respect of the Notes.



**PARTIES TO THE TRANSACTION**

**ISSUER**

**African Nonferrous Industries Limited**  
KM 45 Ikorodu  
Sagamu Expressway  
Ogijo, Ogun State  
Nigeria

*Dai Kant A*



**LEAD ARRANGER AND DEALER  
ISSUING, COLLECTING AND PAYING AGENT**

**FBNQuest Merchant Bank Limited**  
16-18 Keffi Street  
Off Awolowo Road,  
S/W Ikoyi, Lagos  
Nigeria

*Olatidoye*

Oluseun Olatidoye

**JOINT ARRANGER AND DEALER  
Coronation Merchant Bank Limited**

10, Amodu Ojikutu Street  
Victoria Island, Lagos  
Nigeria

*B*

*Banjo Adegbohunbe*

**AUDITORS**

**Ernst & Young**  
10<sup>th</sup> and 13<sup>th</sup> Floors  
UBA House  
57 Marina Street  
Lagos, Nigeria

**SOLICITORS**

**Templars Law Firm**  
5th Floor, The Octagon  
13A AJ Marinho Drive  
Victoria Island, Lagos  
Nigeria

*Zelda Akindele*

Zelda Akindele

**RECEIVING BANK**

**Fidelity Bank Limited**  
2 Kofo Abayomi Street  
Victoria Island,  
Lagos  
Nigeria

**PARTIES TO THE TRANSACTION**

**ISSUER**

**African Nonferrous Industries Limited**  
KM 45 Ikorodu  
Sagamu Expressway  
Ogijo, Ogun State  
Nigeria

*Dani Kant A*



**LEAD ARRANGER AND DEALER  
ISSUING, COLLECTING AND PAYING AGENT**

**FBNQuest Merchant Bank Limited**  
16-18 Keffi Street  
Off Awolowo Road,  
S/W Ikoyi, Lagos  
Nigeria

*[Signature]*  
Oluseun Olatidoye

**JOINT ARRANGER AND DEALER  
Coronation Merchant Bank Limited**

10, Amodu Ojikutu Street  
Victoria Island, Lagos  
Nigeria

*[Signature]*  
**Banjo Adegbolungbe**

**AUDITORS**

**Ernst & Young**  
10<sup>th</sup> and 13<sup>th</sup> Floors  
UBA House  
57 Marina Street  
Lagos, Nigeria

**SOLICITORS**

**Templars Law Firm**  
5th Floor, The Octagon  
13A AJ Marinho Drive  
Victoria Island, Lagos  
Nigeria

*[Signature]*  
**Ken Opara**

**RECEIVING BANK**  
**Fidelity Bank Limited**  
2 Kofo Abayomi Street  
Victoria Island,  
Lagos  
Nigeria

**PARTIES TO THE TRANSACTION**

**ISSUER**

**African Nonferrous Industries Limited**  
KM 45 Ikorodu  
Sagamu Expressway  
Ogijo, Ogun State  
Nigeria

*Dai Kant A*



**LEAD ARRANGER AND DEALER  
ISSUING, COLLECTING AND PAYING AGENT**

**FBNQuest Merchant Bank Limited**  
16-18 Keffi Street  
Off Awolowo Road,  
S/W Ikoyi, Lagos  
Nigeria

*Oluseun Olatidoye*

Oluseun Olatidoye

**JOINT ARRANGER AND DEALER**

**Coronation Merchant Bank Limited**  
10, Amodu Ojikutu Street  
Victoria Island, Lagos  
Nigeria

*Banjo Adegbohunge*

Banjo Adegbohunge

**AUDITORS**

**Ernst & Young**  
10<sup>th</sup> and 13<sup>th</sup> Floors  
UBA House  
57 Marina Street  
Lagos, Nigeria

*Omolola Alebiosu*

[Omolola Alebiosu](#)

**SOLICITORS**

**Templars Law Firm**  
5th Floor, The Octagon  
13A AJ Marinho Drive  
Victoria Island, Lagos  
Nigeria

**RECEIVING BANK**

**Fidelity Bank Limited**  
2 Kofo Abayomi Street  
Victoria Island,  
Lagos  
Nigeria