

## Chairman's statement

# A bright future



**The first company to complete a dual listing on the London and Nigerian Stock Exchanges.**

I am delighted to welcome you to Seplat Petroleum and our first Annual Report following our dual listing in Lagos and London in 2014. As the first company to complete a Lagos-London dual listing, and the largest oil industry IPO in recent years, it is an honour to address all our shareholders internationally. We are one of the leading indigenous Nigerian oil and gas companies and we believe we offer compelling value for investors internationally to take advantage of both our long-term growth strategy and the extensive opportunities in the Nigerian oil and gas sector.

Our IPO marked a significant moment in the Company's history, and a milestone of which we are incredibly proud. The Board and management of Seplat are acutely aware of the trust that our shareholders have placed in us. With the US\$500 million raised at the point of listing, combined with a strong prior balance sheet and the US\$1 billion of debt financing secured after year end 2014, Seplat is financially well positioned to take advantage of the divestitures by various international oil companies (IOCs) and to pursue price-disciplined and value-driven acquisitions of both onshore and shallow offshore acreages, assets or joint venture farm-ins. However, we are not pursuing our growth strategy only from a position of financial strength but also through strong operational efficiency and effectiveness. As an operator, and the first Nigerian company to acquire and become operator of onshore oil and gas assets from IOCs in Nigeria, we have since

demonstrated our strong operational track record by successfully increasing our oil production and reserves year-on-year since inception in 2010. Our prospects are truly exciting and we are proud of our highly-skilled Board of Directors and management team who I am confident will steward the Company through this phase of transformational growth.

I am delighted at the high calibre of our Board members and welcome those who have joined us in the past year, expanding our Board to 12 individuals of outstanding quality, with diverse experiences and skill sets from within Nigeria and internationally. As we are a publically listed company, the Board is accountable to shareholders for the delivery of strong and sustainable financial performance and creation of long-term shareholder value.

My Board colleagues and I are fully committed to protecting the interests of all our shareholders through compliance with all aspects of corporate best practice as set out in the UK Corporate Governance Code and the Nigerian Code of Corporate Governance. Our largely independent Board has established the following committees which monitor the Company's activities within a rigorous and robust framework of controls that are designed to effectively mitigate and manage risk: Audit Committee, Finance Committee, Nomination and Establishment Committee, Remuneration Committee, Risk Management Committee, HSSE Committee and CSR Committee.

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In 2014, our confidence in our balance sheet and future revenue growth was reflected in the interim dividend of US\$0.06 per share which was approved by the Board and paid in November 2014. The Board has also approved an additional dividend of US\$0.09 per share to be paid in June 2015. This brings our full and final dividend for the year 2014 to US\$0.15 per share. This is in keeping with our promise to pay dividend to shareholders. Going forward, we will develop a robust dividend policy which will be subject to our continued growth in cash flows and capital requirements for our current assets and our price-disciplined acquisition strategy.

It would be prudent to note at this point that the oil industry is facing a more challenging time than in recent years. The decline in the oil price presents many challenges for the Exploration and Production industry but also numerous opportunities. The combination of our high quality producing assets, the robustness of our revenue line and the aptitude of our colleagues to maximise the efficiency and profitability of our operations means we are well positioned to take advantage of the excellent value opportunities available to the profitable producers in the market. We are closely monitoring the oil price environment and continue to challenge ourselves to respond by redoubling efforts to optimise operations in our current portfolio.

Nigeria is Africa's largest oil producer and a globally-significant oil exporter to some of the world's major economies. The country

has proven geology, long established infrastructure, and conducive regulatory and fiscal regimes. Nigeria also possesses one of the largest gas reserves on the continent, which represents a significant growth opportunity for Seplat as a producer and supplier to the rapidly expanding domestic market for gas. The Nigerian government is committed to prioritising indigenous E&P operators in bidding and licensing rounds. This, coupled with divestments by the IOCs, continues to unlock enormous opportunities for leading Nigerian operators such as Seplat, and the development of the local supply chain to further nurture diversity and competitiveness in Nigeria's services sector.

We have made successful efforts in our gas development strategy by the expansion of our gas processing facility in Oben. This is against the back drop of the Nigerian gas to power transformation agenda which has occasioned increasing gas demand at good prices in the domestic market. Seplat will take advantage of this to boost revenue from gas in 2015 and in the coming years. In addition to the drive for revenue, our gas development strategy also includes a determination to completely eliminate gas flares in the near future as our commitment to environmental protection.

As we head into 2015 I would like to take this opportunity to thank all of Seplat's employees and stakeholders. The dedicated contribution of all our employees has been and will continue to

be intrinsic to our historic and future success and, with them, we will continue to pursue Seplat's successful growth strategy. Additionally, our mutually-beneficial relationships with our local communities represent a considerable strategic advantage to the Company, as the above-ground risks continue to overshadow the below-the-ground risks in Nigeria's oil and gas landscape. Since inception, we have committed ourselves to building a culture of trust and confidence amongst our local stakeholders, embodied by the Global Memorandum of Understanding signed with the communities that host Seplat's operations. Without the support and cooperation of our local stakeholders our growth prospects would be challenging and I look forward to continuing to work with them in the year ahead.

Distinguished shareholders, the future for Seplat is bright and, with your continued confidence in us, we look forward to maintaining our position as one of the leading indigenous oil and gas operators in Nigeria in 2015.

May God bless you all,



**Dr. Ambrosie Bryant Chukwueloka Orjiako**  
Chairman

**Governance**

**Seplat's Board of Directors is committed to the highest standards of corporate governance and to implementing and monitoring effective good governance policies and practices.**

The Board of Directors consists of 12 members with a strong and relevant combination of skills and experience that spans the local and international oil and gas industry.

**Dr. Ambrosie Bryant Chukwueloka Orjiako**  
Chairman

**Mr. Austin Ojunekwu Avuru**  
Chief Executive Officer

**Mr. Roger Brown**  
Chief Financial Officer

**Mr. Stuart Connal**  
Chief Operating Officer

**Mr. Michael Alexander**  
Senior Independent Non-Executive Director

**Mr. Damian D. Dodo S.A.N.**  
Independent Non-Executive Director

**Mr. Michel Hochard**  
Non-Executive Director

**Mrs. Ifueko Omoigui Okauru**  
Independent Non-Executive Director

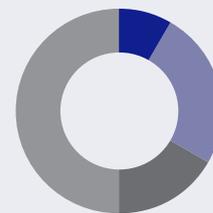
**Lord Mark Malloch-Brown**  
Independent Non-Executive Director

**Mr. Macaulay Agbada Ofurhie**  
Non-Executive Director

**Dr. Charles Okeahalam**  
Independent Non-Executive Director

**Mr. Basil Omiyi**  
Independent Non-Executive Director

**Board composition**



● Chairman	1
● Executive Directors	3
● Non-Executive Directors	2
● Independent Non-Executive Directors	6