

Key performance indicators

Measuring our progress

Seplat measures its progress through certain key performance indicators that are closely linked to the successful delivery of its strategy.

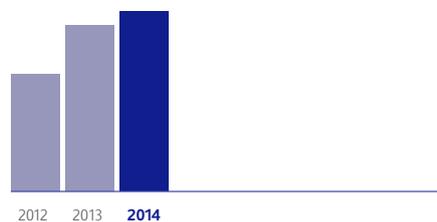
Strategic pillars

- 1 Maximise production and cash flows from operated assets
- 2 Move up 2C resources into 2P reserves category
- 3 Commercialise gas production
- 4 Pursue a focused acquisition and farm-in strategy
- 5 Be a highly responsible corporate citizen

 **Strategy**
more on page 20

Net working interest production (boepd)

30,823



Delivering on our strategic pillars:

1 3 4 5

Definition

The Company's share of oil and gas produced during the year proportionate to its working interest in each producing block. Volumes expressed are as measured at the Company's facilities, prior to any reconciliation losses.

Relevance

An indicator of production strength at the Company's current blocks and the impact of development activities at organic and inorganic projects.

Progress

The Company has sustained an active drilling campaign at OMLs 4, 38 and 41 that has seen daily output capacity steadily increase year-on-year. The average annual production rate is also influenced by the number of days downtime experienced on third party export infrastructure. In 2014, this amounted to 75 days.

Outlook

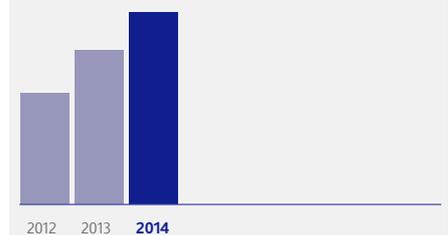
The Company expects net average daily working interest production of 32,000 boepd to 36,000 boepd in 2015.

Risk management

In depth understanding of the subsurface and constant monitoring of well performance assists in optimising drawdown rate on each well.

2P reserves movement

+24%



Delivering on our strategic pillars:

2 3 4

Definition

The number of barrels of oil equivalent added to the 2P reserves base during the year.

Relevance

An indicator of the Company's ability to capitalise on organic opportunities within its portfolio and inorganic opportunities to replenish its reserves base.

Progress

Working interest 2P reserves at end 2014 stood at 281 MMboe, an increase of +24% year-on-year. This represents a 4x replacement ratio of liquids production and 8x replacement ratio of gas production.

Outlook

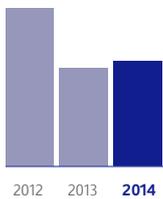
The Company has a significant contingent resource base of 281 MMboe that offers good long-term reserves growth potential. The Company will also continue to evaluate acquisition opportunities and undertake a focused E&A drilling programme.

Risk management

The Company high grades its inventory of development, appraisal and exploration opportunities, each being subject to rigorous technical and commercial evaluation to de-risk as far as possible prior to committing capital. When evaluating new acquisitions, the Company is careful to maintain price discipline and undertake rigorous analysis.

Production Opex (US\$/boe)

10.3



Delivering on our strategic pillars:

1 3 4

Definition

The production operating costs net to the Company divided by the Company's working interest barrels of oil and equivalent produced in the period.

Relevance

An indicator of how cost efficiently the Company is able to produce its oil and gas reserves. By controlling its operating cost base, the Company is able to be more resilient to periods of depressed oil prices.

Progress

Production Opex per unit of production has remained substantially flat year-on-year and reduced over the past three years as a result of increased volume output and operational efficiencies implemented over that period.

Outlook

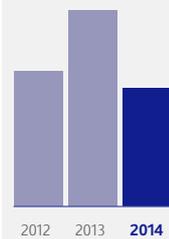
The Company is focused on cost control and constantly seeks to identify areas where downwards pressure can be applied to the cost base.

Risk management

The Company carefully monitors expenditures and continually analyses its underlying cost base, making comparisons to prevailing market rates in order to ensure that the Company is identifying and able to action cost saving and efficiency gains, keeping it competitively positioned on the cost curve.

EBIT (US\$ million)

289.6



Delivering on our strategic pillars:

1 3 4

Definition

The Company's earnings before the deduction of interest and tax expenses.

Relevance

An indicator of the Company's earnings ability. An increase in EBIT requires growth in revenue and/or strong cost control.

Progress

EBIT in 2014 reflects the lower oil price realisations year-on-year and has also been impacted by a number of non-recurring G&A charges, in particular those related to the IPO, regulatory fees and financing activities.

Outlook

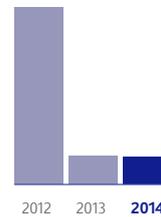
Strong current oil production levels, tight cost control and anticipated growth in gas production at OMLs 4, 38 and 41 will ensure robust earnings potential in the future. Development of the recently acquired OML 53 and OML 55 will also enhance the future earnings profile.

Risk management

The Company has robust financial processes in place and carefully monitors revenues, cost of sales and administration costs to ensure continued strong profitability. Oil price is a major influencing factor on the Company's revenue. The Company is analysing hedging strategies to help mitigate exposure to oil price volatility.

LTIR

0.4



Delivering on our strategic pillars:

1 2 3 5

Definition

The number of lost time incidents recorded per million man hours worked.

Relevance

An indicator of health and safety performance that is widely established within the oil and gas industry.

Progress

2014 was a very busy year operationally. The Company had up to seven rigs operating at any one time, drilled 23 wells/workovers and undertook a number of significant capital projects. The Company maintained the LTIR at a constant rate year-on-year.

Outlook

In 2015 efforts will continue to minimise the frequency of lost time incidents in all areas of operations. The Company will continue to ensure high HSSE standards are met and assess opportunities to constantly improve its HSSE systems and protocols.

Risk management

The Company has in place extensive and well developed HSSE policies and reporting procedures with an emphasis on the early identification and mitigation of HSSE risks. The Company closely monitors its HSSE performance and is constantly evaluating ways to improve its performance.