

Strategy

Since inception we have been guided by a clear and consistent strategy that is supportive of our long-term strategic vision to be the leading indigenous African independent oil and gas company.

Strategic pillar

Description

1 Maximise production and cash flows from operated assets



The development stage of the upstream value chain is where the majority of capital investments are usually made. It is imperative that we do this well, maintaining strict cost control, implementing the most appropriate technical solutions and organising ourselves and our service providers so that we deliver projects on time. This enables us to generate strong

2 Move up 2C resources into 2P reserves category



We have an active drilling programme that, in addition to development wells, has an appraisal component built in so that we are constantly testing upside potential at our assets, gathering new information to allow us to maximise hydrocarbon recovery from the reservoirs and capitalise on low risk reserve addition opportunities. We also recognise the importance of exploration as a means of growing

3 Commercialise and produce gas reserves



Nigeria has a vast natural gas resource that, to date, has barely been developed. We see the commercialisation and monetisation of Nigeria's natural gas resource as an attractive long-term opportunity and have strategically positioned ourselves by developing the Oben facility as a core gas hub through which Nigeria's greatest demand centres can be accessed and supplied.

4 Pursue a focused acquisition and farm-in strategy



We see a rich opportunity set and a wide range of growth opportunities in Nigeria including further asset divestments from the Major IOCs, asset farm-in and acquisition opportunities as liquidity in the secondary asset market within the indigenous E&P sector inevitably increases and future licensing awards.

5 Be a highly responsible corporate citizen



Being a highly responsible and accountable corporate citizen is a key priority of ours. We recognise that minimising the effects of our activities on the environment, understanding local issues, positively contributing to our local communities, being a first-rate employer and providing our staff with a safe working environment and career development

	Measuring our performance	Risk
<p>margin and predictable cash flow from our production, which in turn underpins our ability to fund our work programme. At the same time, we seek to improve operational efficiency by maximising uptime, reducing reconciliation losses and mitigating sole reliance on third party export infrastructure.</p>	<ul style="list-style-type: none"> • Working interest production; • Earnings before interest and tax ('EBIT'); • Opex per boe. 	<p>Oil and gas production operations have a number of risks attached, above and below the ground. The Company has a skilled technical team with a detailed knowledge of the geology and reservoir dynamics to allow optimal production solutions to be implemented. Above the ground, the Company has clear systems and procedures in place to ensure the safe and secure operation of its oil and gas production, processing and transportation facilities.</p>
<p>reserves. It is our intention that we will drill at least one exploration well per year, with a focus on prospects that if successful can offer rapid monetisation, utilising our existing infrastructure where possible.</p>	<ul style="list-style-type: none"> • Reserves replacement ratio. 	<p>Exploration activities are focused on determining the presence of hydrocarbons whilst appraisal activities are focused on better defining and assessing the commerciality of a hydrocarbon discovery. Both activities by definition carry significant geological risk, so the technical maturity of an E&A target is key to narrowing the range of risk and uncertainty. Seplat seeks to use available technologies including seismic analysis to minimise pre-drill risks and maximise chances of a successful drilling outcome.</p>
	<ul style="list-style-type: none"> • Gas reserves, production and revenues. 	<p>Despite the abundance of resources in the ground, the natural gas sector in Nigeria is at a nascent stage of development and requires significant ongoing investment to grow capacity. The pace at which the sector grows and scale of investment will to a large extent dictate the timing and magnitude of opportunities for producers such as Seplat.</p>
	<ul style="list-style-type: none"> • Portfolio expansion; • 2P reserves and 2C resources; • Working interest production. 	<p>Competition for upstream oil and gas blocks in Nigeria is intense and there are an increasing number of industry participants seeking to grow their presence in or gain access to the sector. High levels of competitive tension can drive acquisition prices higher. Oil price volatility also presents increased uncertainty when evaluating opportunities and access to capital can also constrain ability to successfully execute transactions.</p>
<p>opportunities are essential enablers that allow us to achieve our goals. Underpinning all of this is a strict adherence to strong corporate governance and business integrity throughout our organisation.</p>	<ul style="list-style-type: none"> • Lost time incident rate ('LTIR'); • Corporate responsibility initiatives. 	<p>Failure to adhere to the highest standards of corporate responsibility can severely impede the Company's ability to efficiently operate its current portfolio, access new business opportunities, secure capital and ultimately deliver value accretion to its shareholders.</p>

Strategic report

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