

Strategy in action



Maximise production and cash flows from operated assets

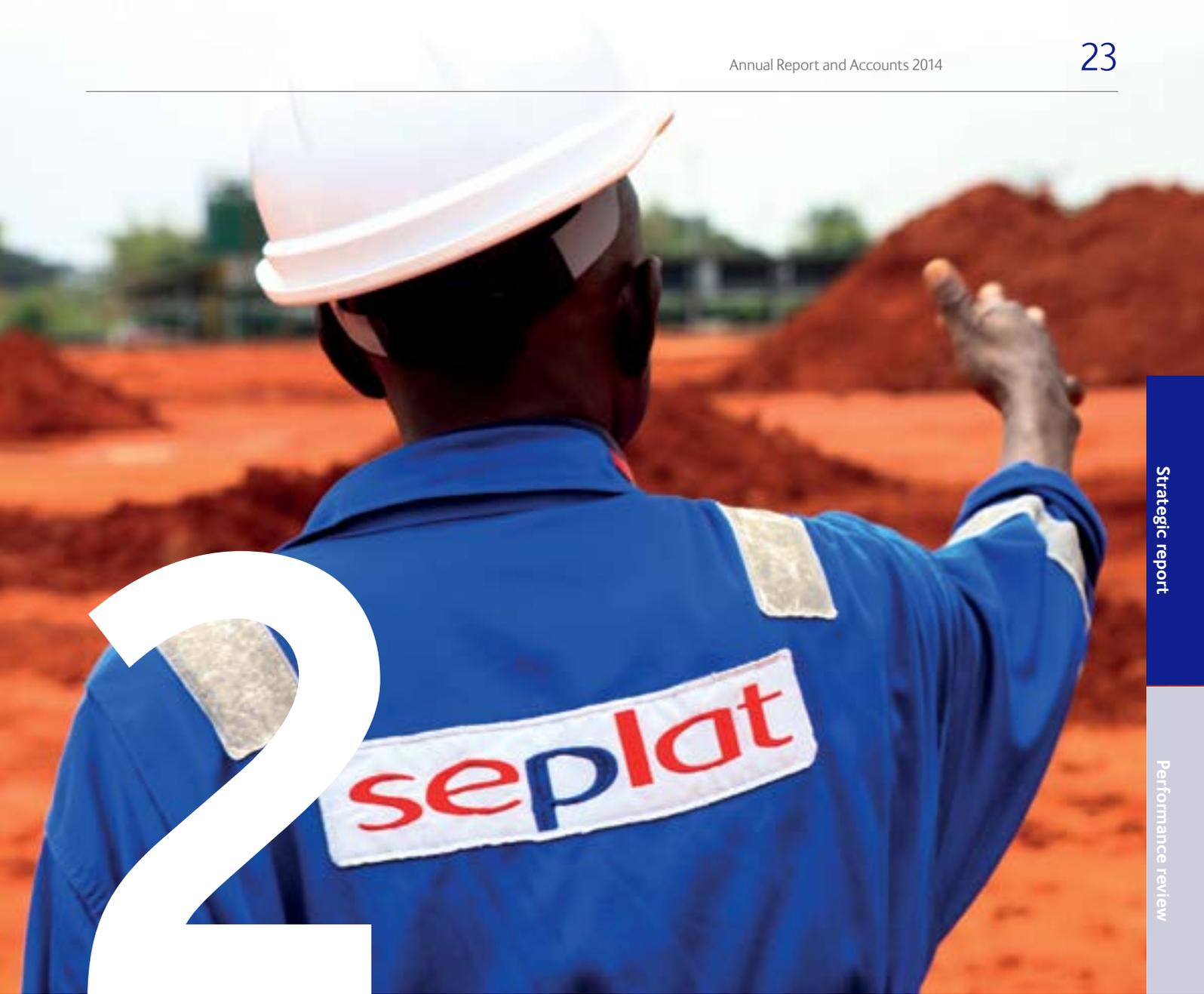
- Target year-on-year production growth and improvements in operational efficiency
- Adhere to strict cost control to maximise profitability

76,000
bopd

New production record at OMLs 4, 38 and 41.

The development stage of the upstream value chain is where the majority of capital investments are usually made. Over the past year we grew our production base through an emphasis on high levels of drilling activity to accelerate oil and gas production from existing reservoirs, bring new fields onstream and gain information to aid future development planning. At the same time we expanded the surface facilities to accommodate increased production rates and improve production efficiency at our operated blocks. Net working interest production for 2014 averaged 30,823 boepd. Normalising for 40 days un-budgeted downtime of the Trans Forcados System (out of a total of 75 days) average working interest production was approximately 34,600 boepd. A new production record was set when gross daily liquids production at OMLs 4, 38 and 41 exceeded 76,000 bopd for the first time in December.

We have continued to allocate capital effectively, implementing the most appropriate technical solutions and organising ourselves and our service providers so that we deliver projects on time and to budget. This enables us to generate good margins and predictable cash flow from our producing assets, which in turn underpins our ability to fund our work programme. In 2014 cash flow from operations before movements in working capital stood at US\$379 million, ahead of capital investments attributed to oil and gas assets of US\$311 million.



Move up 2C resources into 2P reserves category

- Grow the reserves base through technical maturation and commercialisation of discovered but undeveloped resources
- Focused exploration campaign – targeting quick to monetise opportunities

281
MMboe

Seplat's working interest contingent resource base.

Seplat has a strong track record of converting contingent resources to reserves to achieve its goal of consistently recording year-on-year growth in booked reserves. Several of the wells that were drilled in 2014 had an appraisal component, aimed at de-risking contingent volumes and accessing previously undeveloped resources. Working interest 2P reserves at 31 December 2014 stood at 281 MMboe, comprising 139 Mbbbls of oil and condensate and 827 Bscf of natural gas. This represents an increase in overall 2P reserves of 24% year-on-year. The key drivers of the upwards revision is the recognition of reserves at Orogho, Sapele Shallow and Okwefe following review of 2014 well performance data and the conversion from 2C to 2P as a result of 2014 development activities. With a 2C resource base estimated to be 281 MMboe the Company has significant depth to its portfolio and good potential to deliver long-term reserves growth.

We also recognise the importance of exploration as a means of growing reserves. Our intention is to drill at least one exploration well per year, and focus on prospects that if successful can offer rapid monetisation, utilising our existing infrastructure where possible. The Ogegere-1 well, drilled in 2014, was a marginal discovery but has opened up new play potential at deeper levels on OML 38, indicating credible prospects for inclusion in future drilling plans.

Strategy in action continued



Commercialise and produce gas reserves

- Prioritise gas developments to supply the rapidly growing domestic market
- Continue to grow gas sales capacity to support power projects and other commercial ventures

182
Tscf

Estimated amount of proven natural gas reserves in Nigeria.

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 as we seek to go beyond our domestic supply obligations by selling to commercial ventures in Nigeria, such as power generation plants. Pursuant to the Nigerian Gas Master Plan 2008, Nigeria is currently undergoing significant changes in the domestic gas pricing environment which has resulted in increased gas demand and improving pricing dynamics.

The Company's working interest natural gas reserve and resource base is estimated to be 1,682 Bscf of gas (around 4,000 Bscf on a gross basis) all of which is earmarked for monetisation in the domestic market. We have strategically positioned ourselves by developing the Oben facility as a core gas hub through which Nigeria's main demand centres can be supplied, and in 2014 made good progress with the installation of an additional 150 MMscfd processing facility that will double existing processing capacity and keep us on track to grow capacity to at least 450 MMscfd by end 2017. The acquisition of a 40% working interest in OML 53 post period-end also fits neatly with our strategy of securing, commercialising and monetising natural gas in the Niger Delta with a view to supplying what is a rapidly growing and evolving domestic market.



Pursue a focused acquisition and farm-in strategy

- Pursue value accretive acquisitions and exercise price discipline
- Target onshore and shallow water offshore opportunities that offer production, cash flow and reserve replacement potential

6
blocks

Seplat's footprint in the Niger Delta following the acquisition of interests in OML 53 and OML 55.

We see a rich opportunity set and a wide range of growth opportunities in Nigeria. This includes further asset divestments from the Major IOCs and also asset farm-in, acquisition and partnership opportunities as liquidity in the secondary asset market within the indigenous E&P sector is anticipated to increase as ownership diversifies. We will remain focused on maintaining a balanced portfolio of assets in the onshore and shallow-water offshore areas of Nigeria with particular emphasis on opportunities that offer production and cash flow growth in addition to reserve replacement potential whilst remaining true to our price-disciplined approach underpinned by rigorous technical and commercial analysis.

Post-period end, we acquired a 40% working interest in OML 53 and an effective 22.5% working interest in OML 55 from Chevron. The addition of these two OMLs to our portfolio further increases our footprint to six blocks in the Niger Delta and cements our position as a leading indigenous independent E&P. Both acquisitions present us with a number of attractive opportunities to boost oil and gas output, and are consistent with our strategy of prioritising those assets that offer near-term production growth, cash flow and reserve potential in the onshore and shallow water offshore areas of Nigeria.

With the combination of a strong balance sheet and access to capital, indigenous status and proven operational expertise Seplat is well positioned to capitalise on new growth opportunities and differentiated as an acquirer and partner of choice.

Strategy in action continued

5

Be a highly responsible corporate citizen

- Integrate and maintain excellent relations with communities based on trust and integrity
- Conducting our business to the highest HSSE & CSR standards

917

Secondary schools in Delta and Edo States involved in PEARLS Quiz Programme.

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 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.

Understanding local issues and positively contributing to our local communities

We believe that our local ties and Nigerian management team present a strategic advantage in understanding the operational landscape in-country. The Nigerian oil and gas landscape is a complex one, and we believe our strong community relations have allowed Seplat to mitigate those above-ground risks that have plagued other operators in the region and consequently reduced production interruptions. For further information on our relationships with our local communities and broader CSR strategy please refer to the CSR section on pages 48 to 53 of this Annual Report.



Being a first-rate employer and providing career development opportunities

Our people are central to delivering our business goals, of which achieving shared value for all stakeholders is central. As such, we are committed to building mutually-beneficial and sustainable relationships with all of our employees. We offer a variety of career opportunities that provide exciting and challenging new experiences that are designed to allow our employees to both enhance their professional development and ensure that no competence gap in the business is left unfilled. Further information on career opportunities at Seplat Petroleum can be found on the Company website: www.seplatpetroleum.com

Strict adherence to strong corporate governance and business integrity

Our Board of Directors is committed to achieving the highest standards of corporate governance and to upholding sound and effective corporate governance practices, behaviours and policies. It remains a strategic priority for the Company and as a listed business in both London and Lagos, we seek to comply with best practice approaches such as those set out in the UK Corporate Governance Code.

Our Code of Business Conduct which is applied across all areas of the business covers key risk areas, including anti-corruption and bribery, community relations, share dealing, whistleblowing, conflicts of interest and related party transactions.

