A deep knowledge of the Nigerian oil and gas sector and energy market, combined with our strong operating credentials and access to local and international capital markets, differentiates Seplat as the partner and operator of choice.

A leading Nigerian independent E&P

Since the first commercial oil discoveries were made in Nigeria in the 1950s, the Major IOCs, either directly or within the state joint ventures, held a tight ownership of the vast majority of Nigeria's oil and gas reserves and production with minimal direct participation from Nigerian independents.

The turn of the millennium saw this trend start to reverse. Nigerian independent ownership began to increase initially through the relicensing of several undeveloped (marginal) fields and latterly through the coordinated divestment by the Major IOCs of much larger (mainly onshore) producing blocks driven by portfolio rationalisation, legacy issues such as oil theft, damage to infrastructure, and social and environmental impacts that increasingly meant production levels suffered and investments were scaled back.

Seplat positioned itself as an early mover and in 2010, through the acquisition of a 45% operated interest in OMLs 4, 38 and 41 from Shell, Total and Agip, became the first Nigerian independent to acquire a package of oil and gas blocks directly from the Major IOCs as part of a disposal process. Since taking over operatorship of the blocks, the Company has increased oil and gas production by multiples and consistently grown reserves year on year. Following this landmark deal, Seplat further grew its portfolio through the acquisition of an interest in the OPL 283 marginal field area from another Nigerian independent, Pillar Oil, and in 2015 acquired further interests in OML 53 and OML 55 from Chevron Nigeria Limited.

Seplat also began to invest in its gas business in 2010 in response to the Nigerian Government's initiatives to improve the debilitating impact of poor power generation and supply in the country by opening the Domestic Supply Obligation pricing to market forces. Since then, the Company has invested more than US$300 million to grow its gas business and in 2015 commissioned the new 150 MMscfd Oben gas plant, which saw deliveries into the domestic market increase sharply. With 100% of volumes dedicated to supplying key demand centres within the domestic market, Seplat is already supporting around a third of current grid generation.

Seplat's competitive advantages:

- Proven track record as operator
- Experienced Board and management
- Solid financial platform and access to capital
- Early mover advantage
- Nigerian gas sector exposure

Nigeria, the leading oil and gas country in Africa

Nigeria has proven geology, long-established infrastructure, and regulatory and fiscal regimes which combine to make it a high potential investment opportunity.

Africa's largest oil producer and twelfth largest globally

2.3 million barrels per day

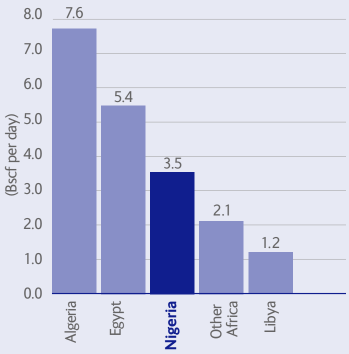
Africa's second largest (eleventh globally) remaining proven oil reserves

37 billion barrels

Africa's largest gas reserve and ninth largest globally

180 trillion ft^3

Africa's 3rd largest gas producer



Source: BP Statistical Review of World Energy, June 2015

> "Nigeria possesses one of the largest, yet least developed gas reserves on the continent coupled with domestic demand growing faster than ever.

Prolific hydrocarbon geology

Nigeria's oil and gas industry represents a compelling value proposition and is attractive, not just to Seplat but the wider industry also, on many levels. It starts below the ground and the prolific hydrocarbon geology of the Niger Delta area, where Nigeria's oil and gas industry is concentrated. Covering an area of approximately 75,000 km^2 and with up to 10km sedimentary thickness, the critical factors required for hydrocarbon generation have all combined to great effect in the Niger Delta basin, namely the existence of source rocks with high levels of organic content, high rates of sedimentation and rapid burial to allow hydrocarbon generation, and the presence of good quality reservoir rocks and effective trap/seal mechanisms where hydrocarbons have accumulated in vast quantities. Nigeria is estimated to hold remaining recoverable proved reserves of around 37 billion barrels of oil and 180 trillion cubic feet of gas, making it a globally significant source of long-term supply.

Nigerian ownership of the E&P sector

In recent years, the Government of Nigeria has taken significant steps to increase the level of local Nigerian participation in the oil and gas industry, both through the re-licensing of blocks to Nigerian companies and the enactment of policy such as the Local Content Act. The Act not only presents advantages to the Nigerian operators seeking to acquire oil licences in-country, but also guarantees the creation of composite value to the Nigerian economy by a systematic development of capacity and capabilities through the deliberate utilisation of Nigerian human resources and services in the Nigerian oil and gas industry. This inclusive approach has gone some way to re-engaging with disenfranchised local communities and militants that can threaten the performance of oil and gas operations.

Divestment programmes, whereby the Major IOCs have sold a number of blocks to Nigerian bidders, have also been a significant factor in expanding local Nigerian ownership and participation in the sector.

Operational overview: page 28

9th

Nigeria is estimated to have the world's ninth largest gas reserve

Between 2009 and end 2014, Nigerian operators – including Seplat – had acquired oil and gas blocks with a total estimated aggregate transaction value of around US$5 billion from the IOCs (the majority of which was debt funded), accounting for around 11% of total Nigerian oil production. However, despite this and the favourable policy changes that have been implemented, the sharp and extended decline in oil price is taking its toll by restricting access to further capital, eroding profitability and free cash flow generation such that balancing debt service obligations with capital investments required to increase output has become increasingly difficult for many companies to manage. The longer this situation persists the greater the risk becomes that Nigerian ownership of the oil and gas sector will begin to contract. Those that remain will only continue to succeed if they possess strong fundamentals that ensure low breakeven economics, balance sheet strength and access to capital so that they can invest to diversify and dilute asset concentration risk, for example in order to capitalise on the gas to power opportunity in the Nigerian market.

Gas opportunity

For over 50 years, oil has been a critical economic driver in Nigeria. However, the country's gas reserves exceed those of its oil (it is ranked ninth in the world for proven gas reserves) and yet historically gas flaring has been employed to dispose of the majority of associated gas produced from crude oil.

Although difficult to measure precisely, Nigeria's current share of total gas flared globally is estimated to be as much as 2.5 billion cubic feet per day meaning that, after Russia, it flares more gas than any other country in the world. Concurrently, Nigeria lags behind many of its frontier market peers in electricity production per capita despite considerable domestic demand and its power generation deficit is widely recognised as a critical constraint on growth. The Nigerian government has been implementing an ambitious strategy to triple natural gas production capacity to 12 billion cubic feet per day to fulfil electricity generation and industrial development demand. Significant investment has been required to translate surplus gas production into gas-fired power generation. The prior awarding of Pioneer Tax Status to local Nigerian operators has allowed them to allocate significant capital expenditure into gas projects to further this development and generate employment. To this end, a more favourable policy environment for producers seeking to commercialise their gas reserves has been institutionalised.

Political change and the reform of the oil industry

Following 16 years of state rule by the People's Democratic Party ('PDP'), Nigeria's opposition party, the All Progressive's Congress ('APC'), won the state governorship elections in April 2015. The elections passed peacefully and democratically. The changing political landscape in Nigeria in 2015, coupled with the declining oil price causing a reduction in state tax revenues, has provoked a new commitment from the government to reform the country's energy sector. An audit, carried out by PriceWaterhouseCoopers and published in April 2015, urged an overhaul of the way the state managed its oil industry, which it described as unsustainable. A new management team has now been installed at the Nigerian National Petroleum Corporation ('NNPC'), Nigeria's state-owned oil corporation, which has been tasked with commercialising the entity in order to generate profit for the state. The restructuring plan has currently reorganised NNPC into seven new divisions each led by separate management teams. A strong commitment to institutionalising the highest standards of corporate governance has been communicated in the change of leadership at the NNPC with a focus on tackling internal corruption and alleviating the long-term threat of oil bunkering in the Niger Delta. Another key priority for NNPC is addressing the outstanding receivables owed to companies operating in the country. Measures are already being taken, with the NNPC looking at alternative funding models to remedy this issue.

Nigeria's Petroleum Industry Bill

Following the election of the new government in April 2015, the 2012 draft of the Petroleum Industry Bill ('PIB') remains in the Nigerian National Assembly under review whilst the new administration continues to consult with oil companies. It is widely predicted that the new government will modify the current draft of the PIB into sections, which will be passed individually. The purpose of a new PIB is to unify Nigeria's 16 petroleum laws under one bill and to improve transparency and governance processes and procedures at the NNPC.

Market analysis

Oil price

The backdrop of a prolonged market oversupply and sluggish global economic growth saw the oil price remain at a depressed level throughout the year, as E&P companies focused on survival in anticipation of an eventual upturn.

2015 was another challenging year for the oil and gas industry as persistently weak oil prices forced downward recalibrations to future market expectations, which in turn prompted the sector to scale back, cancel or defer capital investments and take steps to cut operating costs and reduce overheads. Brent crude started the year at the US$55.38/bbl mark, and over the first six months traded between lows of US$45.13/bbl and highs of US$66.33/bbl. The second half of the year saw Brent crude trade steadily downwards to an exit price of US$36.33/bbl, a 34% decline year on year, before retreating further to a ten year low of US$27.36/bbl in January 2016. The average Brent crude price over 2015 was US$52.29/bbl.

This price decline was driven by the combination of a drop in demand in key economies (particularly China where economic growth slowed considerably) and a global supply glut that OPEC failed to alleviate. The large Gulf State producers, Saudi Arabia in particular, elected to pursue a policy of defending market share and allowing prices to fall in the expectation that this would remove fewer economic barrels from the market. As the cartel members agreed to maintain current production, no guidance was forthcoming in the year on a ceiling level, a factor which further offset the impact of a decrease in non-OPEC production throughout the year and paints a bleak macro picture for the near term at least. However, against this difficult backdrop, efficiency gains and lower costs in the oil services sector have allowed many operators to push down breakeven costs as the oil price has fallen, although high cost projects typically in mature/deepwater/unconventional basins have continued to be hardest hit and generally left sub-economic.

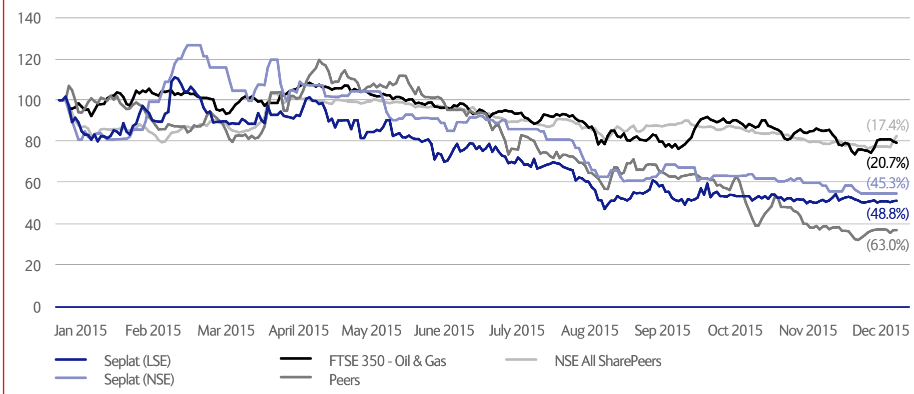
Nigerian economy

Over the past decade, Nigeria's economy has seen an average GDP growth rate of around 7% alongside single digit levels of inflation and in 2014 overtook South African as the largest sub-Saharan African economy. Although the Nigerian Government receives around 70% of its tax revenue from the oil sector, the oil industry only accounts for 13% of Nigerian GDP demonstrating the diversified nature of the Nigerian economy. However, Nigeria endured a challenging year in 2015 as the sharp fall in oil prices impacted on exports and foreign exchange income with further pressure exerted through uncertainty in the lead up to the Presidential election, a strengthening Dollar and insecurity in the north of the country.

Despite these headwinds in 2015, growth remained above the average for advanced economies at 3% and the outlook is one of a rebound on the back of greater policy stability, further economic diversification to reduce reliance on oil revenues (in particular through the mining, agriculture and telecoms industries) and an emphasis on more effective revenue collection by government agencies and parastatals.

While diversification efforts have been ongoing for several years, the urgency has increased in response to the strengthening of the US Dollar. The Central Bank of Nigeria held the naira at between NGN197:US$1 and NGN199:US$1 since March 2015, roughly 20% down from where it was in the prior year.

Share price performance versus indices and peers (rebased to 100)



Source: Bloomberg.

Brent oil price (dollars per barrel) 2010-2016

Source: US Energy Information Administration.

2050

The year Nigeria is projected to become the third most populous country on the planet behind India and China

However, with the state tapping into its foreign reserves – which had fallen 15% year on year to around US$29bn in December 2015 – to make up for foregone oil revenues, it has sought to reduce dollar sales and curb speculation, introducing new capital controls. The result has been a spike in the parallel market exchange rate of an over 50% increase to the CBN official rate. However, given Nigeria's stable political environment, large population and growing middle class, the country is expected to weather challenges such as lower oil prices and downward pressure on the naira, and remain an attractive destination for foreign investment in the long term. Despite this, the World Bank still rated Nigeria poorly in its Ease of Doing Business Report citing power supply and transport infrastructure as key problems that need to be addressed.

Global economy

One of the consequences of a sustained low oil price is its ostensible beneficial impact for broader global economic growth, notwithstanding the loss of real income for oil producers. However, in spite of the lower oil and corresponding fuel costs, 2015 was another disappointing year for growth with the International Monetary Fund lowering its 2015 global gross domestic product forecast to 3.1% from 3.3%, citing a slowdown in emerging markets in part driven by the weak commodity prices. Moreover, China (the largest net importer of oil and other liquid fuels) saw its economy decelerate to a growth level of 6.9% in 2015 (compared to 7.3% in the prior year) – its slowest pace in 25 years.

Despite this slower growth rate, on a longer-term perspective, population growth, increases in income per person and economic growth will continue to be the key drivers behind the global demand for energy. By 2035, BP's Energy Outlook predicts that the world's population will have reached 8.7 billion, which means an additional 1.6 billion people will need energy. Over the same period, GDP is expected to more than double with China and India the key drivers of non-OECD growth. Continued long-term demand growth and falling production, reflecting lower investment in exploration and production, are expected to help bring about an eventual rebalancing in the market.

Global corporate activity trends in 2015

Global M&A volumes increased to approximately US$5,000 billion in 2015, up over 40% on last year, as 69 mega deals (>$10bn) were announced, both record highs. Consumer, financials and industrials sectors saw the highest value of deals with single transactions such as Pfizer's US$160 billion merger with Allergan, the third largest M&A deal in history, an example of how the attractive free cash flow profile of the healthcare sector has driven deal making. Shell's US$82 billion merger with BG Group was the third largest transaction of the year, with the deal closing despite the weakening commodities backdrop. An increase in cross-border flows was seen in 2015, as companies sought out M&A in a period where political and economic uncertainty, a delay of interest rate hikes and weak macroeconomic conditions led to volatility in markets, limiting the opportunity for solid organic growth prospects.

Despite the continued low interest environment, debt financing in the oil and gas industry specifically remained challenging whilst other sectors benefitted from increased availability.

Global equity markets in 2015

Global equity markets experienced a challenging year in 2015 with several general themes driving performance, including a divergence of monetary policy, continued weakness in commodities and widespread concerns over global growth.

In the US, speculation around the timing of an interest rate hike by the Federal Reserve largely drove sentiment for the majority of 2015, with expectations of an initial hike in Q1 continuously pushed back over the first half of the year due to continuing concerns over global growth, driven by the slowdown in China, and declining demand for commodities negatively impacting prices. Improving macroeconomic data in the final quarter of the year led the Federal Reserve to hike interest rates by 25bps in December, which together with sharp declines in oil prices pushed equity markets lower. The S&P ended the year down 0.7%.

In the UK, the FTSE 100 index fell 4.9% over 2015 and was outperformed by mid-cap stocks as the FTSE 250 rose 8.4%. The FTSE O&G producing sector was one of the lower performing and saw a decline of 20.2% over 2015 as the market witnessed a continuing commodity sell-off. The expectation at the beginning of the year was for an interest rate hike in the UK broadly in line with timing of the US, although persistent deflation and weak wage growth data pushed expectations of this out beyond 2016.

Whilst the US tightened towards the end of the year, monetary policy in Europe continued to follow an opposite direction with the ECB announcing a higher than expected €60bn of bond purchases a month, until at least September 2016, which had a positive impact on European equities in January.

Weak macroeconomic data in China coupled with a devaluation of the yuan overshadowed the relief rally seen post the Greek bailout agreement in August, as European equities struggled towards the close of the year as the ECB failed to meet expectations on its quantitative easing programme. The DAX Index in Germany ended the year up 9.6% whilst the CAC 40 Index in France finished up 8.5%.

The NSE fell by 17.4% in 2015, as the index was impacted by the ongoing negative impact on an oil dependent economy caused by falling oil prices and post-election uncertainty. Seplat's London line ended the year 48.8% lower at 74p whilst the Nigerian line closed down 45.3% at 203 Naira.