

Report on Payments to Governments for the Year 2015

30 June 2016

Seplat Petroleum Development Company Plc

Introduction

This report provides an overview of the payments to governments made by Seplat Petroleum Development Company Plc and its subsidiaries for the year ended 31 December 2015. This Report is required by the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom and is prepared in accordance with Directive 2013/34/EU (the EU Accounting Directive (2013)).

This report is available for download from <http://seplatpetroleum.com/>

BASIS FOR PREPARATION - REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR 2015

Reporting entities

This Report includes payments to governments made by Seplat Petroleum Development Plc and its subsidiaries (Seplat). All payments to governments are within Nigeria.

Activities

Payments made by Seplat to governments arising from activities involving the exploration, prospection, discovery, development and extraction of minerals, oil and natural gas deposits or other materials (extractive activities) are disclosed in this Report. It excludes payments related to refining, natural gas liquefaction or gas-to-liquids activities. When payments cover both extractive and processing activities and cannot be split, the payments have been disclosed in full.

Government

Government includes any national, regional or local authority of a country to which Seplat has made payment related to these regulations, and includes any department, agency or entity that is controlled by such authority.

Project

Payments are reported at project level except for payments that are not attributable to a specific project, these are reported at entity level. A project is defined as operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, this shall be considered as a project. Indicators of integration include, but are not limited to, geographic proximity, the use of shared infrastructure and common operational management.

Payments

The information is reported under the following payment types.

Production entitlements

These represent the government's share of production in the reporting period arising from projects operated by Seplat. It comprises of crude oil and gas attributable to the Nigerian government by virtue of its participation as an equity holder in projects within its sovereign jurisdiction (Nigeria).

Production entitlements to the government are lifted independently by the relevant government agency.

Royalties

These are payments for the rights to extract oil and gas resources, typically at set percentage of revenue less any deductions that may be taken.

License fees, rental fees, entry fees and other considerations for licenses and/or concessions

These are fees and other sums paid as consideration for acquiring a license for gaining access to an area where extractive activities are performed. Administrative government fees that are not specifically related to the extractive sector, or to obtain access to extractive resources, are excluded. Also excluded are payments made in return for services provided by a government.

Other types of payments that are required to be disclosed in accordance with the Regulations are the following:

- Taxes
- Dividends
- Bonuses
- Infrastructure improvements

However, for the year ended 31 December 2015, there were no such reportable payments made by Seplat to a government.

Materiality

For each payment type, total payments below £86,000 (€100,000) to a government are excluded from this Report.

Reporting currency

Payments disclosed in this report have been disclosed in US Dollars. Where actual payments have been recorded in a currency other than US Dollars, they have been translated using the annual average exchange rate.

REPORT ON PAYMENTS TO GOVERNMENTS 2015

Government and Expense Report (In USD)

	Production Entitlement	Royalties	Fees	Total
GOVERNMENTS				
Nigerian National Petroleum Corporation	573,690,618	-	-	573,690,618
Department of Petroleum Resources	-	106,900,097	879,306	107,779,403
Federal Inland Revenue Service	-	-	150,484	150,484
Nigeria Export Supervision Scheme			698,711	698,711
Nigerian Content Development and Monitoring Board	-	-	4,221,594	4,221,594
Total	573,690,618	106,900,097	5,950,095	686,540,810

Project and Expense Report (In USD)

	Production Entitlement	Royalties	Fees	Total
PROJECTS				
OML 56	-	527,310	-	527,310
OML 4, 38 and 41	573,690,618	106,372,787	5,950,095	686,013,500
Total	573,690,618	106,900,097	5,950,095	686,540,810