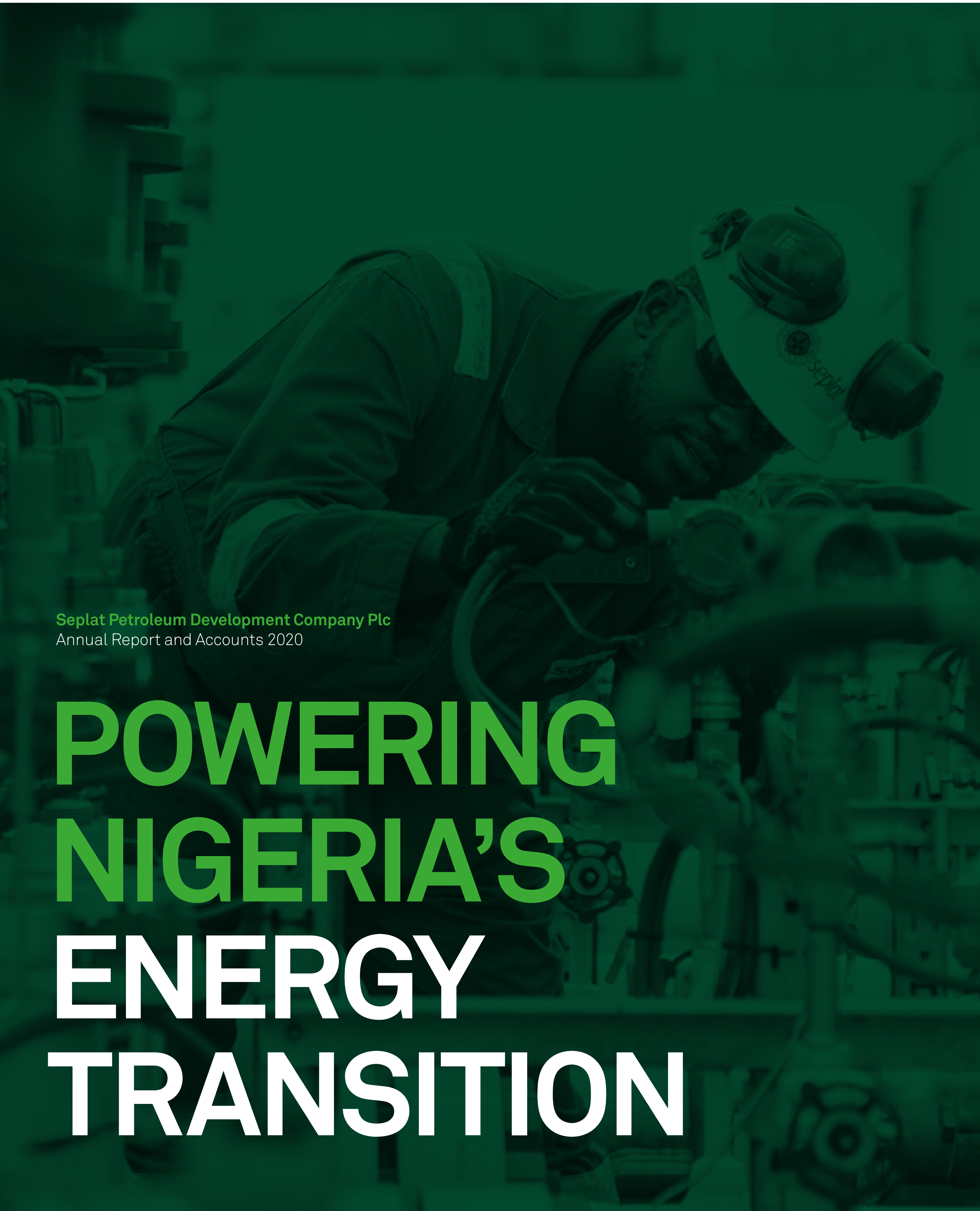

Seplat Petroleum Development Company Plc
Annual Report and Accounts 2020

POWERING NIGERIA'S ENERGY TRANSITION

Resilience and strength

Seplat delivered a robust performance in 2020, within the guidance we set, despite the unprecedented shocks of the Covid-19 pandemic that tragically claimed more than a million lives. Never before have energy companies experienced a market in which demand and prices fell so quickly, nor have they faced such a stark realisation that the market may never be the same again. Our continued resilience, proven in crises past, is possible because of our prudent approach to financial management, our careful management of risk and our considered approach to capital allocation. Despite the crises of 2020, we were able to increase investment, repay debt and honour our commitment to shareholders in the form of a $0.10 dividend for the year.

Highlights

Group production within guidance	51,183boepd
Liquids contribution from Eland	8,855bopd
Gas for Nigeria's domestic market	101MMscfd
Revenues impacted by Covid-19	$530.5m
Unit cost per boe including Eland assets	$8.90
Loss before tax, after non-cash impairments	$80.2m
Capital investment increased	$150.1m
Cash at bank after $100m voluntary loan repayment	$258.7m
Net debt steady	$440m
Dividend per share maintained	$0.10

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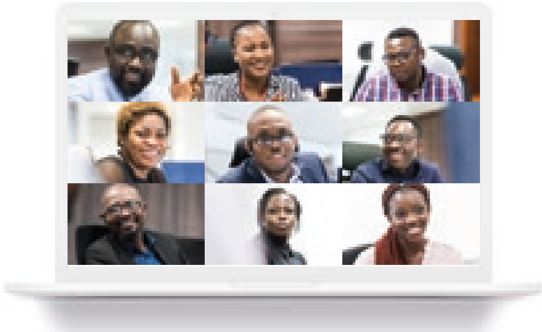
Coping with Covid: How Seplat responded to the challenges of a global pandemic and maintained business continuity while helping our host communities.



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New CEO Roger Brown talks about taking over in a pandemic and what we can expect from Seplat in the future.

Seplat is committed to being a best practice operator and a responsible and accountable corporate citizen as demonstrated in the approach to our operations.

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How we are diversifying our production base and exploring or creating new export routes over which we have more control.

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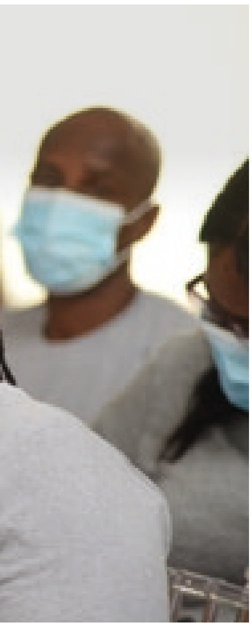

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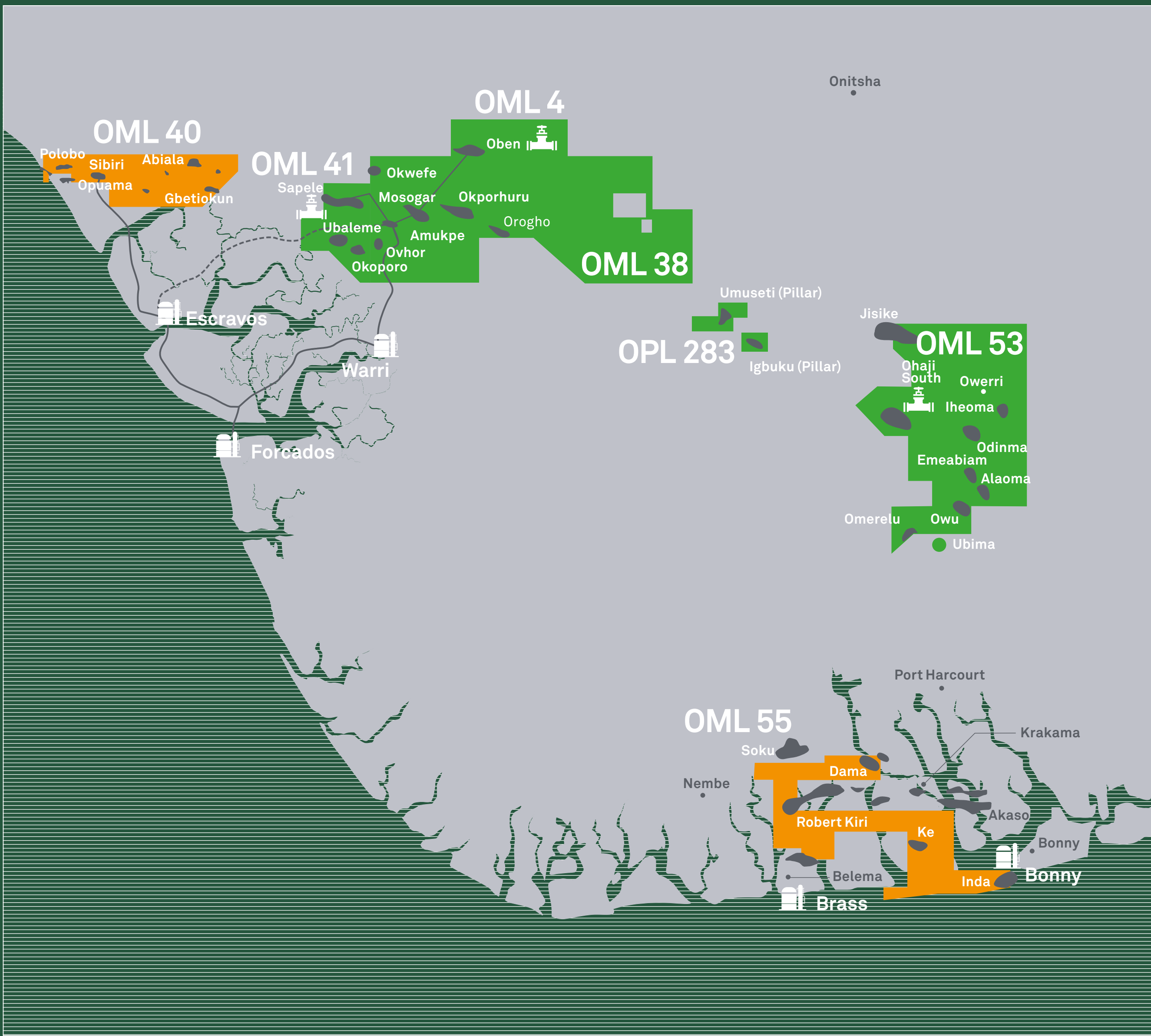

NIGERIA'S ENERGY LEADER

Seplat is Nigeria's leading indigenous, independent oil and gas producer, with a working interest production of nearly 34,000 barrels a day of liquids for export and 101MMscfd of processed natural gas used for domestic power generation.

Seplat's operating portfolio comprises seven oil and gas blocks in the prolific Niger Delta region of Nigeria, which we operate with partners including the Nigerian Government and other oil producers. We have a revenue interest in OML 55. We have a 465MMscfd gas processing plant at Oben, in OML4, we are upgrading our Sapele Gas Plant in OML 41 to 75MMscfd, and are building the 300MMscfd ANOH Gas Processing Plant in OML53.

Read more
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Average daily volume

51,183boepd

Liquids exported in 2020

12.3 million barrels

Gas supplied to Nigeria's energy sector

36.9 billion cubic feet

PROUDLY NIGERIAN
HOW WE BENEFIT OUR COUNTRY

Seplat's oil generated foreign currency income of $380 million for Nigeria in 2020. On this, we paid $72.7 million royalties and a further $107 million in taxes and levies. These contributions support Nigeria's economy, including its healthcare and educational systems and its creation of essential infrastructure.

At times, our gas powered up to 30% of Nigeria's domestic grid in 2020 and by increasing gas production we can help to reduce Nigeria's dependence on small-scale, costly and polluting generators. In addition, we spent $14.7 million supporting our host communities, focusing on jobs and business opportunities, security, medical and other assistance during the pandemic.

Read more
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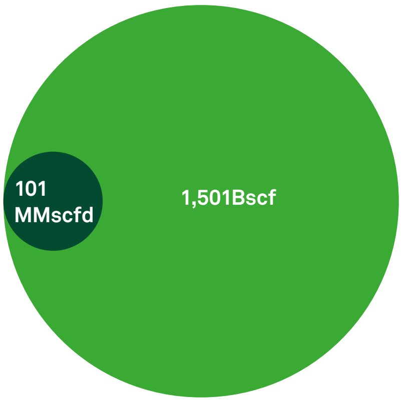

Gas / Production/2P reserves

Seplat's gas business consists of gas fields and associated infrastructure in OML 4, which supports our Oben Gas Processing Plant, and OML 53, where our independent joint venture ANOH Gas Processing Company is building a 300MMscfd gas processing plant.

The ANOH plant is considered one of Nigeria's most important strategic energy projects and will help Nigeria's transition away from small-scale domestic and business generation. It is expected to produce first gas in 2022.

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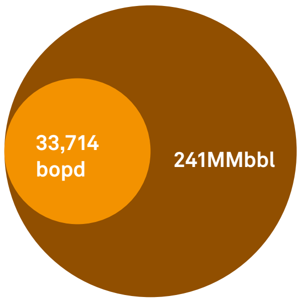

Oil / Production/2P reserves

Seplat's oil portfolio was strengthened by the acquisition of Eland Oil and Gas Ltd, in December 2019, along with its interests in OML 40 and the Ubima field. Together they produced 26% of Group liquids in 2020.

Read more
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> Seplat is the investment partner of choice for Nigeria's transition to cleaner energy production.

STRENGTH THROUGH EXPERIENCE

Ambrosie Bryant Chukwueloka Orjiako ('A.B.C.')
Non-Executive Chairman

We will be seeking your approval in this AGM to change our name from Seplat Petroleum Development Company Plc to Seplat Energy Plc. I believe this move reflects our intention to be at the forefront of Nigeria's energy transition in the next decade of our journey.

"

Our ANOH Gas Processing Plant will be a major step forwards in Nigeria's drive to reduce carbon emissions, replacing potentially millions of small-scale, inefficient, and polluting generators with cleaner utility-scale power generation fired by Nigerian natural gas.

Dear Shareholders

Our tenth year will be remembered as an extraordinary time, one full of challenge and change, not just for Seplat but for the entire global economy. The Covid-19 pandemic spread quickly across the world, forcing entire societies into lockdown, the new reality of "working from home" and serious economic downturns that naturally impacted demand for oil.

But thanks to our prudent approach to managing our Company, I am pleased to report that Seplat has emerged from this crisis in robust health and prepared for an exciting future under its new leadership.

Economic challenges of the Covid-19 pandemic

The pandemic that emerged in the first quarter of the year was an unprecedented shock to the global economy, with consequent impact on the demand for oil and gas.

Nigeria's economy contracted by just 1.9% in 2020, proving more resilient than many other countries, such as the UK, which experienced a 10% fall as a result of the pandemic. Global GDP, according to IMF estimates, fell by 3.5%, as did the economy of the United States.

The economic shock was reflected in lower demand for oil. The International Energy Agency, in its December 2020 Oil Market Report, predicted that daily demand would have fallen by 8.8MMbbl/day in 2020, to 91.2MMbbl/day. Having started the year at US66/bbl, the price of Brent slid sharply as the scale of the pandemic and its necessary responses became clear.

Building a resilient business
Page 8

Coping with Covid
Page 10

On 4 April, as a result of the Saudi-Russia supply war, it reached a low of almost $19 before recovering to exit the year at $52/bbl, rising in the last few weeks in response to positive news about vaccines. Overall, Brent averaged $43 across 2020, compared to $64 in 2019.

The challenges were reflected in the performance of our shares, with the UK line opening the year at 127p, falling to 40p as the pandemic took hold, before recovering to 65p at the end of the year. The Nigerian line opened at ₦658, reached a low of ₦282 and ended 2020 at ₦402. I am pleased to say that both lines have performed well so far in 2021.

Board and management changes

At the end of July, as we celebrated the tenth anniversary of our founding, our Co-founder, Austin Avuru, stepped down as Chief Executive Officer. He guided Seplat management from its inception, through many major milestones and his impact on our growth and success of this Company cannot be underestimated. It is a tribute to his management that we are in such a strong position today and we are grateful for the insights he will continue to share with us as a Non-Executive Director on our Board.

Austin was succeeded as Chief Executive Officer by the Chief Financial Officer Roger Brown, who has already brought a fresh approach to leadership, announcing in October a streamlining of the organisation to improve efficiency, as I will detail later. Roger joined Seplat in 2013 as the Chief Financial Officer and played a key role in the successful dual listing of the Company in both the London and Nigeria Stock Exchanges in 2014. Also, since joining the Company, he has played significant roles in various asset acquisitions by Seplat. He brings to the CEO role a deep knowledge of the Company as the erstwhile CFO and as a member of the Board. He has strong financial, commercial and merger and acquisition (M&A) experience as well as proven people skills that will be an asset as the Company embarks on implementing our transformation strategy.

With Roger stepping up from the role of CFO, we announced the appointment of Emeka Onwuka, OON, as our new Chief Financial Officer and Executive Director. He assumed the role in August. A former tax partner at Anderson Tax Nigeria, Emeka brings more than 30 years' experience in financial services within Sub-Saharan Africa, including roles as Group Managing Director/CEO of Diamond Bank Plc. He has held various Board positions as Chairman, FMDQ Securities Exchange Limited; Director, FMDQ Holdings Limited; Director, Ecobank Nigeria Limited; and Director, Bharti Airtel Nigeria.

> “
> Since we raised $535 million at our initial public offering in May 2014, we have returned $344 million to shareholders in the form of dividends.

In August we strengthened the independence of our Board with the appointments of M. Xavier Rolet, KBE and Ms. Arunma Oteh, OON, both of whom bring significant experience of international business and corporate governance. M. Rolet was CEO of the London Stock Exchange for ten years, during which time its market value rose from £800 million to £15 billion. He is currently the Chairman, Board of Directors at Phosagro PJSC, a member of the Board of Directors of the Saudi Stock Exchange Tadawul as an appointee of the Public Investment Fund, and an Expert Adviser to the Shanghai Institute of Finance for the Real Economy.

Ms. Oteh is a seasoned business executive with many years' experience at the highest levels at major multilateral agencies, global financial institutions and in Government. She has been an academic scholar at the University of Oxford since January 2019 and a member of the London Stock Exchange Africa Advisory Group since January 2020. Ms. Oteh served as Treasurer and Vice President of the World Bank from 2015 to 2018 and was the Director General of the Securities and Exchange Commission Nigeria from 2010 to 2015.

In November we announced the retirements of Michael Alexander, Senior Independent Non-Executive Director, and Mrs. Ifueko M. Omoigui Okauru, Non-Executive Director, both retiring on 31 January 2021. Mr. Basil Omiyi assumed the role of Senior Independent Non-Executive Director on the same day.

I would like to thank all our Directors for the wisdom and guidance they have shared with us over what has been a very challenging year and look forward to their continued counsel in the future.

Business reorganisation and imperatives

Having acquired Eland Oil & Gas late in 2019, I am pleased to report that it is now fully integrated into Seplat. Its headquarters in Aberdeen have become our Centre for Excellence, responsible for technical training and development across the Group, subsurface expertise, and the appraisal of new energy technologies. Supporting functions such as IT and HR were integrated, as was the management of community relations. In addition, we have begun sharing expertise and best practices with Elcrest, which is a joint venture with Starcrest, and which jointly operates OML 40 with NPDC.

In October, our new CEO Roger Brown announced a streamlining of the organisation to improve efficiency at Seplat. Notable changes to the organisational structure included Asset Managers reporting directly to the CEO, the creation of a Corporate Services Department to include HR, IT and Business Services, and the creation of a Research & Sustainability function within the External Affairs Department.

In addition, Roger created a New Energy unit, under the leadership of Yetunde Taiwo, tasked with managing our gas business and exploring ways that Seplat can develop a new renewables business for longer-term creation of value.

A major force in our gas strategy will be the ANOH Gas Processing Plant that we are developing in a joint venture with the Nigerian National Gas Company. I am pleased to report that we completed equity funding of the project at the end of 2020 and in February 2021, we announced that our AGPC joint venture has successfully raised $260 million of debt to complete the project funding. The fact that a consortium of Nigerian and international banks were prepared to commit up to $450 million was a strong sign of confidence in ANOH, which is one of the most important strategic infrastructure projects in the country.

However, our cash position remained strong and the $318 million of cash we generated from operations was significantly more than the $150 million we invested for future growth. In fact, our capital expenditure in this difficult year was higher than the $125 million we spent in 2019, which demonstrates our commitment to growth. Furthermore, we voluntarily repaid $100 million of our Revolving Credit Facility and ended the year with $225 million in cash and net debt of $440 million.

Dividend commitment maintained

Our financial performance enabled us to maintain our commitment to paying dividends. While other companies were cutting back or cancelling payments for the 2019 financial year, because of prevailing uncertainties, we honoured our commitment and paid a final dividend of US$0.05, for a total dividend of US$0.10 for 2019.

In October 2020, we announced an interim dividend of US$0.05 and the Board has since approved an additional top-up of US$0.05, maintaining our US$0.10 dividend for the 2020 financial year.

Since we raised $535 million at our initial public offering in May 2014, we have returned $344 million to shareholders in the form of dividends.

Although its completion has experienced some inevitable delays because of Covid-19 restrictions on imports, the ANOH project will significantly enhance Seplat's position as Nigeria's leading supplier of processed gas for the domestic energy market.

Although driving Nigeria's transition to gas remains our priority, it is essential that we ourselves transition for a long-term future in which renewables are an important part of Nigeria's energy mix.

Performance in 2020

Our operational and financial performance reflects the very challenging conditions I have described above. Our average working interest production was 51,183boepd, including 33,714bopd of liquids and 101MMscfd gas (17,469boepd). Of this, our Eland assets contributed 8,855bopd, or 26% of total liquid volumes.

The performance of our oil business was affected by falling demand, the quotas imposed upon Nigeria by OPEC+, problems with the Trans Forcados Pipeline, a suspension of production resulting from an accident at OML 40 in July and a further suspension following problems with a storage vessel at the same site. Our gas business was affected by turnaround maintenance at our Oben gas plant as well as gas wells ceasing production earlier than anticipated, and of course the impact of Covid-19 related lockdowns on demand in the Nigerian economy.

We drilled six oil wells and three gas wells during the year, choosing to focus on higher-margin oil wells in the first six months of 2020 and the development of gas fields in the second half of the year.

As I have mentioned, a tragic accident at OML 40, operated by NPDC and Elcrest, sadly claimed the lives of seven third-party workers working on a maintenance barge. Our thoughts and prayers remain with their families and friends.

Three investigations were launched, led by the DPR, a team from NPDC/Elcrest and an independent investigator. The investigations identified failures in the Permit to Work system and 18 safety recommendations were subsequently implemented to ensure that such a tragic event can never happen again. Furthermore, we redoubled our efforts to drive a strong safety culture throughout the organisation.

Our financial performance was as good as could be achieved in such a difficult year. Revenues of $530 million reflected the lower demand and pricing environment and non-cash impairment provisions of $153 million, obliged by revaluation of assets at lower oil prices, reversed an operating profit of $121 million to a reported loss of $32 million.

Towards world-class governance

The strengthening of our Board that I have already described is part of our ongoing desire to achieve world-class governance of our Company. Six of our 13-member Board are independent and we continue to work towards increasing diversity.

In addition, as we announced in March, we have taken the bold decision to eliminate all Related-Party Transactions – a move that exceeds the requirements of the UK Code of Corporate Governance. I know that shareholders will applaud this move as a sign of our commitment to the highest standards of governance.

Sustainability initiatives

It is the responsibility of the Board to plan for the long-term sustainability of our Company. We have conducted scenario analyses on our assets under different climate change and demand scenarios, as well as looking towards a future in which Seplat is much more involved in promoting low carbon environment in our operations. Such a transition will involve significant new innovations, technology, skills and relationships, compared to our existing expertise of subsurface exploration, drilling and hydrocarbon processing, but we are determined to be a major part of Nigeria's future energy mix and help drive the country towards more sustainable energy generation.

▲ Selpat's Covid-19 donations for Imo.

> Thanks to the cost-cutting initiatives we implemented in 2020, as well as our prudent financial management, we are positioned very strongly to take advantage of the global recovery we are beginning to see.

Our ANOH Gas Processing Plant will be a major step forwards in Nigeria's drive to reduce carbon emissions, replacing potentially millions of small-scale, inefficient, and polluting generators with cleaner utility-scale power generation fired by Nigerian natural gas.

We commissioned an environmental consultancy, Critical Resource, to conduct a gap analysis on our efforts in the field of sustainability, focusing on the environmental, social and governance aspects of our business. Their extensive report identified numerous areas that we are committed to improving to global standards and we have begun programmes across the Company to ensure we embed sustainability thinking across the organisation.

In addition, we intend to increase our disclosure of environmental, social and governance (ESG) data, by adopting the recommendations of the Task Force on Climate-related Financial Disclosures and will commit to reporting CO_2 emission data to the Carbon Disclosure Project in the near future.

Helping our communities

Part of our ESG commitment is already apparent in the long-term projects we implement in our host communities. As the Covid-19 pandemic struck Nigeria, it was our duty to help our host communities and States in whatever ways we could.

At a national level, Seplat was one of 33 organisations that donated a combined total of US$30 million to support the Federal Government's efforts at curbing the spread of the pandemic. In addition, Seplat provided food assistance, medical and protective equipment worth ₦50 million to help local State authorities. We remain committed to the wellbeing of our host communities and will continue to provide health and education programmes, as well as opportunities for training and employment in the future.

Outlook for 2021

Having proved our resilience again, and in the most challenging and unprecedented environment we have ever experienced, I am confident that Seplat will build on its strong foundations to become a larger, more diverse, and more sustainable energy company in the years to come. Given Nigeria's need to improve access to energy and the potential for significant market growth, I hope you will agree that we are very well positioned to consolidate and strengthen Nigeria's energy champion.

As part of this transition, we will be seeking your approval in this AGM to change our name from Seplat Petroleum Development Company to Seplat Energy Plc. I believe this move reflects our intention to be at the forefront of Nigeria's energy transition in the next decade of our journey. We will continue to build value for you, our shareholders, either through organic growth or through carefully selected acquisitions that will deliver the scale or expertise we will need in the coming years.

As the pandemic and its impacts recede, demand for oil and gas is already recovering and, thanks to the cost-cutting initiatives we implemented in 2020, as well as our prudent financial management, we are positioned very strongly to take advantage of the global recovery we are beginning to see.

I extend my heartfelt thanks to all our staff, who have performed so well under the difficult circumstances of the pandemic and the necessity of working from home.

I also thank you, our shareholders, for your patience and trust in our Company in what was a very difficult time for your investments and assure you that we will do everything in our power to justify your faith.

A.B.C. Orjiako
Non-Executive Chairman

A HISTORY OF RESILIENCE

Financial discipline is the key
Since our foundation, most of our revenues have come from oil, a product whose price is beyond our control. Given this uncertainty, we have always operated with a strong philosophy of financial discipline, believing that 'cash is king' and we must generate as much of it as we can.

We focus on prudent investment to drive the highest possible returns, reducing the cost of our operations and ensuring the maximum possible cash flow from our products, to maintain a manageable level of net debt.

This provides a strong cash buffer that, in normal times, enables us to invest, repay debt and return money to shareholders in the form of dividends.

In addition, we have increasingly diversified from oil into gas, which provides long-term, more stable cash flows compared to the volatility of oil. Gas provides great potential for growth, given Nigeria's need to replace small-scale diesel generation with utility-scale power stations powered by much cleaner nature gas, which our country has in abundance.

This philosophy saw us through the protracted crises of the oil price collapse and the Trans Forcados *force majeure* that followed soon after. It is why, in 2020, we were able to maintain investment for growth, repay US$100m of debt and honour our commitment to shareholders with a dividend of US$0.10 per share.

Financial discipline and a robust business model have protected Seplat through difficult times

Oil price crisis

(Jul 14 – Jan 16)

The protracted oil price crisis that ran from mid-2014 to early 2016 focused our attention on the need to operate at the lowest possible cost and hedge against future price volatility. As can be seen in the charts, we controlled our cash position by significantly paring back capital expenditure, focusing only on projects that would generate near-term, higher-margin returns. At the same time, our gas revenues increased, diversifying our risk away from oil price volatility.

Trans Forcados *force majeure*

(Feb 16 – Jun 17)

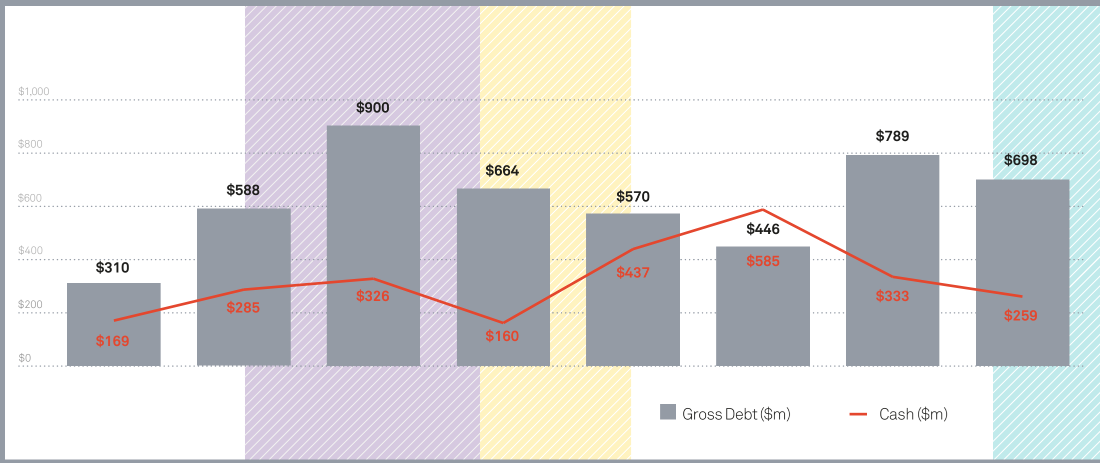
Repeated problems with the Trans Forcados infrastructure have driven us to look at alternative routes to get our oil to export centres on the coast. Although significantly delayed, the Amuke-Escravos Pipeline will offer an alternative and more secure underground route to the coast that will immediately increase revenues by reducing reconciliation losses and losses from maintenance downtime or pipeline vandalism.

Covid-19 pandemic

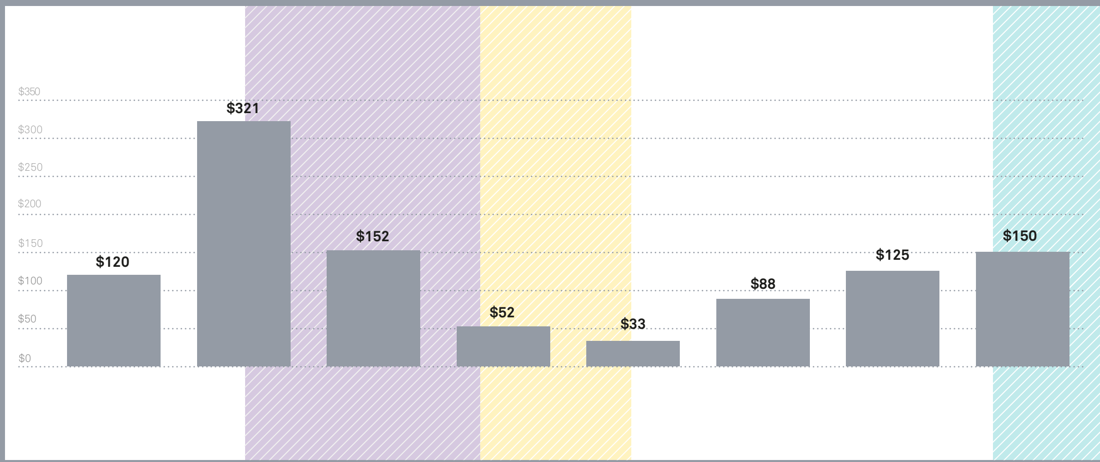
(Mar 20 –)

The pandemic was and still is an existential crisis for the oil industry, resulting in lower demand and lower prices that may persist for some years as economies and global travel recover from its effects. Our business continuity plan, strong cash balance, low cost base, astute risk management and hedging strategy helped us pull through. Furthermore, we remain committed to increasing our gas business to reduce our level of exposure to oil.

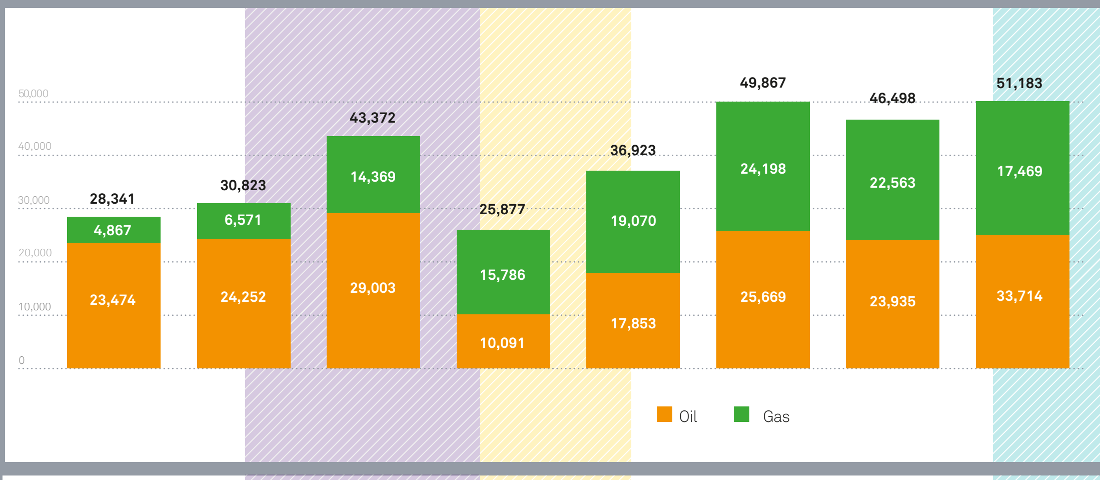
Focused cash management strategy



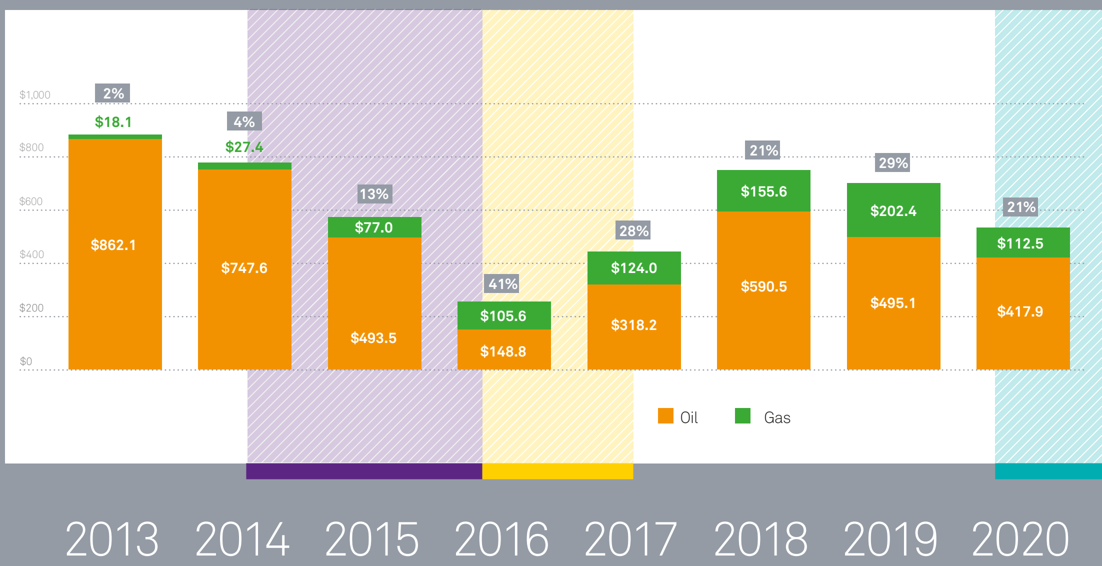
Flexibility with capital investment ($m)



Increasing gas volumes for growing market needs (boepd)



Gas diversification reduces revenue exposure to oil price ($m)



A ROBUST BUSINESS RESPONSE TO THE PANDEMIC

Seplat has delivered a robust performance despite the unprecedented crises we have experienced since March.

1

Nigeria's response to Covid-19

Thanks to its experience in dealing with previous challenges such as Ebola, the direct impact of Covid-19 has been far less severe in Nigeria than in many other countries. In the year since March 2020 the Nigeria Centre for Disease Control has recorded approximately 160,000 cases and nearly 2,100 deaths. Now, in 2021, a year after the outbreak and with multiple vaccine options available, the threat is beginning to recede and life is returning to normal. The question for all of us is whether that pre-pandemic 'normal' was inherently unsustainable and what lessons should be learned from this great shock the world has experienced.

Brent Oil price ($)

2

Oil market impact

The price of our main product suffered greatly in the pandemic as economic activity fell and local and international travel collapsed. As demand for oil fell, the crisis was exacerbated by a pricing and supply dispute between Saudi Arabia and Russia that shocked the market so badly it responded with negative pricing in April on fears that storage capacity would soon run out. As the year progressed, however, the price of oil recovered on optimistic news about vaccines. In response to the market crisis and OPEC+ decisions on supply, Seplat abided by quotas and purposefully hedged to protect our cash flows from downside shocks. We booked hedging income of $26.4 million in 2020, with $8.3 million hedging costs being recognised as fair value charges.

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3

Field operations

Despite the pandemic, our fields remained in operation throughout 2020. Although the Federal Government placed restrictions on internal travel, essential industries such as ours were exempted so we could serve Nigeria's need for exports of oil and gas for local consumption. Recognising the need to adapt our field operations for the health and wellbeing of our colleagues, we implemented essential-only staffing of field operations, based upon 28-day rotations instead of 14-day, with strict quarantines to be observed in the week before deployment. Backed by regular testing, this ensured that all our fields remained Covid-free throughout the crisis.

4

Adapting to 'working from home'

Working from home became the new normal in 2020 as offices were shuttered and travel restrictions took hold. Thanks to our business continuity plans we were fully prepared and continued to run the business from homes offices and kitchen tables, using secure IT and remote collaboration tools for meetings. Our Annual General Meeting was a hybrid affair, broadcast live on the internet as a small audience attended in person with full regard to social distancing protocols. We introduced earnings calls at the first and third quarter results and continued our active engagement with investors by video calls and virtual investor conferences. We even held virtual parties to celebrate our 10th anniversary so we could maintain the strong sense of community we would normally experience through teamwork in the office.

"

We will continue to monitor the impact of Covid-19 to ensure that we provide appropriate support for our employees, host communities and other stakeholders.

▼ Business continuity was assured through the use of secure technologies by staff working from home.

5

Helping our host communities

We immediately recognised the need to help our host communities through the difficult times of Covid-19. At a national level, Seplat was one of 33 organisations that donated a combined total of $30 million to support the Federal Government's efforts at curbing the spread of the pandemic. In addition, Seplat provided food assistance, medical and protective equipment worth ₦50 million to help local State authorities.

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Q&A — PLANNING FOR THE FUTURE

Seplat CEO, Roger Thompson Brown talks about taking over in a pandemic and what we can expect from Seplat in the coming years.

Roger Thompson Brown
Chief Executive Officer

" I truly feel that we have made a positive difference for our host communities and will continue to do so long into the future.

Q

You took leadership of a healthy business surviving a pandemic, what were your initial priorities?

A: It's very challenging to take on the role of CEO when your staff are all working from home, so visibility and communication were essential to motivating staff and reassuring them about the future.

For the business itself, priority number one was to increase operational efficiency as well as reducing costs, not simply as a response to the lower oil price but because I believe that a constant focus on improving efficiency will drive us to become a better and more sustainable business. Part of this cultural shift was about motivating our people, breaking down hierarchies and promoting more creativity and innovation. We have an extremely skilled and experienced workforce and I want to harness that potential. Seplat's staff responded magnificently to the challenge of keeping the business running from home and I commend their efforts in what was an unprecedented and challenging year.

As to our longer-term priorities, it is clear that the oil and gas industry is changing rapidly, and the Covid-19 pandemic may have accelerated the drive for energy transition in Nigeria. As the country's largest indigenous independent energy producer, Seplat will play a major role in that transition, helping Nigeria forge ahead with the development of its existing resources and developing new ways to produce energy at low economic cost and at low cost to the environment. Assessing those new opportunities and preparing Seplat to be at the forefront of implementing them is my major focus going forwards.

Q

Seplat turned in a robust performance against a very challenging year, to what do you attribute this success?

A: We have faced challenging years before and survived because we had a strong balance sheet that was sustained through prudent financial management and this disciplined approach helped us through 2020, which had the twin shocks of reduced demand and lower prices.

We responded by negotiating deeper cost reductions, focusing on efficiency, and adjusting our production and operations to reflect the realities of the pandemic and its impact on demand. Much of that is down to the Seplat team who responded quickly to the changes required by Covid-19, ensuring we could remain safe and continue operations throughout.

Despite these very considerable challenges we maintained our dividend, voluntarily repaid debt, invested for growth and still managed to progress our key projects. That sets us apart from many of our peers.

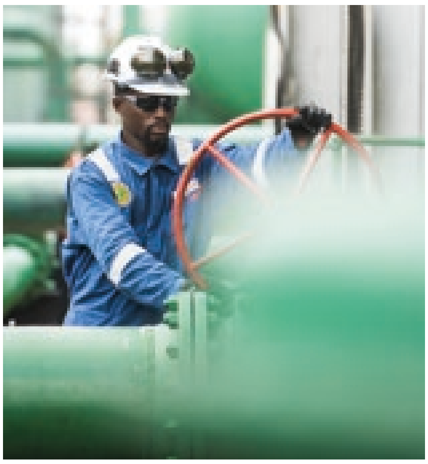
Q

How will you build on the integration of Eland?

A: The steps we have taken already will deliver long-term benefits. We have reduced barging costs, improving the profitability of the Eland production, and we have created a Centre of Excellence at what was Eland's technical centre in Aberdeen, Scotland. This team in Aberdeen will also support the recently created New Energy unit and it is in a great location for access to industry and academic expertise in all kinds of energy technologies including renewables.

If the oil price remains stable, we will allocate capital to drill more production wells at Gbetiokun and Opuama as well as replacing the barging operation at Gbetiokun with a dedicated oil pipeline.

In the longer term, there is potential to significantly upgrade our reserves by drilling the high-potential Sibiri (formerly Amobe) exploration prospect at OML 40.



> “Nexant forecasts Nigeria's gas demand to grow by c.20 Bcm by 2035, with most growth in the power sector.

Q

How does oil remain relevant in today's climate-conscious world?

A: There is much debate on whether global demand for oil may have peaked and whether it will reduce over the coming decades as transport is fuelled by electricity instead of oil. That said, the EIA forecasts that demand will still be 96.9 million barrels per day in 2021, only slightly lower than in 2019 before the disruption caused by the pandemic.

Of course, there is pressure to reduce oil extraction and the carbon emissions it creates, but that depends on the rest of the world adopting less oil-intensive ways to travel and generate power. Nigeria's per-capita energy consumption and carbon emissions are actually very low, and its national electricity grid is still very poorly developed. This is why the country is so reliant on small-scale diesel generation to satisfy its energy needs and this is the problem we need to address most urgently.

It's important to recognise that Nigeria is a developing country with low access to energy and a rapidly growing young population. Hydrocarbons are the country's main resource and provide significant help for its economy. The proceeds from the oil industry fund a wide range of Sustainable Development Goals (SDGs) and are crucial to the country's societal development. Nigeria needs to achieve significant growth in its capacity to deliver education and health services, food production and energy security. Without the development of its indigenous oil and gas industry these goals will become very difficult to achieve and so in Nigeria, the industry remains not just relevant but essential.

Since oil and gas was first discovered in Nigeria in 1956, the country has struggled to fully capture and share with the population the benefits of its abundant natural resources. Finding a way to do so now, even as the world responds to the threat of climate change, is essential for a just transition.

Q

What opportunities does the imperative of climate change hold for Seplat?

A: Seplat is embracing climate change opportunities on two fronts. Firstly, we continue to invest heavily in expanding our domestic gas business in line with the Government's strategy to achieve universal access to electricity, and to make that energy cheaper and cleaner by replacing diesel generation, which is very damaging to the environment and the economy. Gas is clearly the next step for Nigeria, and we have a leading position domestically with the Nigerian Government declaring the ANOH project as one of the seven critical gas development projects for the country.

Secondly, we have created a New Energy unit to focus on lower carbon to zero carbon fuel sources and the natural extension beyond gas is for Seplat to participate in renewable energy, such as solar power, and in emerging technologies such as carbon capture and storage. Our view is that Nigeria will benefit from being able to deploy renewable energy on its electricity grid rather than solely developing an off grid renewable solution. By providing a base load of cheaper, lower carbon gas on the grid, the acceleration of grid-based renewables will be possible, which is why we are currently focusing on accelerating our midstream gas business and additionally expanding into LPG, which is a good fuel source for cooking, preventing deforestation.

The priority for 2021 is to address our responsibilities as part of the global energy transition and to set realistic targets for how we as a company evolve to drive that transition along.

"

Government policy is also focused on addressing the undersupply of gas and extending access to electricity.

Q

What progress did Seplat make with sustainability in 2020? What future initiatives can we expect?

A: We already support most of the UN's 17 SDGs through the taxes and royalties we pay to government, which support things like health, education, and infrastructure, and through our own community support programmes.

On a practical front, we retained a leading ESG consultancy, Critical Resource, to undertake a 'gap analysis' and identify where our efforts in sustainability could be improved, and not just in the domain of emissions. The result of this analysis is enabling us to undertake scenario planning to forecast the impact of climate change on an asset-by-asset basis.

The analysis will also enable us to align our reporting with best practice for ESG disclosure and we aim to be TCFD and IPIECA compliant as soon as possible.

On a practical front, it was our responsibility to provide whatever help we could for local communities hit by the pandemic and its restrictions, and we were involved in several initiatives, both on our own and with industry and government partners.

Q

How do you build on success into 2021? What initiatives can we expect?

A: The oil price has started to recover and thanks to our cost-saving initiatives I believe we will translate this into higher cash generation this year, which will enable us to invest more for the future.

In the second half, the long-delayed Amukpe-Escravos Pipeline is expected to come onstream and reduce downtime, reconciliation and other losses, which will provide a further boost to Seplat's cash flow. It will provide a reliable, secure alternative to the Trans Forcados route that has frequently shut in our production because of maintenance and other problems.

We continue to focus on the ANOH Gas Processing Plant, and although this has experienced some inevitable delays because of the pandemic, it will be transformational for Seplat and for Nigeria when it opens in 2022.

In addition to these two key factors, a number of other planned initiatives will provide further operating and financial benefits. Exploration drilling and new gas wells are likely to increase production and reserves whilst an increased focus on operational improvements will improve production uptime.

Having survived the worst year in the history of the oil and gas industry, the actions we've taken before and during 2020 have left us in a position of strength and I am confident that as demand recovers and the imperative for gas increases, Seplat will exit 2021 a larger, stronger, more profitable company and strengthen its position as Nigeria's indigenous energy leader.

Roger Thompson Brown
Chief Executive Officer

A ROBUST STRATEGY FOR GROWTH

Strategic pillars	1 Increase our resources	2 Increase production and improve its profitability
Description	We must constantly replenish our reserves to assure future supplies. However, we must also increase reserves if we are to maintain growth. We aim to drill at least one exploration well per year, focusing on prospects that offer rapid and low-cost production, using existing infrastructure if possible. Our development drilling programmes also enable us to assess the upside potential of fields, allowing us to maximise hydrocarbon recovery from reservoirs and capitalise on low-risk reserve addition opportunities. Following the successful integration of Eland, we will look to acquire new assets where appropriate.	Our value chain involves developing fields and then extracting, processing and exporting the hydrocarbons they produce. We will maximise profitability and return on investment by maintaining strict cost control, implementing the most appropriate technologies and organising ourselves and our service providers to deliver development projects on time and within budget. Once operational, we aim to safely extract the maximum volume of hydrocarbons for lowest possible cost. In the export phase, we must maximise uptime and reduce reconciliation losses, if necessary developing our own export routes, to mitigate asset concentration and reliance on third-party infrastructure.
Progress	• Converted 151MMbbls oil and 84MMboe gas from 2C resources to 2P reserves and revisions since 2010	• Focused on highest-impact, value-adding work programme prioritising gas • Eland assets integrated into Group portfolio, immediately contributing 26% of Group liquids volumes • Ongoing cost-saving achievements and continuing negotiations with supplier driven by crisis of 2020 • Work to establish alternative, more reliable export routes • Discretion over level and timing of spend allows alignment with cash flow
Measuring our performance See page 20	• Reserves replacement	• Working interest production • Earnings before interest and tax (EBIT) • Opex per boe
Risk overview	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.	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 operated oil and gas production, processing and transportation facilities. The Company does, however, rely on third-party operated export infrastructure that has been susceptible to interruptions.
Risk categories See page 30	• Operational risks • Financial risks • Strategic risks	• Operational risks • External risks • Financial risks • Strategic risks
Outlook	• Continued evaluation and high-grading of the E&A potential within Seplat's portfolio • Execute plans to drill one exploration well a year as oil prices and free cash flow permit	• Continue to pursue cost-saving initiatives • Improve efficiency with new technology • Amukpe-Escravos Pipeline delayed but expected to become operational in H2 2021, providing a more reliable export route • Develop new export routes • Increase contribution of gas

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.

3 Develop gas to drive Nigeria's energy transition	4 Pursue profitable new opportunities	5 Behave responsibly, and share our success
Nigeria has vast resources of natural gas and a pressing need to improve access to affordable energy and bring the country's energy consumption towards global norms, by replacing millions of inefficient diesel and petrol generators with utility-scale gas power stations. The growth of our gas business is therefore a priority that will deliver multiple benefits such as protection from oil price volatility, greater earnings visibility, higher cash generation and cleaner production. Our 465MMscfd Oben Gas Processing Plant, one of Nigeria's largest, will soon be augmented by OML 53's new 300MMscfd ANOH facility, which will come onstream in late 2021.	We see rich opportunities for growth in Nigeria including future licensing rounds, asset divestments from international oil companies, asset farm-ins and acquisition opportunities amongst independent E&P companies. Our focus is on securing blocks in the onshore and offshore areas of the Niger Delta that offer near-term production growth, cash flow and reserve replacement potential. In the longer term we may diversify our hydrocarbon portfolio by pursuing assets outside Nigeria. In addition, we will actively look for new opportunities in renewable energy to ensure we are a major player in this important and potentially very profitable growth sector for Nigerian energy companies.	Being a responsible and accountable corporate citizen is a key priority. We recognise that minimising the effects of our activities on the environment, understanding local issues, positively contributing to our host 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. Supporting all of this is a strict adherence to strong corporate governance and business integrity culture throughout our organisation. We will share our success in the form of remuneration, taxes, royalties, community investment and dividends for shareholders.
• Seplat is a major supplier of processed gas to the domestic market • Oben Phase I and II expansion projects expanded plant processing capacity to 465MMscfd from 90MMscfd • $680 million fund raising completed in February 2021 for the 300MMscfd joint-venture ANOH Gas Processing Plant	• Acquired direct interests in seven blocks and further revenue interest in one block to date • Completed the acquisition of Eland Oil and Gas that holds interests in OML 40 and Ubima marginal field • Well positioned to access future deal flow onshore and offshore	• Proven community engagement model aligns Seplat with host communities • High retention rate of skilled and motivated workforce • Paid $180 million in taxes and royalties in 2020 • Paid $344 million in dividends to shareholders since IPO • Embarked on new ESG initiatives with view to adopting TCFD and emissions reporting
• Gas reserves, production and revenues	• Portfolio expansion • 2P reserves and 2C resources • Working interest production	• Lost time incident frequency (LTIF) • Corporate responsibility initiatives
Despite the abundance of resources in the ground, the natural gas sector in Nigeria is at a relatively 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.	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.	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.
• Operational risks • External risks • Financial risks • Strategic risks	• Financial risks • Strategic risks	• Operational risks • External risks • Financial risks • Strategic risks
• Capitalise on Oben Phase II expansion of processing capacity to increase production • Expect ANOH joint venture to deliver first gas in H1 2022, further develop OML 53's strategic gas resource • Completion of new Sapele Gas Plant expected in 2022 • Focus on monetising new opportunities, e.g. flared gas, LPG market	• Continued long-term pursuit of our focused acquisition strategy • Price discipline and seek to implement innovative structures to protect the balance sheet • Targeting both oil and gas	• Strong focus on driving improvements in safety and environmental performance • ESG thinking at heart of Board decision making • Explore new energy possibilities • Deliver positive community outcomes • Continue to pay dividends as appropriate

GENERATING VALUE FOR ALL OF OUR STAKEHOLDERS

Inputs
Resources and Relationships

Unified and motivated workforce
500+
multi-discipline employees

Operational expertise and control
81%
of production is under Seplat's control

Strong financial management and access to capital
$259m
Cash at bank

Effective HSSE and risk management
0.00
LTIF

Good corporate governance
88%
Corporate Governance Risk Rating System

Strong relationships with host communities
$14.7m
invested in our communities in 2020

Value Creation Strategy

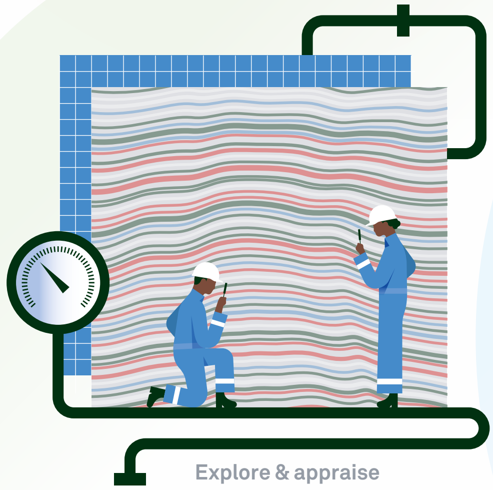
Our expertise

Acquire
We have an enviable track record of acquiring assets that create value through our transformational expertise in getting the most out of the ground.

Explore & appraise
The addition of Eland has added significant subsurface expertise that will allow us to maximise exploration and development opportunities across our expanding portfolio.

Develop
Despite the challenging conditions we drilled eight new wells in 2020, recognising our need for continuous development of our assets to ensure future streams of oil and gas that drive profitable cash flow.

Produce, process & sell
We aim to maximise production of oil and reduce downstream losses wherever possible, if necessary by developing our own infrastructure. Our ANOH gas development will increase our share of the Nigerian power market.



Our strategic pillars

Seplat's value creation strategy is the day-to-day execution of the five strategic pillars that underpin and guide our business activities. They express the priorities we have as a business to grow profitably but responsibly, increase our reach and scope and share our success with our stakeholders.

See page 16

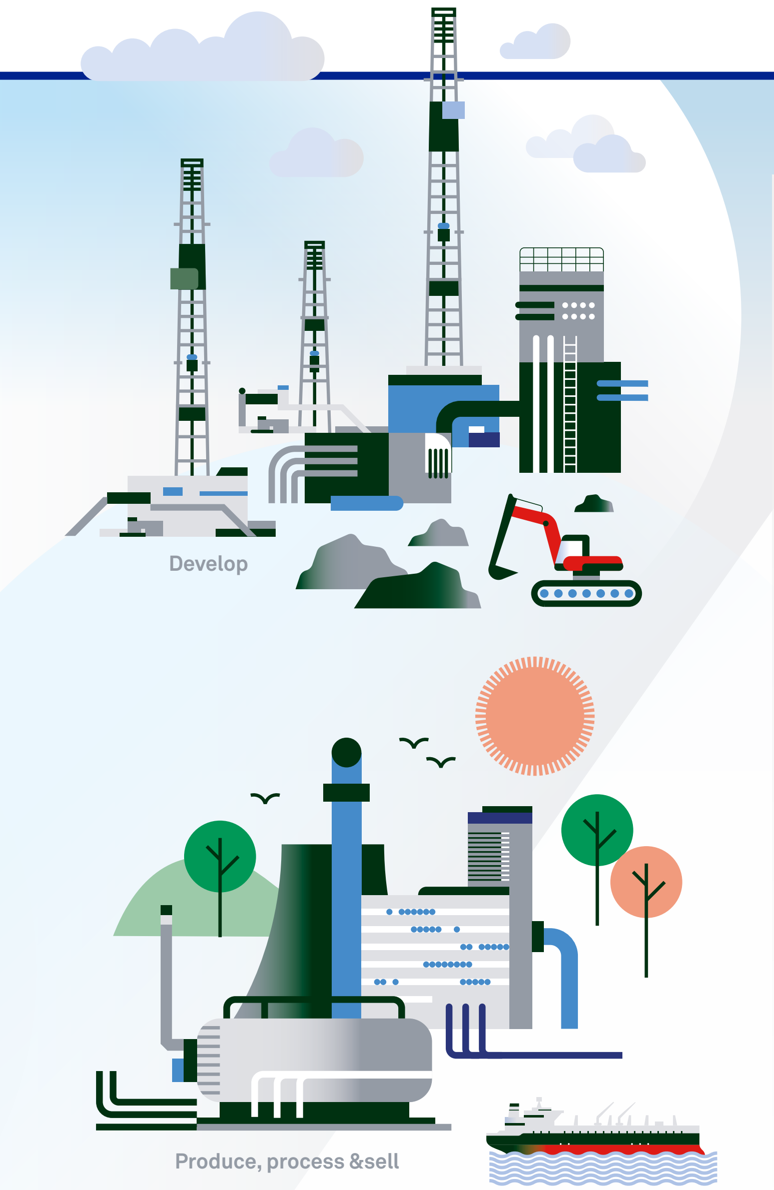
1 Increase our resources

We must replenish our reserves and increase them if we are to maintain growth. We aim to drill at least one exploration well per year, focusing on prospects that offer rapid and low-cost production, using existing infrastructure if possible. We will also acquire new assets where appropriate.

2 Increase production and improve its profitability

Maximise profitability and return on investment by delivering development projects on time and within budget. Once operational, extract the maximum volume of hydrocarbons for lowest possible cost. On evacuation, we must maximise uptime and reduce reconciliation losses, if necessary developing our own export routes to reduce reliance on third-party infrastructure.

Our business model leverages our core strengths, relationships and experience to create long-term value and shared prosperity for all of our stakeholders.



Our competitive advantages

Industry expertise
We are Nigeria's leading independent oil and gas producer with a long track record of expertise in the geology and business of Nigerian oil and gas. We build on this expertise every day.

Strong relationships
We are a trusted partner to the Nigerian Government and to other operators in the region. Our ANOH project is classed as strategically important for Nigeria, to which we are leading supplier of gas.

Low-cost production
Our focus is on maximising output for the lowest cost and this enables us to remain profitable even at the low oil prices experienced in the second quarter of 2020.

Strong cash generation
Our prudent approach to investment and low cost base enable strong cash generation to repay debt, invest for the future and pay dividends. This gives us the strength to tap capital markets when needed.

3 Develop gas to drive Nigeria's energy transition
Growing our gas business will deliver multiple benefits such as protection from oil price volatility, greater earnings visibility, higher cash generation and cleaner production. Our 465MMscfd Oben Gas Processing Plant, one of Nigeria's largest, will soon be augmented by OML 53's new 300MMscfd ANOH facility, coming onstream in late 2021.

4 Pursue profitable new opportunities
There are opportunities for growth in Nigeria including future licensing rounds, asset divestments, asset farm-ins and acquisition opportunities amongst independent E&P companies. We will also look for new opportunities outside Nigeria and in renewable energy to ensure we are a major player in this important and potentially very profitable sector.

5 Behave responsibly, and share our success
Being responsible and accountable is a priority, minimising our impact on the environment, understanding local issues, positively contributing to our host communities, being a first-rate employer and providing our staff with a safe working environment and career development opportunities. We will share our success with our staff, community, shareholders and Nigeria.

Outputs in 2020: What we delivered

For our shareholders
– Capital growth
– Dividends

$59m
Dividends paid to shareholders in 2020

For government
– Royalty and tax revenue
– Foreign and local capital investments

$564m
Payments and production entitlement to government reported in 2020

For Nigeria
– Infrastructure development
– Multiplier effect from improved gas-to-power supply

1/3
of Nigeria's current power generation can be underpinned by our gas production

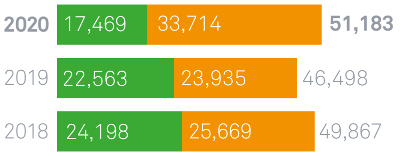
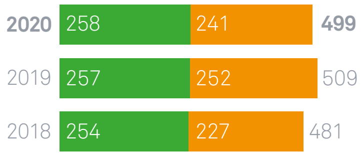
For our host communities
– Economic empowerment
– Healthcare and education

c.20,000
Jobs created by Seplat's operations

For our employees
– Training and development
– Shares awarded

26,241
hours of employee training in 2020

MEASURING OUR PROGRESS

Key performance indicator	Working interest production (boepd) ● Gas ● Oil	2P reserves movement (% increase/decrease) ● Gas ● Oil
	51,183 +10.1%	499 -2.0%
		
Year-on-year progress	In line with expectations	Below expectations
Linked to remuneration?	✔ (See page 121)	✔ (See page 121)
Delivering on our strategic pillars	1 2 3 4	1 3 4
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.	The number of barrels of oil equivalent added to the 2P reserves base during the year, expressed as a percentage increase/decrease.
Relevance	An indicator of production strength at the Company's current blocks and the impact of development activities at organic and inorganic projects.	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 production averaged 51,183 boepd, with liquids up 40.9% reflecting the first-time contribution of the acquired Eland assets, whilst gas production was down 22.9% because of Q1 maintenance and the impact of Covid-19 on the economy. The overall 10.1% increase on 2019 was achieved despite constrained production levels in Nigeria following cuts in OPEC+ production quotas and tank-top issues at the terminal arising from the pandemic and the general impact of Covid-19 on operations. There was 83% uptime for the Trans Forcados Pipeline and liquid volumes from OMLs 4, 38 and 41 had 9.4% reconciliation losses.	Working interest 2P reserves at the end 2020 stood at 499MMboe, a 2% decrease on 2019. The change represents an organic decrease in overall 2P reserves of 1.9% year-on-year, due to production of 12.3MMbbls but mitigated by revisions of previous estimates.
Outlook	The Company expects to drill eight oil wells and three gas wells in 2021 to achieve working interest production in the range 48-55Kboepd.	A working interest 2C resource base of 95MMboe, comprising 59.7MMbbls oil and condensate and 203Bscf gas, offers good long-term reserves with significant growth potential. Sanctioning of additional exploration projects will increase Seplat's reserves further. The Company will also continue to evaluate acquisition opportunities and undertake a focused E&A drilling programme.
Risk management See page 24	The Company has in depth understanding of the subsurface and constantly monitors individual well and reservoir performance in order to optimise the drawdown rate on each well and maximise long-term economic recovery of oil and gas from the reservoirs. It has also prioritised the establishment of alternative oil export routes to mitigate high concentration risk.	The Company high grades its inventory of exploration and appraisal 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 undertakes rigorous analysis.

Strategic pillars

1. Increase our resources
2. Increase production and improve its profitability
3. Develop gas to drive Nigeria's energy transition
4. Pursue profitable new opportunities
5. Behave responsibly, and share our success

See page 16

Production opex
($/boe)

8.90 +44%

2020	8.90
2019	6.20
2018	5.77

Below expectations

2 3 4

The operating costs (excluding non-cash flow expenses, and financing costs) net to the Company divided by the Company's working interest barrels of oil and equivalent produced in the period.

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.

On a cost-per-barrel basis, production opex was higher at $8.90/boe because of the effect of OPEC+ restrictions that curtailed production volumes, as well as the trucking and barging costs at Gbetiokun on OML 40. However, benefits of the successful streamlining of the Gbetiokun operations have driven barging costs down from $14/bbl to $5/bbl.

The Company remains focused on cost control. Whilst increases in certain cost components are expected year-on-year there are areas where downwards pressure can be applied with the objective of achieving a stable unit cost.

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
($m)

-32 -110%

2020	-32
2019	312
2018	310

Below expectations

(See page 121)

2 3 4

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

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

After adjusting for non-cash impairments and fair value losses, the operating profit was $121.4 million. Including all adjustments, the operating loss for the year was $31.7 million (operating profit 2019: $311.9 million). The loss reflects lower oil prices realised and an impairment provision of $144.3 million booked in the period, which includes a non-financial asset charge of $114.4 million (IAS 36) and financial asset charges of $29.9 million (IFRS 9).

Higher oil prices, improved production, continuing tight cost controls and growth in gas production will drive earnings potential in the future.

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

LTIF
(number of incidents per million man hours)

0

2020	0
2019	0
2018	0.14

In line with expectations

(See page 121)

1 2 3 4 5

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

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

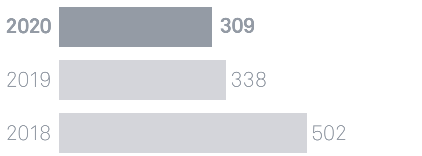
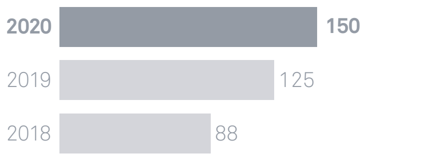
Lost Time Injury Frequency (LTIF) has dropped steadily from 0.33 in 2016 to 0 in 2019. This was also sustained in 2020.

In 2020 efforts will continue to minimise the frequency of lost time incidents in all areas of operations to achieve the zero target for incidence. The Company will continue to ensure high HSE standards are met and assess opportunities to constantly improve its HSE systems and protocols.

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

Additional performance metrics

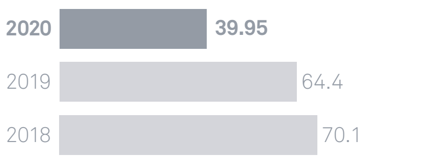
TRACKING OUR PERFORMANCE

Key performance indicator	Net cash flow from operations (US$m)	Capital expenditure (US$m)
	309 -8.60% 	150 
Delivering on our strategic pillars	2 3 4	1 2 3 4
Definition	The Company's operating cash flow in the year before taking into account movements in working capital.	The total amount of capital expenditure made during the year, excluding acquisition costs.
Relevance	Strong underlying wellhead oil production capacity and anticipated future growth in gas production will ensure continued robust cash flow generation. Development of the recently acquired OML 40 block together with OML 53 and OPL 283 will also significantly augment future cash flow potential.	An indicator of the Company's level of investment activities in production, development and exploration and appraisal activities.
Progress	Net cash flows from operating activities, after movements in working capital, were $308.7 million (2019: $337.8 million). An income tax payment of $10.4 million was made in the period (2019: $3.5 million). The Group received $188.1 million from the major JV towards the settlement of outstanding Dollar-denominated cash calls and $154.2 million (Naira equivalent) to offset Naira cash calls totalling $342.3 million received in 2020. This compares favourably to $179 million received in 2019. The major JV receivable balance now stands at $107.0 million, down from $222.3 million at the end of 2019.	Capital expenditures were $150.1 million in 2020 and included costs of around $83.5 million for drilling and completion of nine wells including three gas wells (completion of Oben 48; Oben 49 and Oben 50) and six development oil wells (Sapele-35, Ovhor-6ST, Ovhor-20, Ohaji South-5, Ohaji South-6 and Gbetiokun-5) that were completed earlier in the year. Associated facilities and engineering costs amounted to $61.3 million.
Outlook	The Company has budgeted to drill at least six oil and three gas wells in 2021 to achieve an average net working interest of between 48-55kboepd.	The Company will continue to invest in the development of its portfolio, allocating capital to the opportunities that offer the best returns and volume growth potential whilst scaling and timing investments at appropriate levels to closely match cash flow generation.
Risk management See page 24	The Company has in depth understanding of the subsurface and constantly monitors individual well and reservoir performance in order to optimise the drawdown rate on each well and maximise long-term economic recovery of oil and gas from the reservoirs. It has also prioritised the establishment of alternative oil export routes to mitigate high concentration risk.	Project investments are monitored closely against budgets to minimise the risk of over-runs. The Company benchmarks every investment opportunity to ensure capital is deployed to only the highest return projects, and adheres to a price disciplined acquisition strategy.

In addition to its key performance indicators, Seplat also tracks performance against additional metrics that further assist in measuring progress.

Realised oil price ($/bbl)

39.95 -38%



1 2 3 4

The average oil price per barrel sold by the Company during the period.

The Company's financial performance is closely linked to the oil price.

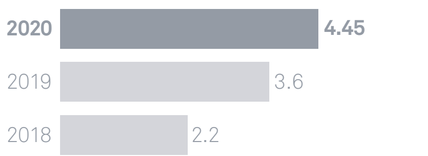
The Brent oil price averaged $43.21/bbl over 2020 (2019: $64.04/bbl). Brent remained volatile throughout the year, following the twin shocks of the Saudi Arabia – Russia price war and the Covid-19 pandemic, trading between a high of $68.91/bbl in January and a low of $19.33/bbl in April, before exiting the year at $51.80/bbl.

The Company has historically sold its produced oil under the Forcados blend that has generally received a premium to a Brent marker price. Oil prices are expected to remain subject to macroeconomic volatility, but have recovered strongly from the lows of last year's pandemic and associated price and supply war.

The management continue to closely monitor prevailing oil market dynamics and will consider further measures and take advantage of opportune periods to implement additional hedges to provide appropriate levels of cash flow assurance.

Staff turnover (%)

4.45



2 3 4 5

The rate at which full time staff of Seplat choose to leave the Company voluntarily, expressed as a percentage of average full time headcount during the year.

An indicator of the Company's ability to attract and retain personnel. The loss of people can result in skills shortage, loss of knowledge and higher recruitment costs.

The Company has continued to develop its employment policies with the aim of attracting and retaining high calibre industry talent. Staff turnover remained low in 2020 at 4.5%.

The industry is still expected, over the longer term, to continue to face skills shortages in key areas with competition for high performing individuals amongst competitors being intense.

The Company's policy is to provide industry competitive benefits packages and provide progressive career opportunities to retain and attract high performing employees.

Strategic pillars

1 Increase our resources
2 Increase production and improve its profitability
3 Develop gas to drive Nigeria's energy transition
4 Pursue profitable new opportunities
5 Behave responsibly, and share our success

See page 16

Basil Omiyi
Chairman, Risk Management and HSSE Committee

PROTECTING OUR BUSINESS

Managing risk in protecting our business
Risk management is an integral part of all business activities of Seplat. The Company's risk-management policy is focused on the early identification of risks and future risks that are central to achieving its strategy, corporate objectives and annual business plans; their possible impacts on the business and measures that can be implemented to mitigate the identified risks so that Seplat can continue to operate safely and effectively.

Seplat recognises that risk management is a continuous journey of improvement and not a destination and will continue to develop its risk management processes to ensure the Company is fully equipped to deal with the constantly evolving operating and business environment of the oil and gas industry.

> "Strong and effective risk management is central to how we run our business and enables the delivery of our strategy.

Key principles that underpin the Company's risk management framework and system:

- Strong focus on safety throughout the organisation.
- Close oversight by senior management in day-to-day business operations.
- 'Risk owners' throughout the business.
- Accountability of staff and/or key personnel.
- Regular and timely reporting.
- Clear line of sight on the system of internal controls.
- Monitoring and independent reviews.

Our risk management framework

ISO 31000 based, top-down and bottom-up approach

Board of Directors
- Company strategy
- Risk appetite
- Strategic risks oversight

Risk Management and HSSE Committee of the Board
- Approves and update risk management policy and system
- Defines risk appetite
- Oversees and monitors enterprise risks

Executive Management
- Delivery of Company strategy
- Identify key risks against the achievement of strategy
- Proffer and deploy actions and controls to address key risks
- Monitor enterprise risks

Risk Management Team
- Coordinate enterprise risk management activities
- Articulate and update risk management policy and system
- Risk identification, assessment, quantification and rating
- Risk reporting and monitoring
- Enterprise risk register and dashboard
- Risk champion activities

Internal Audit
- Independent assurance
- Reports to Audit and Finance Committees of the Board

Business Units
- Business objectives
- Risk identification, assessment and rating
- Mitigation actions and controls
- Monitor risks and mitigation actions
- Report risks and mitigation actions status

Risk identification, monitoring, mitigation action implementation and monitoring are bottom-up from assets, projects and function levels

Our risk management system

The Company's risk management system is based on guidelines provided in ISO 31000, the international standards for risk management. The system is built on top-down and bottom-up approach with the Board of Directors (Board) determining the right risk appetite necessary to achieve the Company's corporate objectives while the business units identify and mitigate risks at the unit and asset levels.

The Risk Management and HSSE Committee assists the Board in overseeing the Company's risk management framework and the risk/reward strategy as determined by the Board. The Committee ensures that the Company has adequate risk management system in place to manage the diverse and changing risks and opportunities faced by the Company as it creates value for shareholders. It meets at least three times in a year to analyse and evaluate the Company's key risk profiles, proposed mitigation strategies, mitigation actions taken by management and any residual risk exposures.

The meetings are attended by Executive Directors who have accountability for ensuring that risk identification is comprehensive and proposing mitigating measures that are effective in achieving the desired objectives. Reports on the Company's corporate risk register, key risk exposures in the business operations and reviews of its risk management systems are compiled and presented to the Board of Directors.

While key risks and associated risk appetites are determined at the top, the business units and functional managers are accountable for the respective risks within their areas. The Company's enterprise risk management (ERM) system, coordinated by the Head, Enterprise Risk Management and overseen by the Risk Management and HSSE Committee, supports risk management across the business and functions. The Company's ERM includes a robust risk identification, assessment, reporting and monitoring mechanisms and approaches that include maintenance of both corporate and functional/operational levels risk registers, risk dashboard, mitigation actions monitoring and risk reporting.

In a bid to continually embed risk management across the business and functions, the Company utilises specially appointed and trained Risk Champions to ensure common methodology, language and approach in the way risks are managed across the business.

The Internal Audit unit undertakes periodic audits of the various business units including the Company's corporate governance systems and risk management processes.

> "
> The Company's risk management policy is focused on the early identification of risks and future risks that are central to achieving its strategy, corporate objectives and annual business plans...

Activities in 2020

During the year 2020, our risk landscape remained largely stable with respect to existing exposures since our last update in 2019. However, an unprecedented infectious disease outbreak that emerged and escalated during the first quarter, leading to WHO declaring it a pandemic, introduced a new outlook to the risk landscape. Accordingly, the key highlight of this update is on the infectious diseases outbreak (Covid-19), a new risk item now included for monitoring and management on the enterprise risk dashboard. We also introduce two new risk items, viz, OPEC quota restriction, as well as Climate Change, a risk drawing increasing global attention.

Outbreak of the SARS-CoV-2 virus that causes the Covid-19 illness was first declared by the World Health Organization on 31 December 2019. Since that date, the virus has infected over 104 million and killed more than 2.2 million persons. Responses from around the world varied but were largely non-pharmaceutical until about August 2020 when the first vaccine against the virus was produced and deployed in Russia. To date although many countries have vaccination programmes underway, much of the world is still struggling with the virus which has now mutated into different variants originating in South Africa and the United Kingdom.

Various governments around the world have responded differently to the management of the pandemic. While some countries followed directive of the World Health Organization on recommended preventive measures, some others chose to approach it differently. In one or two other instances, the leaders chose to do nothing for a long time. These discretionary approach to management of the pandemic resulted in the level of infection and casualties that the illness has claimed to date.

The Federal Government of Nigeria (FGN) through the Presidential Task Force (PTF) on Covid-19 introduced several measures to manage the pandemic locally. These measures worked to a large extent for the first wave of the pandemic until when the second wave set in around November 2020 and the number of infected persons and casualties escalated thereafter. NAFDAC has indicated that no vaccine has been approved for use in Nigeria except those that have been imported by FGN.

In the wake of the ongoing pandemic, Seplat Leadership through the COVIMOG and in collaboration with Human Resources and the Operations teams have sustained the Company's business throughout the pandemic period and observed all recommended preventive measures advised by both the PTF and State Governments.

Accordingly, the Company's operations were therefore not significantly impacted during the year 2020, as production operations, as well as delivery of target capital projects and new production wells, continued unabated. Our robust business continuity plans also enabled staff to work from home with secure IT infrastructure.

Overall, in 2020, the Committee analysed and evaluated the various key risk exposures for the Company. In doing so, the Corporate Risk Register was reviewed, and the risk reports presented by management. These reports detail the key risks, the potential impact of the risks and the likelihood of occurrence. Mitigating strategies were comprehensively considered, including but not limited to those related to the stability in the Niger Delta, oil price volatility, export line breaches and alternative crude oil evacuation options. Other risks considered are Government and JV relations management, liquidity, market, contractual and litigation risks. The status and effectiveness of mitigation actions were reviewed, and any residual gaps or follow-up actions were identified. Key performance indicators as well as other risk indicators and trends were monitored. Key risks requiring risk tolerance considerations and strategic actions were presented to and debated by the Board.

The Committee reviewed the risk management systems including the risk dashboard and assessment tables. The Committee gave further consideration to the achievements made by the Risk Champions appointed with a view to unify risk management approaches and embed risk culture across the organisation.

HIGH-PROFILE RISKS AND UNCERTAINTIES

Highlighted below are the high-profile risks that the Company dealt with in 2020 and will continue to monitor going into 2021.

1. Infectious Diseases Outbreak (Covid-19)

The ongoing global impact of the Coronavirus Disease, declared a pandemic by the World Health Organization, triggered the need for businesses globally to put in place adequate business continuity strategies, in the wake of such similar outbreak of infectious diseases in the near future.

The Covid-19 global pandemic swept at an alarming rate during the year 2020. The scourge of the virus, first recorded in Wuhan, China in December 2019 continued in an upward trajectory globally during the year 2020. According to WHO, the pandemic is manifesting in over 212 countries and territories (152 of these with reported fatalities) in the world, crippling business activities and putting desperate amount of pressure on health infrastructures of nations. Worldwide, frantic efforts are being made by the medical and scientific communities to find a cure or at least a containment for the spread of the virus.

In Nigeria, the rise of the virus was initially slow, but the month of March 2020 witnessed a sharp rise of cases of those infected, affecting up to the presidency. Seplat demonstrated support to the nation and states of its operation (Edo, Delta & Imo) by making notable cash donations during Q1 2020, at the national and state levels, respectively aimed at curbing the spread of Covid-19 disease.

At the national level, the donation was consolidated into the pool of funds the Oil Producers Trade Section (OPTS) put together to assist the Federal Government on behalf of the Oil and Gas Industry. At the state level, the donation was used to provide specific requirements by each host community state covering two broad areas:

- Provision of Personal Protective Equipment (PPE) and other medical accessories; and
- Creation of education and awareness through rigorous public enlightenment campaigns.

The risk was viewed from two key perspectives in relation to Seplat's operations:

1. Risk of an index case manifesting in Seplat offices or field locations

This leading to an unsuccessful initial control of an index case (probably resulting in communal spread of the disease in the Seplat community as a result of late detection of secondary contact cases which may have had close contacts with an index case or close contacts from other external primary sources). Major effects of this may be near impossible or very long post-epidemic economic recovery of the business resulting in liquidity crisis, overhead cuts and going concern issues. Also, the business may be badly hit if personnel productivity is severely impacted by increased lockdowns as a result of worsening spread of the virus.

2. Severe supply chain disruptions following prolonged outbreak of the disease resulting in adverse impact to the planned work programme

Resultant impact on sub-suppliers in the countries where the disease is severe leading to significant delays in the supply of items. This risk therefore covers the extent to which the disease will have an impact on all key projects of the Company as designed in the work programme (impacting the supply chain and major contractors scheduled to deliver in a few months). The ability of the contractors to deliver as scheduled is threatened leading to major delays and revisions to the project schedules.

In terms of managing this exposure, Seplat has continued to maintain status quo on NCDC guidelines even in the wake of the second wave of the pandemic, at all locations.

The Company's existing risk management plans were able to activate the business continuity protocols and it has been a major achievement that the Management team has been able to run the Company so effectively even in the face of the implemented work from home policy.

However, Seplat Leadership continues to monitor key indices in considering the return of office-based employees to the Company facilities, especially in the wake of the highly contagious second wave of the pandemic. As at year end, management has continued to maintain the work from home policy, until the indices give indication for re-consideration of a phased return to the office.

With regards to field operations, normal crew change happens only after the incoming crew have taken the PCR test with the resultant negative result after 48 hours when it is expected that the test result should have been issued. This requirement is complemented by compliance with other established non-pharmaceutical measures of regular hand washing, hand sanitising, frequent cleaning of commonly touched surfaces, mandatory wearing of face masks and social distancing. Application of non-pharmaceutical preventive measures are mandatory in all the Company's office environments.

Additional measures put in place include:

- Visitors are still not allowed in our offices except for critical business needs and clearance issued by the Human Resources team.
- Meetings and events continue to be held via electronic media. All indoor meetings take place by exception only and require approval from the Human Resources team. Attendance at such meetings are limited to not more than 20 persons including supporting personnel and all non-pharmaceutical preventive measures are put in place to be observed throughout the event.

2. Niger Delta stability/ extended production shut-in due to third-party infrastructure downtime, and geo-political risk

The risk of Niger Delta Militancy and extended production shut-in due to third-party interference, was consolidated at the year 2020 risk register review session with the operations/technical teams. Seplat core operations are located in the Niger Delta region of Nigeria and that comes with significant risks.

Historically, the Niger Delta has always been a high-risk environment. Cases of militancy, crude oil theft, pipeline vandalism, environmental pollution arising from illegal bunkering activities, and other lawless activities are rife in the region. However, in the year 2020, the business recorded zero occurrence in militancy activities, similar to the previous year 2019. Accordingly, the Trans Forcados export system (major export route for Seplat) remained operational throughout the year, with a remarkable uptime as with the previous year 2019.

The Company, working with other industry players in the region, continued to put pressure on the Government to find a lasting solution to Niger Delta restiveness and the current security measures put in place by the facility operator, consolidated with the Government's strategy of dialogue with stakeholders in the region seems to be working.

With respect to extended production shut-in due to third-party interference, the third-party operated Trans Forcados export system remains Seplat's primary crude evacuation for its main assets (OMLs 4, 38 & 41) and this poses a significant risk to Seplat. The system was out of operation for more than a year between 2017 and 2016 due to sustained breaches by the militants leading to extended shut-in of production.

Even though there was no major breach of the line in the year 2020, the risk remains significant. The Company is mitigating the risk by seeking a second major export line. The focus for the Company remains to have at its disposal, two major export systems to evacuate crude from its main assets.

3. Low oil price environment

Seplat's operating results are highly dependent on the prices of crude oil and natural gas. The Company's estimated proved reserve, revenue, operating cash flows and margins, liquidity and future earnings are all impacted by the volatility of crude oil and natural gas prices. Seplat's price risk management policy is to protect the Company's crude oil cash flow from downside scenarios with hedging. During the year 2020, the volume of protection stood at c.67-80% and rose alongside the acquisition of Eland. This translates into purchasing between 2-2.5mmbbls/quarter of put protection. Overall, the Company protected about 6 million barrels of crude oil at an average strike of US$45/bbl in 2020. Our long-term natural gas contracts have escalation clauses that protect the Company against severe price decline.

4. OPEC quota restrictions

A deep-dive assessment was conducted on the OPEC quota restrictions risk which was introduced in the third quarter of 2020. The risk is considered based on the impact due to production shut-in emanating as a result of the OPEC quota imposed on companies in the oil and gas sector. The Company continues to manage this risk through measured operational and commercial tactics and engagements with relevant industry regulators.

5. Climate change

Seplat's contribution to domestic gas/energy supply comes with some implications for climate change, as the gas production activities are accompanied by some gas flaring, which the Company has made concerted efforts to manage within the requirements of regulation.

The risk considers the direct impact on the ecosystem as a result of heightened gas flaring activities, resulting in considerable weather (temperature) changes, major ecosystem collapse/damage with serious economic and social consequences, as well as biodiversity loss.

A number of mitigation actions have been put in place to manage this risk. These include focus on the delivery on projects earmarked to reduce and or eliminate gas flaring as spelt out under the Company's 'Gas Flares Out' roadmap. The projects include (i) delivery of the LPG projects at Sapele and Oben, (ii) installation of booster compressors, and (iii) the Sapele Integrated Gas Plant project.

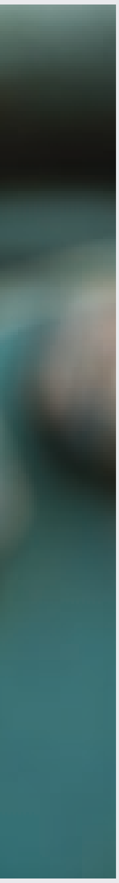
Other actions include focused delivery on alternative options for cleaner energy. The Company has also put in place a calculator to estimate actual greenhouse gases emissions to determine actual carbon footprint/emissions and determine measures for reduction of greenhouse gases emissions.

6. JV Receivable and future cash call funding

Seplat has the Nigerian Government as Joint Venture (JV) partner in significant parts of its business. Cash call funding from the Government partners has historically been poor, resulting in build-up of legacy cash call receivables over time. In 2020, the Government JV partners continued to remain current in paying cash calls. However, the risk of cash calls sliding back to pre-2019 practice of late payments is still there. To mitigate this exposure, the Company continues to manage its JV relationships very closely and actively engages the respective Government partners on timely payment of cash calls.

7. Liquidity risk

The Trans Forcados Pipeline remained mostly operational throughout 2020 and this assisted Seplat's liquidity position significantly in the year. We manage liquidity risk by ensuring that sufficient funds are available to meet commitments as they fall due, using both long-term and short-term cash flow projections to monitor funding requirements for activities; and to ensure there are sufficient cash resources to meet operational needs. Our cash flow projections take into consideration the Company's debts and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.



Conclusion

In conclusion, the year 2020 was generally a challenging year for the oil and gas industry, following the unprecedented headwinds posed by oil price volatility occasioned by the shock of the Covid-19 pandemic. The debilitating impact of plummeting oil prices was exacerbated by the OPEC quota restrictions imposed in H2 2020. Despite these challenges faced, the Company demonstrated resilience and commitment to delivering the 2020 work programme while proactively monitoring and managing the threat of the Covid-19 pandemic across our operations.

The OPEC quota restrictions was effectively managed through measured operational and commercial tactics and engagements with relevant industry regulators. Accordingly, the Company successfully drilled four oil and two gas wells across its portfolio and delivered a consolidated average oil and gas production within the full year guidance of 48kboepd – 52kboepd.

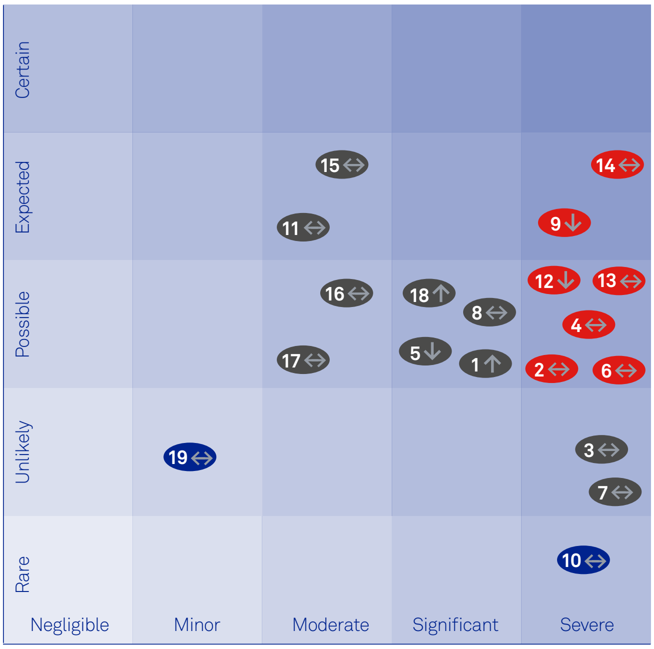
Other laudable achievements in 2020 were the safe completion of the first Turnaround Maintenance (TAM) for the Oben gas plant within schedule and cost, the successful implementation of Covid-19 protocols across the Company's operations without interruption, laying of a foundation and renewed focus towards strengthening the Company's approach and credibility on Environment, Social and Governance (ESG) issues in response to sustainability needs, as well as the introduction of the Company's footprint and greenhouse gas (GHG) emissions quantification.

Overall, the Committee is satisfied that the Company has a robust Risk Management System that serves to ensure integrity of business processes, decisions and activities going into the future. The Company's HSSE Management System is also mature and reliable and has continued to deliver good HSSE performance year-on-year.

Basil Omiyi
Chairman, Risk Management and HSSE Committee

Mapping our risk

The mapping of our risks considered both quantitative and qualitative factors. Seplat's risk mapping is underpinned by a two-factor spectrum – Likelihood and Impact, which are further plotted on the basis of Seplat 5x5 methodology, to arrive at a final assessment for each risk.



Assessment
- ● Very high
- ● High
- ● Medium
- ● Low

Movement trend
- ↓ Decreasing
- ↑ Increasing
- ↔ Steady

Topic	Assessment	Trend
1. Infectious diseases outbreak in Seplat (Covid-19)	● (High)	↑
2. Niger Delta militancy/third-party interference	● (Very high)	↔
3. Portfolio concentration risk	● (High)	↔
4. Sustaining E&A programme	● (Very high)	↔
5. Oil price volatility	● (High)	↓
6. Merger & acquisition (M&A) risk	● (Very high)	↔
7. Stakeholder management relationships	● (High)	↔
8. HSSE risks	● (High)	↔
9. Availability of capital	● (Very high)	↓
10. Liquidity	● (Medium)	↔
11. Changes to tax status and legislation	● (High)	↔
12. Bribery and corruption risk	● (Very high)	↓
13. Fraudulent activity risk	● (Very high)	↔
14. Field operations and project deliverability	● (Very high)	↔
15. Geopolitical risk	● (High)	↔
16. Cost control risk	● (High)	↔
17. Foreign exchange risk	● (High)	↔
18. Information security risk	● (High)	↑
19. Loss of key employees	● (Medium)	↔

MONITORING AND MITIGATING RISKS TO THE BUSINESS

Operational risks

Field operations and project deliverability

Description
Failure to manage operational activities in line with planned expectations can lead to production misses, project delays and cost overruns, high production costs and earlier than expected field decommissioning. Risk also expanded to cover the emerging OPEC quota restriction risk on production, resulting in production shut-ins.

Mitigation
Focus on risk management at planning phase and mitigation plans activated. Compulsory 'peer-to-peer' review for high-value projects and better project management techniques. Protracted land acquisition, preparation and rig startup have been contributory factors which have received focused attention and significant process improvements and improved communications with JV partner and approving regulators to mitigate delays. Use of smart/intelligent wells to improve recovery and improved rig performance monitoring and reporting to manage NPTs.

KPI/Performance metric
- Net working interest production
- Operating costs per boe

Strategic pillars
1 2 3

Assessment
Very high

Trend
Steady. We continue to refine our project management approach for improved speed of delivery and efficiency, conclude the integration of the newly acquired Eland Assets into our business, consolidate performance across board, maximise production, maintain a strong balance sheet, and strategically position the Company for future growth.

Third-party infrastructure downtime

Description
An over-reliance on third-party operated transportation infrastructure can expose the Company to an extended period of production being shut in.

Mitigation
Work is ongoing to secure a second export line to complement the Trans Forcados Pipeline. Continue to explore export via barging as a back-up option in extreme cases. Have two contingency tanks in Amukpe for partial storage during shut-in over shorter periods. More tanks are planned. Additional plans to scope FEED/DED of a new export line in the coming year 2021.

KPI/Performance metric
- Net working interest production
- Days downtime
- EBIT

Strategic pillars
2 3

Assessment
Very high

Trend
Steady. Remarkably improved uptime of Forcados export system. However, risk trend is Steady, even though there is no near term line of sight for an alternative evacuation line, in the sudden event of prolonged outage of the TFP. Alternative line (AEP) is now scheduled for Q2 2021 delivery.

HSSE risks

Description
Oil and gas activities carry significant levels of HSSE risks if not properly managed. As activity levels continue to increase there is a strong focus on preventing major environmental (including the emerging climate change – GHG emissions risk), health or safety incidents.

Mitigation
Deployment of an HSSE Management System in line with best practices. Monitoring and reporting of HSSE performance scorecards at management and Board levels. Our HSSE systems and process are subjected to independent review and identified improvement initiatives are deployed. Continual focus on HSSE training and initiatives on incidence prevention. Emergency Response plan set for any eventuality and comprehensive Incident Review panels to identify and channel lessons learnt to improvement activities. Focus on the delivery on projects earmarked to reduce and or eliminate gas flaring as spelt out under the Company's 'gas flares out roadmap'.

KPI/Performance metric
- HSSE scorecards
- LTIF
- TRIR

Strategic pillars
2 3 5

Assessment
High

Trend
Steady. Though the risk is inherent, we will continue to deploy our HSSE risk management in line with best practices and with strong emphasis on prevention.

The implementation of our strategy can be hindered by various risks and uncertainties. The risks that the Board considers most significant are described here.

Strategic pillars

1. Increase our resources
2. Increase production and improve its profitability
3. Grow our gas business to serve Nigeria
4. Pursue profitable new opportunities
5. Behave responsibly, and share our success

See page 16

Infectious diseases outbreak in Seplat (e.g. Covid-19)

Description
Risk of an index case manifesting in Seplat offices or field locations. This leads to an unsuccessful initial control of an index case (probably resulting in communal spread of the disease in the Seplat community as a result of late detection of secondary contact cases which may have had close contacts with index case or close contacts from other external primary sources). Risk also covers supply chain disruptions emanating from the pandemic i.e. the extent to which the disease will have an impact on all key projects of the Company (including ANOH) as designed in the work programme (impacting the supply chain and major contractors scheduled to deliver in a few months).

Mitigation
Appointment of the COVIMOG (monitoring and response team) to assess the dynamics of the virus and report to leadership weekly. Install hand washing and sanitiser dispensers across all business locations. Avoid large crowd and physical meetings of more than 50 people. Avoid external meetings; encourage online meetings. Encourage staffs and other tenants on the building on washing of hands and use of sanitiser. Suspend all non critical travel plans and in the event of critical travels, put in place mandatory self quarantine and testing. Put in place mandatory PCR testing for all field operations. LT alignment on business scenarios to gain stability post-epidemic. Have a Business Continuity Plan in place to curb post-economic recovery challenges. Run an operations impact assessment and trigger identification of quick remediation strategies/wins across the business. Manage press/publicity and communication to avoid mis-communication/ wrong press. Declare work from home with effective IT support.

KPI/Performance metric
- HSSE scorecards
- LTIF
- TRIR

Strategic pillars
1 2 3 4

Assessment
High

Trend
Rising. Trend is rising given the second wave of the pandemic with its attendant contagious spread and the notable cases recorded. The Company will sustain the deployment of our HSE risk management in line with best practices and with strong emphasis on reducing the impact of this unprecedented pandemic.

Sustaining E&A programme

Description
Exploration and appraisal activities carry significant levels of subsurface risk. Sustained E&A drilling failure will impact the Company's ability to organically replace reserves and production.

Mitigation
Strict compliance with reservoir management guidelines. Building internal capacity with skilled sub-surface expertise. Drill a minimum of two exploration wells, as well as continuous M&A work to secure available opportunities at the right price.

KPI/Performance metric
- Reserve replacement

Strategic pillars
1 2 3 5

Assessment
Very high

Trend
Steady. High grading our exploration portfolio through a thorough prospect screening exercise. In the near term, plan is to commence exploration drilling campaign in the West.

External risks

Niger Delta stability and security

Description
The Company operates in a region where security incidents such as kidnappings, vandalism and criminal attacks on O&G installations can occur.

Mitigation
Continuous security monitoring and intelligence work. Quick mechanism for security advisory to staff and movement restriction for high alert situations. Active participation in the industry pressure groups to find lasting solution.

KPI/Performance metric
- LTIR
- TRIR
- Security incidents
- Operating cash flow

Strategic pillars
2 5

Assessment
Very high

Trend
Steady. Efforts by the Government and industry pressure groups, aimed at enhancing security in the region seems to be paying off as there was a significant drop in targeted oil and gas facilities attacks in the region in year 2020. We will continue our monitoring and vigilance.

Stakeholder management relationships

Description
Failure to manage stakeholders can result in business disruptions and interference. The Company prioritises the effective management of relationships with all stakeholders including host communities, JV partners, government, regulatory bodies and shareholders.

Mitigation
Successful operation of the GMOU agreement with host communities, periodic engagement and feedback forums. Tailored CSR programmes, capacity building and infrastructure developments with the host communities. Sustain local content development with priority to community contractors. Organisational focus and clear strategy to deliver shareholder value pursued by the Board and management. Corporate governance, transparency and proactiveness in dealings with regulators and JV partners.

KPI/Performance metric
- Net working interest production
- LTIR
- TRIR
- Host community incidences

Strategic pillars
2 3 5

Assessment
High

Trend
Steady. We continue to enjoy good working relations with our stakeholders.

Geopolitical risk

Description
Nigeria has at times in its history faced political uncertainties and threats such as terrorism aimed at de-stabilising and undermining the orderly and effective rule of central government.

Mitigation
Scenarios and response options plan set. Crisis management team in place for high alert political periods. Continue to partner/network with security stakeholders and share intelligence regarding security. Business continuity plans actioned in light of current geo-political situation.

KPI/Performance metric
- Be a highly responsible corporate citizen
- Maximise production and cash flows from existing assets
- Commercialise and produce gas reserves

Strategic pillars
1 2 5

Assessment
High

Trend
Steady.

Strategic pillars

1 Increase our resources
2 Increase production and improve its profitability
3 Grow our gas business to serve Nigeria
4 Pursue profitable new opportunities
5 Behave responsibly, and share our success

See page 16

Financial risks

Oil price volatility

Description
Oil prices have exhibited a history of volatility and can fluctuate sharply in line with external factors.

Mitigation
Hedging continues to be our price risk management tool. Price sensitisation on project economics and cost discipline for capital projects sanctioning. Aggressive focus on cost reduction.

KPI/Performance metric
- Realised oil price
- Operating cash flow

Strategic pillars
2

Assessment
High

Trend
Decreasing. In the year 2020, we kept focus of our price risk management policy to protect the Company's cash flow stream from downside scenarios. We will also continue to take hedge positions and apply cost reduction strategies.

Changes to tax status and legislation

Description
If the tax regime/legislation under which the Company operates its assets were to change, profitability may be impacted.

Mitigation
Perform evaluation of business plan and performance metrics exclusive of tax benefits. Project economics were determined on maximum tax basis to mitigate the impact of the now expired pioneer tax status. Impact assessment of potential tax legislature monitored at the Board level.

KPI/Performance metric
- Effective tax rate
- Tax status

Strategic pillars
2 3

Assessment
High

Trend
Steady. PIB is going through legislative process. Versions in circulation currently being reviewed to assess the impact on Seplat valuation.

Availability of capital

Description
The oil and gas industry is highly capital intensive. Significant amounts of capital are required to continue development activities and fund M&A. Non funding of cashcalls by JV partners impacts activities and liquidity.

Mitigation
Emphasis on compliance with requirements of the JV operating agreement for effective/strict JV partner concurrence. Board review and approval of financial strategy and debt portfolio management with strong banking relationships.

KPI/Performance metric
- JV receivables
- Capex
- New M&A activities

Strategic pillars
2 3 5

Assessment
Very high

Trend
Decreasing. JV partners continues to remain current in paying cash calls.

Financial risks continued

Cost control risk

Description
Cost reduction remains central to the Company's current operating strategy. High operating cost and ineffective capital cost control negatively impacts operating cash flows and profitability.

Mitigation
Comprehensive budgeting process approved by the joint venture partner and the Board. Clear cost management targets. Grading of portfolio opportunities and project ranking for capital allocation. Focus on reducing drilling costs at well design phase. Cost monitoring and periodic reporting. Focus on effective contracting strategies for cost reduction.

KPI/Performance metric
- Operating cost per boe
- EBIT
- Capex
- Well costs

Strategic pillars
2 3 5

Assessment
High

Trend
Steady. Cost discipline remains key focus of the business.

Liquidity

Description
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Mitigation
Manage liquidity risk by ensuring that sufficient funds are available to meet commitments as they fall due. Uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Company's debts and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.

KPI/Performance metric
- Operating cash flow
- Capex

Strategic pillars
2

Assessment
Medium

Trend
Steady. Improved uptime of TFP; improved JV cash call payment; oil price rally; and strategic debt refinancing all have greatly improved liquidity risk.

Foreign exchange risk

Description
The Company is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US Dollar.

Mitigation
The Company has options to manage its foreign exchange exposure including financial hedge instruments such as forward exchange contracts.

KPI/Performance metric
- Operating cash flow
- Capex

Strategic pillars
2 3

Assessment
High

Trend
Steady. Historically, the Company holds majority of its cash and cash equivalent in US Dollar. Gas contracts are indexed in US Dollar.

Strategic pillars

1 Increase our resources
2 Increase production and improve its profitability
3 Grow our gas business to serve Nigeria
4 Pursue profitable new opportunities
5 Behave responsibly, and share our success

See page 16

Strategic risks

Portfolio concentration risk

Description
High dependency on a concentrated portfolio of producing blocks and limited number of wells can leave the Company more susceptible to declining long-term growth and reserves depletion.

Mitigation
Focus on portfolio expansion strategy from the Board level to diversify current portfolio. Integrated long-term planning on crude oil and gas business.

KPI/Performance metric
- Successful execution of new acquisition and farm-in opportunities

Strategic pillars
2 3

Assessment
High

Trend
Steady. The Company is in build/transform phase.

Merger & Acquisition (M&A) risk

Description
Growth through M&A activities is part of Seplat's strategy to pursue a focused acquisition and farm-in. M&A deals and transactions come with significant risk including structural, commercial and integration risks. There is also the risk of non achievement of acquisition targets due to highly competitive landscape.

Mitigation
New business development unit is always looking for the right opportunities for Seplat. Decision review board (DRB) process is in place to ensure deals are properly vetted and adequate due diligence done on new opportunities. The DRB ensures the commercial, structural, KYC and integration risks are fully considered and addressed with mitigation plan approved and in place prior to deal closing.

KPI/Performance metric
- Successful execution of new acquisition and farm-in opportunities

Strategic pillars
1 3 5

Assessment
Very high

Trend
Steady. DRB process in place to vet opportunities and deals. Risk trend steady following ongoing integration of Eland Oil and Gas Plc, as well as ongoing strategy to acquire more strategic assets. M&A landscape remains competitive.

Bribery and corruption risk

Description
Bribery and corruption presents a risk throughout the global oil and gas industry and represents an ongoing risk to any oil and gas company.

Mitigation
Extensive training on anti-bribery and corruption. Embedding corporate governance principles with key focus on areas of the business which may be more susceptible to corruption such as the contracting and procurement process. Processes exist to guide dealings with public officials.

KPI/Performance metric
- Whistleblowing reports
- Number of disciplinary cases

Strategic pillars
5

Assessment
Very high

Trend
Decreasing. As geographical location continues to be susceptible to corruption, risk trend changed from steady to decreasing.

Strategic pillars

1. Increase our resources
2. Increase production and improve its profitability
3. Grow our gas business to serve Nigeria
4. Pursue profitable new opportunities
5. Behave responsibly, and share our success

See page 16

Strategic risks continued

Loss of key employees

Description
The oil and gas industry is very specialised in certain areas and there is competition within the industry to secure talent and highly-skilled and experienced personnel in core areas.

Mitigation
Annual benchmark reviews to ensure competitiveness in reward and recruitment. Succession planning in place as part of business continuity. Focus on training as a key differentiating factor in the operating environment.

KPI/Performance metric
- Staff turnover

Strategic pillars
2 5

Assessment
Medium

Trend
Steady. Risk trend changed to steady this period.

Fraudulent activity risk

Description
Fraudulent activity presents a risk throughout the global oil and gas industry and represents an ongoing risk to any oil and gas company.

Mitigation
Extensive whistleblowing campaign. Continuous monitoring and improvement of the system of internal controls by all lines of defence with strong internal audit activity. Automation of processes where possible to reduce manual intervention.

KPI/Performance metric
- Number of reported cases

Strategic pillars
5

Assessment
Very high

Trend
Steady. Risk is kept at very high and the Company continues to maintain a zero tolerance policy.

Information security risk

Description
Potential cyber attacks and information technology security breaches could result in loss or compromise of sensitive proprietary information, communication and IT business continuity disruption across operations.

Mitigation
We monitor and regularly upgrade the Company's information technology and security systems. The Company has a clearly defined employee user policy and control of access rights. Our information security framework and infrastructure have been externally reviewed in line with requirements of ISO 27001. IT business continuity plan is in place for quick deployment.

KPI/Performance metric
- Information security identification and containment reports

Strategic pillars
2 5

Assessment
High

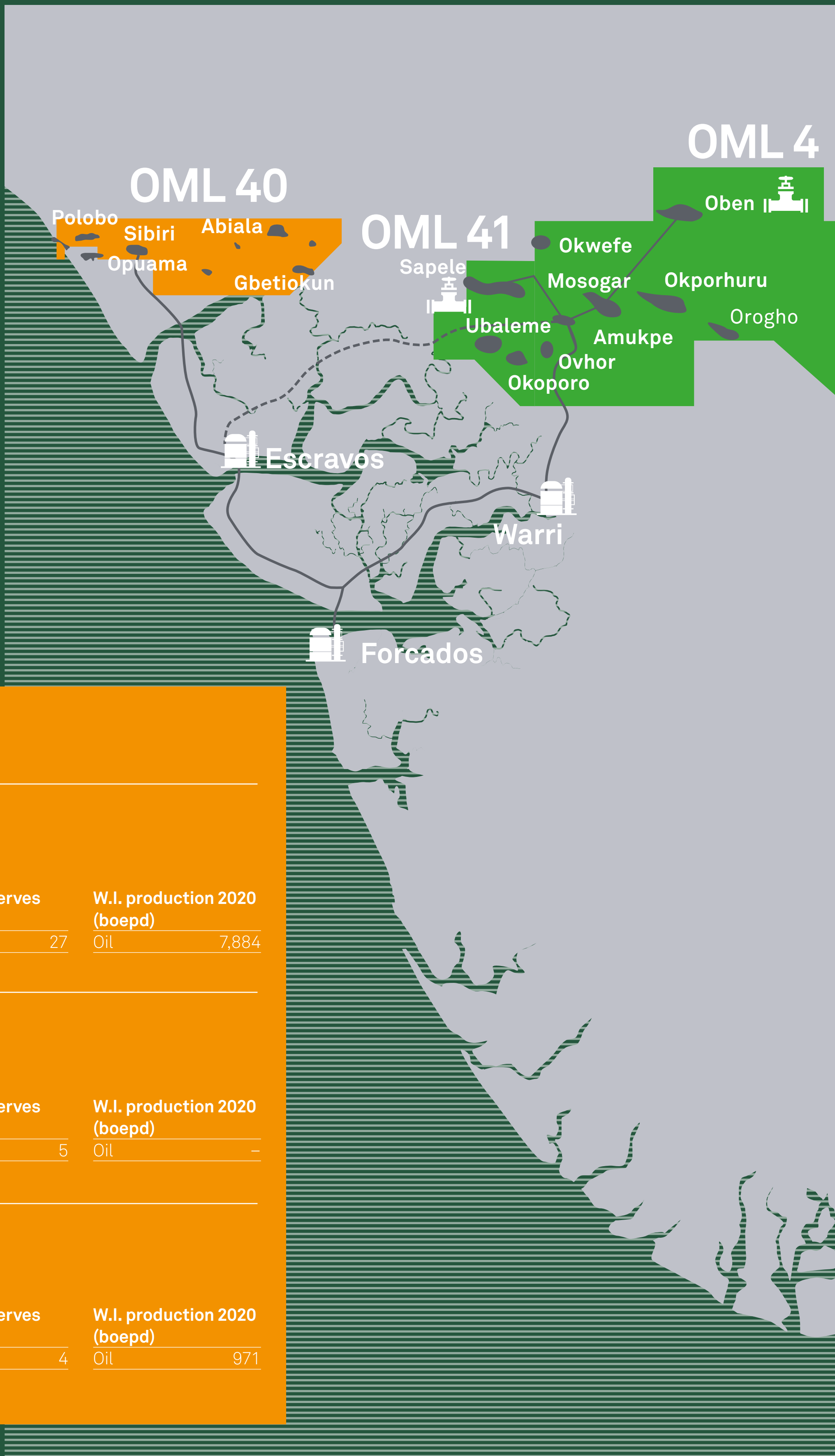
Trend
Rising. While cyber security continues to hold international attention, there has not been material IT breach on our operations. However, the triggering of the work from home policy has resulted in a rising trend of the risk, given the greater number of employees working externally.

OPERATIONAL REVIEW

OUR ASSETS

Seplat's portfolio comprises direct interests in seven oil and gas blocks and a revenue interest in one further block, all of which are located in the onshore land and swamp areas of the prolific Niger Delta, close to essential infrastructure.

This portfolio provides the Company with a robust platform of oil and natural gas reserves and production capacity, together with significant opportunities for future development projects, 2C to 2P conversion and exploration and appraisal drilling. We also continue to view the shallow and deep-water offshore assets of the Niger Delta as potentially appealing opportunities for future expansion.



Oil producing assets

OML 40

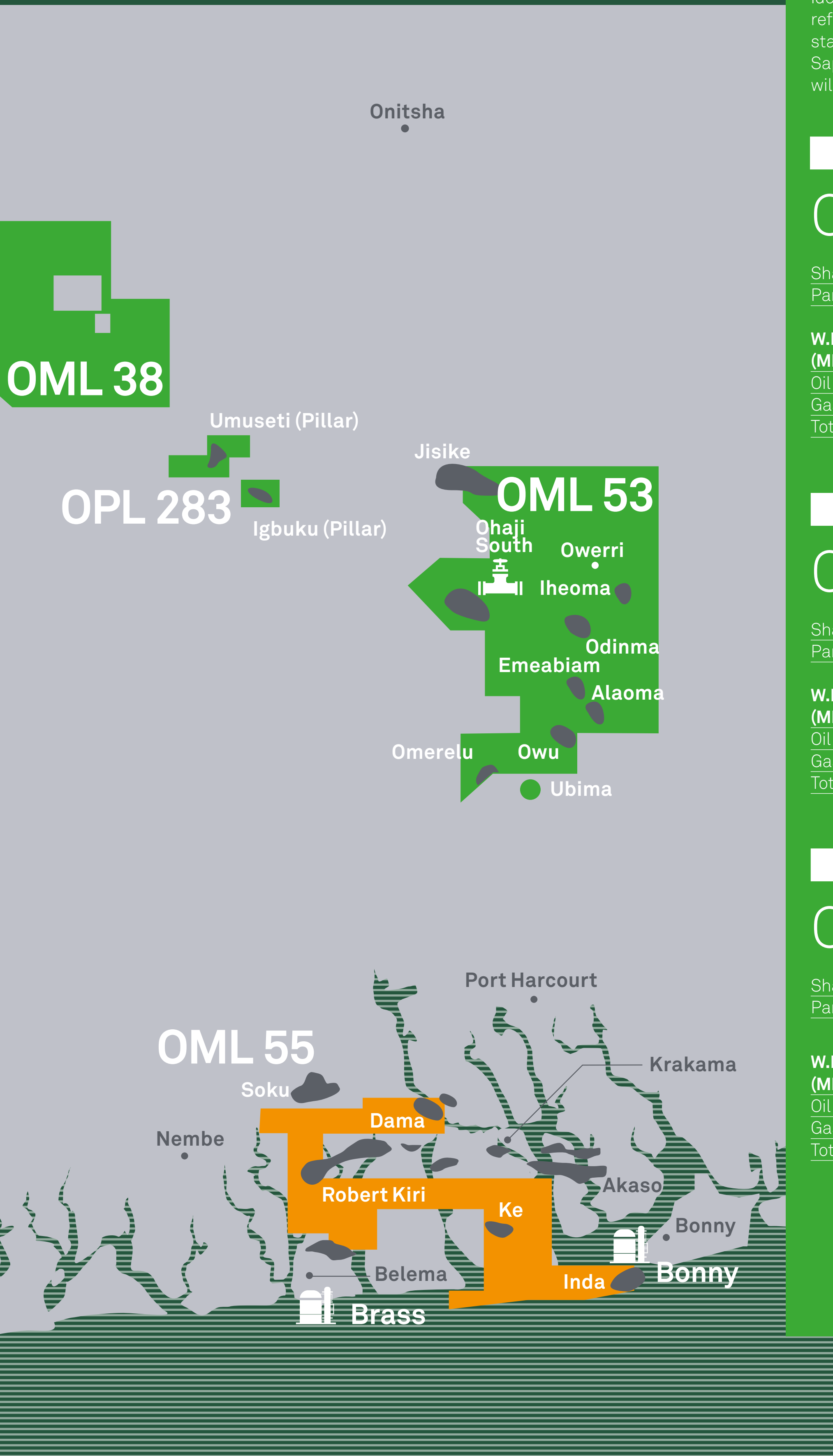
		W.I. 2P reserves (MMboe)		W.I. production 2020 (boepd)	
Share	45%				
Partner	NPDC Starcrest	Oil	27	Oil	7,884

OML 55

		W.I. 2P reserves (MMboe)		W.I. production 2020 (boepd)	
Share	Revenue interest				
Partner	Belema Oil	Oil	5	Oil	–

Ubima

		W.I. 2P reserves (MMboe)		W.I. production 2020 (boepd)	
Share	88%				
Partner	All Grace Energy	Oil	4	Oil	971



Oil & gas producing assets

Our major assets at OML 4/38/41 and OML 53 have substantial reserves of both oil and gas and are ideally located to supply oil for export or local refining, or for the supply of gas to nearby power stations. Gas processing takes place at Oben and Sapele and the new ANOH Gas Processing Plant will be commissioned in 2022 at OML 53.

OML 4/38/41

Share	45%
Partner	NPDC

W.I. 2P reserves (MMboe)	
Oil	156
Gas	119
Total	275

W.I. production 2020 (boepd)	
Oil	21,249
Gas	17,469
Total	38,718

OML 53 (not yet producing gas)

Share	40%
Partner	NAPIMS

W.I. 2P reserves (MMboe)	
Oil	44
Gas	128
Total	172

W.I. production 2020 (boepd)	
Oil	2,639
Gas	–
Total	2,639

OPL 283 (not yet producing gas)

Share	40%
Partner	Pillar Oil

W.I. 2P reserves (MMboe)	
Oil	5
Gas	12
Total	17

W.I. production 2020 (boepd)	
Oil	970
Gas	–
Total	970

Effiong Okon
Operations Director

CONTINUING FOCUS ON IMPROVING OUR EFFICIENCY

"

Seplat delivered production within guidance despite challenging operating conditions and the collapse of demand caused by the Covid-19 pandemic.

51,183 boepd
Volume within guidance

$8.90/boe
Cost of production

$150m
Capital investment

Reserves

Seplat's portfolio comprises direct interests in seven oil and gas blocks and a revenue interest in one other block. This portfolio provides the Company with a robust platform of oil and gas reserves and production capacity, together with material upside opportunities through future development.

Total working-interest 2P reserves, as assessed independently by Ryder Scott Company, L.P., at 1 January 2021, stood at 499.4 MMboe, comprising 240.5 MMbbls of oil and condensate and 1,501.3 Bscf of natural gas. The change represents an organic decrease in overall 2P reserves of 1.9% year-on-year, due to production of 12.3 MMbbls but mitigated by revisions of previous estimates. Working-interest 2C resources stood at 94.8 MMboe, comprising 59.7 MMbbls of oil and condensate and 203.3 Bscf of natural gas.

Consequently, the Group's working-interest 2P reserves and 2C resources stood at 594.1 MMboe at 1 January 2021, comprising 300.2 MMbbls oil and condensate and 1,704.7 Bscf of natural gas.

Production

Our oil and gas assets are located in the onshore land and swamp areas of the prolific Niger Delta in Nigeria. Principal areas of production are Edo, Delta, Imo and Rivers States.

Full-year total working-interest production for 2020 was within guidance and averaged 51,183 boepd. Within this, liquids production was up 40.9% year-on-year, reflecting the first-time contribution of the acquired Eland assets whilst gas production was down 22.9% year-on-year, because of Q1 maintenance and the impact of the Covid-19 pandemic on the economy. Production decline rates are at levels typical of the region at 10-15% per annum.

This represents an overall production increase of 10.1% compared with 2019 despite constrained production levels in Nigeria following cuts in OPEC+ production quotas and tank-top issues experienced at the terminal arising from the pandemic and the general impact of Covid-19 on operations.

There was 83% uptime for the Trans Forcados Pipeline during the period and the produced liquid volumes from OMLs 4, 38 and 41 were subject to 9.4% reconciliation losses.

2020 performance highlights

Seplat turned in a robust performance despite the most challenging year in its history, during much of which the Company was kept running by staff working from home.

Successful drilling programme

- Six oil wells
- Three gas wells
- Focus drilling on gas and high-return oil

Production within guidance

- 51,183boepd total
- 33,714bopd liquids
- 101MMscfd gas (17,469 boepd)

Development of Eland

- Integration of assets, staff and infrastructure
- Contributed 26.3% of Group liquids
- Aberdeen office becomes Seplat's Centre of Excellence

Focus on cost and efficiency

- US$8.90/boe opex
- Reduced OML40 barging costs from $14/bbl to $5/bbl
- Other cost-saving initiatives driven throughout operations

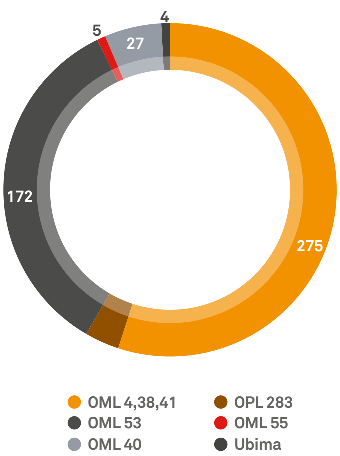
Update on key projects

- ANOH project expected to produce first gas in H1 2022 after Covid-related delays
- New Sapele Gas Plant expected operational H2 2022
- Amukpe-Escravos Pipeline (third-party) expected operational H2 2021

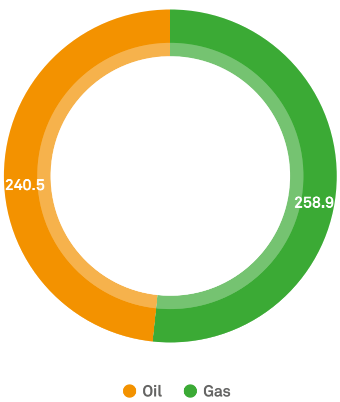
Safety initiatives

- Implemented recommendations of independent BRVS safety investigations
- Seplat operations achieve zero LTI
- Leadership reinforcing safety culture across organisation

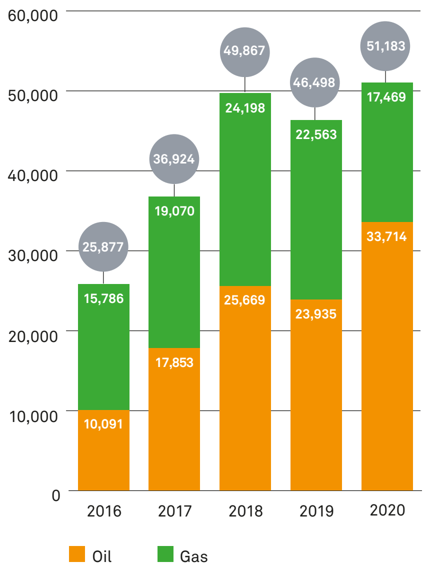
W.I. 2P reserves by block (MMboe)

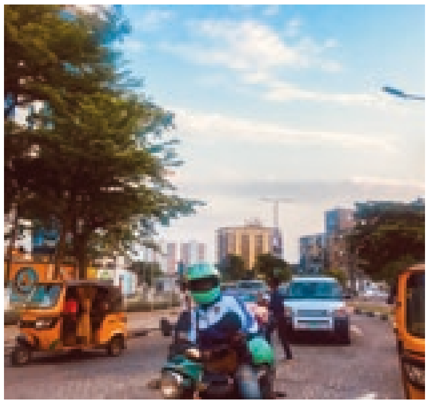


W.I. 2P reserves by type (MMboe)



2020 working interest production (boepd)





ESG developments

In our continuing drive to improve our environmental performance and prepare for both the opportunities and challenges posed by climate change, we are working with external consultants Environment Resource Management and Critical Resource to conduct scenario analysis of our assets under the IEA's Stated Policies Scenario (STEPS) and its Sustainable Development Scenario to simulate a well-below 2°C outcome against which we can test the resilience of our portfolio.

In addition, we are developing a carbon footprint calculator so that we can more accurately measure our emissions. We will publish the results of these initiatives in due course and use the insights they deliver to drive our corporate strategy and sustainability initiatives going forward.

Read more:
Corporate social responsibility
Page 59

SEPLAT OIL VALUE CREATION STRATEGY

“Seplat pursues a four-pronged approach to value creation for its oil assets.

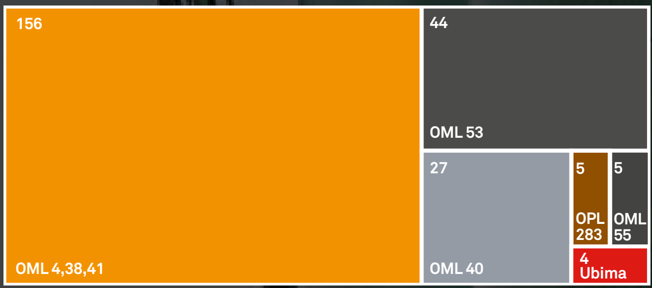
1
Increase reserves

2
Increase production

3
Diversify export routes

4
Acquire assets

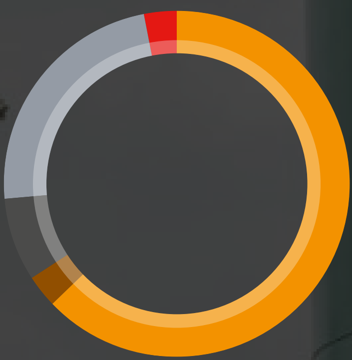
W.I. 2P reserves (MMbbl)



Future prospects

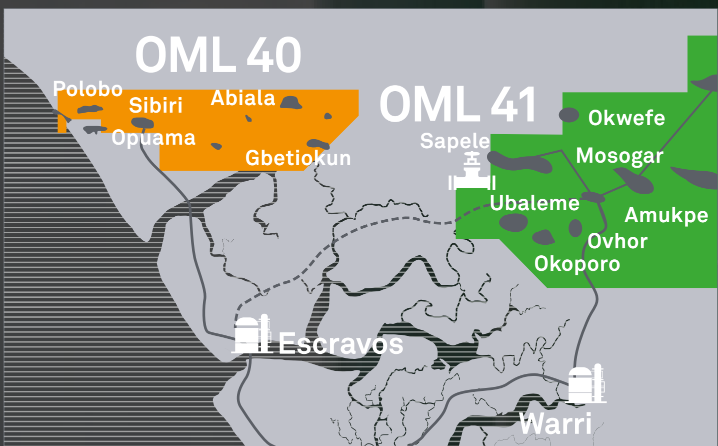
- Unlock existing 2C resources of 59.7MMbbl oil and condensate
- Explore, appraise and develop OML 40's Sibiri field (formerly called Amobe) for potential 78MMbbl at relatively low risk
- Acquire new blocks in future government licensing rounds, but at appropriate value
- Acquire established operating assets from exiting/divesting IOCs or local operators
- Acquire distressed operators and improve exploration and efficiency

Liquids production



OMLs 4, 38 & 41	21,249
OML 40	7,884
OML 53	2,639
OPL 283	970
Ubima	971

- Average W.I. production was 33,714bopd in 2020
- Includes maiden contribution from Eland assets of 7,884bopd from OML 40 and 97bopd from Ubima; combined contribution was 26.3% of Group liquids volume
- 83% uptime on Trans Forcados export route, 9.4% reconciliation losses
- Six oil wells drilled or completed
  - Sapele 35
  - Ovhor 6ST, Ovhor 20
  - Ohaji South 5, Ohaji South 6
  - Gbetiokun 5
- Focus on increasing efficiency at wellheads
- Deploy innovative drilling and production technologies to increase productivity



Amukpe-Escravos

- Third-party project not managed by Seplat
- Delayed with likely commissioning in H2 2021
- New underground pipe will significantly reduce losses from poor maintenance, vandalism, other damage etc
- Seplat can inject up to 40,000bopd capacity

OML40

- Currently evacuated through Trans Escravos Pipeline, with lower reconciliation and downtime losses than TFP
- Option to connect AEP and TEP via 8km spur line, thereby creating additional route for OML 4, 38, 41 liquids
- Potential to use offshore Floating Storage and Offloading (FSO) facility and use it as a crude oil export terminal, reducing costs of using third-party infrastructure

Increases Reserves

- Eland added 31MMbbl W.I. 2P reserves
- High-quality Sibiri prospect has potential to add 78MMbbl at low risk

Increases Production

- OML 40 added 7,884bopd in 2020 with potential to increase in 2021
- Ubima added 971bopd
- New Gbetiokun wells expected to increase output

Add Export Routes

- OML 40 added substantial production resource not dependent on Trans Forcados Pipeline
- Potential for new export routes as detailed above

Enhances Expertise

- Eland brings significant sub-surface, exploration, and technical expertise
- Eland's HQ now Seplat's Centre of Excellence in Scotland's energy hub, close to industry and academic expertise

SEPLAT'S OIL PRODUCING ASSETS 2020 IN REVIEW

Oil business performance

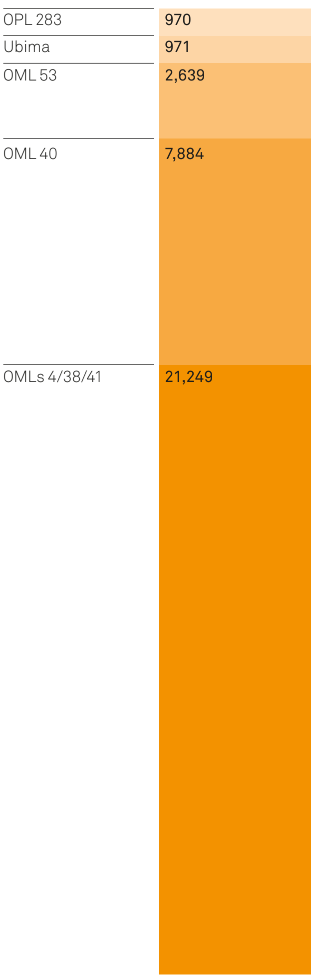
The Group's oil operations continued despite the Covid-19 crisis and produced an average 33,714bopd on a working-interest basis during 2020, up 40.9% on 2019.

This increase reflects a maiden contribution of 8,855bopd (26.3% of Group liquid volumes) from the OML 40 and Ubima assets, as well as higher production from OML 53 compared to 2019. Exports from the Group's operations were constrained by approximately 410,000 bbls on a gross basis as a result of the OPEC+ production cuts implemented in the third quarter of 2020. Production output increased as a result of wells drilled earlier in the year, which has necessitated discussions with the DPR and NNPC for increased quotas to reflect this uptick.

During the period, six oil wells were drilled/completed (Sapele-35, Ovhor-6ST, Ovhor-20, Ohaji South-5, Ohaji South-6 and Gbetiokun-5), while the Extended Well Test for Ubima continued with production up to 1,200bopd. The wells flowed at a combined initial rate of approximately 18,700bopd. Production improvement through Well, Reservoir and Facilities Management (WRFM) interventions included rigless restoration and optimisation activities that resulted in optimised well head production and LTF performance.

The average price realised per barrel in 2020 was $39.95 (2019: $64.40).

Working interest liquids production 2020 (Bopd)



OMLs 4/38/41

Operator:
Seplat

Working interest:
45.0%

Partner:
NPDC

Main fields:
Oben, Amukpe, Okporhuru, Ovhor, Orogho, Sapele

Acreage:
267km$_2$,094km$_2$/291km$_2$

Available export route:
Forcados, Warri Refinery, Escravos

Concession expiry date:
October 2038

2020 working interest liquids production:
21,249bopd

2020 working interest gas production:
101MMscfd

Remaining working interest 2P oil reserves:
156MMbbls

Remaining working interest 2P gas reserves:
693Bscf

2021 activities:
Production and development

Seplat holds a 45% working interest in OMLs 4, 38 and 41, with the Nigerian Petroleum Development Company (NPDC) holding the remaining 55% interest.

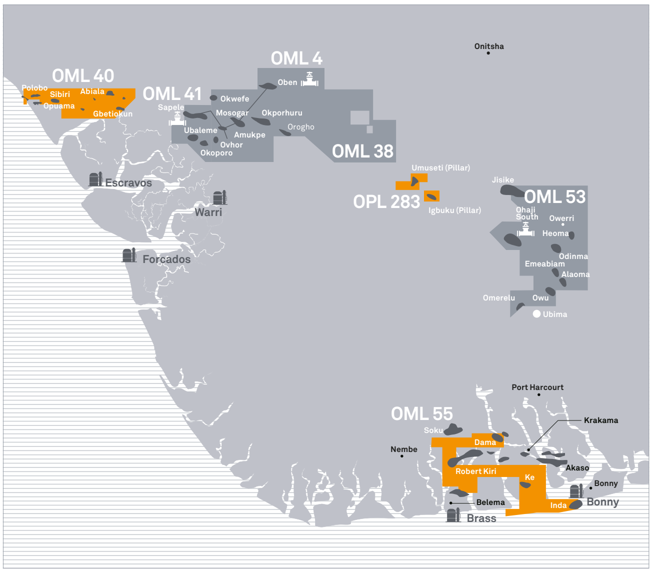
In OML 4, the partners drilled two new gas production wells in the second half of the year. Oben-49 was completed in the period with an initial gross production rate of 35MMscfd of gas and 600bopd of condensate. Oben-50 came onstream in the first quarter of 2021.

In OML 38, further to the earlier commissioning of the liquid treatment facility (LTF) at Amukpe, we undertook a crude quality upgrade project aimed at achieving an export-grade specification of 0.5% BS&W. By doing this, we have eliminated the cost component of crude handling charges that have historically been incurred for evacuating wet crude to the Forcados terminal and freed up additional ullage on the export pipeline for dry crude.

The upgrade ensures the ability to produce more than 40,000bopd of dry crude. Further optimisation of the LTF, with additional automation to achieve less than 0.5% dry crude and 60,000bopd dry crude, is expected to be completed in the first half of 2021.

The two wells completed in the period, Ovhor-6ST and Ovhor-20, came onstream at a combined average gross rate of 5,200bopd. In a bid to realise the full potential of the wells in this area, additional bulk lines were laid and we expect will be commissioned in first quarter of 2021.

In OML 41, the ongoing focus was on full development of Sapele Shallow, which overlies the productive reservoirs in the main Sapele field and is estimated to hold a significant accumulation of oil (around 500 MMbbls STOIIP). In 2020, one well, Sapele-35, was completed with a potential initial gross rate of approximately 1,000bopd.



OPL 283

Operator:
Pillar Oil/OPGC

Working interest:
40.0%

Partner:
Pillar Oil

Main fields:
Umuseti and Igbuku

Acreage:
102.2km$_2$

Available export route:
Forcados, Escravos

Concession expiry date:
October 2028

2020 working interest liquids production:
970bopd

2020 working interest gas production:
n/a

Remaining working interest 2P oil reserves:
5MMbbls

Remaining working interest 2P gas reserves:
66Bscf

2021 activities:
Production and development

Seplat holds a 40% working interest in OPL 283, alongside partner Pillar Oil.

Following the conclusion of the Anagba-1 appraisal well, Pillar-Newton JV and other Partners have executed the Pre-Unitisation Agreement, Crude Handling Agreement and Facility Services Agreement for the Ashaka/Anagba fields. Production allocation to Newton commenced in September.

The Igbuku 3D seismic data acquired by Pillar-Newton JV was interpreted and formed the basis for the Integrated Petroleum Engineering Studies, which along with the Field Development Plan will underpin the Igbuku gas development. The planned Igbuku re-entry was temporarily put on hold due to cuts in capital expenditure, given the challenging year. However, the team ensured that the Interim Crude Supply and Associated Gas for power swap agreements were executed in the period.

OML 53

Operator:
Seplat

Working interest:
40.0%

Partner:
NNPC

Main fields:
Jisike (producing) and Ohaji South (producing) and Owu (discovery)

Acreage:
1,585km$_2$

Available export route:
Bonny, Brass

Concession expiry date:
June 2027

2020 working interest liquids production:
2639bopd

2020 working interest gas production:
n/a

Remaining working interest 2P oil reserves:
44MMbbls

Remaining working interest 2P gas reserves:
742Bscf

2021 activities:
Production, development and field appraisal

Seplat holds a 40% working interest in OML 53, with the National Petroleum Investment Management Services (NAPIMS) holding the remaining 60% interest.

Seplat completed two wells at the Ohaji South (OHS) oil field, OHS-5 and OHS-6. The two wells came onstream in the third quarter of 2020 at a combined average production rate of 5,000bopd, thus ramping up production from the acreage from c.6,500bopd to achieve an exit rate of c.11,500bopd.

Infrastructure projects completed during the year were focused on supporting production growth from Ohaji South field, which included the upgrade of existing 10,000bopd Early Production Facility (EPF) to 15,000bopd capacity, construction of 4”x10km flowlines, 8”x12km bulkline and capacity expansion of remote manifold at Ohaji South Field.

In December, Seplat signed a Crude Purchase Agreement (CPA) with Waltersmith Petroman Oil Limited. The CPA is for the supply of between 2,000 and 4,000bopd from existing working-interest production from the Ohaji South Field within OML 53, for Waltersmith’s new 5,000bopd modular refinery at Ibigwe Field, in Imo State.

Previously, Seplat’s share of Ohaji South crude was primarily evacuated to the export terminal via a third-party Crude Handling Agreement with Waltersmith. This new agreement benefits Seplat by selling its crude oil directly to Waltersmith for refining, thereby eliminating crude losses and downtime experienced along the evacuation and export route. The transaction will also boost the capacity of Waltersmith in providing its products particularly to the immediate region of our operations thereby supporting Seplat’s commitment to national energy security.

Apart from its oil, OML 53 has substantial gas reserves that can provide feedstock for the ANOH Gas Processing Plant that Seplat is building in partnership with the National Gas Company (NGC). A portion of dry gas production (70MMscfd) from the plant has been earmarked to meet the domestic supply obligations associated with the OML 53 reserves.

At the upstream supplying ANOH, four wells are planned to be delivered by the upstream operator, Shell Petroleum Development Company (SPDC) in 2021. SPDC has commenced the drilling for the first set of two wells scheduled to be completed in Q2 2021, which will be followed by another set of two wells scheduled to be completed in Q4 2021.

OML 55

Operator:
Asset Management Team

Working interest:
Revenue interest

Partner:
NNPC, Belemaoil

Main fields:
Robertkiri, Idama and Inda (producing)

Acreage:
840km$_2$

Available export route:
Brass, Bonny

Concession expiry date:
June 2027

2020 working interest liquids production:
n/a

2020 working interest gas production:
n/a

Remaining working interest 2P oil reserves:
5MMbbls

Remaining working interest 2P gas reserves:
n/a

2021 activities:
Recovery of discharge sum

In accordance with the revised commercial arrangement that was agreed in July 2016, which provides for a discharge sum of $330 million to be paid to Seplat over a six-year period through allocation of crude oil volumes produced from OML 55, Seplat received payments amounting to $4.8 million in 2020. Total payments received from inception to the end of 2020 stood at $124.8 million and the outstanding discharge sum to be paid to Seplat is $205.2 million. Recovery during the year was impacted by OPEC+ production cuts and low oil prices.

In a bid to sustain production from this block, Seplat's Asset Management Team has received the field data for technical evaluation to resolve production challenges that have delayed target recovery of the investment.

In 2021, Seplat will continue to monetise liftings towards full recovery of the $330 million discharge sum.

Ubima

Technical partner:
Wester Ord

Working interest:
88%

Partner:
All Grace Energy Ltd

Main fields:
Ubima

Available export route:
Trucking

Concession expiry date:

2020 working interest liquids production:
971bopd

2020 working interest gas production:
n/a

Remaining working interest 2P oil reserves:
4MMbbls

Remaining working interest 2P gas reserves:
n/a

2021 activities:
Production and development

Seplat's Eland subsidiary, through Wester Ord, owns a 40% working interest in the Ubima marginal field, with All Grace Energy Limited (AGEL) owning 60%. Wester Ord is the Technical and Financial partner to AGEL in the Ubima development.

The Extended Well Test for Ubima continued through the year with a production of c.1,200bopd. The Field Development Plan for Ubima has been finalised.

OML 40

Operator:
NPDC

Working interest:
45%

Partner:
NPDC, Starcrest

Main fields:
Opuama (producing), Gbetiokun, Amobe, Abiala

Available export route:
Forcados, Barging

Concession expiry date:
October 2038

2020 working interest liquids production:
7,884bopd

2020 working interest gas production:
n/a

Remaining working interest 2P oil reserves:
27MMbbls

Remaining working interest 2P gas reserves:
n/a

2021 activities:
Production and development

Seplat completed the acquisition in the United Kingdom of the entire issued share capital of Eland in December 2019. Eland has a 45% interest in Elcrest, which in turn owns a 45% working interest in OML 40. Elcrest is a joint venture between Starcrest (55%) and Eland (45%). OML 40 is operated by the Nigerian Petroleum Development Company (NPDC) on behalf of the NPDC/Elcrest Joint Venture. Since inception, Eland has arranged the funding of Elcrest's share in OML 40. The current aggregate loan balance owed by Elcrest at the end of 2020 was $520 million (including RBL) and until the $417 million shareholder loan is repaid, Seplat will continue to consolidate Elcrest into its results.

In 2020, Gbetiokun-5 was completed, with initial well production capacity of c.5,000bopd. While the possibility of a permanent export pipeline solution is being explored, evacuation of processed crude via shuttle tankers from Gbetiokun to the injection point on the main OML 40 export pipeline has been enhanced with the mooring facilities rehabilitation and crude injection system upgrade. This allowed the successful streamlining of the Gbetiokun barging operations with the use of a self-propelled, 28 kbbl capacity vessel to evacuate liquids and has driven barging costs down from $14/bbl to $5/bbl. Facility projects progressed during the year included Gbetiokun-Adagbasa pipeline, Opuama flow station upgrade, BRVS and Gbetiokun EPF upgrades.

The Opuama focus was on deferment management, reservoir management ranging from incorporation of recently drilled well results into subsurface models, production monitoring, reduction of Mean Time-to-Repair, well optimisation and the identification of further opportunities to increase overall recovery.

Preparatory activities for drilling of the high-impact, near-field Sibiri (formerly Amobe) exploration prospect continued during the year with the evaluation of possible acceleration of first oil in the event of exploration success. Sibiri carries a risked best estimate gross prospective oil resource of 78 MMbbls.

Following the tragic BRVS accident in July, operations at Gbetiokun were suspended for several weeks but exports were able to recommence at the end of August. The three investigation teams deployed identified failure of the Permit to Work system as the root cause of the incident and recommended improvement actions. Sixteen of the recommendations, including all high-urgency items, have been closed out and the final two items will be concluded shortly.

Operations were further impacted by the incident on the MT Harcourt, a 180,000 bbls storage vessel used at Gbetiokun that occurred in November. A JV led investigation team identified poor contractor practices as the root cause of the incident which led to a rupture of the vessel's ballast tank hull. MT Harcourt is a self-contained vessel operated by Union Maritime leased under the Project Management Team arrangement between NPDC and Elcrest for the development of OML 40 Gbetiokun field. Three of the six actions recommended have been closed out, including a marine audit of all OML 40 vessels and spill clean-up completed.

Elcrest's management has prioritised building a robust HSE culture across the organisation and aims to finalise implementation of the enhanced standards across its locations.

▲ Maintenance and safety are a constant focus for Seplat's operational employees.

Development of Eland

The acquisition of the entire issued share capital of Eland Oil & Gas PLC completed in the United Kingdom at the end of 2019 and was Seplat's first corporate acquisition. Seplat acquired the jointly operated OML 40 through its indigenous joint-venture subsidiary Elcrest, the share of Ubima, and the Aberdeen-based technical and service support of the Eland organisation.

Between them, OML40 and Ubima produced 26.3% of the Group's liquids in 2020.

Eland provides Seplat with increased production and reserves and further exposure to exploration potential, as well as furthering Seplat's access to international technical expertise and services in Aberdeen to augment our staff in Nigeria.

From December 2019, we have been focused on identifying ways in which the Seplat and Elcrest organisations could work effectively together, and ways in which the joint venture company Elcrest could leverage the Seplat corporate organisation to enhance its capabilities and improve operations at OML40.

From the start of 2020, despite the challenging environment of the Covid-19 pandemic and suppressed oil prices, Aberdeen-based staff continued to support OML 40 operations and, as the year progressed the inherent value of the Aberdeen office emerged and in December 2020 it was reorganised to become a Centre of Excellence for the Seplat group. It will allow Seplat greater access to the global energy hub of Aberdeen for traditional oil and gas expertise, together with expertise in power, renewables and carbon capture. This will include access to vendors, technology development and industry networks, and importantly to build university links between Nigeria and Scottish universities and enable knowledge transfer to Nigeria through training of Seplat staff, government partners and communities.

The Seplat Aberdeen office will also host teams for exploration, technical support for business development and new energy, subsurface, engineering and finance. All of these teams report into the Seplat corporate organisation.

Within Nigeria, Seplat has supported Elcrest in areas such as corporate social responsibility (CSR), drawing upon the experience and expertise of Seplat to develop improved policies and procedures, community engagement structures and sustainability strategy.

SEPLAT'S GAS ASSETS 2020 IN REVIEW

Gas business performance
Alongside the oil business, the Company has also prioritised the development and commercialisation of the substantial gas reserves identified in its assets. Today, Seplat is a leading supplier of processed natural gas to the Nigerian domestic market.

Seplat's working-interest production for the year was 101MMscfd at an average selling price of $2.87/Mscf (2019: 131MMscfd, $2.84/Mscf). Gas contributed $112.5 million of Group revenues, or 21.2%. This was lower than planned as a result of the indirect impact of Covid-19 on Nigerian businesses for most of the year, which affected bulk offtake from Oben. Delays in production from Oben-50 gas well further exacerbated the effect, following a restoration in demand in the later part of the year.

An electricity tariff increase, that saw prices to consumers rise by an average of 75%, became effective in November 2020. This cost-reflective tariff has improved the collection system recently implemented by the Government and is expected to improve cash flow to the power sector and therefore future invoice settlements.

Oben Gas Plant

We successfully completed a 15-day turnaround maintenance (TAM) for the Oben Gas Plant in March and lessons learned were successfully embedded. Gas production was affected during the maintenance period and this impact was amplified by third-party infrastructure downtime of 17% due to associated condensate handling challenges.

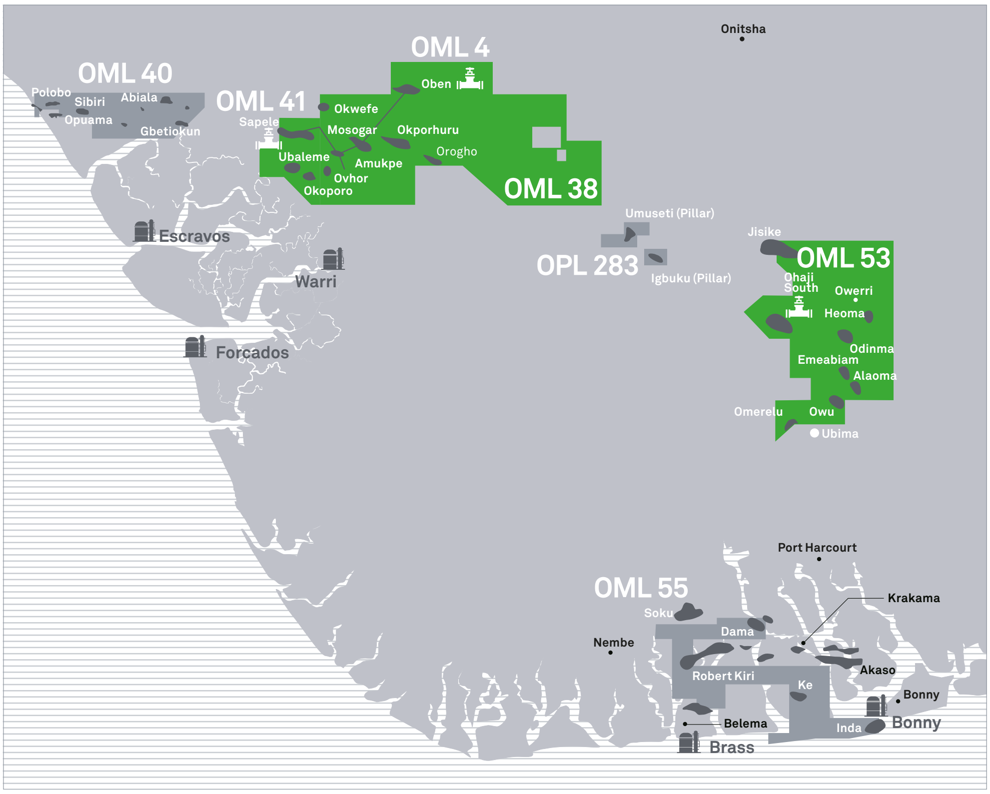
The Oben-48 gas well, drilled in late 2019, came onstream in the first quarter of 2020, while Oben-49 came onstream in the fourth quarter of 2020. Both wells are currently producing a gross 42MMscfd combined. Oben-50 was drilled in the fourth quarter, coming onstream in Q1 2021.

Sapele Gas Plant

Decommissioning of the surface infrastructure of the existing gas plant reached completion in the fourth quarter of the year. Site preparation and civil construction works for the new plant have commenced alongside piling activities.

For the new plant, we have taken delivery of the Associated Gas Compressors and seven gas generators have been completed ex-works. Procurement of the remainder packages and the balance of the plant equipment is at various stages of contracting, detailed engineering design and fabrication.

The project is expected to be completed in the second half of 2022, with Sapele's processing capacity increasing from 60MMscfd to 75MMscfd. The upgraded facility will produce gas that meets export specifications, and the LPG processing unit module will enhance the economics of the plant, as well as ensuring that any gas flaring is eliminated.



ANOH Gas Processing Plant

The ANOH Gas Processing Plant development at OML 53 (and adjacent OML 21 with which the upstream project is unitised) will drive the next phase of growth for Seplat's expanding gas business. The project will comprise a Phase One 300MMscfd midstream gas processing plant.

The ANOH plant, is being built by AGPC, which is an IJV owned equally between Seplat and the Nigerian Gas Company (NGC), a wholly owned subsidiary of Nigerian National Petroleum Corporation (NNPC). In February 2021, The IJV, AGPC, successfully raised $260 million in debt to fund completion of the ANOH project. The project is now fully funded following completion of equity investments of $210 million by each partner ($420 million combined).

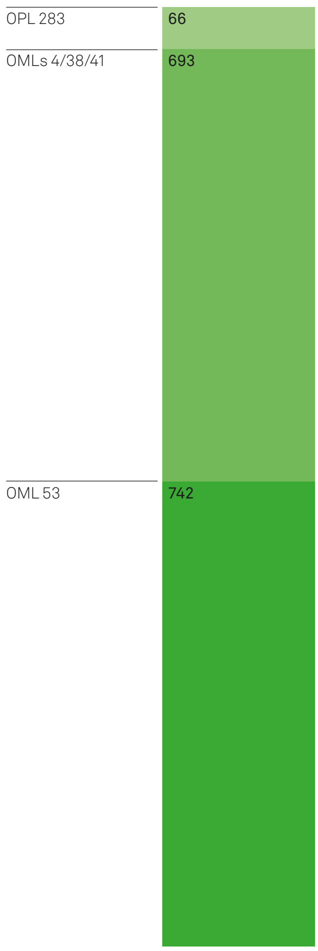
ANOH is one of Nigeria's most strategic gas projects. It will help Nigeria to accelerate its transition away from small-scale diesel generators to cleaner, less expensive fuels such as natural gas for power generation.

The upstream development, including the drilling of six production wells, will be delivered by the upstream unit operator SPDC, with four wells expected to be completed in 2021.

We have made excellent progress on the project despite the Covid-19 challenges and we expect the major gas processing units to arrive in Nigeria in Q3 2021, to commence installation before the end of the year, with mechanical completion and pre-commissioning in Q1 2022 and first gas flowing to customers by the end of H1 2022.

The initial total project cost was budgeted at $700 million. Following a cost optimisation programme, the AGPC construction cost is now expected to be no more than $650 million, inclusive of financing costs and taxes, significantly lower than the original projected cost at FID.

Working interest 2P reserves (Bscf)



DIVERSIFYING EXPORT ROUTES

Our strategy is to reduce over-reliance on any operated asset or associated third-party export route by diversifying our production base and exploring or creating new export routes over which we have more control.

At OMLs 4, 38 and 41, we have retained access to two jetties at the Warri Refinery that will enable sustained exports of 30,000bopd (gross) if required, should there be problems with the primary export route, the Trans Forcados Pipeline (TFP). However, it was not necessary for us to activate this alternative export route in 2020. Security initiatives undertaken by the Nigerian Government, as well as our own continuity strategies, minimised downtime experienced because of the TFP.

The Amukpe-Escravos Pipeline (AEP) is set to provide a third and more secure underground evacuation option for liquids production from OMLs 4, 38 and 41. Once completed, we believe it will significantly improve the assets' production uptime (83% in 2020) and reduce losses from crude theft and reconciliation (9.4% in 2020).

> “New export routes should significantly improve sales volumes by reducing downtime and reconciliation losses currently experienced by using third-party infrastructure.

The minor completion works on the 160,000bopd pipeline are not within Seplat's control and have been slower than anticipated due to a combination of challenges associated with access to the Escravos terminal owing to Covid-19 and issues relating to ownership of the pipeline. Our partner NPDC now owns a direct stake in the pipeline and we understand they are working with the other pipeline owner and their banks to enable the completion of the project. We have consequently adjusted our plan and budgets to expect commencement of export of the initial permitted volume of 40,000bopd through the Escravos terminal in the second half of 2021.

OML 40's production is evacuated through the Trans Escravos Pipeline (TEP), which has lower reconciliation losses and better uptime than the Trans Forcados Pipeline (TFP). There is an option being explored to connect the AEP line to the TEP through a short 8km spur providing an additional route for OML 4, 38 and 41 production. In addition, an option exists to combine the production and secure an offshore Floating Production Storage and Offloading (FPSO) facility and use it as a crude oil export terminal. This should significantly improve sales volumes by reducing downtime and reconciliation losses currently experienced by using third-party infrastructure, which are budgeted to average an aggregate of 30% per annum. A dedicated team is developing these export options and we will communicate the details in due course.

At OML 53, Seplat plans to construct a crude export line to convey production from Ohaji South field into Ebocha-Brass Trunkline via Ebocha manifold. This will provide an alternate evacuation route to Brass Terminal and thereby help alleviate production deferment from the field.

ENSURING FINANCIAL SUSTAINABILITY

Seplat's prudent financial management has enabled us to maintain dividends, increase capital investment and voluntarily repay $100m debt, despite the challenging conditions of 2020.

Emeka Onwuka
Chief Financial Officer

Our approach to financial sustainability

Our robust financial performance in 2020 demonstrated the importance of a prudent approach to managing our finances, focusing on capital allocation, revenue diversification, cost control, hedging and debt management. Despite a challenging year in which revenues fell 24% we repaid $100 million debt, invested $150 million for growth and maintained our dividend at $0.10 per share for the year.

Our approach to financial sustainability is outlined below.

Capital allocation

Financial sustainability begins with the decisions we make about capital allocation and the priorities we consider when using cash. Our aim has always been to maintain a healthy balance sheet, focusing on cash generation first and foremost so we can build up a large reserve for future deployment and protect ourselves against the kind of downturns the world experienced in 2020.

Our priorities for the allocation of capital are shown in the chart opposite. We focus on uses that offer the best possible returns for the lowest risk. In our capital investment programme, we are investing heavily in our gas business in order to serve a potentially huge market in which we are already a leader. Investing in gas will also help us to diversify our revenues against oil price volatility as well as provide the kind of long-term, highly visible contracts that are simply not possible with oil.

When we consider investments in oil, we look at which fields will offer the highest returns at a range of different price levels. We prioritise those that will have the lowest operating costs and are capable of profitability even at the low prices we experienced in 2020. As price scenarios increase, more expensive fields will naturally come into consideration and this determines our drilling priorities for the future. We will also consider supporting infrastructure investments that will assure our flow of oil more securely, for example through dedicated pipelines, to ensure higher revenues through the reduction of losses.

Overall, we invested $150 million in capital projects in 2020, compared to $125 million in 2019, thereby demonstrating our continuing commitment to growth despite the crises of 2020. However, referring to the chart on page 9, it is clear that we have used reductions in capital investment as a strategy to conserve cash when necessary, and this is an option that remains open to us in the future.

The reduction of debt is another priority for the allocation of our capital. During the year we voluntarily repaid $100 million of our Revolving Credit Facility, thereby reducing our debt but maintaining the headroom to use it, if necessary, in the future. In addition, we constantly seek to optimise the terms under which we take on debt. We continue to look at refinancing opportunities as appropriate, including in the debt capital markets.

Dividends are another priority for capital allocation. Our aim is to maintain a core dividend of $0.05 per share and top it up with a further $0.05 per share whenever we feel it is appropriate. As other companies were cutting back their dividend payments for the 2019 financial year and looking to keep them low in 2020, we honoured our commitments for 2019 and again declared a total dividend of $0.10 per share in 2020.

In addition to organic growth we continue to look for low-risk, value-enhancing opportunities to growth through acquisitions, either of operating assets or in the case of Eland, other energy companies. It should be remembered that our acquisition of Eland not only brought us its operating assets but also the right to be repaid a loan of more than $400 million in cash over the coming years.

Clearly focused capital allocation priorities

We are focused on low-risk strategies to generate and deploy cash to grow the business and improve stakeholder returns

Low-risk capital investment	Returns to shareholders	Repayment of debt	Value-creating M & A
• Invest in growing the gas business to fuel Nigeria's increasing demand • Develop ANOH for long-term growth • Offset expected decline in oil wells by developing low-risk wells / prospects • Sustain and optimise production	• 10c for 2020 • Since raising $535m at listing we have returned $344m (by end of 2020) • Maintain core dividend of $0.05 per share at 9M results, top up $0.05 at full-year results as appropriate	• Successful $650m bond offer in March 2021 to redeem existing $350m Senior notes and repay $250m drawn on $350m Revolving Credit Facility • Refinanced Eland's $100m Reserve-Based Loan on 18th March 2021 with new five-year $100m RBL facility due March 2026 • Maintain optimal balance of cash and debt	• Seek low-risk opportunities for growth that enhance NAV and FCF • Opportunity to consolidate Nigerian market though acquisition of assets divested by IOCs and distressed small-scale operators

"

Our robust financial performance in 2020 demonstrated the importance of a prudent approach to managing our finances, focusing on capital allocation, revenue diversification, cost control, hedging and debt management.

Revenue diversification

Given the volatility of oil revenues, our expansion into gas represents another strategy to ensure long-term financial (and environmental) sustainability. As outlined in pages 64-67, gas has huge potential to power Nigeria's future economic and societal growth. Gas has the benefits of long-term, more visible contracts with lower royalties and taxes that enable higher drop-through of cash. We will continue to increase the contribution of gas to our revenue mix and expect a significant boost from dividends we receive when our joint-venture ANOH Gas Processing Plant begins operation next year.

Cost control

We maintain a relentless focus on cost control at all times but in 2020 we were able to achieve even deeper cuts as the pandemic took hold and demand for oil was reduced. We renegotiated key supply contracts to achieve cuts of more than 30% in some cases, thereby enabling us to remain profitable at the lower prices experienced during the year. A notable example was the saving we achieved in barging costs at OML 40, where we were able to reduce these from $14/bbl to around $5/bbl during the second half of the year. In addition, a natural consequence of the pandemic was a reduction in travel and office costs.

Hedging

Our approach to hedging oil revenues is based upon the desire to protect from excessive downside shocks at the best achievable cost. In 2020, this strategy proved its worth as oil prices collapsed in the second quarter. The details of our hedging strategy are shown in the table below.

Revenue, production and commodity prices

The Brent oil price averaged $43.21/bbl over 2020 (2019: $64.04/bbl). Brent remained volatile throughout the year, following the twin shocks of the Saudi Arabia – Russia price war and the Covid-19 pandemic, trading between a high of $68.91/bbl in January and a low of $19.33/bbl in April, before exiting the year at $51.80/bbl.

Total revenue in 2020 was $530.5 million, down 24.0% from the $697.7 million achieved in 2019. Crude oil revenue was $417.9 million (2019: $495.1 million) a 15.6% reduction compared to 2019, largely reflecting lower realised oil prices of $39.95/bbl for the period (2019: $64.4/bbl) offset by added production primarily from the Eland assets. Following the completion of its acquisition, Eland's revenues and costs are included in the full-year 2020 accounts but not reflected in 2019. A $50.0 million oil underlift was recorded under other income in the period, compared to an overlift of $6.8 million in 2019.

Details of hedging 2020

Period	Barrels hedged (Mbbls)	Strike price ($)	Cost (bbl)	Payment received (gross)
Q1	1.5	$45	$0.83	–
Q2	1.5	$45	$0.75	$23.16m
Q3	1.5	$45	$0.99	$3.08m
Q4	1.5	$30	$1.49	–
	0.5	$35	$1.04	–

Average working-interest liquids production was 33,714bopd, up 40.9% from 23,935bopd in 2019, whilst the total volume of crude lifted in the year was 10.5 MMbbls compared to 7.7 MMbbls in 2019. The higher volume was due to a maiden contribution from OML40 and Ubima, and higher production from OML 53, though constrained by OPEC+ cuts of 410,000bbls (on a gross basis) allotted to the Group. The Company experienced TFP reconciliation losses of 9.4% for the period, but we expect these to fall when the Amukpe-Escravos underground pipeline comes onstream.

Gas sales revenue decreased by 17.1% to $112.5 million (2019: $135.8 million), due to lower gas sales volumes of 37.1 Bscf compared to 47.8 Bscf in 2019. The lower gas sales volumes reflect lower-than-expected gas production owing to constrained demand due to the impact of the pandemic and delays in completing the Oben-50 gas well, following a restoration in demand. There were no gas-processing revenues in the period, compared with the one-off gas-processing revenue of $66.9 million in 2019, which was the Oben gas plant tolling payment by NPDC.

The average realised gas price was slightly higher, at $2.87/Mscf (2019: $2.84/Mscf). Gas sales contributed 21.2% of total Group revenue in 2020 (2019: 19.5%).

Cost-saving initiatives

During the year, a comprehensive cost-saving programme was developed to adapt to current market conditions. Through the implementation of these actions, the Group aims to reduce costs by at least 30% across the business by the end of 2021. Across 2020, we achieved $17 million in cost savings through these various initiatives. Towards opex and G&A reduction, IT, administrative and travel costs have been reduced to the essentials and all third-party and service contracts were renegotiated downwards. This is reflected in General and Administrative expenses holding relatively stable at $76.0 million despite a higher depreciation charge and the consolidation of Eland (2019: $70.6 million).

The capital investment programme was revised to conserve cash and manage liquidity. In terms of efficiency, we significantly improved our technologies to support secure and reliable virtual collaboration, which increased employee productivity in a work from home environment. Additionally, Wells, Reservoir and Facilities Management recommendations and learnings from the Oben Gas Plant maintenance were implemented. The Group intends to continue to simplify activities and increase their efficiency.

> “As other companies were cutting back their dividend payments for the 2019 financial year and looking to keep them low in 2020, we honoured our commitments for 2019 and again declared a total dividend of $0.10 per share in 2020.

Gross profit

Gross profit decreased to $124.6 million (2019: $395.7 million) due to lower oil prices and higher non-production costs primarily consisting of royalties and DD&A, which were $228.8 million compared to $187.7 million in the prior year. The DD&A charge for oil and gas assets increased to $127.5 million during 2020 (2019: $91.1 million), reflecting higher depletion of reserves because of increased production compared to the prior year.

Direct operating costs, which include crude-handling fees, rig-related costs and operations and maintenance costs amounted to $151.8 million in 2020, 44.2% higher than $105.3 million in 2019. Production evacuation from the Gbetiokun and Ubima fields resulted in barging and trucking costs of $15.9 million. These increased costs reflect the additional production volumes from the Eland assets and resultant increase in royalties and crude handling fees. On a cost-per-barrel basis, production opex was higher at $8.90/boe (2019: $6.20/boe) because of the effect of OPEC+ restrictions that curtailed production volumes and the trucking and barging costs at Gbetiokun. However, benefits of the successful streamlining of the Gbetiokun operations have driven barging costs down from $14/bbl to $5/bbl.

Non-cash IAS 36 impairments

As previously reported, under IAS 36 the Company identified the need to revalue its assets due to the significant economic uncertainty of the Covid-19 crisis. Following a reassessment of the business models and assumptions to establish their reasonableness and practicality, particularly in the current and expected oil price environment, we decided to book a non-cash provision of $114.4 million across non-financial assets in the period.

Operating results

After adjusting for non-cash impairments and fair value losses, the operating profit was $121.4 million. Including all adjustments, the operating loss for the year was $31.7 million (operating profit 2019: $311.9 million). The loss reflects lower oil prices realised and an impairment provision of $144.3 million booked in the period, which includes a non-financial asset charge of $114.4 million (IAS 36 as detailed above) and financial asset charges of $29.9 million (IFRS 9). The financial asset charge includes charges against a deposit made for a potential investment that the Company will no longer pursue. Other income of $83.9 million includes an adjustment for a $50.0 million underlift position (shortfalls of crude lifted below Seplat's share of production, which is priced at the date of lifting and recognised as other income) and the $2.2 million tariff income generated from the use of the Company's pipeline. Hedging income of $26.4 million was received in the period; $8.3 million hedging costs are recognised as fair value charges. The stated $7.2 million provision no longer required relates to a contingent liability initially recognised on acquisition of Eland.

An EBITDA of $265.8 million adjusts for impairment and other non-cash items, equating to a margin of 50.1% for the year.

Tax

The Group's tax charge for 2020 was $5.1 million, compared to $29.1 million for 2019.

The tax charge is made up of a deferred tax credit of $8.5 million and a current tax charge of $13.6 million. The deferred tax credit is mainly driven by the unutilised capital allowances and unutilised tax losses for the period. The estimated effective tax rate used for the year ended 31 December 2020 was 6% (2019: 10%). The reduction in the effective tax rate was principally due to the recognition of tax losses available for utilisation against future profit.

In May 2015, in line with sections of the Companies Income Tax Act, which provides incentives to companies that deliver gas utilisation projects, Seplat was granted a three-year tax holiday with a possible extension of two years. In 2018, upon review of the performance of the business, the Group provided a notification to the Federal Inland Revenue Service (FIRS) for the extension of claim for the additional two-year tax holiday. Effective May 2020, the five-year tax holiday benefit for the gas business ended and the financial statements have been prepared on this basis.

Net result
Loss before tax was $80.2 million, compared to a profit before tax of $292.9 million in 2019. The higher net finance charge of $50.2 million in 2020 includes interest on the $350 million RCF in December and the consolidation of Eland finance (2019: $20.1 million). Loss for the year was $85.3 million (2019: $277.0 million profit).

The resultant basic loss per share was $0.13 in 2020, compared to an EPS of $0.49 in 2019. The reduction was mainly due to lower oil prices and impairment charges described above.

Dividend
In line with the dividend policy, the Board has recommended a final dividend of $0.05 per share. This will bring the total dividend to $0.10 per share (2019: $0.10 per share).

Subject to approval of shareholders, the dividend will be paid shortly after the Annual General Meeting, which will be held in Lagos, Nigeria, on 20 May 2020.

Repayment of Elcrest development loan to Seplat
In acquiring Eland, Seplat has acquired the right to be repaid a shareholder loan. The loan was advanced to Elcrest by Westport, Eland's 100%-owned financing subsidiary for the development of OML 40. Following its acquisition of Eland, Seplat is entitled to 100% of Elcrest's production and net cash flows until the loan is repaid in full. At 31 December 2020, the outstanding balance of the loan was approximately $417 million.

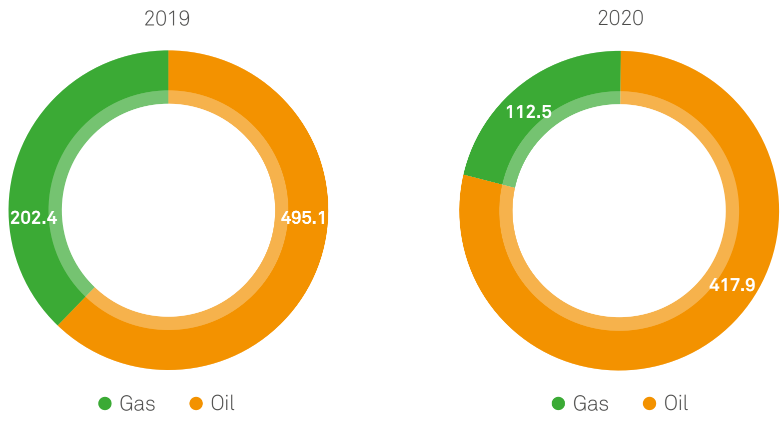
After repayment of the loan, Seplat's interest in OML 40's production and net cash flows will revert to 20.25%, representing its 45% interest in Elcrest, which in turn owns 45% of OML 40.

Cash flows from operating activities
Net cash flows from operating activities, after movements in working capital, were $308.7 million (2019: $337.8 million). An income tax payment of $10.4 million was made in the period (2019: $3.5 million).

The Group received $188.1 million from the major JV towards the settlement of outstanding dollar-denominated cash calls and $154.2 million (Naira equivalent) to offset Naira cash calls totalling $342.3 million received in 2020. This compares favourably to $179 million received in 2019.

The major JV receivable balance now stands at $107.0 million, down from $222.3 million at the end of 2019.

Revenue breakdown by oil and gas ($m)



-24.0%

Revenue $530.5 million
Oil revenue was 15.6% down at $417.9 million, largely reflecting lower realised oil prices of $39.95/bbl for the period (2019: $64.4/bbl) offset by added production primarily from the Eland assets.

-52.0%

Major JV receivable reduced
The major JV receivable balance now stands at $107.0 million, down from $222.3 million at the end of 2019.

-8.6%

Net cash flow from operations $309 million
Net cash flows from operating activities, after movements in working capital, were $308.7 million (2019: $337.8 million). An income tax payment of $10.4 million was made in the period (2019: $3.5 million).

+20.3%

Capital expenditure $150.1 million
Capital expenditures were $150.1 million including costs of around $83.5 million for drilling and completion of nine wells including three gas wells and six development oil wells that were completed earlier in the year. Associated facilities and engineering costs amounted to $61.3 million.

-3.7%

Net debt $439.7 million
Seplat ended the year with gross debt of $698.4 million with most maturities in 2023, and cash at bank of $258.7 million, which includes restricted cash of $33.6 million, leaving net debt at $439.7 million.

Cash flows from investing activities

The Group implemented a modest capex programme for the majority of 2020, in response to low oil prices caused by a price war between OPEC+ members in the first half of the year, exacerbated by the impact of Covid-19 on global oil demand. Our planned spend of $120.0 million for 2020 was designed to sustain production from our oil wells and increase gas production in order to meet our gas contractual obligations.

Mindful that we cannot fully control the pace of project execution in this environment, the Group established various initiatives to maximise work programme flexibility while preserving cash. Most of the Group's capital expenditures are discretionary with the flexibility to align investment with cash flow in response to prevailing conditions and future growth opportunities. As oil prices improved, an additional capex of $30 million was approved in the fourth quarter of 2020, towards drilling the ANOH upstream wells at OML 53 and project costs related to delivery of the Sapele Gas plant.

> "Most of the Group's capital expenditures are discretionary with the flexibility to align investment with cash flow in response to prevailing conditions and future growth opportunities. Capital expenditures were $150.1 million in 2020 and included costs of around $83.5 million for drilling and completion of nine wells.

As a result, capital expenditures were $150.1 million in 2020 and included costs of around $83.5 million for drilling and completion of nine wells including three gas wells (completion of Oben 48; Oben 49 and Oben 50) and six development oil wells (Sapele-35, Ovhor-6ST, Ovhor-20, Ohaji South-5, Ohaji South-6 and Gbetiokun-5) that were completed earlier in the year. Associated facilities and engineering costs amounted to $61.3 million.

The payment of $60.0 million reflects the final equity contribution towards the ANOH Gas Processing Plant project.

The Group received total proceeds of $4.8 million under the revised OML 55 commercial arrangement with Belema Oil for the monetisation of 67.5 kbbls. Recovery during the year was impacted by OPEC+ production cuts and low oil prices.

After adjusting for interest receipts of $1.7 million, the net cash outflow from investing activities was $203.7 million compared to a net cash outflow in 2019 of $732.9 million, which included the AGPC deconsolidation, ANOH equity contribution and acquisition costs in 2019.

Cash flows from financing activities

Net cash outflows from financing activities were $217.4 million (2019 net cash inflows: $145.2 million). This reflects a further $10.0 million drawn from the Westport RBL facility, interest of $64.8 million paid on loans and dividend payments to shareholders of $58.3 million. In August 2020, the Company repaid $100.0 million of the revolver.

Seplat ended the year with gross debt of $698.4 million with most maturities in 2023, and cash at bank of $258.7 million, which includes restricted cash of $33.6 million, leaving net debt at $439.7 million.

Issue of $650m senior notes

On 25 March 2021, the Company priced its offering of $650 million in aggregate principal amount of 7.75% senior notes due 2026 (the "Notes"). The gross proceeds of the Notes will be used to redeem the existing $350 million 9.25% senior notes due 2023, to repay drawings of $250 million under the existing $350 million revolving credit facility, for general corporate purposes, and to pay transaction fees and expenses.

Reserve-Based Loan (RBL)

Eland's existing RBL was consolidated into the Group's balance sheet in 2020. The RBL was most recently refinanced in November 2018, via the Group's subsidiary Westport Oil Limited, and was a five-year loan agreement with interest payable semi-annually, with the maximum facility amount starting to reduce in January 2020. The RBL was secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture that created a charge over certain assets of the Group, including its bank accounts. The available facility was capped at the lower of the available commitments and the borrowing base.

In March 2021 we announced that Seplat's wholly owned subsidiary, Westport Oil Limited, had successfully refinanced its existing US$100 million reserve-based lending facility due November 2023 with a new five-year US$100 million reserve-based lending facility due March 2026.

The RBL carries initial interest of LIBOR + 8% payable semi-annually. The five-year RBL is scheduled to commence repayment from March 2023. The RBL includes a US$75 million accordion to accommodate further commitments in the future.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. During 2020, the Group had in place dated Brent put options covering a volume of 6.5 MMbbls as follows: (i) for Q1, Q2 and Q3, 1.5MMbbls for each quarter at a strike price of $45/bbl; and (ii) for Q4, 1.5MMbbls at a strike price of $30/bbl and 0.5MMbbls at a strike price of $35/bbl.

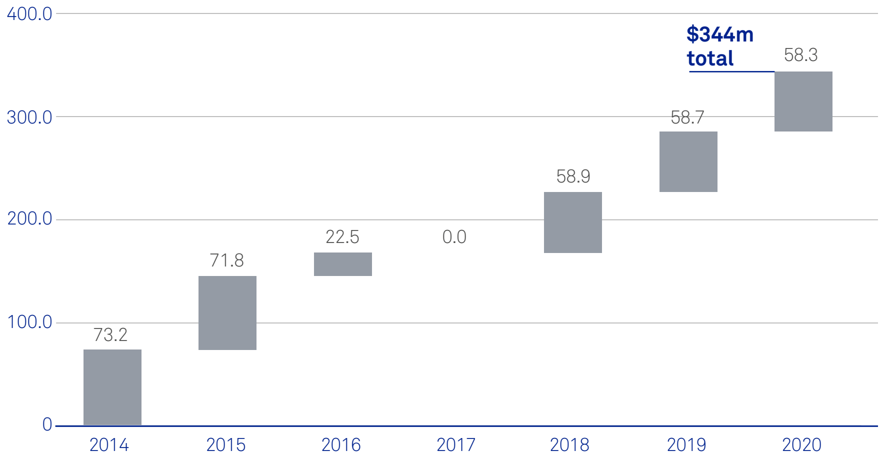
This hedging programme has been continued in 2021 with up-front-premium put options as follows: (i) for Q1, 1.0MMbbls at a strike price of $30/bbl and 1.0MMbbls at a strike price of $35/bbl; (ii) for Q2, 2.0MMbbls at a strike price of $35/bbl; and (iii) for Q3, 1.0MMbbls at a strike price of $35/bbl and 1.0MMbbls at a strike price of $40/bbl. The Board and management team continue to closely monitor prevailing oil market dynamics and will consider further measures to provide appropriate levels of cash flow assurance in times of oil price weakness and volatility.

Credit ratings

Seplat maintains corporate credit ratings with Moody's Investor Services (Moody's), Standard & Poor's (S&P) Rating Services and Fitch. The current corporate ratings are as follows: (i) Moody's B2 (negative); (ii) S&P B (although the bonds are rated B- due to priority indebtedness) and (ii) Fitch B- (positive).

Emeka Onwuka
Chief Financial Officer

Dividends returned to shareholders $m



Liquidity

The balance sheet continues to remain healthy with a solid liquidity position.

Net debt reconciliation at 31 December 2020	$ million	Coupon	Maturity
Senior Notes*	353.4	9.25%	June 2023
Revolving Credit Facility*	246.4	LIBOR+6.00%	June 2022/ December 2023
Westport RBL*	98.6	LIBOR+8%	November 2023
Total borrowings	698.4		
Cash and cash equivalents	258.7		
Net debt	439.7		

* including amortised interest.

SAFETY ENVIRONMENT COMMUNITIES PEOPLE

Seplat is committed to being a best practice operator and a responsible and accountable corporate citizen as demonstrated in the approach to our operations. This is further illustrated through the strong relationships that we have built with our host communities and other stakeholders to create a stable operating environment with positive socio-economic outcomes.

Jay Smulders
Technical Director

ENSURING A HEALTHY WORKFORCE, SAFE OPERATIONS AND ENVIRONMENTAL CONSERVATION

At Seplat, we believe we have a role to play in shaping the future of energy in Nigeria.

HSE strategic principles

Our HSE Policy is implemented with consideration for guidelines stipulated in ISO 45001 & ISO 14001. This is further reinforced by the Company's HSE Management System to guarantee adherence to local regulations, industry standards, and international best practices. Our HSE philosophy is communicated to all employees, customers, contractors, and other stakeholders of our business.

At Seplat, we are governed by the three core strategic principles of our HSE policy:

- Healthy Employees and Safe Workplaces
- Environmental Protection and Sustainability
- Mutual Respect with Host Communities and Local Stakeholders

Health

We have been working to protect our people through a more systematic approach to health.

- We provided comprehensive health services and access to all employees.
- We provided 24-hour clinical coverage in all our areas of operation with standby ambulances for emergencies.
- Employees and guests are encouraged to be more proactive towards a healthy lifestyle via health campaigns and provision of biometric monitoring equipment in all facilities.
- A personal fitness programme has been introduced into daily activities of office-based personnel while a fitness gym is provided in our Field Logistic Bases.
- At the start of the Covid-19 pandemic, measures were immediately put in place to protect our personnel and operations from the spread of the illness:
  - Infrared thermometers, hand sanitisers and face masks were deployed to all operating locations for immediate distribution and use.
  - A multi-discipline Corona Virus Monitoring Group (COVIMOG) was set up to monitor and coordinate Seplat's response to the pandemic with a view to sustaining operations.
  - Operations Continuity Teams were set up at the two operational bases.
  - NCDC approved laboratories and hospitals were engaged for provision of PCR testing and clinical services for positive cases.
  - Almost 3,000 PCR tests conducted with less than 0.5% positive cases; all positive cases treated and returned to work.

Safe operations and prevention of major incidents

We continue to promote deep capability and safe operating culture across our locations.

- Recorded Zero Lost Time Injury or Fatality for more than two years of our operation.
- Introduced 11 Mandatory Safety Rules which were rolled out across the organisation to reinforce the required foundations for improvements in our safety culture.
- Leadership Commitment continued to be demonstrated through senior management review of all high potential incidents. 300% more incidents were reviewed in 2020 compared with 2019 and all recommendations are being implemented.
- Lessons learnt from incident investigations were shared company-wide via LFIs, HSE meetings and other personnel and contractors' engagement fora.
- We continued sustained focus on asset integrity and maintenance of safety critical elements by conducting a comprehensive audit and health check on the Asset Integrity and Maintenance Management Systems.
- We conducted trainings for frontline leaders to drive safety leadership amongst the workforce.

Environment

In all Seplat projects and operations, our objective is to manage the environmental and social impacts of our activities.

- We remain committed to environmental protection and sustainability by identifying and evaluating the impacts of our activities on the environment. Environmental Impact Assessment studies were carried out for four fields – Amukpe, Jisike, Ogume and Owu.
- We continued with our Environmental Compliance Monitoring Programme to ensure environmentally safe and sound operations and compliance with all regulatory requirements.
- We developed a verifiable process for Green House Gas Emissions quantification to monitor effectiveness of the ongoing Flares Out projects.

2020 Performance review

In 2020, we sustained our performance in keeping people safe with zero lost time injury incidents (LTI) and fatality. Due to a variety of safety initiatives implemented across the organisation, Lost Time Injury Frequency (LTIF) has dropped steadily from 0.33 in 2016 to 0 in 2019. This was also sustained in 2020.

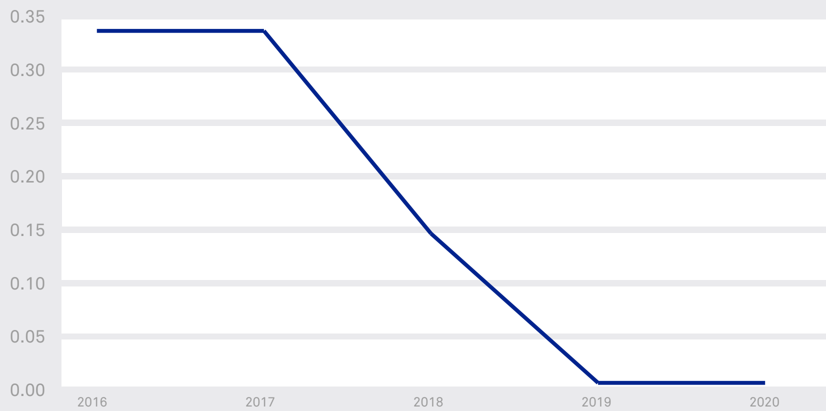
The gas stations were optimised to achieve high availability of compressor uptime. The compressor units were also overhauled in some stations to attain a 39% reduction in gas flared in 2020 from 2019. The Flares Out project is still on course with planned construction of additional Booster Compressors in all operating facilities in 2021.

We continue to improve on environmental impact via effective pipeline integrity and leaks management. Seven spills (>0.75bbl or equivalent of 1kg) were recorded. Replacement of aged pipelines and integrity checks are continuously conducted.

We took proactive steps to protect biodiversity and groundwater in our operations and like previous years, the effects of our operations on groundwater contamination remained nil.

In the coming years we will continue to strive for an even greater improvement in our HSE performance across Seplat operations.

5 Years Lost Time Injury Frequency (LTIF) Trend



Health and Safety – 2020 performance review:

	2014	2015	2016	2017	2018	2019	2020
Fatalities (employee and contractor)	0	0	0	0	0	0	0
Lost Time Injury Frequency (LTIF)	0.4	0	0.33	0.31	0.14	0	0

Environment – 2020 performance review:

	2014	2015	2016	2017	2018	2019	2020
Flaring – million standard cubic feet (MMscf)	9,465	7,642	4,757	8,418	6,487.99	8,910.18	10,624.97
Volume of oil spilled through own operations (Thousand tonnes)	0.0004	0.1089	0.002	0.002	0.0032	0.001	0.0091
Volume of oil spilled through sabotage (Thousand tonnes)	0.0014	0.0021	0.002	Nil	0.0001	0.0001	0.0037
Groundwater contamination	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Freshwater consumption (MMbbls)	1.18	1.5	0.28	0.24	0.19	0.19	0.19
Total Greenhouse Gas Emissions (MM tonnes CO_2 equivalent)	N/A	N/A	N/A	N/A	N/A	N/A	2.8

ELCREST HSE REPORT

Ensuring a healthy workforce, safe operations and environmental conservation.

HSE strategic principles

At Elcrest, we are governed by the three core strategic principles of our HSE policy:

- No harm to people
- Accident free workplaces
- No damage to the environment

Health

- We provide comprehensive health services to all employees and access to a medical doctor to provide medical advice
- We provide 24-hour clinical coverage in all our areas of operation with standby ambulances for emergencies and retainership agreements with local hospitals/clinics
- Covid-19 pandemic preventive/control measures were immediately implemented to protect our personnel and operations from the spread of the illness, these included:
  - Infrared thermometers, hand sanitisers and face masks were deployed to all operating locations for immediate distribution and use.
  - C-19 Monitoring by HR interfaces with Seplat COVIDMOG for coordination and response to the pandemic with a view to sustaining operations with minimum impact of the C-19 virus.
  - C-19 protocols have been implemented and complied with strictly at field operations to ensure business continuity with minimum impact of Covid-19 virus.
  - Temperature testing and medical assessment of all personnel arriving on site, either first time arrivals or returning from rotational leave.

Safe operations and prevention of major incidents

HSE Manager and Technical HSE Lead appointed to Elcrest HSE Team in November and December 2020.

All operational sites have competent Site HSE Officers (and back-to-back) in place to monitor, advise, train workforce and report daily to Project and HSE Management.

- Sixteen of the recommendations, including all high-priority items, have been closed out and the final two items will be concluded shortly.
- Clear Leadership commitment demonstrated through Management Facilities Visits (MFV), reviews of all incidents at the monthly Incident Review Panel (IRP) meeting and active participation at all HSE meetings. Management involvement in implementation of incident investigation and site inspection recommended actions has taken a high priority.
- Lessons learnt from incident investigations were shared Company-wide through HSE meetings and the quarterly contractor's engagement forum.
- Conducted Permit to Work and Safe Systems of Work training for field personnel and supervisors.

Environment

- We remain committed to environmental protection and sustainability by identifying and evaluating the impacts of our activities on the environment.
- Environmental Impact Assessment study was carried out for Gbetiokun field development.
- Standby spill response team and equipment provided for response to the risky impact of potential oil/chemical spill in the swamps.

2020 performance review

In 2020, we maintained zero LTI and disseminated the learning from BRVS incident and commenced safety culture improvement programmes Company-wide.

Health and Safety – 2020 performance review:

	2020
Fatalities (employee and contractor)	7
Lost Time Injury Frequency (LTIF)	0.00

Environment – 2020 performance review:

	2020
Flaring – million standard cubic feet (MMscf)	2,257
Volume of oil spilled through own operations (Thousand tonnes)	0.1159
Volume of oil spilled through sabotage (Thousand tonnes)	0.000567
Groundwater contamination	Nil
Freshwater consumption (MMbbls)	N/A
Total Greenhouse Gas Emissions (MM tonnes CO_2 equivalent)	0.13

BRVS incident

Accident summary

On 7 July 2020, a tragic accident involving seven fatalities occurred due to an explosion during planned maintenance work by contractors at the Benin River Valve Station on OML 40 in Delta State. Our thoughts and prayers remain with the families and friends of all those who lost their lives. The NPDC/Elcrest joint venture has provided support to all the bereaved families.

Field operations at Gbetiokun, 30km away, were unaffected, but we suspended operations to allow repairs to the export site, which were concluded in August. Three investigation teams including a DPR-led team, an independent investigator and a combined team of NPDC/Elcrest (led by NPDC as the operator) began separate investigations in the immediate aftermath of the accident. Over the course of the investigation, a multi-disciplinary team of experienced internal and external specialist personnel was constituted to distil out lessons from the accident and review operational practices with a view to revising operational controls to prevent such incidents in the future.

Results of investigations

The investigations identified failure of the Permit to Work system as the root cause of the incident and recommended improvement actions. A total of 16 key findings related to the causes of the accident emerged. The team developed a series of 18 recommendations to address each of its key findings, which are intended to enable prevention of similar accidents as well as address other potential issues. Categories of the findings included gaps in documentation, training, processes and interface management.

Our response

We recognised that full implementation of the 18 recommendations would involve long-term commitment and a team was set up to drive HSE gap closure. A prioritised action plan was put in place with due dates and accountabilities for each element of the plan, with actions tracked to completion. Sixteen of the recommendations, including all high-urgency items, have been closed out and the final two items will be concluded shortly. Elcrest's management has prioritised building a robust HSE culture across the organisation and aims to finalise implementation of the enhanced standards across its locations.

ENVIRONMENT

Roger Thompson Brown
Chief Executive Officer

Our primary aim at Seplat is to meet Nigeria's energy needs in an economically, socially and environmentally responsible way. We are committed to taking utmost care to properly assess and manage environmental risks and minimise our environmental impact.

While we believe that fossil fuels are critical to ensuring the sustainable development of Nigeria, we also recognise the risks that climate change poses to our business and the local communities around our operations. We are therefore committed to providing clean and affordable energy to Nigeria while minimising the effects of climate change and preserving the environment. We believe the most immediate priority is to replace small-scale off-grid diesel power generation by transitioning to utility-scale gas-fired power stations, providing much needed base load energy as a step towards a longer-term renewable generation.

We recognise climate science and support the goals of the Paris Agreement to keep global temperature increase to well below 2°C. We also support the United Nations Sustainable Development Goals (SDGs) and are actively working towards achieving these goals in Nigeria, including Goal 13 on Climate Action. To that end, we support the efforts of the Nigerian Government and the international community to minimise and manage the impacts of climate change and facilitate economic development in a climate-resilient Nigeria.

Following an extensive gap analysis of Seplat's sustainability approach, conducted by an external party in 2020, we have taken steps to integrate climate change into our overall corporate strategy. These steps, and the actions we are planning to undertake will move Seplat towards full alignment with the guidelines of the Taskforce for Climate-related Financial Disclosures (TCFD). They will help ensure that all strategic decision making is informed by a proper assessment of climate-related risks and opportunities, in line with our broader sustainability commitments.

The TCFD recommendations are structured around four thematic areas: governance, strategy, risk management, and metrics and targets.

GOVERNANCE

Role of management

Climate change and sustainability are integrated across all business functions within Seplat, with each area of the business playing a role in shaping and working towards our long-term climate ambition. As CEO, I am responsible for guiding Seplat's climate strategy, identifying the main climate-related risks to the business and monitoring the Company's progress against key climate and sustainability goals. To enhance governance of sustainability and climate-related issues, we created a dedicated organisational structure in 2020 to streamline our work in this area. The figure below shows the business functions and executives with clear responsibilities related to managing and mitigating climate-related risks and opportunities.

The Risk Management and HSSE Committee supports the Board in maintaining effective oversight of Seplat's risk management framework and profile, including as it pertains to climate-related risks and opportunities.

Under its current composition, our Board is well positioned to assess the strategic implications of climate change on our business and scrutinise our response, with several of our Board members having sufficient subject-matter knowledge to understand climate-related risks and opportunities. Nevertheless, we are working to enhance our Board's knowledge and understanding of climate change as it relates to our business and intend to consider the climate-specific credentials of future appointees, alongside our assessment of their broader experience in sustainability-related issues in the oil and gas industry.

In 2021, we will continue engagement and training activities for Seplat employees relating to sustainability, including specific training on climate change for relevant personnel in order to increase internal awareness and understanding of the issue and its importance to our business.

Role of the Board

Responsibility for the governance of sustainability issues, including climate change, within Seplat rests with our Board of Directors. The Board recognises both the risks and opportunities that climate change presents to Seplat's business and works with Executive Management to ensure the Company's response considers both the external context and the interests of stakeholders.

The Board plays a crucial role in guiding Seplat's strategic approach to climate change and assessing the main climate-related risks to the Company's portfolio. Several committees support the Board's oversight of climate-related issues.

The CSR Committee assists the Board in overseeing the Company's sustainability and ESG-related performance, policies and practices, including on climate-related issues. The Committee is responsible for understanding the impact of climate change on local communities and ensuring that Seplat has taken the necessary steps to mitigate its impacts.

Seplat Board of Directors (BoD)
Climate change management is overseen by Seplat's BoD and is discussed at every Board meeting.

Board Committees
The BoD is supported in its oversight function by two main committees. The Terms of Reference for both committees have been recently revised to include clear mandates for climate change-related issues:

- The Risk Management and HSSE Committee oversees Seplat's processes for identifying, managing and mitigating climate-related risks and opportunities.
- The CSR/Sustainability Committee has primary responsibility for providing strategic direction on Company-wide ESG, social responsibility and climate change issues. The committee also monitors Company performance against its climate goals.

Chief Executive Officer (CEO)
Seplat's CEO is responsible for managing climate change-related risks and opportunities and implementing our climate change response.

External Affairs Department
Seplat's sustainability function sits under the External Affairs Department. The Director, External Affairs & Communications reports to the CEO and BoD on climate and sustainability-related issues.

Research & Sustainability Division
Established in 2020, the Research & Sustainability Division plays a crucial role in shaping Seplat's climate strategy, goals and targets. Led by the GM Research & Sustainability, the department is responsible for the coordinating all sustainability-related activities across the business, including climate change.

Sustainability Working Group
In 2020, we established a cross-functional working group, with senior representation from all departments, to coordinate ESG and climate-related activities across the Group.

STRATEGY

While climate change poses a significant challenge to our society and business, our primary aim is to provide Nigerians with access to clean, affordable and reliable energy. Currently the majority of electricity in Nigeria is generated using small scale off-grid diesel generation. This is GHG intensive, expensive, noisy and uses vital foreign currency as the diesel is imported. Affordable on-grid electricity generation will be the catalyst for infrastructure development, education, healthcare, food security and general employment of a young fast growing population.

We believe that gas will provide the base load for a function grid which will have a twofold benefit of initially displacing diesel generated power as well as providing a means to develop and distribute on grid renewable energy. We have developed our climate strategy around this vision and have integrated climate-related risks and opportunities into our long-term commercial planning and corporate strategy to ensure resilience during the energy transition.

Our 'New Energy' business forms the core of our efforts to deliver cleaner fuels for Nigeria and will be key to delivering our climate strategy. Under this new unit, we will explore opportunities to expand our gas business as well as opportunities to use renewable energy. We are already investigating ways to incorporate solar power at our own operations to minimise our emissions and supply local communities with electricity using renewable sources instead of gas.

As recommended by the TCFD, we have begun climate-change scenario analysis to stress-test the resilience of our portfolio against a variety of low-carbon scenarios, including a well-below 2°C scenario. With the support of independent consultants, we are developing our approach to scenario analysis, which explores both how global hydrocarbon prices may alter under different transition pathways and what the impacts may be on the Nigerian energy market. More details of this scenario analysis are below.

Scenario analysis

This year, for the first time, Seplat conducted a deep-dive scenario exercise to assess the commercial implications of a global transition to a lower-carbon economy. We intend to update this analysis annually and use it to inform our corporate strategy and overall risk and opportunities assessment.

Industry best practice around climate change-related scenario analysis continues to evolve and there is no one-size-fits-all approach. At Seplat, we use the IEA's Stated Policies Scenario (STEPS) as our base case and the IEA's Sustainable Development Scenario (SDS) to simulate a well-below 2°C outcome against which we can test the resilience of our portfolio. Finally, we test for the impacts of additional climate-related value drivers, including fiscal and country risk. Our analysis shows that our business is resilient to a low-carbon energy transition, and all of our assets remain NPV positive in a low-carbon scenario. However, we face material risks to profitability and valuation should the transition occur rapidly and we will continue to monitor this closely.

We are protected to a degree from commodity price fluctuations given that a material proportion of our production, namely the gas business, is contracted at fixed prices. However, our analysis finds that we face relatively high risks of climate-induced changes to fiscal policy in Nigeria. Finally, we have analysed the implications of an energy transition on country risk in Nigeria, and the implied impacts on borrowing costs, and have found these impacts to be limited.

Combining the effects of these three risk factors, we estimate that Seplat faces a reduction in portfolio-level NPV of approximately 13% under a low-carbon scenario.

In the coming year, we intend to integrate this analysis fully with our financial risk assessments to provide a solid foundation for strategic decision-making. This will provide the basis for the development of Seplat's long-term strategy and help ensure that the Company remains resilient and creates value for shareholders through the energy transition.

RISK MANAGEMENT

Seplat has a robust process for identifying, assessing and managing risks to our business through our enterprise risk management (ERM) system. While in previous years we have not identified climate change as a key risk, we recognise the potentially material impact that climate change and the energy transition could have on our business, especially given growing global attention on the issue. Consequently, we are in the process of developing our understanding of our exposure to climate-related risks and opportunities. As part of this process, we are looking to integrate climate change into our ERM system and our Corporate Risk Register. This will help us assess the potential impact of the various climate-related risks and opportunities and develop coherent mitigation and adaptation strategies in response.

There are two main categories of climate-related risks that we are exposed to: transition risks and physical risks.

Transition risks

We have identified several categories of risk resulting from the transition to a lower-carbon economy. These include regulatory and policy, technology, market, reputational and financial risks.

- **Regulatory and policy risks** include impacts resulting from the increased cost of GHG emissions (such as through any regulatory emissions pricing, taxing or emissions trading schemes), enhanced emissions-reporting obligations and international efforts to limit fossil fuel use. While these risks are unlikely to be material for Seplat in the short term, intensifying action on climate change by governments could result in increased operating costs in the medium term. We intend to mitigate this risk by working to reduce our emissions, ensure accurate emissions accounting, and monitor the international and Nigerian regulatory environment.
- **Technology risks** include the adoption of new or improved lower-carbon alternatives to Seplat's current products by our competitors. This could result in reduced demand for our products in the short to medium term. We aim to mitigate this risk by integrating climate-related risks into our business strategy and by improving the efficiency and reducing the carbon intensity of our operations.

- **Market risks** include changes in demand for our product due to changing customer behaviour as a result of the increased stigmatisation of fossil fuels and preferences for lower-carbon alternatives. This is a short- to medium-term risk that could have a negative impact on our revenues. We have undertaken scenario analysis to enhance our understanding of this risk and intend to adapt our strategy based on the findings.
- **Reputational risks** could arise from increased stakeholder concern or negative stakeholder feedback, such as divestment campaigns or criticism from local communities over Seplat's environmental impact. These risks are considered to be medium term and could both impact our licence to operate and limit our access to capital. The development and implementation of robust climate and sustainability-related governance structures will help us to mitigate this risk.
- **Financial risks** could result from the decisions of financial institutions and investors to withdraw from financing the oil and gas sector as a result of external pressure, stigmatisation of fossil fuels or Seplat's strategy. This is a medium- to long-term risk. We hope to mitigate this risk through integrating climate change into our long-term business strategy and investigating opportunities to diversify into renewables.

Physical risks

In addition, we recognise that Nigeria is extremely vulnerable to physical climate risks – including temperature increases, variable rainfall, sea level rise, drought and desertification, land degradation and more frequent and extreme weather events – and the stress these risks could put on both our operations and the resilience of the local communities around our assets. We intend to undertake a risk assessment of our assets' resilience to physical risks and adapt them accordingly, while also working to help local communities respond to and mitigate the physical impacts of climate change.

METRICS & TARGETS

Seplat supports the Paris Agreement with its aim to limit global temperature rise to below 2°C. In line with our aim to be a leader on climate change in the Nigerian oil and gas industry, we are constantly working to monitor and reduce our GHG emissions.

As the majority of our emissions currently come from gas flaring, our primary goal in relation to emissions reduction is to eliminate gas flaring by 2023. We have been investing in infrastructure and technology to help us achieve this goal, for instance we are installing compressors at our Sapele operations to help us move towards zero-flaring.

While we do not envisage setting an emissions reduction target for our scope 1 and 2 emissions in the short term due to the ongoing work to develop a historic understanding of our emissions profile, we are investigating other opportunities to reduce our emissions.

Carbon footprint calculator

In 2020, we partnered with an independent consultant to develop a comprehensive GHG emissions calculator to build an accurate measurement of our emissions.

The calculator was developed in accordance with the American Petroleum Institute (API) compendium of greenhouse gas emissions methodologies for the oil and natural gas industry (2009). The API compendium provides comprehensive guidance on accounting and reporting GHG emissions in the oil and gas industry.

Factors such as global warming potentials (GWP) and liquid fuels properties are taken from the Intergovernmental Panel on Climate Change (IPCC) fifth assessment report.

The calculator will be important in developing a comprehensive understanding of our contribution to emissions in Nigeria, and as a basis for identifying opportunities for emissions reduction. We will disclose our emissions in future annual reports.

TCFD NEXT STEPS

	2021	2022
Governance	• Further enhance Board-level expertise on climate and sustainability issues	
Strategy	• Informed by the results of the scenario analysis, incorporate climate-related risks and opportunities into broader company strategy and investment decision-making • Investigate opportunities to engage external stakeholders on Seplat's climate strategy	• Establish an early-warning system to monitor stakeholder, investor or policy actions • Adopt an internal carbon price
Risk management	• Conduct an in-depth physical risk assessment of Seplat's exposure to climate change-related risks • Update scenario analysis, enhanced by the development of a bespoke gas demand scenario for Nigeria	• Develop mitigation and adaptation strategies for the physical risks identified
Metrics & targets	• Investigate opportunities to invest in carbon offsets • Initiate data collection on further Scope 3 emissions categories • Become a signatory of the Methane Guiding Principles	• Set emissions reduction targets for scope 1 and 2 emissions

COMMUNITIES

Lord Mark Malloch-Brown
Independent Non-Executive Director

Seplat aspires to be a good corporate citizen, committed to driving positive socio-economic benefits for our country and our host communities, and recognising that we must continuously earn our social licence to operate. Indeed, we embed this commitment in one of the five strategic pillars that guide our approach to business: Behave responsibly and share our success.

We endeavour to align our activities with the United Nations' 17 Sustainable Development Goals (SDGs). Our community relationships are governed by a Global Memorandum of Understanding, which is a guideline document that sets out goals, intentions, and responsibilities agreed after consultation with the host oil and gas producing communities themselves.

Through proactive collaboration and needs analysis, we identify and address opportunities for development and concerns for mitigation. Regular dialogue with our host communities has helped broaden our social investment programmes from health, education, and infrastructure improvement to nurturing local entrepreneurship.

There is a growing imperative to address the challenges of climate change and this imperative may force a shift away from fossil fuels long before Nigeria's reserves are depleted. Therefore, we must help our communities prepare for a time when our industry may no longer be operating in their midst. Helping them diversify their economies is a priority that will ensure robust, resilient communities long after reserves have been extracted or renewables have overtaken fossil fuels. Aside from this long-term commitment, we recognise the need to help our host communities with more immediate concerns.

As you will read in this report, we helped provide medical and other assistance that helped our communities cope with the Covid-19 pandemic. As this pandemic continues, and long beyond, we will never waver from our commitment to provide whatever help we can to drive positive change in our host communities. We look forward to working with them to deliver real impact where it is most needed.

Seplat's approach to community relations

Seplat develops relationships of trust with its local communities by recognising the need to engage and listen, understand their needs and concerns, proactively inform them of our intentions and involve them in collaborations they find empowering. In doing so, we aim to assure peaceful and mutually beneficial relationships that support our prosperity, which in turn allows us to help theirs.

We operate fairly and transparently, engaging in open dialogue, managing expectations, and conducting ourselves with the utmost respect for their cultural and ethnic traditions, while helping them understand our operations' social, environmental, and economic potential. To clearly understand and respond appropriately, we collaborate with the communities, analyse local needs and then design and implement sustainable development projects accordingly. Our social investment aligns with the United Nations' SDGs, and our development projects are designed to promote the socio-economic development for the benefit of the population.

> We operate fairly and transparently, engaging in open dialogue, managing expectations, and conducting ourselves with the utmost respect for their cultural and ethnic traditions, while helping them understand our operations' social, environmental, and economic potential.

Resolution of problems

We recognise that sometimes, things do not go as planned. Accidents happen, commitments may be overlooked, and misunderstandings can cause problems for both Seplat and our host communities.

Our grievance management mechanism equips us to listen to concerns and identify relevant problems or grievances at the local level, monitor and handle complaints and then prepare adequate responses or communicate appropriate actions to alleviate any issues of concern.

Besides, our conflict management guidelines ensure that any conflicts, disagreements, misunderstandings and disputes between any community or their representatives and Seplat or its agents or contractors will be resolved peacefully and amicably through dialogue and in line with the grievance mechanism and conflict resolution processes.

In addition to the direct grievance management and conflict resolution efforts by our Community Relations team, we use reliable, unbiased third-party or independent mediators and arbitrators to bring resolution. Depending on the appropriacy, we use but are not limited to the following: local community leaders, key influencers, and key state government offices (e.g. state Ministry of Justice and the Ministry of Oil and Gas). Working with traditional rulers is particularly helpful in matters regarding intra-community disputes, while state governments may provide support in the resolution of boundary disputes and multiple land ownership claims.

The Global Memorandum of Understanding

Seplat's community relations are implemented through formal stakeholder engagement procedures governed by our Global Memorandum of Understanding (GMoU) signed with each of our host communities.

The principles embodied in this GMoU are also applied when dealing with communities that are impacted by our operations, but which do not host them – for example, communities through which our pipelines pass or to whose land we need essential access.

By working within the frameworks of the GMoU and our stakeholder engagement procedures, we can sustain good relationships with local communities before the commencement of our projects, throughout our operations to the decommissioning phase. We strive to leave the area as we found it and hope to say goodbye to a community that has benefited from our presence.

Grievance management mechanism

	Specific activities	Specific achievements: Western Assets	Specific achievements: Eastern Assets
1.	Potential operation disruption dispute averted	10	11
2.	Mediation/ arbitration efforts requiring support of traditional rulers, regulatory agencies and government	49	27
3.	Training on grievance management/ conflict resolution	1	1
4.	Environmental scanning/ heads off & detected early warning signs of conflicts	20	N/A
5.	Peaceful community awards	1*	1
6.	Major issue raised during grievance	i. More employment opportunity ii. Employment of community person into managerial position iii. More contract awards to community vendors**	i. More labour slots during projects

* Under the terms of the GMOU, communities that ensured peaceful/disruption free operations during the year receive incentive in the form of peaceful community awards. All the host oil and gas bearing and facility hosting communities qualified for the awards in 2019 in the Western Assets. Awards are presented retroactively in the following year
**Quality employment opportunities and award of more contracts to qualifying community vendors

Capacity development and local economic empowerment

We recognise the need to help create long-term value and drive prosperity in the communities where we operate in Nigeria. Our social and economic initiatives aim to boost inclusive and sustainable economic growth, the creation of small businesses and, as a result, improvements in local employment opportunities, in line with the UN's SDG 8.

To address the levels of poverty and unemployment among youth and women and reduce the prospect of militancy in the communities, we implement economic development programmes that help improve prosperity through skills training and the encouragement of community entrepreneurship.

This effort is complemented by direct employment from the community by Seplat, when appropriate, supported by the necessary training programmes for local people. These programmes are implemented with Seplat's technical support and oversight and are monitored throughout all phases of the initiative. The beneficiaries are selected from a wide range of communities within our operating locations. Candidates can choose trades or courses that best fit their individual skills and interests at designated training centres. At the end of the training period, students are provided with the tools and equipment and a start-up grant to establish a small business.

We organised structured training on Leadership Competence, Grievance Management and Conflict Resolution for Community Leaders and GMoU Administration for four Ohaji South communities (Avu, Awarra, Obitti and Umuapu) in February 2020 at Crystal Lake Resort, Oguta. A total of 16 participants from four communities were trained. This was to complete the training commenced in 2019 where 40 participants from ten other communities were given the same training in November 2019 in Port Harcourt.

"

Our social and economic initiatives aim to boost inclusive and sustainable economic growth, the creation of small businesses and, as a result, improvements in local employment opportunities.

"

We focus on improving literacy, discouraging school dropout, and providing infrastructure that improves positive teaching outcomes.

Sustainable community development infrastructure and other initiatives

In addition to our direct business investments, and our contribution to local and national economies through the payment of taxes and levies to the various government tiers, we fund a significant amount of sustainable community development initiatives. These initiatives aim to create long-lasting benefits that contribute to improving human development indexes, thereby raising living standards in our host communities.

These social investment activities align with the UN's SDGs. Working with the local communities' approved leaders to create shared value for communities, Seplat channels investment to areas that align local priorities to its business objectives whilst addressing the people's broader development objectives.

In 2020, and despite the Covid-19 pandemic, we continued these efforts, making significant investments in strategic community development projects and programmes in such core areas as community infrastructure, education, health and water schemes.

Our social development approach aligns with the UN's SDG 6 (access to clean water and sanitation), SDG 4 (quality education), SDG 3 (good health and wellbeing) and SDG 2 (zero hunger), amongst others, SDG 8 (Decent Work and Economic Growth) and SDG 1 (No Poverty).

Education

Education is a priority for social and economic development and helping to improve local educational facilities and outcomes is one of our core priorities.

We focus on improving literacy, discouraging school dropout, and providing infrastructure that improves positive teaching outcomes. Our efforts include scholarships, building and renovating classrooms and teachers' offices, providing equipment, library facilities and teachers' living quarters. Also, in 2020 we continued our annual Seplat Pearls Quiz and launched our new Seplat JV Teachers Empowerment Programme (STEP) initiative designed to improve teaching standards in our local communities.

We implemented the National Undergraduate Scholarship, which assists needy students in completing their studies; 120 undergraduates benefited in 2020.

Seplat trained 15 entrepreneurs through the Conversations for Change partnership, in which young people with great ideas are empowered to use these ideas to make a living.

We published a Sustainability Report, which enabled Seplat to provide transparent reporting against ESG milestones showing value creation to stakeholders.

CSR achievements accounted for 95% of positive messages on Seplat across all media channels thus enhancing our Brand and Reputation.

Case study:

SEPLAT TEACHERS EMPOWERMENT PROGRAMME (STEP)

In November 2020 Seplat launched another initiative to improve the standard of education in our host states. The Seplat Teachers Empowerment Programme (STEP) is a well-rounded programme that provides six months' in-person and online training designed to help teachers enhance their knowledge and skills, enabling them to be more effective and motivate their students to learn.

The maiden STEP made its debut in Benin City, Edo State, in November with a five-day residential workshop that kicked off a three-month programme online. Participants were trained in specially designed teaching applications for Science, Technology, Engineering, Arts and Mathematics (STEAM).

Following the introductory workshop, the training continues online with teachers receiving customised training modules on efficient pedagogical methods for STEAM education, as well as leadership and self-improvement training using a Seplat customised application.

Seplat developed an Online Teachers Resource Centre that provides the teachers with access training on the best techniques and practices for implementing STEAM teaching methods, focusing on how best to implement these in the classroom for the benefit of students.

The learning platform will provide teachers with resources to enhance their skills and teach STEAM subjects more effectively, motivating students through engaging discussions and demonstrations. Seplat is supporting the teachers with the provision of electronic devices and internet data for the period of training.

> “As a responsible corporate citizen, we are delighted to play a role in improving schools' educational capabilities in our host states.

A hundred teachers and 43 Chief Inspectors of Education, drawn from Edo and Delta States, benefit from this initial project. They were selected from an initial application of nearly 400 teachers from schools in Edo and Delta States. Of the 100 teachers to be trained, 75% are from public schools, while 25% are from private schools.

As a responsible corporate citizen, we are delighted to play a role in improving schools' educational capabilities in our host states. With the STEP programme, Seplat now has a full suite of programmes to address the entire educational value chain, with our initiatives covering the improvement of school infrastructure, enhancing students' academic performance, and building teachers' skills and competencies.

Seplat's firm belief is that education is the bedrock for national growth and prosperity; we invested significantly in various educational Corporate Social Responsibility (CSR) programmes. These programmes support Sustainable Development Goals, notably Goal 4, which aims to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.

STEAM education is crucial in creating a robust educational foundation for students pursuing careers in Science, Technology, Engineering, Arts and Mathematics, all of which will help drive growth and prosperity in Nigeria. Highly skilled teachers are a critical success factor for delivering the quality education it requires.

The Seplat Teachers Empowerment Programme has reinforced our widely acclaimed track record for supporting education. Seplat is optimistic that the newly introduced STEP initiative will enhance and sustain the quality of education in Nigeria.

Case study:

PEARLS QUIZ

> This programme rekindles the spirit of academic excellence and healthy competition in our youths by motivating, encouraging and rewarding the scholarship spirit in them.

Despite the challenges posed by the Covid-19 pandemic, Seplat held its annual Pearls Quiz competition amongst schools in Edo and Delta States where the Company operates. In November, following a mix of online and contact sessions for the preliminaries, the winner of the 2020 competition emerged. The winning school, St. Michael Academy in Benin City, Edo State joyfully went home with the coveted prize comprising ₦7 million and other awards in November. The victorious team beat off intense competition from 574 other schools that entered the competition in June, whittling down through rounds that began online, which ended up with a final featuring the four best schools battling it out in front of a packed audience at the Imaguero College Hall in Benin City. Winning students Iyere Godiy, Ehizogie Jeffrey and Okanofua Eseose also walked away with prizes worth ₦100,000 to support their education.

Students from McNell Secondary School, Sapele, Delta State, took the second prize of ₦3 million for their school and ₦75,000 each, while the third prize of ₦1 million and ₦50,000 in student grants was won by students from Gloryland Secondary School, Igarra, Edo State.

Launched in 2012, by Seplat and its JV partner, the Nigerian Petroleum Development Company (NPDC), the annual contest is part of our efforts to boost Delta and Edo States' educational achievement, which host our operations. It aims to support the UN's Sustainable Development Goal 4, to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".

In its ninth year, the Pearls Quiz aims to foster a spirit of healthy competition in students by motivating, encouraging and rewarding the ethos of scholarship while providing them with the right platform to prepare for their examinations. Since its inception, the Quiz has impacted 45,140 students through prizes won or just through competition enjoyed in a fun and learning spirit.

Likewise, many winning schools have benefited from prize-funded projects, including a new language laboratory, three roofing projects, five computer laboratories deployed in different schools and four brand new school buses.

Promoting educational excellence is a crucial objective of our community-based programmes. Speaking at the awards ceremony, our CEO Roger Brown commented: "This programme rekindles the spirit of academic excellence and healthy competition in our youths by motivating, encouraging and rewarding the scholarship spirit in them as they inculcate the principles of teamwork and hard work."

We hope that the Quiz has contributed to the fact that students in Delta and Edo States have maintained very high pass rates in external examinations such as the West Africa Examination Council (WAEC).

SEPLAT'S COMMUNITY INITIATIVES IN 2020

Seplat joins Covid-19 relief effort

In March 2020, as the pandemic began to take hold, Seplat joined the Nigerian National Petroleum Corporation (NNPC), and 32 oil and gas companies to contribute $30 million to help the Federal Government fight Covid-19 in Nigeria. The sector donation supported healthcare delivery facilities, including ventilators, personal protective equipment, test kits and ambulances to different states in the country.

In addition, Seplat joined an effort to fight the pandemic in Edo, Imo and Delta states. For Edo State, the donation was made in the form of medical supplies and equipment including motorised sprayers, backpack sprayers, eye goggles, hand sanitisers, nose masks, temperature guns, chemical gloves, and personal protective equipment. Similar donations and donations of additional equipment were made in Imo State. In Delta State, Seplat, First Hydrocarbon Nigeria (FHN) and ND Western also donated critical medical equipment and materials to the state in the quest to check the spread of Coronavirus, thus enhancing Government's readiness to manage possible incidences of Covid-19.

The essential medical supplies donated by the independent oil and gas companies included high power suction machines, infusion pumps, syringe drivers, personal protective equipment (PPE), and nebulisers. Other vital medical materials that were delivered by Seplat, FHN and ND Western to the state government comprised temperature guns, hand sanitisers and examination gloves.

> "The sector donation supported healthcare delivery facilities, including ventilators, personal protective equipment, test kits and ambulances to different states in the country.

▲A.B.C. Orjiako, Non-Executive Chairman at the groundbreaking ceremony of a permanent 150-200 bed Emergency and Infectious Diseases Hospital at Imo State University Teaching Hospital (IMSUTH) Orlu, Imo State donated by the NNPC/Seplat JV.

▲Seplat donates medical supplies and equipment to Edo State as Covid-19 intervention.

Imo State Infectious Diseases Hospital

In June 2020, Seplat and its joint venture partner NNPC commenced constructing a permanent 150-200 bed Emergency and Infectious Diseases Hospital at Imo State University Teaching Hospital (IMSUTH) Orlu, Imo State.

The facility is one of the 12 hospitals that the NNPC intends to construct across the country's six geo-political zones. The NNPC in collaboration with its partners embarked on this initiative to strengthen the country's national healthcare delivery facilities in combating the ravaging Coronavirus (Covid-19) pandemic sustainably.

At the groundbreaking ceremony, Dr. A.B.C. Orjiako, Chairman of Seplat, said the hospital represented Seplat's philosophy of improving local communities' wellbeing in Seplat's areas of operation.

> If the community is good to host your business, the people from the community should also be good to be part of the management.

Seplat partners Ugborhen community to promote security

In August 2020, we provided the Ugborhen Community, in Delta State, critical support leading to the community handing over three security vehicles to the Nigeria Police, Navy and the Nigeria Security and Civil Defense Corps (NSCDC).

Ugborhen is one of Seplat's foremost oil and gas host or producing communities in Ovhor field in OML 38 & 41, a swampy terrain in Okpe Kingdom in the Western Niger Delta of Nigeria. The three Toyota Hilux vehicles' presentation was made at the Ugborhen Community town hall, following a period of security in the area.

Seplat responded to community concerns about the security situation, which had been raised in our regular liaison with local representatives. After assessing the problem and the community's needs, we provided advice on how to address the situation, particularly the community's location, where ease of access by both land and water makes it vulnerable to insecurity.

Seplat also provided technical input on vehicle types to be procured and provided guidance on how to agree with the security agencies (the Nigerian Navy, the Nigerian Police and the NSCDC). Though procured by the community, Seplat helped to inspect the vehicles and ensured they were fit for the intended purpose.

The vehicles were presented to the Navy commander for the Nigerian Navy logistics base, Sapele; the Police Area Commander and the Commander of the Nigerian Security and Civil Defence Corps in Sapele Local Government by the President of the community, Engineer Phillip Mebradu.

Strengthening relationships with Imo communities

Seplat's ongoing commitment to community engagement was highlighted in August, when our Chairman Dr. A.B.C. Orjiako, led a team of the Company's representatives on a courtesy call to Governor Hope Uzodinma and leaders of host communities in Ohaji and others, at the Government House, Owerri.

The visit aimed at fostering better relationships among stakeholders to drive sustainable development in the State. At the meeting, Governor Uzodinma urged Seplat to take advantage of the current shared prosperity model of 3-R, representing the Rehabilitation, Reconstruction and Recovery of key economic and political institutions in the State and its host communities. He stated that: "If the community is good to host your business, the people from the community should also be good to be part of the management. If you think they do not have the requisite qualifications, train them to your standard and use them."

He pledged to work with Seplat to ensure that the ANOH Gas Project at Assa becomes a success story. Responding to the Governor, Dr. Orjiako agreed on the need for development plans and stressed the Company's commitment to developing communities where its facilities are located.

Seplat formed a Community Engagement Management Board (CEMB) in April 2020 with 10 Ohaji – Egbema Communities to manage the Ohaji South (OHS) GMOU, which officially commenced in January 2020. The Government of Imo State led by the Commissioner for Environment swore in the members of CEMB from the communities.

▲ Seplat donates medical Items to Delta State Government to equip Delta State Covid-19 Treatment Centre in Asaba.

Further Covid-19 assistance

In June, Seplat and its joint venture partners, the NNPC and its subsidiary, the Nigerian Petroleum Development Company (NPDC) Limited, made additional donations to state governments to fight against the Coronavirus pandemic.

For Edo State, the items donated were 25 hospital beds and a transport ventilator, the same donations being made to Delta State. For Imo State, the items donated were 25 hospital beds, sanitary buckets, alcohol-based hand sanitisers, infrared thermometers, protective equipment and a transport ventilator, amongst other donations.

OUR PEOPLE ARE OUR GREATEST ASSETS

The health, happiness and professional development of our employees is at the heart of our Human Resources and employment development policies.

Career development
To Support Seplat's vision and mission statements, we ensure to attract and retain the right mix of skilled personnel and develop them into the highest calibre of professionals required to grow a world-class energy company. This includes our Graduate Trainee Programme, where recent graduates launch their careers.

In 2020, despite the Covid-19 pandemic and the resulting work from home strategy adopted to protect employees from exposure to the virus, the Company leveraged on 'learning' as a strategic tool for organisational transformation, growth and development.

We adopted deployment of learning intervention programmes via virtual mentored learning (VML) and other online training courses, to address identified competency gaps. Also, continuous coaching, mentoring and engagement of employees through online platforms to ensure that our employees have the internal support they need to develop professionally. We undertake rigorous skills and competency management, to ensure employees make the most of the career development opportunities that Seplat has to offer. The Leadership Development programme and other transformational activities that focused on capabilities and behaviours linked to value drivers of the business were delivered online.

Employee engagement
Seplat recognises that effective communication and consultation with employees is essential to ensuring an engaged workforce and a conducive work environment. Through consultation, engagement, fairness, and proactive intervention, the Seplat Joint Consultative Committee (JCC) plays an advisory role to management and has additional jurisdiction on matters of mutual concern relating to industrial relations in the workplace such as safety, work organisation, business tools and more.

Employee wellness initiatives such as the Employee Assistance Programme (EAP), a confidential and voluntary workplace service, support employees to address work related or personal issues and improve job performance. It promotes the general wellbeing of the workforce thus ensuring they remain happy and fulfilled at work.

EMPLOYEE WELFARE

Employees are our greatest assets, and we are committed to ensuring their safety and welfare.

In response to the Covid-19 pandemic in 2020, we continued to take proactive steps to offer a safe and reliable business environment for our employees by establishing a robust Covid-19 protocol.

Welfare Initiatives

- Online Fitness Programme: To ensure employee wellbeing especially during the period of lockdown, self-isolating or physical distancing, the Online Fitness Daily class was launched, enabling employees to keep fit and reduce stress.
- Under the Seplat Medical Scheme, employees and registered dependants were provided free access to 24-hour comprehensive medical care through designated health management organisations.
- A robust Covid-19 protocol was established by Seplat where employees were provided access to medical treatment and test centres at designated facilities.
- In accordance with best practices, the mandatory remote working policy was issued to outline the Company's minimum expectations from employees for any period of Mandatory Remote Working and to manage the spread of the Covid-19 virus thus ensuring employee safety during high-risk conditions.

Other initiatives such as the Joint Consultative Committee which is a committee of management and staff representatives review issues of mutual concern. The Employee Assistance Programme also promotes employee wellbeing through counselling, wellness seminars, stress management and so much more.

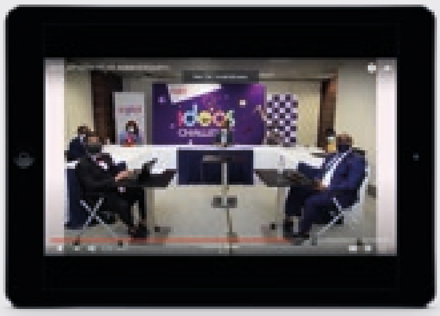
HOW WE WORKED DURING THE YEAR

Employee wellness programmes

To ensure employee wellbeing especially during the period of lockdown, self-isolating or physical distancing, the Online Fitness Daily class was launched. In addition, regular interactive sessions with the Employee Assistance Programme (EAP) consultant were held to provide information on prevailing developments as it relates to the Covid-19 pandemic and help build resilience. Employees and dependants also had access to the EAP consultant for private consultations.

Meetings and engagements

A couple of major activities were planned and executed during the year by employees working from home. A lot of planning meetings were held online during this period to achieve the success rate recorded. General departmental meetings were also held online to track progress of activities and foster engagement between colleagues while working from home. Activities such as exhibitions, the Company's Annual General Meeting, Seplat Energy Summit etc were planned and executed successfully due to the hard work and resilience of staff working at home despite internet challenges.



Seplat at 10 – online celebrations

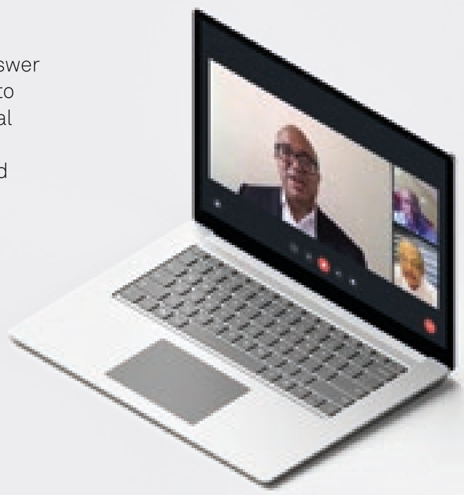
The month of July, which marked ten years since the Company commenced operations, was well celebrated. A team of volunteers made up of staff from different departments worked arduously to bring a variety of activities to mark the anniversary. These exciting activities were well liked and enjoyed by all staff included the Anniversary Staff Quiz; Seplat Ideas Challenge; Seplat Got Talent; My Seplat Story; and Meet the Seplat Family. These activities ran through the week with live events which concluded with finals that produced winners. The activities ignited the Company with excitement and peaked with a fun-filled virtual party dubbed 'A Toast to Seplat at 10' on Saturday, July 25, 2020. At the party, leaders commended staff members for the many milestones achieved by the Company and enjoined them to continue to put in their best.

COVID-19: SHOULD WE BE WORRIED?

Covid workshop/HSE meeting – September 2020

A special HSE edition was organised by the HSE team to discuss the Covid-19 pandemic from a health perspective. The Guest Speakers were Dr Adeyemi Johnson of First Cardiology Hospital and Dr Chikwe Ihekweazu, the Director General of the Nigeria Centre for Disease Control. The two-hour session comprised of two enlightening presentations by the guest speakers followed by a question and answer session. Staff were able to get answers to burning questions from qualified medical personnel. Scenarios and experience of some members of staff were also shared during the session.

The Operations Director, Mr. Effy Okon closed out the session thanking the guest speakers and encouraging all staff to stay safe. Everyone left the session with a lot of knowledge on how to manage during the pandemic and as well as reassurance. members for the many milestones achieved by the Company and enjoined to continue to put in their best.



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GOVERNANCE REPORT

CORPORATE GOVERNANCE: THE ROADMAP TO SUSTAINABILITY

"As we continue to experience major disruptions to the world as we once knew it, agility, adaptability, and innovation are critical factors to an organisation's resilience and sustainability. The ability to keep all of these factors on a well-balanced scale, should be the focus of an effective board in an unprecedented time."

A.B.C. Orjiako
Non-Executive Chairman

CGRS
RATED

Dear Shareholders
It gives me great delight to present to you the Corporate Governance report for the financial year ending 31 December 2020.

In the last one year, the entire world has been saddled with the major task of responding and adapting to the disruptions brought about by the Coronavirus (Covid-19) pandemic. The Covid-19 pandemic which inflicted the world with a wave of existential threat equally inflicted an unprecedented shock on the global economy.

In response to this major disruptor, governments all over the world were forced to shut down economic activities. As a result of the suspension of economic activities across aviation, road and rail transportation, crude demand dropped drastically resulting in an all-time crude demand loss. The combination of demand loss and the oil price war pushed oil price off the cliff, left the entire world in turmoil with global economies shrinking and corporate entities struggling for survival.

I am happy to report, on behalf of the Board, that despite the existential threat posed by the health and economic circumstances in the financial year 2020, Seplat, as a company remained resilient and responded with agility to, ensure protection of employees, maintain financial prudence and operational efficiency, support the communities where we operate and contributed our fair share in support of both the Federal and State governments in the provision of palliatives to the most impacted communities.

Seplat's ability to effectively respond to the disruptions in the financial year under review, is underpinned by the effective governance framework already in place, the collaborative approach adopted by the Board and management in prioritising , addressing existential risk, proffering innovative short, medium, and long-term solutions for a sustainable business and environment which cannot be overemphasised.

As a dual listed company, Seplat continues to be bound by several corporate governance laws and regulations both in Nigeria and in the United Kingdom. These laws and regulations include but are not limited to, the Companies and Allied Matters Act, 2020 ('CAMA'), the Financial Reporting Council of Nigeria ("FRCN")'s Nigerian Code of Corporate Governance, 2018 ("NCCG"), the Securities & Exchange Commission ('SEC') Code of Corporate Governance for Public Companies in Nigeria (the 'Nigerian Code'), the Nigerian Stock Exchange ('NSE') Rulebook, the United Kingdom ("U.K") Corporate Governance Code, 2018 (the 'UK Code'), UK Listing Rules ('LRs') and the Market Abuse Regulations, 2016 ('MAR').

These laws and regulations have played a pivotal role in the laying of a solid foundation for our Company's governance framework and practice; culminating in the Company's demonstrated resilience amidst the health and economic challenges occasioned by the Covid-19 pandemic.

In the 2020 financial year, the Board, through its Corporate Governance, Compliance and Culture Board Committee, carried out extensive review and updates to its governance policies including but not limited to the Board Charter, Code of Business Conduct, Conflict of Interest policy and the Whistleblowing policy. The annual Board evaluation was externally facilitated to assess how the Directors, Board Committees are committed to their roles and work together effectively in the achievement of the Company's objectives.

As a forward looking Company, Seplat is mindful of the increasing focus, by climate change advocacy groups, investors, and regulators alike, on Environmental, Social and Governance (ESG) approach to sustainability of business and our world. In recognition of the changing narrative in the energy space, the Board and management kept at the fore of deliberations in the year under review, the urgent need to reduce carbon footprint, innovative ways to leverage gas as an energy transition, whilst keeping sight on the Company's transformational strategy of portfolio diversification. Details of the Board's activities for the financial year under review, are contained in the Corporate Governance Statement and Board Committee reports.

The year 2020 also witnessed the deliberate effort at refreshing the Board membership. To invigorate its capabilities, the Board welcomed three new members in the financial year under review – Mr. Emeka Onwuka as an Executive Director/Chief Financial Officer (CFO), Ms. Arunma Oteh, OON and Mr. Xavier Rolet, KBE as Independent Non-Executive Directors (INEDs). The Board is gratified by the relevant skills and fresh perspectives that these directors bring to the Board. The Company also witnessed the retirement of Mr. Austin Avuru as the Chief Executive Officer (CEO) and the resumption of Mr. Roger Brown as the new CEO. Mr. Avuru's retirement as CEO is a testament to the success of the Company's succession planning. I would like to take this opportunity to thank Mr. Austin Avuru for leading the development of a strong organisation, deployment of agile systems, processes and stakeholder relationships that allowed Seplat to grow rapidly both organically and inorganically to be a listed exploration and production company on both the Nigerian and London international stock markets and recognised as a major player in the Nigerian and wider African hydrocarbon industry. The Board of Seplat is grateful to Mr. Avuru for these accomplishments. To ensure that the Company retains valuable knowledge, skills, experience, and maintain continuity, Mr. Avuru continues on the Board as a Non-Executive Director.

In furtherance of the Board succession planning, our former Senior Independent Non-Executive Director (S.I.D) Mr. Michael Alexander and Mrs. Ifueko Omoigui Okauru (INED) both retired from the Board on 31st January 2021. I would like to seize this opportunity to thank both Independent Non-Executive Directors for their meritorious service to the Company and wish them all the best in their future endeavours.

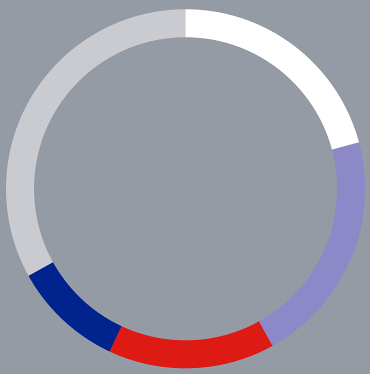
I would also like to thank the Board, the Senior Leadership Team, and most importantly, our employees for the commitment, passion they brought to work and for contributing immensely to the stability of the Company in such an unprecedented year.

I would like to thank our shareholders for their support and for staying the course with us through the years. We are assured that together we would deliver the world class energy company of our dream.

A.B.C. Orjiako
Chairman

EXPERIENCED, PROACTIVE AND EFFECTIVE LEADERSHIP

Board meetings and main subjects discussed in 2020[1]



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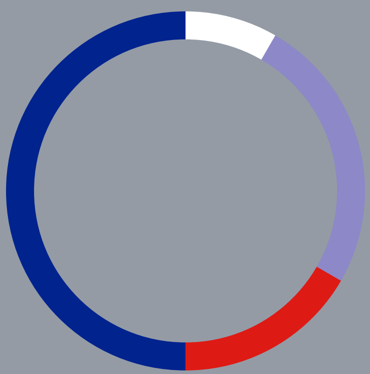
Board composition as at 1 March 2021



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2. Governance and Board	11
3. Work health, safety, environment and sustainability	7
4. Financial and risk management	10
5. Capital management	9
6. Oil & gas	8
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1. Senior executive experience including international experience exposed to a range of political, cultural, regulatory and business environment.
2. Experience as a board member or member of a governance body.
3. Experience related to health, safety, environmental, sustainability or social responsibility.
4. Senior executive or equivalent experience in financial accounting and reporting, corporate finance, risk and internal controls.
5. Experience in capital management strategies, including capital partnerships, debt financing and capital raisings.
6. Experience in oil and gas industry with knowledge of markets, competitors, operational issues, technology and regulatory concerns.
7. Track record of developing and implementing successful business strategies including assets or business portfolio.

Non-Executive Chairman

Dr. Ambrosie Byrant Chukwueloka (A.B.C.) Orjiako
Non-Executive Chairman

Biography
Dr. A.B.C. Orjiako is the Chairman and co-founder of Seplat since inception in 2009. He is a fellow of the West African College of Surgeons in Orthopaedics and Traumatology. Dr. Orjiako ventured into full-time business in 1996 after 11 years of active medical practice and has developed extensive experience in the Nigerian oil and gas sector.

Since the inception of Seplat, Dr. Orjiako has spearheaded new business development, providing leadership on strategy and stakeholder management. Seplat under his leadership, has become a highly reputable Nigerian Independent recording several milestones and firsts; successfully closing landmark acquisitions, growing exponentially under a strong and transparent corporate governance framework.

He is also a founding member of the London Stock Exchange Group's Africa Advisory Group (LAAG). He is a recipient of several awards for his service to humanity and entrepreneurial achievements, including a knighthood award from Pope John Paul II and Officer of the Order of the Niger (OFR) among others.

Experience
Dr. Orjiako brings a wealth of leadership experience in the Nigerian oil and gas sector having established and managed several companies in the upstream, downstream and service sectors of the industry in Nigeria. These include: Abbeycourt Trading Company Ltd, Abbeycourt Energy Services Ltd, Zebbra Energy Ltd and Shebah Exploration and Production Company Ltd. He also has other business interests in construction, real estate development, pharmaceuticals and shipping.

Date of appointment
- As Director on 14 December 2009
- As Executive Chairman on 1 February 2010
- As Non-Executive Chairman on 1 January 2014

Board meetings attended
- 10/10

Committee membership
- No longer applicable

Independent
- Not applicable

Executive Directors

Roger Thompson Brown
Chief Executive Officer; Executive Director

Biography

Mr. Brown joined Seplat as Chief Financial Officer in 2013. With a background in finance, he is a qualified Chartered Accountant with the Institute of Chartered Accountants of Scotland and also a member of Association of National Accountants of Nigeria.

Mr. Brown has over 25 years' experience in the financial sector, primarily focused on emerging markets with extensive experience in structuring energy and infrastructure transactions on the African continent. Prior to joining the Company, he held the position of Managing Director of Oil and Gas EMEA for Standard Bank Group.

Following Mr. Avuru's retirement on 31st July 2020, Mr. Brown was appointed CEO and assumed the role on 1st August 2020.

Experience

Mr. Brown brings to Seplat extensive financial, accounting, M&A, debt and equity capital markets experience in the emerging markets space, and in particular the African oil and gas sector. He has advised on some of the largest and highest profile transactions that have occurred in Nigeria in recent years.

Date of appointment

- As Chief Financial Officer and Executive Director on 22 July 2013
- As Chief Executive Officer; Executive Director on 1 August 2020

Board meetings attended

- 10/10

Committee membership

- Not applicable

Independent

- Not applicable

Emeka Onwuka
Chief Financial Officer; Executive Director

Biography

Mr. Emeka Onwuka brings over 30 years of experience in the financial services sector in the Sub-Saharan Africa region. He was the former Group Managing Director & CEO of Diamond Bank Plc and former Chairman Board of Directors, Enterprise Bank Limited. Mr. Onwuka was a Partner at Andersen Tax Nigeria until his appointment in Seplat.

Mr. Onwuka received his B.Sc. in Political Science from the University of Nigeria, Nsukka and holds an MBA from the University of Benin. He is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Fellow of Chartered Institute of Taxation of Nigeria (FCIT), a Fellow of the Institute of Directors Nigeria (FIoD). He has attended executive programmes at the Lagos Business School, Wharton Business School and Harvard Business School.

He holds the Nigerian National Honour, Officer of the Order of the Niger (OON)

Experience

Mr. Onwuka brings to Seplat his extensive board experience as non-executive Director at several companies in the financial sector in Nigeria and West Africa including Chairman of the Board of FMDQ Securities Exchange Limited, FMDQ Holdings Limited, Ecobank Nigeria Limited and Bharti Airtel Nigeria and formerly First Atlantic Bank Ghana.

Mr. Onwuka began his professional career with Arthur Andersen Nigeria in 1988 as a Staff Assistant and left in 1992 as a Senior Consultant, providing accounting, audit, tax, business advisory and strategic services to companies in banking, oil and gas, manufacturing and general commerce.

At Diamond Bank, he successfully manoeuvred the bank through the industry-wide consolidation and recapitalization challenges of 2004/2005 through private placements, listing on the Nigerian Stock Exchange and the acquisition of Lion Bank Plc. He also expanded the bank into the West African sub region from Benin Republic to Senegal, Ivory Coast and Togo. He concluded a strategic partnership in 2007 with Actis and launched in 2008 a GDR offering on the London Stock Exchange (LSE).

Date of appointment

- 1 August 2020

Board meetings attended

- 3/3

Committee membership

- Not applicable

Independent

- Not applicable

Effiong Okon
Operations Director; Executive Director

Biography

Engineer Effiong Okon (MNSE) joined Seplat in February 2018 as Operations Director and brings 27 years' experience in upstream and integrated oil and gas operations across Africa, Europe, USA, Middle East, and Nigeria. He is primarily a Petroleum Reservoir Engineer with extensive experience across all aspects of the Exploration & Production business including strategy, leadership, petroleum engineering, exploration, front end development studies, project execution, operational excellence in production and asset management.

Prior to joining Seplat, in 2018 Engr. Okon was appointed Vice President Cost Leadership and Continuous Improvement for Royal Dutch Shell, most recently General Manager Deepwater Production for Shell Nigeria. Previous appointments at Shell also include General Manager Offshore Assets (Shallow Water and Deepwater), Deputy Vice President Technical/Manager North Field Wells and Reservoir Business for the commissioning, start-up and early production phase of two mega projects for Qatar Shell (Pearl GTL and Qatar Gas LNG Trains 7 & 8).

Experience

Engr. Okon brings extensive experience in Safety, Leadership, Strategy, Cost Leadership, Field Development, Project Delivery, Asset Management, Full Life Cycle Management of Complex Oil and Gas Assets (Upstream and Midstream), Onshore and Offshore, diverse geographies and cultures, successfully leading multi-disciplinary teams, leading change and innovation, talent identification and development, managing service providers and controlling material budgets. Engr. Okon is a member of several professional organisations, including the Society of Petroleum Engineers (SPE), Nigeria Society of Engineers (NSE), Council for the Regulation of Engineering in Nigeria (COREN), etc. Engr. Okon is Alumni of IMD Business School (Lausanne, Switzerland) and Harvard Business School (Boston Massachusetts, USA).

Date of appointment

- 23 February 2018

Board meetings attended

- 10/10

Committee membership

- Risk Management and HSSE Committee

Independent

- Not applicable

Non-Executive Directors

Ojunekwu Augustine ('Austin') Avuru
Non-Executive Director

Biography
Mr. Avuru is a co-founder of Seplat and became the Chief Executive Officer (CEO) on 1 May 2010 until he retired as CEO on 31 July 2020.

A geologist by background, Mr. Avuru spent 12 years at the Nigerian National Petroleum Corporation, where he held various positions including Well Site Geologist, Production Seismologist and Reservoir Engineer. In 1992, he joined Allied Energy Resources in Nigeria, a pioneer deep water operator, where he served as Exploration Manager and Technical Manager. In 2002, Mr. Avuru established Platform Petroleum Ltd and held the role of Managing Director until 2010, when he left to take up the CEO position at Seplat.

Experience
Mr. Avuru has over 40 years' experience (1980 – 2020), working in the Nigerian Oil and Gas Sector in increasingly senior technical and management roles. He has spent the last 15 years in CEO roles at Platform Petroleum and Seplat Petroleum, and has built up a strong reputation as a reference resource professional on the Nigerian Oil and Gas Industry play.

Date of appointment
- 1 May 2010

Board meetings attended
- 10/10

Committee membership
- Risk Management and HSSE Committee

Independent
- Not applicable

Madame Nathalie Delapalme
Non-Executive Director

Biography
Madame Delapalme is an Independent Director on the Board of Directors of Maurel et Prom, and since 30 June 2014, acts as an alternate to Maurel et Prom's nominee, Michel Hochard until 18th July 2019, when she was appointed a Non-Executive Director on the Board of Seplat.

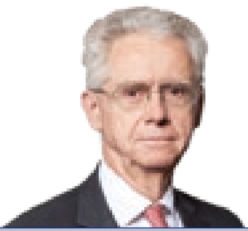
Experience
Madame Delapalme served the French Government as an Inspector General of Finances at the Ministry of Economy and Finance, and as the advisor for Africa and Development in the offices of various Foreign Affairs Ministers. She also served as an advisor for the Finance and Budgetary Commission in the French Senate. Currently Executive Director of the Mo Ibrahim Foundation, she remains deeply involved in governance and development in Africa.

Date of appointment
- 18 July 2019

Board meetings attended
- 10/10

Committee membership
- CRS Committee
- Corporate Governance, Compliance and Culture Committee

Independent
- Not applicable



Olivier de Langavant
Non-Executive Director

Biography
Mr. Olivier Cleret de Langavant has been CEO of Maurel & Prom since 1 November 2019. Before that position, he did most of his career with the Total Group which he joined in 1981. He started as a Reservoir Engineer, holding positions in France, Congo, the United States and Colombia, before being appointed Senior Vice President, Operations in the Netherlands. Mr. De Langavant was then Deputy Managing Director of Total E&P Angola from 1998 to 2002 during which time he was heavily involved in the early development phase of the deepwater Girassol field. Following this post, he was appointed Managing Director of Total E&P Myanmar. In 2005, Mr. de Langavant returned to Angola as Managing Director of Total E&P Angola, a position he held until 2009. Upon leaving Angola in 2009, Mr. de Langavant was appointed Senior Vice President, Finance, Economics & Information Systems of Total's Exploration Production (E&P) branch.

In March 2011, Mr. de Langavant took up the position as Senior Vice President E&P Strategy, Business Development and R&D which he held until February 2015. Starting March 2015, Mr. de Langavant was appointed Senior Vice President Asia Pacific. Mr. de Langavant became a member of the Total Group Management Committee (thereafter Performance Group Committee) in January 2012. Mr. de Langavant holds an engineering degree from the National School of Mines of Paris (1978).

Date of appointment
- 28 January 2020

Board meetings attended
- 10/10

Committee membership
- Audit Committee

Independent
- Not applicable

Independent Non-Executive Directors

Basil Omiyi
Senior Independent Non-Executive Director

Biography
Mr. Omiyi's career spans 40 years at Royal Dutch Shell, during which time he occupied a number of senior roles in Nigeria and Europe, including Managing Director of Shell Petroleum Development Company of Nigeria Limited and Country Chairman of Shell Companies, Nigeria. Mr. Omiyi also holds board positions in a range of other companies including as Chairman of a Banking and Financial Services company as well as Chairman of a Real Estate Company. In 2011, he was awarded the National Honour of Commander of the Order of the Niger by the President of Nigeria for pioneering Nigerian leadership in the oil and gas sector.

Experience
Mr. Omiyi has extensive insight into and experience in the global oil and gas industry and in particular brings a detailed knowledge and understanding of the Nigerian oil and gas sector together with senior management expertise gained in a large-scale multinational organisation.

Date of appointment
- 1 March 2013

Board meetings attended
- 10/10

Committee membership
- Gas Committee (Chairman)
- Risk Management and HSSE Committee (Chairman)
- Nomination and Establishment Committee
- Remuneration Committee

Independent
- Yes

Lord Mark Malloch-Brown
Independent Non-Executive Director

Biography
Lord Malloch-Brown is a former Deputy Secretary General of the United Nations as well as a previous Administrator of United Nations Development Programme. He has also served in the British Cabinet and Foreign Office. He is active both in business and in the non-profit world. He also remains deeply involved in international affairs. Lord Malloch-Brown is a former Chair of the Royal Africa Society.

Experience
Lord Malloch-Brown brings a great deal of knowledge and experience on international and external affairs, and particularly the promotion of business and commerce in African economies, including Nigeria, within a global context. He also brings extensive experience on corporate responsibility and governance systems to the Board.

Date of appointment
- 1 February 2014

Board meetings attended
- 9/10

Committee membership
- CSR Committee (Chairman)
- Finance Committee
- Nomination and Establishment Committee

Independent
- Yes

Charles Okeahalam
Independent Non-Executive Director

Biography
Dr. Okeahalam is a co-founder and Chairman of AGH Group, a private equity and diversified investment holding company with assets in several African countries. Prior to co-founding AGH Group in 2002, he was a professor of finance and banking at the University of the Witwatersrand in Johannesburg. His other roles have included advising a number of African central banks and government ministries, the World Bank and the United Nations. He has held board positions in several companies including ABSA, South African Airways, Sun International and is a former non-executive chairman of Heritage Bank Limited, Nigeria and non-executive chairman of the Nigeria Mortgage Refinance Company. He is the chairman of the board of directors of AMREF Health Africa.

Experience
Dr. Okeahalam brings extensive corporate finance, banking and capital markets expertise and experience to the Board.

Date of appointment
- 1 March 2013

Board meetings attended
- 10/10

Committee membership
- Finance Committee (Chairman)
- Gas Committee
- Remuneration Committee

Independent
- Yes

Independent Non-Executive Directors

Damian Dinshiya Dodo, SAN
Independent Non-Executive Director

Biography

A renowned lawyer, Mr. Dodo, SAN has acted and continues to act for a wide range of major Nigerian corporations, governmental and regulatory bodies across a number of business sectors and has served on a number of panels and commissions in Nigeria, including the NNPC Commission of Inquiry, the Governing Board of the National Agency for the Prohibition of Trafficking in Persons (NAPTIP) and National Lottery Regulatory Commission where he all served as Chairman.

In 2001, Mr. Dodo, SAN was awarded Nigeria's highest legal practice rank of Senior Advocate of Nigeria (SAN). In 2011, he was awarded the National Honour of Officer of the Order of the Federal Republic of Nigeria by the President of Nigeria. He was also awarded a fellowship by the Nigerian Institute for Advanced Legal Studies. In 2017, Mr. Dodo, SAN was appointed a Fellow of the Nigerian Chartered Institute of Arbitrators; a Member of the Taraba State Judicial Service Commission; and a life Bencher. He is also an alumnus of the Said Business School of the University of Oxford, an alumnus of the IMD Business School, Lausanne, Switzerland; an associate of the Chartered Institute of Arbitrators in London; a Member of the Institute of Directors; a member of the Nigerian Institute of International Affairs; and a member of the National Judicial Council (NJC).

Experience

Mr. Dodo, SAN brings an extensive legal expertise and knowledge base to the Board together with a firm understanding of relevant regulatory regimes and corporate governance.

Date of appointment

- 30 June 2014

Board meetings attended

- 8/10

Committee membership

- Nomination and Establishment Committee (Chairman)
- Audit Committee
- Corporate Governance, Compliance & Culture Committee
- Remuneration Committee
- CSR Committee

Independent

- Yes

Arunma Oteh, OON
Independent Non-Executive Director

Biography

Ms. Oteh is a seasoned C-suite executive with several years of experience operating at the highest levels at major global institutions and in Government. She has been an academic scholar at the University of Oxford since January 2019 and a member of the London Stock Exchange Africa Advisory Group since January 2020.

Ms. Oteh served as Treasurer and Vice President of the World Bank from 2015 to 2018. She was the Director General, Securities and Exchange Commission (SEC) Nigeria from 2010 to 2015. Previous to SEC Nigeria, she worked in a variety of roles notably as Group Vice President, Corporate Services and Group Treasurer, African Development Bank. Her career started in 1985 at Centre Point Investments Limited, a Nigerian investment bank.

She obtained a first-class honours degree in Computer Science, from University of Nigeria Nsukka in 1984 and a Master's degree in Business Administration, from Harvard Business School in 1990. She has received several recognitions, notably, the Officer of the Order of the Niger (OON) National Honour for her contribution to the economic development and role in transforming the Nigerian capital markets. She was among New African's "100 Most Influential Africans" in 2015, and Ai 2018 Global Institutional Investment Personality of the Year. In 2020, she was named amongst the top 100 people in the UK of African heritage, by Power list and Africa's top 50 women by Forbes.

Experience

Ms. Oteh brings to the Board over 34 years of global experience, spanning securities regulation, the capital markets and business. She also has extensive experience in corporate governance, the public sector and sustainability. Ms. Oteh has also served on several Boards, notably, the International Organization of Securities Commissions (2010 to 2015) which regulates 95% of the world's securities markets.

Date of appointment

- 1 October 2020

Board meetings attended

- 3/3

Committee membership

- Finance Committee
- Nomination and Establishment Committee
- Gas Committee

Independent

- Yes

Xavier Rolet, KBE
Independent Non-Executive Director

Biography

Mr. Xavier R. Rolet, KBE is an experienced CEO, Co-Founder, and Entrepreneur. He was named one of the 100 Best CEOs in the World in the 2017 Harvard Business Review, Mr. Rolet has demonstrated a history of successful turnarounds in the global financial services industry. In his decade at the helm of the London Stock Exchange, the LSE's market valuation rose from £800 million to more than £15 billion, transforming it into one of the world's largest exchanges by market capitalization. He is currently the Chairman, Board of Directors at Phosagro PJSC, a member of the Board of Directors of the Saudi Stock Exchange Tadawul as an appointee of the Public Investment Fund, Senior Advisor, TowerBrook Capital Partners LLC, Chairman of the Board, Shore Capital Markets, INED, Golden Falcon Special Purpose Acquisition Company and an Expert Adviser to the Shanghai Institute of Finance for the Real Economy.

He has held various senior positions in the financial services industry throughout his career: CEO of CQS, a global hedge fund; CEO of Banque Lehman Brothers in Paris; co-head of Global Equity & Derivatives Trading at Lehman Brothers New York; Global Head of Risk and Trading at Dresdner Kleinwort Wasserstein; Vice-President, International Equity Risk Arbitrage at Goldman Sachs New York; and co-Head of European Equities Sales and Trading at Goldman Sachs International Ltd in London. Mr. Rolet received his post-graduate degree in Defense Studies and Economic Intelligence from Institut des Hautes études de défense Nationale ("IHEDN"), an MBA in International Finance from Columbia Business School, and an MSc in Management from Kedge Business School. Mr. Rolet is an Honorary Knight.

Commander of the Order of the British Empire (KBE), a Knight of the National Order of the Legion of Honour of France, an Officer of the Royal Sharifian Order of Al-Alawi, and a Member of the Order of Friendship of the Russian Federation.

Experience

Mr. Rolet brings to the Board an extensive expertise in the fields of regulation, capital markets, Technology and Environmental Conservation and business governance. His knowledge and wisdom are great additions to the Board.

Date of appointment

- 1 October 2020

Board meetings attended

- 3/3

Committee membership

- Remuneration Committee
- Risk Management and HSSE Committee
- CSR Committee

Independent

- Yes

Picture credit: Roger Askew/Shutterstock

The Board of Directors of Seplat Petroleum Development Company Plc. (the 'Board') continues to strive towards ensuring that management acts in the best interest of the shareholders and other stakeholders of the Company while sustaining the prosperity of the Company. To this end, the Board exercised its oversight and control function in relation to the Company in the financial year under review. The Board equally provided entrepreneurial, strategic as well as ethical culture leadership for the Company to ensure that the affairs of the Company were conducted in a responsible manner becoming of a good corporate citizen.

The Board, as the highest governing body in Seplat, is aware and alive to its overall responsibility for – corporate governance, setting the Company's short, medium, and long-term strategies, providing oversight in the achievement of the Company's objectives, and supporting management in their day to day running of the Company's business. The Board has the appropriate mix of knowledge, skills, and experience, including business, commercial and industry expertise; which they brought to bear in the discharge of their duties in the financial year under review. The Board equally has the appropriate mix of Executive, Non-Executive, and Independent Non-Executive Directors. The majority of the Seplat Board are Non-Executive Directors, most of whom are Independent Non-Executive Directors.

As a Company with dual listing under both the Nigerian and the London Stock Exchanges, Seplat is subject to a number of listing and governance provisions. Some of the key provisions that apply to Seplat for the year ended 31 December, 2020, are the Companies and Allied Matters Act (CAMA) 2020, the Nigerian Securities Exchange Commissions' Rules and Regulations on Code of Corporate Governance for Public Companies (2011) as amended ('SEC Code'), the Nigerian Code of Corporate Governance 2018 (NCCG), UK Listing Rules (LRs), the Market Abuse Regulations, 2016 (MAR), the UK Corporate Governance Code as updated and published by the Financial Reporting Council (FRC) in July 2018 (UK Code).

In line with the requirements of these Laws, rules and regulations, the Board of Seplat strives to ensure that the Company meets high standards of environmental, social and governance performance in order to sustain and improve on shareholders' value. The Board regards corporate governance as a critical factor in the achievement of the Company's objectives and has therefore put in place and adopted appropriate charters, policies, and processes for the day to day running of the Company.

Board processes

Scope and authority

In line with relevant codes of corporate governance and regulations, the Board is responsible for ensuring compliance with all applicable laws, rules, and regulations. In discharging this responsibility, the Board is supported by the Company Secretariat and the Compliance Unit headed by the Company Secretary/General Counsel ("CS/GC"). In addition, the Board is also supported by key members of the Senior Leadership Team and management as are required from time to time. To aid the Directors' effective participation and making of informed decisions at Board and committee meetings, all Board and Board Committee papers are distributed to each Director in advance of their meetings using the Board pad software that is designed for that purpose. Formal minutes of Board and all Committee meetings are taken by the Company Secretariat team and are reviewed, discussed by the Board prior to approval and adoption at the subsequent Board meeting. The Company Secretary also advises and gives guidance to the Board in the discharge of its obligations as stipulated in the applicable Nigerian and UK laws, codes, rules, and regulations. Members of the Board are aware of their right to obtain independent professional advice at the Company's expense, where required.

The roles and responsibilities of the Chairman and the CEO are clearly separated and are outlined under their respective appointment letters. This role separation is monitored by the Senior Independent Non-Executive Director (SID) and is periodically assessed during Board evaluations.

The Board has adopted a comprehensive Board Charter that sets out the matters that are exclusively reserved for its approval. The matters that require exclusive approval of the Board are also captured in the Authority Matrix of the Company to ensure strict compliance by the Senior Leadership Team and management. The Board deliberated on the following matters for the financial year under review:

- Appointment of Non-Executive Director
- Review of the Interim Condensed Consolidated Financial Statements (Unaudited) for the fourth quarter ended 31 December 2019
- Group Tax Strategy
- Production Performance
- Financial Performance
- Update of Capital Projects
- Legal Risk Analysis
- 2019 Full Year Audited Financial Result
- 2020 Budget Reforecast and effects of oil price slump
- Bond Refinancing 2020
- 5 Year Corporate Plan
- Consideration and adoption of Annual General Meeting (AGM) Process Documents
- Consideration and Adoption of the Re-election of retiring Directors at the AGM
- Re-Election of the Chairman of the Board
- Update on Chief Financial Officer (CFO)'s succession plan
- Update on Board Refreshment
- Nomination of Board representatives to the Statutory Audit Committee
- Board Approval of the selection of new CFO
- Update on Covid-19 and Seplat's participation in containment support efforts through donation of palliatives
- Update on 2020 Annual General Meeting
- Approval of Q1 2020 Financial Result
- Gas Update
- Risk Management Report
- Update on Board Evaluation
- Review of Half-Year (1H2020) Result
- Review of Company's approach to ESG
- Changes to Seplat's Corporate Representatives on AGPC Board
- Appointment of Two (2) Independent Non-Executive Directors
- Update on ANOH Project
- Presentation on new Organisational Structure
- Review of Q3 2020 Financial Result
- Review of 2021 Budget & Work Programme
- Appointment of New MD and additional Directors for AGPC
- Review of Directors' Conflict of Interest and Recusal proposal.

To facilitate an efficient and effective discharge of its responsibilities, the Board has established seven Board Committees and has delegated specific aspects of its responsibilities to these Committees. These Board Committees are:

1. The Finance Committee (established in line with the UK Code's requirement for an Audit Committee).
2. The Remuneration Committee.
3. The Nomination and Establishment Committee.
4. The Risk Management and HSSE Committee.
5. The Corporate Social Responsibility (CSR) Committee.
6. The Gas Committee.
7. The Corporate Governance, Compliance & Culture Committee.

In addition to these Board Committees, the Company has established a statutory Audit Committee at its 30 June 2014 Annual General Meeting (AGM). The establishment of the Audit Committee is in line with Sections 404(2) of the Companies and Allied Matters Act (CAMA) as amended. In line with the provisions of Section 404 (3) of CAMA, the Audit Committee, currently consists of three shareholder representatives and three Non-Executive Directors who are elected at every AGM to sit on the Audit Committee.

All eight Committees (including the Audit Committee) have their respective terms of reference that guide their members in the discharge of their assigned duties, and these Terms of Reference are available for review by the public. All the Committees present a report to the Board, highlighting matters deliberated upon as well as each Committee's proposals/recommendations on matters within the remit of their respective Terms of Reference. The details of these eight Committees are contained in the individual Committee reports in this governance section.

Board review and evaluation

In line with the NCCG and the UK Code, which prescribes the establishment of a formal and rigorous annual evaluation of the performance of the Board, its committees, the Chairman, individual Directors and that the process should be externally facilitated by an independent external consultant at least once in three (3) years, the Board in the year under review, engaged the services of an independent external consultant, Messrs. DCSL Corporate Services Limited (DCSL) to carry out an evaluation of the Board for the financial year 2019. The independent consultant also carried out an assessment of the corporate governance practices within the Company.

In carrying out the evaluation, the following seven key corporate governance areas were considered:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Board meetings

One of the principal ways in which the Board performs its oversight function and monitoring of the Company's performance is through Board meetings. In accordance with regulatory requirements, the Board meets at least once every quarter. However, additional meetings are scheduled as matters which require the attention of the Board prior to the convening of next quarterly Board meeting arise.

The Board held ten meetings during the 2020 financial year. The dates of the meetings and attendance of each Director at the meetings are as stated below. During the year under review, the Non-Executive Directors held exclusive meetings, without the Executive Directors. In addition, the Chairman, and the Senior Independent Non-Executive Director each held different meetings with the Non-Executive Directors, with the absence of the Executive Directors. In compliance with the Nigerian Code and the UK Code, it is the policy and practice of Seplat that no Director is involved in any deliberation pertaining to his/her remuneration.

Dates of 2020 Board meetings are as follows:

1. 28 January 2020.
2. 3 March 2020.
3. 19 March 2020.
4. 28 April 2020.
5. 28 May 2020.
6. 6 July 2020.
7. 28 July 2020.
8. 8 October 2020.
9. 27 October 2020.
10. 24 December 2020.

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	A.B.C. Orjiako	Chairman	10	10
2.	Roger Brown	Chief Executive Officer	10	10
3.	Emeka Onwuka[2]	Chief Financial Officer	3	3
4.	Effiong Okon	Operations Director	10	10
5.	Austin Avuru	Non-Executive Director	10	10
6.	Olivier Langavant	Non-Executive Director	10	10
7.	Nathalie Delapalme	Non-Executive Director	10	10
8.	Michael Alexander[1]	Senior Independent Non-Executive Director	10	10
9.	Charles Okeahalam	Independent Non-Executive Director	10	10
10.	Basil Omiyi	Independent Non-Executive Director	10	10
11.	Ifueko M. Omoigui Okauru[1]	Independent Non-Executive Director	10	9
12.	Lord Mark Malloch-Brown	Independent Non-Executive Director	10	9
13.	Damian Dodo, SAN	Independent Non-Executive Director	10	8
14.	Arunma Oteh, OON[2]	Independent Non-Executive Director	3	3
15.	Xavier Rolet, KBE[2]	Independent Non-Executive Director	3	3

1. Ifueko M. Omoigui Okauru and Michael Alexander voluntarily retired from the Board effective 31 January 2021.
2. The Board appointed Emeka Onwuka as Chief Financial Officer/Executive Director effective 1 August 2020; Arunma Oteh, OON and Xavier Rolet, KBE as Independent Non-Executive Directors effective 1 October 2020.

Board policies and insurance cover

In addition to the Board Charter earlier discussed, the Board has in place a Code of Business Conduct policy and other corporate governance policies covering anti-bribery and corruption, anti-fraud policy, related party transactions, conflicts of interest, share dealing, whistleblowing, community relations, risk management, electronic information, and communication systems etc, details of which are discussed later in this governance section.

The Board has also adopted the Market Abuse Regulations (MAR) which replaced the Model Code for Directors' dealings. The MAR governs the disclosure and control of inside information and the reporting of transactions by persons discharging managerial responsibilities (PDMRs).

The Board is responsible for taking appropriate steps to ensure observance of the Article provisions of MAR by the Directors. The Company is therefore committed to observing the MAR provisions as part of its commitment to good corporate governance practices.

The Company has arranged appropriate insurance cover for legal action against its Directors. This insurance cover losses and actions arising from matters involving a Director's failure to act in good faith and in the Company's best interest, failure to exercise his/her powers for a proper purpose, failure to use his/her skill reasonably, failure to comply with the law, etc. The Company regularly reviews this insurance coverage to ensure adequate protection of its Directors.

Appointment, development and evaluation of Directors

The Board has adopted a Board Succession Policy to guide the appointment of its Directors in accordance with corporate laws, corporate governance codes, regulations, and international best practice. The Board Succession Policy which requires the Nomination and Establishment Committee (NOMCO) to submit to the Board on a yearly basis a succession plan identifying key and critical positions, definitive designation of successors for such positions, articulation of specific development plans for identified successor which is tied to the Company's overall performance management and career communication. NOMCO has overall responsibility for the Board appointment, induction, training, and evaluation processes, as well as changes to the Company Secretary and other senior management staff, all of which are subject to approval by the Board.

The fundamental principles of the appointment process include evaluation of the balance of skills, knowledge and experience on the Board, leadership needs of the Company and ability of the candidate to fulfil his/her duties and obligations as a Director. New Directors are required to attend an induction programme on the Company's business, their legal duties, and responsibilities as well as other information that would assist them in effectively discharging their duties.

The Company believes in and provides continuous training and development opportunities for its Directors to equip them with required skills to effective discharge their duties.

Retirement of the Founding Chief Executive Officer (CEO)

On 31 July 2020, the Company's founding CEO, Mr. Austin Avuru voluntarily retired after putting in ten years of meritorious service to the Company. Within ten years, Mr. Avuru led the development of a strong organisation, the deployment of agile systems, processes and stakeholder relationships that allowed the Company to grow rapidly into a leading independent oil and natural gas producer in Nigeria. The Board is immensely grateful to Mr. Avuru for the accomplishments during his tenure as CEO and will continue to count on his repertoire of knowledge and experience as a Non-Executive Director.

Appointment of the new Chief Executive Officer (CEO)

On 1 August 2020, Mr. Roger Brown assumed the role of the CEO of the Company. Mr. Brown brings to the CEO role, a deep knowledge of the Company in his six (6) years as the Chief Financial Officer (CFO) and a member of the Board. Mr. Brown has strong financial, commercial and Mergers and Acquisition (M&A) experience as well as proven people skills which is an asset as the Company embarks on the next phase of its growth plan. Prior to joining the Company, Mr. Brown was an advisor to the Company since 2010 while he was the Managing Director and head of EMEA Oil and Gas at Standard Bank Group. During his time at the bank, he was instrumental in providing advice and deploying capital across the African continent in the Oil & Gas, Power & Infrastructure, and the renewable energy sectors.

Appointment of new Chief Financial Officer

The Board is pleased to formally introduce Mr. Emeka Onwuka as the new Chief Financial Officer (CFO) of the Company. Emeka Onwuka joined as CFO and Board member on 1 August 2020. Mr. Onwuka has more than 30 years' experience in financial services within Sub-Saharan Africa. He has served as Group Managing Director/CEO of Diamond Bank Plc and is a former Chairman of Enterprise Bank Limited. Mr. Onwuka was a Partner at Andersen Tax Nigeria and holds various Board positions at companies including FMDQ Securities Exchange Limited, FMDQ Holdings Limited, Ecobank Nigeria Limited and Bharti Airtel Nigeria.

Appointment of two Independent Non-Executive Director (INEDs)

The Board is equally pleased to formally introduce Ms. Arunma Oteh, OON and Mr. Xavier R. Rolet KBE as newly appointed Independent Non-Executive Directors of the Company, with effect from 1 October, 2020.

Ms. Arunma Oteh, OON is a seasoned C-suite executive with several years of experience operating at the highest levels at major multilateral agencies, global financial institutions and in Government. She has been an academic scholar at University of Oxford since January 2019 and a member of the London Stock Exchange Africa Advisory Group since January 2020.

Ms. Oteh served as Treasurer and Vice President of the World Bank from 2015 to 2018. As Treasurer, she led a global team that managed the World Bank's $200 billion debt portfolio as well as an asset portfolio of $200 billion for the World Bank Group and several public sector clients including 65 Central Banks. She was the Director General of the Securities and Exchange Commission (SEC) Nigeria from 2010 to 2015. As Director General of Nigeria's apex capital market regulator, she was responsible for the regulation of Nigeria's capital markets, including the Nigerian Stock Exchange, and led the rebuilding of the capital markets after the global financial crisis. She also served on Nigeria's Economic Management team, chaired by the Nigerian President. Prior to the SEC Nigeria, she worked at the Africa Development Bank for 17 years in a variety of roles including Group Vice President, Corporate Services (2006 to 2009) and Group Treasurer (2001 to 2006).

While Mr. Xavier Rolet, KBE, is an experienced CEO, Co-Founder, and Entrepreneur. Named as one of Harvard Business Review's 100 Best CEOs in the World in 2017, Mr. Rolet has demonstrated a history of successful turnarounds in the global financial services industry. In his decade at the helm of the London Stock Exchange, the LSE's market valuation rose from £800 million to more than £15 billion, transforming it into one of the world's largest exchanges by market capitalisation.

He is currently the Chairman, Board of Directors at Phosagro PJSC, a member of the Board of Directors of the Saudi Stock Exchange Tadawul as an appointee of the Public Investment Fund, and an Expert Adviser to the Shanghai Institute of Finance for the Real Economy. He has held various senior positions in the financial services industry throughout his career: CEO of CQS, a global hedge fund; CEO of Banque Lehman Brothers in Paris; Co-Head of Global Equity & Derivatives Trading at Lehman Brothers New York; Global Head of Risk and Trading at Dresdner Kleinwort Wasserstein; Vice-President, International Equity Risk Arbitrage at Goldman Sachs New York; and Co-Head of European Equities Sales and Trading at Goldman Sachs International Ltd in London.

The Seplat Board is indeed privileged to have Arunma and Xavier on board and look forward to their contributions towards the continued success of the Board and Company.

Retirement of two Independent Non-Executive Directors

The Board during the financial under review, announced the retirement of Mr. Michael Alexander, Senior Independent Non-Executive Director (SID), and Mrs. Ifueko M. Omoigui Okauru, Independent Non-Executive Director (INED), effective 31 January 2021. Mr. Alexander was appointed to the Board in June 2013 while Mrs. Okauru was appointed in March 2013. In the past seven (7) years, Mr. Alexander and Mrs. Okauru served the Board meritoriously, deploying their multi-facetted experiences towards the growth of the Company. Seplat remains grateful for their immense contributions to the Board and the Company and wish them the very best in all of their future endeavours.

Following the retirement of Mr. Alexander as SID, the Board has appointed Mr. Basil Omiyi, Independent Non-Executive Director (INED) as the new Senior Independent Non-Executive Director effective 1 February 2021. Mr. Omiyi's career spans 40 years' experience at Royal Dutch Shell, during which time he occupied a number of senior roles in Nigeria and Europe, including Managing Director of Shell Petroleum Development Company of Nigeria Limited and Country Chairman of Shell Companies, Nigeria. Mr. Omiyi has extensive insight into and experience in the global oil and gas industry and in particular brings a detailed knowledge and understanding of the Nigerian oil and gas sector together with senior management expertise gained in a large-scale multinational organisation.

The appointment and removal or reappointment of Directors is governed by its Articles of Association and the Companies and Allied Matters Act, 2020. It also sets out the powers of Directors.

Accountability

Details of the Directors' responsibility for preparing the Company's financial statements and accounts, and a statement that they consider the financial statements and accounts, taken as a whole, to be fair, balanced, and understandable and to contain the information necessary for shareholders to assess the Company's position and performance, business model and strategy, are given on page 142 of this report. Seplat's business model and strategy for delivering the objectives of the Company and the assumptions underlying the Directors' assessment of the business as a going concern are given on pages 16 and 19 of this report, respectively.

The Board, during the financial under review, carried out an assessment of the Company's risk management and internal controls systems, including financial, operational and compliance controls, and reviewed their effectiveness, details of which are given on pages 24-36 of this report.

In compliance with CAMA and the NCCG, the Company has established a statutory Audit Committee (mentioned earlier), and in compliance with the UK Code's requirement for an Audit Committee, the Board has established a Finance Committee comprising four Independent Non-Executive Directors. Details of the Finance and Audit Committees' membership and activities are given in their respective reports, on pages 98 and 112. The Board has also established the Risk Management and HSSE Committee, which is responsible for reviewing on behalf of the Board, operational risk, health and safety, and environment matters. Details of the Committee's membership and activities are given in its report on page 106.

Corporate governance

In line with the recommended practices under the Nigerian Code of Corporate Governance, the Board established a Board Committee on Corporate Governance, Compliance & Culture (CG, C& C Committee). The CG, C & C Committee, which comprises only Independent Non-Executive Directors, is saddled with the responsibility of assisting the Board in promoting, modelling, institutionalising, and maintaining sound ethical culture and good corporate citizenship. The Committee, which was chaired by Mrs. Ifueko Omoigui Okauru for the financial year under review, advises the Board on modalities of strengthening the Company's corporate governance, compliance, and cultural ethos, to achieve the Company's continued survival and prosperity. Details of the Committee's membership and activities are given in page 110.

Remuneration

In compliance with the Nigerian Code of Corporate Governance and UK Code, the Board has established a Remuneration Committee solely comprising Independent Non-Executive Directors and was chaired by Mr. Michael Alexander (SID) for the financial year under review. Details of the Committee's membership and activities are given in its report on page 96. Details of how Seplat's remuneration policy links remuneration to the achievement of the Company's strategy and the level of remuneration paid to each of the Directors during the financial year are outlined on pages 130 and 131.

Seplat stated at the time of the IPO that remuneration for certain Non-Executive Directors may include performance-related elements and certain Executive Directors' service contracts may include an initial fixed term of more than one year. In compliance with both the Nigerian Code and the UK Code, no Executive Director is a member of the Remuneration Committee and no Director is involved in any deliberation of his/her remuneration. The Company's remuneration policy and practices are outlined on page 120 of this report.

Engaging with our stakeholders
The Board recognises the need to nurture successful relationships with our stakeholders to secure the Company's long-term goals. Through regular engagement, the Board is able to understand the views of all stakeholders and considers them in their decision-making process.

Protection of shareholder rights
The Board ensures that the statutory and general rights of shareholders are always protected. It further ensures that all shareholders are treated equally. On 25 March 2014, the Company entered into a Relationship Agreement with its founding shareholders (who are represented on the Board) to regulate their degree of control over the Company so that the rights of minority shareholders and the independence of the Board are protected. All other shareholders are given equal access to information and no shareholder is given preferential treatment.

Communication with shareholders
Seplat values effective communication with its shareholders. As a matter of practice and based on regulatory requirements, the Company reports formally to shareholders four times a year with the announcement of quarterly and full-year results as well as providing disclosure on material changes to the business as and when required. However, with the new SEC requirement for Public companies to elect whether to file its fourth Quarter report, the Company has elected the option of filing its Annual Audited Financial Statement within the regulatory stipulated period. The full-year Annual Report and Accounts are issued to shareholders and are posted on the Company's website. Results presentations are also made available on the Company's website together with replays of webcasts.

Seplat's seventh (7th) AGM was held on 28 May 2020 in Lagos, Nigeria, in line with the NCDC guidelines and CAC approval for holding the AGM by proxy only and was attended by four shareholders in person while 288 shareholders were represented by proxies (holding 510,329,595 units of shares). The business transacted at the meeting was based on CAMA requirements and as such, diverged in some respects from that common to UK companies. The Company's AGM affords shareholders present the opportunity to discuss matters regarding the Company's business with the Chairman, the Committee Chairmen, and individual Directors. The AGM also provides the opportunity for the shareholder representatives to be elected to sit on the Audit Committee, as required by CAMA.

The notice of the 2021 AGM has been sent to Shareholders with this Annual Report and Accounts and it is intended that the best practice for AGMs as detailed in the Nigerian Code and the UK Code will be followed.

The Board maintains a dialogue with investors outside the AGM to foster mutual understanding of objectives and to gain a balanced view of key issues and concerns of shareholders. The primary contact is through the Executive Directors.

The Non-Executive Directors, the Chairman and the SID, are available to attend meetings if requested specifically by shareholders.

Engagement with existing and potential shareholders regarding business strategy and performance is coordinated by the Investor Relations function. The Head of Investor Relations reports directly to the Chief Financial Officer. Matters regarding the general administration of shareholdings are coordinated by the Company Secretary.

The Company conducts an active investor relations programme with institutional investors and analysts. This includes participation at conferences, both within and outside Nigeria, where a few one-on-one meetings and group presentations are made, including investor roadshows in key financial centres. In 2020, the Company held over 247 meetings with institutional investors and expanded its analyst coverage.

Regular analysis of Seplat's shareholder register and major movements, together with market feedback, trading analysis and peer performance, are communicated to the Board via the Chief Financial Officer and the Head of Investor Relations.

The Board welcomes enquiries from shareholders, encourages attendance at the Company's AGM and participation in its results presentations and webcasts. The Board further encourages shareholders to subscribe to receiving news alerts via the subscription service on the Company's website.

Host community engagement; donation of Covid-19 palliatives
Sustainable community development remains a priority and we have continued to work collaboratively with our local partners to foster positive social and economic development. Executive Directors met with leaders of the host communities, visited community events and projects in areas of operations. Additionally, Directors met with ministers, state governors in the states where the Company operates as well as other key government officials during the financial year under review.

In response to the Covid-19 pandemic emergency and the Nigerian National Petroleum Corporation (NNPC)'s call for contributions from the petroleum industry to support the Nigerian Government both at the federal and state levels, the Company made donations in support of the federal and state level palliative initiatives.

In addition to the above, the Company, supplied medical consumables and in-patient support systems to the three (3) states where the Company carries out its operations (i.e., Edo, Delta & Imo States respectively). This gesture was made to support the states' medical infrastructure for the fight against the Covid-19 pandemic.

Employee engagement
The Company has over the years established a Joint Consultative Council (JCC) which comprises of Senior Management and representatives of Seplat employees drawn from across the various business units of the Company. The JCC, which is headed by the General Manager Human Resources, meets at least once every quarter to update employee representatives on key management decisions regarding the Company and to address issues which are of concern to employees. Deliberations, suggestions, and recommendations made during such meetings are cascaded to the entire employees and where required, recommendations which require approval are cascaded to the Senior Leadership Team headed by the CEO and to the Board, where necessary.

The Company also facilitated four town hall interactive sessions, where the CEO updated all employees of happenings and developments within the organisation.

In line with the UK Corporate Governance Code relating to employee engagement, the Board, nominated one the Independent Non-Executive Directors (INEDs), Mrs. Ifueko Omoigui Okauru, as the employee engagement representative of the Board, to work with the General Manager Human Resources to engage with employees, obtain their views and report its findings to the Board.

Disclosure of information

As a company listed on both the Premium Board of the NSE and on the Main market of the LSE, Seplat strives to comply with the highest standards of disclosure. As a matter of practice, the Company simultaneously releases announcements through the relevant regulatory channels in both Nigeria and the UK. It also ensures that all announcements are available on the Company's website together with copies of its latest results, financial reports, and other relevant information. The Company has put in place relevant controls and processes for the management of inside information. The Executive Directors are ultimately responsible for the approval of Company announcements and ensuring that such documents comply with relevant legal and regulatory requirements.

Corporate governance framework, sustainability, response to Covid-19 and compliance initiatives

The Board places high premium on corporate governance as a veritable tool for compliance risk management, ensuring the Company's sustainability, achievement of the Company's strategic objectives and enhancement of shareholders' value. Consequently, the Board in fulfilment of its primary responsibility has put in place a corporate governance framework with a 'tone from the top' approach to governance compliance. The Board regularly subjects itself to evaluations to determine level of corporate governance compliance and takes remedial action to resolve any areas of potential or perceived non-compliance.

The Covid-19 pandemic which led to lockdown at the tail end of first quarter of 2020, Organisation of Petroleum Exporting Countries (OPEC)'s restrictions on production, increasing stakeholder expectations regarding Environment, Social and Governance (ESG) and intensifying pressure from capital markets for the industry to generate higher total returns to shareholders brought to focus discussions regarding sustainability of the Company, including the need for reduction in carbon footprint and re-evaluation of the Company's overall strategy development. Consequently, the Board organised a two (2) day Board and Management Strategy session, where the Board and Management engaged in debate and analysis of the market outlook for global oil & gas and its implication for the Company in the short, medium, and long term. The Board and Management also considered issues such as – viability of gas as transition fuel (particularly the gas to power opportunity) and key messages on global renewables outlook. Further to the Board/Management Strategy session, the Board also had a session on strengthening the Company's approach to ESG reporting with focus on how ESG trends are evolving, its impact on shareholders' value and how an integrated ESG strategy would benefit the Company's business.

To safeguard the health and safety of employees, the Board implemented various strategies to combat the Covid-19 pandemic such as the adoption of 28-day field rotations with frequent health checks, remote working for non-field location staff in the Lagos, Abuja, and London offices. The Company also set up a Covid-19 monitoring group (COVIMOG) to review areas of risks and exposure. A Business Continuity Plan was also put in place and implemented to mitigate identified risks due to the Covid-19 pandemic. Some of the measures put in place included:

- restriction of all travels to business-critical needs only and with approval of CEO;
- mandatory 14-days' self-quarantine of all Seplat personnel returning from oversea trips and the completion of a Risk Assessment Form to be evaluated by the Company's Medical Consultant;
- personnel are re-admitted back to work location only on satisfactory assessment of information indicated in the Risk Assessment Form, mandatory temperature screening and hand-sanitising at all entry points into our facilities.
- suspension of participation in any crowded event like training, workshops, seminars, and meetings whether internal or external; and
- COVIMOG team led by the Corporate HSE Manager monitored developments locally and internationally in management of the virus spread and advised SEPLAT leadership on actions to address its threat to our personnel and operations.

As part of our continuous corporate governance awareness campaign in 2020, the Company administered the annual corporate governance online recertification programme for all employees including contract staff.

The Board also paid close attention to ethical issues by formally launching the updated Code of Business Conduct, where select members of the Board engaged with the entire workforce at the workshop on the importance of compliance with the Code of Business Conduct, after which all employees individually signed personal commitment to abide by the tenants of the Code of Business Conduct. In the course of the same event, the Company held a round table discussion on the need for employees to speak up against unethical behaviour, which was facilitated by the Business Integrity Unit.

To buttress the importance for employees to speak up, the Company held a Company-wide workshop on whistleblowing. The workshop, which was equally facilitated by our Business Integrity unit in conjunction with KPMG, was designed to further sensitise and to encourage employees to report concerns openly without fear of any form of victimisation and/or reprisals. Employees were also reminded that they may elect to make a report anonymously by making use of the Seplat/KPMG Ethics Line which includes dedicated whistleblowing hotlines – 0800 444 1234 (Toll Free) or KPMG's MTN toll free number: 0703-000-0026. Employees could also report their concerns by sending email to speakup@seplatpetroleum.com or kpmgethicsline@ng.kpmg.com. The facilitators also demonstrated to employees that all reported cases in times past were treated with utmost confidentiality. To further encourage anonymity, the Company recently introduced the Vault App, which grant employees real-time access to the Senior Leadership Team, particularly the CEO, to air their views make valuable suggestions and come up with innovative ideas that would move the Company forward.

The Company also held a Bullying and Harassment awareness session to underscore the importance of maintaining a friendly workplace environment for all employees. The Board in addition, reviewed reported incident of conflict of interest, set up a review panel to consider the conflict and mitigations to ensure that the Company's overall interests are well protected.

To foster an effective day to day implementation of our well-established corporate governance framework, a dedicated Governance Compliance team has been put in place in the Company. The Company collaborates with the Company's regulators (NSE, SEC, FRCN, CAC, LSE and FCA) as at when necessary to ensure the Company maintains its robust corporate governance framework and an effective compliance programme. The Company frequently attends engagement sessions with its regulators.

The Board, during the year, had engagements with its industry regulators to discuss and explain the steps the Company has and is taking to ensure compliance with the relevant provisions of applicable laws, codes, regulations and sectorial guidelines.

As of the date of this Annual Report and Accounts, the Board has adopted the following corporate governance policies and practices; most of which can be found on the Corporate Governance page in the Investor Relations section of the Seplat's website: https://seplatpetroleum.com/investor-centre/corporate-governance/corporate-governance-policies/

In the financial year under review, the Board, through its Corporate Governance, Compliance and Culture Board Committee, carried out second level review of the Company's Corporate Governance Policies and recommended updates to bring the respective policies and procedures to date with new laws, listing rules as well as the Nigerian Code of Corporate Governance, 2018 and the UK Code of Corporate Governance, 2018. The recommended updates were approved, and the reviewed policies were adopted by the Board. The already adopted as well as reviewed corporate governance policies/ practices are:

1) Board Charter.
2) Code of Business Conduct Policy.
3) Code of Business Conduct.
4) Board Succession Policy.
5) Board Representation Policy for IJVs & Other Arrangements.
6) Anti-Bribery and Corruption Policy.
7) Anti-Fraud Policy.
8) Gifts and Hospitality Policy.
9) Bullying & Harassment Policy.
10) Community Relations Policy.
11) Investors Complaint Management Policy.
12) Conflicts of Interest for Policy Directors & Employees.
13) Corporate Communications Policy.
14) Electronic Information & Communication Systems Policy.
15) Inside Information Policy.
16) Political and Charitable Contributions Policy.
17) Related Party Transactions Policy and Guideline.
18) Risk Management Policy.
19) Share Dealing Policy.
20) Whistleblowing Policy.
21) Market Sounding Policy.

1) Board Charter
The Board has adopted a Board Charter which has been updated to align its provisions with the requirements of the NCCG 2018, SEC Code of Corporate Governance, UK Code of Corporate Governance, 2018 as well as other applicable listing rules and international best practice. The Board Charter sets out the responsibilities of the Board; the establishment of the Board Committees with clear delegated responsibilities; the matters reserved for the exclusive approval of the Board; and the conduct of Board proceedings. The Board Charter stipulates the following – the separate and distinct duties of the Board Chairman and the CEO, appendage of Sample Appointment Letter of the Board of Directors, inclusion of the role of the Non-Executive Directors (NEDs) and the Independent Non-Executive Directors (INEDs), the role of the Company Secretary; the respective Terms of References for all the Board Committees and Matters Reserved for the Board.

2) Code of Business Conduct Policy
The Code of Business Conduct Policy establishes that the Company shall have a Code of Business Conduct that states the general business principles and commitments of the Company to its stakeholders, sets out the values that guide the Company's conduct, legitimate and strategic expectations of its employees in their everyday decision-making and with stakeholders. The Policy also requires the Code to explain and give guidance on the behavioural, attitudinal, and emulative roles of the Directors, Senior Management, and employees. The Code is to provide guidance to questions or concerns, steps to take and additional resources and support on other topics and policies. The Policy also provides for the role of the Board, senior managers, managers, and employees. It also requires suppliers, contractors, consultants, business partners and third parties to apply the standards equivalent to that of the Company towards their employees, subcontractors, and suppliers.

3) Code of Business Conduct
The Board has adopted a Code of Business Conduct (CoBC), which outlines the ethical framework under which Seplat conducts business – with the highest standards of ethics, accountability, and transparency. The CoBC has been designed into an easy-to-read format and is an implied contract between the Company and its employees, contract staff and business partners to conduct business with the highest ethical standards. The Board has reviewed and restructured the COBC to provide for the following – (i) The Code (which summarises the principles and values by which the Company conducts its business); (ii) The Charge (which requires directors, employees and contractors to embrace the enshrined ethical values of the Code); (iii) Personal Commitment Statement (which models a top-down commitment to professional business and ethical standards from directors, to employees and contractors and which everyone is expected to subscribe to by appending their signatures); (iv) The Code of Business Conduct Policy (which states the principles and values that the Code should embody, including guidance notes) (v) The Code's Practice Guide; and (vi) Frequently Asked Questions (FAQs), which states examples of dilemmas that could arise in the course of carrying out work for and on behalf of Seplat. The reviews carried out are all in line with the NCCG, UK principles and recommended practices.

4) Board Succession Policy
The Board has adopted a Board Succession Policy which sets out the parameters for developing and implementing a succession planning programme for Directors of Seplat and ensures that a framework is in place for an effective and orderly succession of Directors that will result in the collective knowledge, skills and experience in place for the Board to effectively govern Seplat. The Policy stipulates Criteria for selection of Succession candidate as well as competencies that such candidate must possess. The Policy provides Guidelines for Implementing the Succession Planning Programme as well as Procedure for Executing a Board Succession Plan. The Policy which requires the Nominations and Establishment Committee (NOMCO) to submit to the Board on a yearly basis a succession plan identifying key and critical positions, definitive designation of successors for such positions, articulation of specific development plans for identified successor which is tied to the Company's overall performance management and career communication.

5) Board Representation Policy for Incorporated Joint Ventures (IJVs) & Other Arrangements
The Board has adopted a Board Representation Policy which stipulates principles and defines the parameters within which the Seplat IJV Directors will execute their duties and represent Seplat on the IJV Boards. The Policy states the qualities, competencies, and skill which a candidate nominated to such IJV Boards must possess as well as the roles and responsibilities of such IJV representative (including responsibilities prior to, during and after IJV Board meetings).

6) Anti-Bribery and Corruption Policy
The Board has adopted an Anti-Bribery and Corruption Policy which is updated from time to time. The Policy demonstrates Seplat's zero tolerance and commitment to the eradication of bribery and corruption. It prohibits payment or receipt of facilitation payments, misappropriation, 'kickbacks and blackmail/extortion'. It also sets the parameters under which Directors and employees may give or receive gifts and hospitality, deal with public officials, and make political and charitable donations. The Policy includes reporting, documentation, and whistleblowing provisions as well as provisions regarding the Company's zero tolerance and disciplinary action for any violation.

7) Anti-Fraud Policy

The Board has adopted an Anti-Fraud Policy which provides Seplat stakeholders with relevant guidance on how to recognise and deal with fraud, the responsibilities of employees, Directors and third parties in upholding Seplat's position regarding fraud and misconduct, mechanisms for prevention, detection and response to possible fraud and misconduct in Seplat's operations; and how to foster a culture of integrity, transparency, thereby enhancing anti-fraud culture within Seplat. The Policy covers transactions conducted by Seplat, with Seplat or on behalf of Seplat and states the responsibilities of each stakeholder. The Policy states potential indicators of fraud, protection of whistleblowers, fraud risk management strategy, reporting of fraud to law enforcement agency(-ies) and applicable consequent management following investigation findings.

8) Gifts and Hospitality Policy

The Board has adopted a Gifts and Hospitality Policy which establishes acceptable exchange of items of value, conditions under which gifts, hospitality and associated expenses may be made, received, offered, incurred, or reimbursed in compliance with Seplat's related policies and international best practices. The Policy, which serves as part of the implementation strategy for the Anti-Bribery and Corruption Policy and other related corporate governance policy, applies to all Seplat employees, Directors, business partners and other stakeholders. The Policy also sets out Guidelines on accepting or offering gifts/hospitality as well as acceptable gifts to Host Communities.

9) Bullying and Harassment Policy

The Board has adopted a Bullying and Harassment Policy which sets parameters within which the Company will deal with all forms of bullying and harassment within the workplace, reinforces Company's commitment to diversity inclusion and mutual respect, creates a platform for rewarding conduct that aligns with the Company's value for diversity and outlines zero tolerance approach to addressing all acts of bullying and harassment. The Policy applies to all employees as well as third parties dealing with Seplat staff. The Policy stipulates examples of behaviour that could amount to bullying and harassment, implications of bullying and harassment, procedure for making complaint and disciplinary action.

10) Community Relations Policy

The Board has adopted a Community Relations Policy which demonstrates Seplat's value for the communities in which it operates, and the Company's commitment to developing the communities through capacity building, business opportunities, employment, academic scholarships, charitable donations, awareness creation, etc. The details of Seplat's CSR activities are contained in the CSR section of this report.

11) Investors' Complaint Management Policy

The Company established a Complaint Management Policy pursuant to the Rules of the Nigerian SEC released on 16 February 2015 and the subsequent directive of the NSE to all listed companies in Nigeria. The Policy outlines the procedures established by Seplat to address the complaints and other communications received by its shareholders and the public in relation to specific matters. The Policy is available on the 'Corporate governance policies' page of the Company's website.

12) Conflict of Interest Policy for Directors and Employees

The Board has adopted a Conflict of Interest Policy for Directors and employees. This Policy applies to Seplat Directors, shareholder representatives on our statutory Audit Committee, and employees. The Policy clearly sets out the legally imposed duties of the Board, its members, and employees, along with some ethical requirements adopted by the Company. Particular attention is given to conflicts involving Independent Directors to ensure compliance with both the letter and spirit of corporate governance regulations on such Directors. The Policy outlines a clear disclosure, review, and documentation process for all conflicts of interest involving a Director, beginning with a yearly declaration to the Company, for the consideration of a dedicated conflict of interest review panel. During the year under review, all members of the Board and employees participated in the annual declaration of conflict of interest or affirmation of independence as applicable. This policy has been further reviewed to include special requirements on Independent Directors as provided in the SEC code of corporate governance, NCCG and UK Code of 2018.

13) Corporate Communications Policy

The Board has adopted a Corporate Communications Policy which establishes guidelines for communication with current and potential stakeholders, guarantee accurate and effective communication of the Company's perspective on all issues, ensures compliance with all relevant regulatory requirements and best practice standards and guidelines governing corporate communication. The Policy sets out modalities for both internal and external communications, Company's Authorised Media Spokespersons, preparation and release of regulatory announcements, social media/ internet communication.

14) Electronic Information & Communications Systems Policy

The Board has adopted an Electronic Information & Communications Systems Policy which demonstrates Seplat's commitment to responsible, secure, and efficient use of communication systems, such as the internet, electronic mail, social media, intellectual property, etc.

15) Inside Information Policy

The Board has adopted an Inside Information Policy. The Policy clearly defines what constitutes 'inside information' and sets a clear process for the confidential preservation of such information. It also prohibits Seplat Directors, employees, contract staff, business partners and their connected persons from using inside information to deal in Seplat shares or securities or those of another public company. This policy has equally been reviewed to bring it in line with the Market Abuse Regulations (MAR).

16) Political and Charitable Contributions Policy

The Board has adopted a Political and Charitable Contributions Policy. The Policy prohibits Directors, employees, contract staff and business partners from making political donations or engaging in other political activities on behalf of Seplat. It also sets the standard and processes for making charitable donations to lawfully constituted charitable organisations, in line with the Corporate Social Responsibility (CSR) initiatives of the Company.

17) Related Party Transactions Policy and Guidelines

The Company has adopted a Related Party Transactions Policy which sets out the policy statement, stringent disclosure requirements as well as the review and decision-making process for such transactions. The policy also sets out the special requirements on Interested Person Transaction as well as transfer pricing guidelines. The Related Party Transactions Policy and Guidelines is a live document that is revised from time to time to reflect changes in both the Nigerian and the UK laws and regulations. The Policy was updated by the Board on 29 January 2016.

The list of Seplat's related party transactions is outlined in Note 41 to the financial statements of the Annual Report and Accounts. Seplat is committed to conducting all related party transactions in accordance with the arm's length principles and good corporate governance practices.

Directors' interest in contracts
The Chairman and the CEO have disclosable indirect interest in contracts with which the Company was involved as of 31 December 2020 for the purpose of section 303 of the Companies and Allied Matters Act, 2020, Laws of the Federation of Nigeria. These are contained under the related party disclosures in Note 41.

18) Risk Management Policy
The Board has adopted a Risk Management Policy which is updated from time to time. Risk Management Policy demonstrates Seplat's commitment to the enterprise risk management and reporting system that ensures efficient identification of operational, financial, health, safety and environmental risks, and risk eradication and management.

19) Share Dealing Policy
The Board has adopted a Share Dealing Policy which is updated from time to time. The Policy demonstrates Seplat's commitment to trading securities in compliance with the requirements of the NSE Amended Listing Rules (ALR), the Nigerian Code, the UK Listing Rules and European Union Market Abuse Regulations (MAR). The Share Dealing Policy reflects the Company's dual participation in the Nigerian and UK Stock Exchanges and highlights the Company's respective obligations under both Nigerian and UK listing regulations. The Share Dealing Policy sets the parameters under which Directors and employees of Seplat and its subsidiaries, and their connected persons, must deal with the Company's shares, securities and inside information. This Policy has been further reviewed by the Board in line with MAR provisions which took effect from 3 July 2016.

20) Whistleblowing Policy
The Board has adopted a Whistleblowing Policy which is updated from time to time. In addition to this Policy, whistleblowing provisions are entrenched in all Seplat corporate governance policies. The Company has a dedicated whistleblowing hotline for employees and other stakeholders to confidentially report unlawful and unethical conduct involving the Company, its Directors, or employees. The Company's whistleblowing system comprises an internal and an external channel, which are operated concurrently. The internal whistleblowing channel is managed by the Company's Business Integrity Unit, reporting directly to the CEO, while the external whistleblowing channel is managed by KPMG. The Business Integrity Unit and KPMG ensure that all reports are kept confidential and appropriately investigated and resolved.

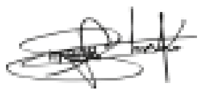
21) Market Sounding Policy
The Board has adopted a Market Sounding Policy which sets out guidelines that ensures that the Company and disclosing market participant (DMP) acting on the Company's behalf complies with the provisions of MAR when conducting market soundings. The Policy stipulates procedure to be followed before conducting market soundings, procedure to be followed during market sounding process and specific information to be provided and requested where a market sounding involves or would not involve the disclosure of inside information.

Declaration of Compliance
In compliance with Section 14.4(b) of the NSE ALR, following specific enquiry, all Directors acted in compliance with the NSE ALR and Seplat's Share Dealing Policy in respect of their securities transactions during the financial year ending 31 December 2019.

Directors' declarations
None of the Directors have:

- ever been convicted of an offence resulting from dishonesty, fraud, or embezzlement;
- ever been declared bankrupt or sequestrated in any jurisdiction;
- at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations, or creditors' voluntary liquidations;
- ever been barred from entry into a profession or occupation; or
- ever been convicted in any jurisdiction of any criminal offence or an offence under any Nigerian or UK legislation.

Signed by:



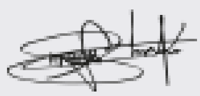
A.B.C. Orjiako
Board Chairman

Edith Onwuchekwa
Company Secretary/
General Counsel

Statement of Compliance with Nigerian Stock Exchange on Listing on the Premium Board
In Compliance with Section 12.4 of the Rules of the Nigerian Stock Exchange on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance for Public Companies in Nigeria, the Financial Reporting Council of Nigeria's Nigerian Code of Corporate Governance, 2018 and the UK Corporate Governance Code govern the operations of Seplat Petroleum Development Company Plc.

We hereby confirm that to the best of our knowledge, Seplat is in compliance with the Codes.

Signed by:



A.B.C. Orjiako
Board Chairman

Edith Onwuchekwa
Company Secretary/
General Counsel

Remuneration Committee report

Xavier Rolet, KBE

Picture credit: Roger Askew/Shutterstock

6 Remuneration Committee meetings in 2020

2020 Members	27 Jan	18 Mar	28 April	22 July	20 Oct	2 Dec	
Michael Alexander (SID)[1], Chairman to 31 January 2021	●	●	●	●	●	●	6/6
Charles Okeahalam[2], Member	●	●	●	●	●	●	6/6
Basil Omiyi[2], Member	●	●	●	●	●	●	6/6
Damian Dodo SAN[2], Member	●	●	●	●	●	●	6/6
Xavier Rolet, KBE[3], Member and Chairman from 1 February 2021	–	–	–	–	●	●	2/2

1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Director.
3. Xavier Rolet was appointed to the Board as an Independent Non-executive Director on October 1, 2020. Following his appointment, he attended the two Remuneration Committee meetings that were held after his appointment and he was appointed Chairman of the Remuneration Committee from 1 February 2021.

In the financial year ended 31 December 2020, the Committee held six meetings, the dates and attendance records for which can be seen in the table above.

The Remuneration Committee is a standing committee of the Board and is comprised wholly of Independent Non-Executive Directors in compliance with the Nigerian Code and the UK Code. Michael Alexander was chairman of the Remuneration Committee throughout 2020 and on his retirement from the Board on 31 January 2021 was succeeded by Xavier Rolet. You will see below details of the terms of reference for the Remuneration Committee and a summary of the activities carried out during the year.

The Remuneration Committee is established to ensure that remuneration arrangements for Seplat's Chairman, Executive Directors, Non-Executive Directors and senior management support the strategic aims of the business and enable the recruitment, motivation and retention of relevant skilled personnel while satisfying the expectations of shareholders.

Details of the Company's proposed remuneration policy are outlined on pages 115-116 of the 2020 Annual Report and Accounts. In the interest of transparency, no Director by reason of being a member of the Committee, is involved in any decisions relating to his/her own remuneration.

Xavier Rolet, KBE
Chairman of the Remuneration Committee

All members of the Remuneration Committee are Independent Non-Executive Directors in order to preserve the transparency and integrity of remuneration processes. The Remuneration Committee meets at least four times a year and, when required, the meetings are attended by appropriate senior management of the Company (such as the Chief Executive Officer and General Manager of Human Resources), and external advisers upon invitation.

When proposing remuneration to the Board, the Committee ensures that:

- the remuneration for Executive Directors is appropriately balanced between fixed and variable pay elements, which may include annual bonus and equity-based awards;
- Executive Directors do not receive any sitting allowances or fees that may be payable to Non-Executive Directors;
- the remuneration of Non-Executive Directors is determined by the Chairman and the Executive Directors; and
- no Director or manager is involved in any decisions as to his/her own remuneration.

In accordance with its terms of reference, the Remuneration Committee assists the Board in:

- Determining the framework for the remuneration of the Chairman, Chief Executive Officer, Executive Directors and members of senior management, including without limitation, the schemes of performance-based incentives (including share incentive plans), awards, and pension arrangements and benefits for the Executive Directors and senior management.
- Ensuring that contractual terms and payments in respect of dismissal, loss of office or termination (whether for misconduct or otherwise) are fair and not excessive to the individual.
- Providing appropriate input on Directors' remuneration for the Company's Annual Report and Accounts.
- Preparing necessary remuneration procedures and policies in compliance with the Nigerian Code, UK Code and other applicable laws and regulations, and in consideration of remuneration trends in the oil and gas industry in the area where Seplat operates.
- Reviewing remuneration and related matters to ensure that they are consistent with corporate governance best practice.
- Reviewing up-to-date information about remuneration in other companies in the oil and gas sector with the aid of qualified consultants.

- Overseeing any major changes in employee benefits structures throughout Seplat.
- Designing the policy for authorising claims for expenses from Executive and Non-Executive Directors.
- Regularly reviewing the ongoing appropriateness and relevance of the Company's remuneration policy.

Highlights of business carried out by the Remuneration Committee during the year include:

- Monitoring the implementation of the Company's remuneration policy and practice.
- Ensuring the appropriate cascade of the remuneration policy to the senior management grades.
- Setting the forthcoming year Annual Bonus Performance targets for the CEO; CFO; Board executives and senior management. These targets are cascaded throughout the Company to ensure alignment.
- Review of executive remuneration and pay for the wider workforce for FY 20 in light of the economic impact of the depressed oil price and the Covid-19 implications on the economy.
- Review Executive Management performance over the past year to determine the appropriate levels of Annual Bonus – the consequence of this review cascades throughout the Company.
- Determining the 2021 fee and salary levels for the Chairman, Executive Directors and senior management.
- Reviewing the LTIP performance measures and targets to ensure continued appropriateness of the incentive structure and alignment with underlying corporate performance.
- Granting awards under the Company's LTIP as well as monitoring performance progress of outstanding awards and determining the vesting of the 2017 LTIP awards in current financial year.
- Drafting the Company's Directors' Remuneration Report.
- Reviewing the role of the Remuneration Committee and its compliance with the 2018 UK Corporate Governance Code and the 2018 Nigerian Code of Corporate Governance.
- Reviewing the scale of the completed supplementary activity requested by the Board carried out by the Finance Committee Chairman and the additional one-off payment to the Finance Committee Chair in compensation for the time involved in line with approved policy.
- Review of the outgoing CEO remuneration and exit package.
- Review of the remuneration terms for the new CEO and CFO.
- Reviewed the framework for termination payments for senior management employees and Non-Executive Directors.
- Review of the Chairman's Supplementary contract and proposed continuation of the contract from 1 January 2021.
- Review of the Remuneration Policy in line with corporate governance best practice, changes to the Company's business strategy, the need to attract, retain and motivate executives and investor sentiment and drafting the proposed remuneration policy set out on pages 115-116 of the 2020 Annual Report and Accounts.

The Committee will continue to be mindful of the concerns of shareholders and other stakeholders and welcomes shareholder feedback on any issue related to executive remuneration.

Finance Committee report

Dr. Charles Okeahalam

5 Finance Committee meetings in 2020

2020 Members	27 Jan	12 Mar	21 Apr	21 July	21 Oct	
Charles Okeahalam[1], Chairman	●	●	●	●	●	5/5
Michael Alexander[1], Member	●	●	●	●	●	5/5
Lord Mark Malloch-Brown[1], Member	●	●	●	●	●	5/5
Ifueko Omoigui Okauru[1], Member	●	●	●	●	●	5/5
Arunma Oteh[1&2], Member	–	–	–	–	●	1/1

1. Independent Non-Executive Director.
2. Arunma Oteh was appointed to the Board as an Independent Non-Executive Director on October 1, 2020. Following her appointment, she attended one (1) Finance Committee meeting that held after her October 2020 appointment.

Charles Okeahalam, Ifueko Omoigui Okauru and Arunma Oteh have recent and relevant financial experience, as highlighted in the profile of Directors on page 85.

In the financial year ended 31 December 2020, the Committee held five meetings, dates and attendance records for which can be seen in the table above.

I am pleased to make this report to Seplat shareholders on the activities of the Finance Committee, which I trust you will find to be of interest.

The Finance Committee was constituted in 2013 in compliance with the UK Code's requirement for an audit committee and consists wholly of Independent Non-Executive Directors as listed above. You will see below the details of the terms of reference for the Finance Committee. During the year, the Committee focused on strategies to bolster the Company's financial performance amidst volatile oil prices and an extremely challenging operating and financial environment. We remained steadfast in our resolve to explore and execute viable solutions to each operational and financial challenge. The details of our activities are contained below.

I shall be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Dr. Charles Okeahalam[1]
Chairman of the Finance Committee

1 Independent Non-Executive Director.

The Finance Committee consists of five members, all of whom are Independent Non-Executive Directors. The Committee meets at least four times a year, and its meetings are attended by appropriate senior management of the Company, including the Chief Financial Officer, the Head of Internal Audit, the Head of Business Integrity and the Head of Internal Controls.

The Finance Committee assists the Board in:

- monitoring the integrity of financial statements and any formal announcements relating to its financial performance, reviewing any significant financial reporting judgements contained in them;
- reviewing the Company's financial controls and financial risk management systems;
- overseeing financial strategy, policy and treasury matters;
- reviewing and approving major capital expenditures;
- making recommendations to the Board for presentation to the shareholders for approval at the AGM in relation to the appointment, re-appointment and removal of the external auditor; and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- monitoring and reviewing the effectiveness of the Company's Internal Audit function and its activities;
- providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- overseeing and evaluating the effectiveness of (and compliance with) the Company's corporate governance policies (including without limitation: conflicts of interest, related-party transactions and whistleblowing).

The Committee's activities during 2020

The Committee met five times during 2020. In compliance with the Committee's terms of reference, it considered the following:

Financial statements: the Committee reviewed the report from the external auditors and management on the interim and annual financial statements and the accompanying public releases. In doing so, it considered the following:

- the oil and gas reserve estimates;
- revenue recognition;
- fraud and management override;
- Impact of new accounting standards and regulations
- impact of the fair value adjustments on oil hedges;
- amount provisioned on OML 25 and OML 55;
- impairments on the oil and gas assets;
- contingent liability;
- areas that required significant estimation, judgement or uncertainty;
- compliance with financial reporting and governance standards;
- the basis for the going concern assessment;
- related party transactions;
- Company's compliance with OPEC quotas and deferments across all assets; and
- NPDC and NAPIMS receivables.

Strengthening the Company's statement of financial position: the Committee worked closely with Management to explore the immediate and long-term strategies for improving the Company's statement of financial position. The US$350 million SEPLAT Revolving Credit Facility (RCF) is currently drawn at US$250 million. US $100million was repaid on the RCF resulting in a savings of c. US $10,000 per day in interest charges. The US$100 million remains available for drawdown if required. The Company's position of established financial strength ensures the Company is now positioned to fund growth opportunities.

Cash flow analyses: the Committee worked closely with Management and ensured the disciplined approach to capital allocation was achieved following a substantial leverage of the statement of financial position. The minimum cash position was established and reviewed as adequate during the period.

Alternative export routes: Management had continued to achieve considerable progress to ensure completion of the Amukpe-Escravos Pipeline Project. The Trans Forcados pipeline uptime in the period was significantly higher than prior years at over 83%. The Amukpe Escravos Pipeline is expected to be commissioned in 2021.

Cost management: the Committee reviewed the continuous efforts by Management to efficiently manage costs. General and administrative costs were maintained at relatively flat levels during the year.

Oil hedging: the Committee reviewed the implementation of the existing oil hedging strategy and ensured that appropriate levels of revenue protection were considered at the same time as ensuring that the risk and costs of hedging were manageable.

Budgets: the Committee reviewed the annual budget in detail to ensure the assumptions were consistent with the business environment and appropriate growth targets. Oil price sensitivities, alternative export routes, cost reductions, impact of major acquisitions and impact of Naira devaluation were considered as a part of the process.

Deferred tax: the Committee reviewed the appropriateness of deferred tax charges in the year.

Internal and external audit: the Committee reviewed and made recommendations on the internal and external audit plans and the underlying activities, and monitored the extent and timing of remediation by Management.

Internal controls and risk management: the Committee reviewed the business risks including the management and mitigation of financial risks and the timeline for remediation.

Corporate governance compliance: the Committee reviewed the corporate governance framework to determine and make recommendations on its alignment with current Nigerian and UK regulations as well as the levels of compliance in the Company. The Committee also reviewed the effectiveness of the Business Integrity Unit, the whistleblowing policy, as well as reports made through the whistleblowing system and efforts to resolve them.

Interim and final dividend: the Committee considered the impact of declaring an interim and final dividend.

The significant issues considered by the Committee in relation to the financial statements were:

Payment of dividends in foreign currency: the Committee considered the implication of the Central Bank of Nigeria foreign exchange directive on the ability of the Company to pay dividends and contracts in foreign exchange.

Related party transactions: the Committee undertook a thorough review as to the number and extent of related party transactions. It was decided that the Committee would continue to monitor these closely with a goal of reducing the number and value of related party transactions through the introduction of other service providers.

Impairment: the Committee reviewed the impairment tests performed by management which was also an area of focus for the external auditor. In assessing the impact of impairment, oil price assumptions were compared with a number of external reference points and compared to ensure that the management estimates were appropriate. The impairment trigger resulted from the oil price impact due mainly to the Covid-19 global crisis.

Eland financing: the Committee reviewed the two lending facilities in place at Elcrest Level: Eland Reserve Based Loan Facility and the Westport Shareholder loan and recommended the restructuring of the Westport Shareholder Loan to the Board.

Internal Audit

During 2020, the Finance Committee on behalf of the Board reviewed the audit plan and received quarterly reports on the Internal Audit activities. EY supported the Internal Audit team under a manpower call-off contract to provide resources as required in delivering the Internal Audit plan.

The Head of Internal Audit reports directly to the Board through the Chairman of the Finance Committee with an administrative reporting line to the CEO. The Internal Audit function therefore has direct access to the Finance Committee and its main responsibilities include:

- evaluating the adequacy, reliability and effectiveness of governance, risk management and internal controls systems;
- evaluating the reliability and integrity of information and the means used to identify, measure, classify and report on such information;
- evaluating the means of safeguarding assets and verifying the existence of such assets, as appropriate;
- evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation; and
- performing consulting and advisory services on new initiatives and matters related to governance, risk management and internal controls as appropriate for the Company.

The Internal Audit strategy in 2020 provided greater focus on operational areas of capital spend to provide assurance about the effectiveness of operational controls, project management efficiency and delivery and achievement of strategic objectives underpinning the capital deployment. Internal Audit focused on risk areas in the selection of key projects for Audits, detailed testing of contracts and procurement processes and controls, regulatory compliance and reporting of corporate governance, review of information technology general controls and processes. In light of the ongoing global pandemic, Internal Audit also focused on the following key enterprise risk areas; Covid pandemic and threat to the global economy, oil price slump and lockdown/work from home.

The results of the Internal Audit findings were considered by the Committee at the majority of the meetings and the remedial plans were discussed with Management. As a quarterly activity, Internal Audit also conducted checkpoint remediation reviews to ensure that management was effectively closing out identified control gaps from prior audit findings.

Internal Audit continued to work through the approved implementation roadmap following the external assessment of its function and activities which occurred in the previous two years. This included the implementation of Internal Audit management software to further enhance effectiveness and quality of the audit function.

External audit

The objectiveness and independence of the external auditor are taken seriously by the Company and this is reviewed each year prior to commencement of the audit process. The Committee has a policy of ensuring that the external auditors' independence is maintained by minimising the provision of non-audit services and this is monitored closely throughout the year. Further to the process for the appointment of a new external auditor following the ten-year tenure completed by the previous external auditor, PwC were appointed as the external auditor for 2020.

The statutory audit fees earned by the external auditor for the audit services can be found in Note 10 to the financial statements.

Prior to commencement of the audit, the Finance Committee meets with the external auditor to review the audit plan and reports. This is to ensure that the Committee has a thorough understanding of the higher risk areas designed to ensure that there are no material misstatements in the financial statements.

The Committee has reviewed the external auditors' performance and independence taking into account input from Management as well as interaction with the external auditor without Management present. In making its assessment, the Committee focused on the robustness of the audit, the extent of investigation into the business and the quality and objectiveness of the audit team. Based on this information, the Committee concluded that the audit process is operating effectively and has thus recommended to the Board that the current auditor, PwC Nigeria, be reappointed as external auditor at the 2021 AGM. PwC was first appointed on 28 May 2020. The Company complies with the Nigerian corporate governance regulations, while observing those in the UK by strategically adopting the most stringent conditions under both sets of regulations. This results in the audit partner being rotated every five years and the audit being put out to tender at least every ten years.

Nomination and Establishment Committee report

Mr. Damian Dodo, SAN

6 Nomination and Establishment Committee meetings in 2020

2020 Members	27 Jan	22 April	19 May	18 Jun	22 July	20 Oct	
Damian Dodo, SAN[1], Chairman	●	●	●	●	●	●	6/6
Michael Alexander (SINED)[2], Member	●	●	●	●	●	●	6/6
Basil Omiyi[1], Member	●	●	●	●	●	●	6/6
Mark Malloch-Brown[1*], Member	–	●	●	●	●	●	5/5
Arunma Oteh[1**], Member	–	–	–	–	–	●	1/1

1. Independent Non-Executive Director.
2. Senior Independent Non-Executive Director.
* Lord Mark Malloch-Brown was appointed to the Committee in April 2020.
** Ms. Arunma Oteh joined the Board in October 2020 and the Committee in the same month.

In the financial year ended 31 December 2020, the Committee held six meetings (four quarterly meetings and two emergency meetings). The dates and attendance records for all the meetings are reflected in the table above.

The Nomination and Establishment Committee was very vigorous and effective during the year. During the first quarter of the year, the Committee was informed that Mr. Michel Hochard in his role as the Chief Executive Officer of Maurel et Prom (M&P), was appointed to the Board of SEPLAT as a nominee of M&P. However, following his retirement as the CEO of M&P, the Board of M&P appointed Mr. Olivier De Langavant as its new CEO thereby replacing Mr. Hochard as its nominee on the Board of Seplat.

The Committee considered a Travel Policy for Directors which also approved by the Board. As part of developing the capacity of Board members, a training offered by CERAWEEK Partners was scheduled in early March 2020 for interested Board members. However, due to the outbreak of the global pandemic Covid-19, the training was cancelled.

The Committee was informed that the concluded CEO Succession Plan had opened the position of the CFO for resourcing and that an executive recruiting firm, Pedersen & Partners (external consultant) had already been briefed to commence the recruitment process for the role. On the succession plan for key management roles, the Committee took note of some high-level departures such as the CEO (Mr. Austin Avuru) who retired on 31 July 2020 and was replaced by the CFO (Mr. Roger Brown).

In the second quarter of the year, the Committee focused on the recruitment of a new CFO for Seplat. A Committee made up of all members of the Nomination Committee, the Finance Committee Chairman and CEO, was put together to oversee this process in conjunction with the external consultant. The process was finalised with the appointment of Mr. Emeka Onwuka who emerged the best qualified candidate with years of experience in this role. He thereafter joined the Company and the Board on 1 August as the new CFO of Seplat.

In the desire to refresh the Board and in line with its Succession Plan, the Committee received the CVs of two proposed nominees to the Board, for its consideration and approval. The nominees were: (i) Ms. Arunma Oteh – Former DG, Securities and Exchange Commission, Former Treasurer – World Bank, etc.; and (ii) Mr. Xavier R. Rolet, KBE – Chairman, Board of PHOSAGRO PJSC, UK, etc. Both were duly considered and approved. They joined the Board in October 2020 as Independent Non-Executive Directors.

In the third quarter the Committee received an update on the new organisational structure from the new CEO (Mr. Brown) who took over on 1 August 2020. Following his retirement as the CEO of Seplat on 31 July, Mr. Austin Avuru was appointed a Non-Executive Director on the Board and as a nominee shareholder of Platform Petroleum Limited effective 1 August 2020.

The Committee also undertook a critical review of the Company's subsidiary board governance. This review led to the restructuring of the subsidiary companies in line with the new internal reorganisation and provisions of the new Companies and Allied Matters Act, 2020.

Other 2020 activities of the Committee are outlined below. For further clarification, I shall be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to speak with shareholders. If you are not able to meet me at this year's AGM, I can be contacted through the Company Secretary.

Mr. Damian Dodo, SAN
Chairman of the Nomination and Establishment Committee

All five members of the Nomination and Establishment Committee are Independent Non-Executive Directors. The Committee meets at least four times a year. When required, the meetings of the Committee are attended by other members of the Board such as the Board Chairman and the Finance Committee Chairman, appropriate Senior Management of the Company (such as the Chief Executive Officer, Company Secretary/Chief Governance Compliance Officer and General Manager Human Resources) and external advisers upon invitation by the Committee Chairman.

In accordance with the provisions of the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance, 2018, the Nomination and Establishment Committee assists the Board to:

- review at least annually the size, composition and balance of the Board and its Committees and make recommendations on any proposed changes to the Board;
- evaluate the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and ascertain that the nominees are fit and proper to carry out the duties of a Director;
- review the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current Directors in connection with their re-nomination and make recommendations to the Board;
- ensure that a Board Succession Policy and Succession Plan exists for the positions of Chairman, CEO, Executive Directors and managing directors for the subsidiary companies;
- ensure that the Company has a formal programme for the induction and training of Directors;
- undertake the annual assessment of the independent status of each INED;
- review the performance and effectiveness of the subsidiary company boards on an annual basis where applicable;
- keep up to date and be fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- recommend to the Board any proposed appointments or removals of Directors to be made in accordance with Seplat's Memorandum and Articles of Association; and evaluate the performance of Directors and make recommendations on the addition or replacement of Executive and Non-Executive Directors and the Chairman of the Board;
- oversee management's implementation of the Company's human capital development policies and procedures;
- recruit, promote, develop, review succession planning or disciplinary measures affecting Executive Directors and Senior Management; and
- develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its Committees, the Chairman and individual Directors as well as the Company's CG policies and practices.

Highlights of the business carried out by the Nomination and Establishment Committee during the year include:

- confirmed the retirement of Mr. Michel Hochard and the appointment of Mr. Olivier De Langavant in his place on the Board as a Non-Executive Director;
- deliberated and closed out on a petition by a Seplat employee who alleged unfair treatment and wrongful termination of his contract of employment with the Company;
- update on Management Succession Plan with the retirement of the CEO (Mr. Avuru) in July 2020 and the appointment of a new CEO (Mr. Brown) effective 1 August 2020; early retirement of some other members of the Senior Management Team and recruitment of new hires to fill some of these positions;
- received a presentation on Job Evaluation Overview and Performance Management from Korn Ferry, an HR Consultant;
- full oversight on the recruitment of a new CFO who joined the Company and Board in August 2020;
- considered and approved the Travel Policy for Directors;
- deliberated and approved the proposal on Board refreshment which led to the appointment of Mr. Xavier R. Rolet and Ms. Arunma Oteh as Independent Non-Executive Directors on the Board effective 1 October 2020;
- received notice of retirement from Mr. Michael Alexander and Mrs. Ifueko M. Omoigui Okauru as Directors effective 31 January 2021;
- reviewed and dealt with a misguided petition against the Board Chairman;
- appointment of Mr. Avuru as a Non-Executive Director and a representative of Platform Petroleum Limited on the Board of Seplat;
- quarterly review of the HR Dashboard which highlighted the following key updates: (i) new hires and departures including resignations; (ii) total number of males & females; (iii) maintenance of a healthy workforce; (iv) staff turnover compared to the global average annual rate; (v) Ongoing initiatives and preventive measures put in place for employees in response to the global Covid-19 pandemic such as work from home rule, setting up of a monitoring committee to advise leadership on business continuity and to educate employees on any update regarding the pandemic, availability of medical treatment for employees and their dependants for Covid-19 testing and treatment where necessary; (vi) gradual return of employees to the office post Covid-19, etc.
- re-election of retiring Directors by rotation at the AGM;
- recommendation for promotion of members of the Senior Management Team;
- proposal on nomination of Directors to the Statutory Audit Committee;
- appointment of Lord Mark Malloch-Brown and Ms. Arunma Oteh as members of the Committee effective April and October 2020 respectively;
- considered and approved the proposal on Board restructuring of all the Company's subsidiaries and affiliates companies in view of the new internal reorganisation and provisions of the new CAMA 2020;
- update on the new organisational structure which led to the key changes in the functions of the Senior Team and reporting lines to the CEO, etc.

The Board appointment process:

The Nomination and Establishment Committee leads the process for identifying and recommending the appointment of new Directors to the Board. This process involves engaging an external search company, which conducts external search for prospective candidates with appropriate skills and qualifications for specified directorship.

Following an external search, the Nomination and Establishment Committee also receives internal proposals from the Board members before conducting interviews of the short-listed candidates and recommends the selected candidate(s) to the Board for appointment after it has determined that the selected candidate(s) has the balance of skills, knowledge and experience that meets the leadership needs of the Company and that the selected candidate(s) is able to fulfil his/her duties and obligations as a Director.

In the event that the candidate(s) is to be appointed as an Independent Non-Executive Director, the Board will determine whether the candidate is independent in character and judgement, and whether there are circumstances which are likely to affect, or appear to affect, the candidate's judgement as a Director.

Diversity at Seplat

Seplat's Board and employees are amongst its greatest assets and key stakeholders. The Company is therefore committed to promoting a diverse and an inclusive workplace that will maximise value to the business and ensure the sustainable success of the Company. It is therefore the policy and practice of the Company to attract, recruit and retain diverse and talented members of the Board, Management and workforce. The Company during the year under review adopted a Diversity and Inclusion (D&I) Policy aimed at setting the parameters within which Seplat will promote diversity and inclusion within the organisation.

This Policy applies to all Directors, employees, and business partners, including their respective recruitment, engagement, remuneration, evaluation, and promotion. This Policy also applies in all countries and locations in which Seplat operates, except in jurisdictions where the Company has adopted a specific policy on D&I.

The current Board consists of nationals from a variety of cultures within Nigeria and internationally, who have diverse expertise in the local and international oil and gas industry and different business sectors. The Nomination and Establishment Committee's consideration of candidates for directorship includes a review of diversity matters. Diversity among Directors provides a strong mix of views and experiences to leverage the Board's decision-making processes and leadership activities. There are currently two female Directors on the Board: (a) Madame Nathalie Delapalme; and (b) Ms. Arunma Oteh.

The Board also promotes diversity throughout the business. Seplat's Senior Management Team consists of men and women from different cultures in Nigeria and internationally, who have varying skills and experience in the different sub-sectors of the oil and gas industry. The Board is proud of the increasing number of women within the Senior Management Team. Overall, the Company's full-time workforce comprises of 26% women and *five different nationalities.

The Board is committed to continuous investment in diversity among its Directors and employees.

*Note: Some have dual nationalities.

Gas Committee report

Basil Omiyi

3 Gas Committee meetings in 2020

2020 Members	18 March	20 July	20 Oct	
Basil Omiyi[1], Chairman	●	●	●	3/3
Michael Alexander (SID)[2], Member	●	●	●	3/3
Charles Okeahalam, Member	●	●	●	3/3
Arunma Oteh, Member	–	–	●	1/1

1. Independent Non-Executive Director.
2. Senior Independent Non-Executive Director.
3. Appointed Independent Non-Executive Director October 2020 and became a Member of the Gas Committee in October 2020.

The Committee held three meetings in the financial year ended 31 December 2020. The dates, attendance and new membership records are as shown in the table and Notes 1-3 above.

I am pleased to present to you the Gas Committee report for the 2020 financial year. The Gas Committee was constituted by the Board in 2018 with the goal of fine tuning Seplat's gas strategy and to bring greater focus to the management of the Company's gas business risks. The Gas Committee aims to help the Company successfully navigate the dynamic landscape of the gas market and to position the gas business as a robust stand-alone midstream business.
I shall be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Basil Omiyi[1]
Chairman of the Gas Committee

1. Independent Non-Executive Director.

The Gas Committee, in the financial year under review, was comprised of four Independent Non-Executive Directors who have strong leadership experience in the Nigerian and International Gas industry, as well as in-depth knowledge of finance. Ms. Arunma Oteh joined the Committee in October 2020. Details of the terms of reference for the Gas Committee and a summary of the activities carried out during the financial year are as shown below.

In accordance with its terms of reference, the Gas Committee is established to assist the Board in:

1. periodic review of a long-term strategic Gas Master Plan for SEPLAT that is consistent with the vision of the Company, and a framework for implementing the Plan;
2. overseeing the Company's successful transition from upstream operations into the midstream value chain and beyond, including gas prospects, commercial activities and legislative implications;
3. reviewing issues as they arise in major ongoing midstream investments of the Company, such as the Assa-North Ohaji-South (ANOH) project;
4. reviewing the investment portfolio and opportunities of Seplat's gas subsidiary company, Seplat Gas Company Limited;
5. receiving and considering reports relating to the Gas business, including gas prospects, commercial activities and legislative updates; and
6. overseeing other activities that are related to the Gas business of Seplat as the Board may approve from time to time.

Gas business oversight
The Gas Committee oversaw, among other activities, the following activities of the Gas business:

I. Gas sales volume: Over the course of the financial year, the Committee paid close attention to gas sales volumes, particularly as Nigeria and the global economy were impacted by the Covid-19 pandemic. The lockdown occasioned by the Covid-19 pandemic affected gas demand by industrial customers. However, the Company was able to meet its gas sales volume in the year under review. The Committee equally monitored the drilling of the gas wells planned for the year. The wells planned for drilling were successfully completed and are expected to boost gas sales volumes.

II. Turnaround maintenance of Oben Gas Plant: The Committee received the report on the Oben Gas Plant turnaround maintenance, which was successfully completed on 13 March 2020, with the plant restarting on 14 March 2020, a day ahead of schedule.

III. Collection of outstanding debt: The Committee monitored the collection of outstanding debts from Gas business customers. The Company made impressive strides in the collection of payments, considering the business disruptions experienced due to Covid-19. The improved collections kept the Company's total overdue receivables well below the target of not more than US$50million. The Company intends to sustain the improvements achieved to support further growth in the Gas business.

IV. Gas to grid power: The power sector is the major customer for gas in Nigeria and the Company therefore will remain exposed to the sector's fortunes. There are a number of challenges in the gas-to-power value chain, including inadequate liquidity and dilapidated facilities. The Power Sector Reform Programme being implemented by the Government, if successful, will alleviate these challenges. In the year under review, the Committee monitored developments in the Gas-to-Grid Power space; particularly as it relates to the following:

a) The new electricity tariff: The implementation of the new electricity tariff provides some level of comfort of improved cash flow in the gas-to-power value chain in the near term, based on the 60% increase and a promise of further improvement from 2021.

b) Review of domestic gas pricing: The Committee deliberated on proposals being made to the Federal Government on reduction of gas price for Domestic Supply Obligation (DSO) from current $2.50/Mscf to $2.00/Mscf. This is being monitored to ensure cost-reflective pricing for gas.

V. New Petroleum Industry Bill (PIB) draft: The Committee deliberated on the new PIB draft, which proposes a gas price of $3.20/Mscf. However, there are indications that the proposed gas price under the draft PIB could be challenged by some stakeholders.

VI. Sapele Gas Project: The Committee considered progress recorded and the challenges faced regarding Project. Notwithstanding the budget constraints and current funding, the associated gas compressors (to reduce gas flares) and the generators that will power the plant have been completed and are being accelerated ahead of full completion of the project.

VII. Diversification of customer base and markets: The Committee continued to pay attention to the drive for diversification of customer base and achievement of good balance between the Power and other sectors, particularly the off-grid opportunities that would ensure delivery of gas to various enterprise and industrial parks. The Committee also considered updates regarding opportunities for delivery of gas to the regional gas market.

ANOH Project: Key highlights of deliberations and activities relating to the ANOH Project carried out by the Gas Committee during the year include:

I. Funding: The Committee monitored the funding availability for the ANOH Gas Processing Company Limited (AGPC) during the financial year. AGPC received a final equity injection from both the Nigerian Gas Company (USD$60million) and Seplat (USD$30 million) respectively. Thus, both NGC and Seplat completed their respective equity injection obligations of USD$210million each, eliminating the risk of equity funding on the Project). The Committee also considered the debt financing for the Project which was to be provided by a consortium of seven banks – Stanbic IBTC Bank Plc (advisor), United Bank for Africa Plc, Zenith Bank Plc, FirstRand Bank Limited (London Branch)/RMB Nigeria Limited, The Mauritius Commercial Bank Limited, Union Bank of Nigeria Plc and FCMB Capital Markets Limited. The completion of this funding was signed on 1 February 2021.

II. Resourcing: The Committee also considered the level of resourcing available to support the ANOH project. AGPC recorded the following milestones in terms of resourcing for the project:

- Approval of the Project construction phase organisation by the AGPC Board;
- Operations phase organisation plan has been put in place for the project;
- Completion of the Graduate Trainee recruitment selection process, which was based on merit, while putting into consideration indigenes from the immediate community, Imo state and its environs;
- Recruitment of a Company Secretary/Legal Adviser for AGPC;
- Approval of the remuneration policy by the AGPC board.

III. Stakeholder Management/Community Relations: The Committee also monitored the stakeholder management and community relations activities in relation to the project. Some of the progress recorded includes:

- finalisation of the ANOH Global Memorandum of Understanding (GMoU), which is being discussed with the communities;
- donation of palliative items to the Assa community as part of efforts to curb the spread of the Covid-19 pandemic in local area;

IV. Change in the Seplat and NGC nominees to the AGPC Board: During the financial year, Seplat and NGC went through a reorganisation that resulted in the appointment of Mr. Okechukwu Mba as the new Managing Director of AGPC, while Mrs. Yetunde Taiwo has been appointed the General Manager to lead Seplat's New Energy portfolio and to be General Manager of Seplat's Gas Business.

V. Gas evacuation pipelines: The Committee also considered the readiness of the Dry Gas Export Pipelines, i.e., the Obiafu-Obrikom-Oben (OB3) and spur line, particularly on the River Niger crossing. The Company is lending its expertise to NGC to accelerate progress.

VI. Condensate evacuation: The Committee also considered potential offtakers in respect of crude offtake from Bonny terminal in view of the Government's plan to recommend lower gas prices. As part of mitigation to having a single condensate evacuation route, the Committee considered options for a condensate evacuation pipeline, particularly as the planned condensate refinery in the vicinity of the ANOH Project is still at initial stages and unlikely to be operational at the early years of operations of the ANOH gas plant.

VII. Contracts and commercial: The Committee also considered progress made with the respective contract packages required for the project completion as well as the respective commercial agreements such as:

- Crude Handling & Transportation Agreements;
- Condensate Off-take Agreement;
- Gas Sale Agreements; and
- Other arrangements to as potential de-risking mitigation opportunities against the spur line readiness.

VIII. Project Risks: The Committee also considered the risks associated with the project with focus on: Gas evacuation risk (i.e. OB3 and spur pipeline); condensate evacuation risks; project schedule risk; community interference risk; and oversaw mitigation plans for the identified risks.

Risk Management and HSSE Committee report

Basil Omiyi

4 Risk Management and HSSE Committee meetings in 2020

2020 Members	23 Jan	23 Apr	20 July	19 Oct	
Basil Omiyi[3], Chairman	●	●	●	●	4/4
Ifueko M. Omoigui Okauru[3], Member	●	●	●	●	4/4
Effiong Okon[1], Member	●	●	●	●	4/4
Austin Avuru[2], Member*	–	–	–	●	1/1
Xavier R. Rolet[3], Member*	–	–	–	●	1/1

1. Executive Director.
2. Non-Executive Director.
3. Independent Non-Executive Director.

*Mr. Xavier R. Rolet was appointed to the Board and Committee as an Independent Non-Executive Director in October 2020 while Mr. Austin Avuru joined the Committee as a Non-Executive Director in August 2020.

In the financial year ended 31 December 2020, the Committee held four meetings. The dates and attendance records for all the meetings can be seen in the table above.

The Board assigned its responsibilities for the oversight of matters relating to risk management to the Risk Management and HSSE Committee. The role of this Committee in compliance with the provisions of the Securities & Exchange Commission (SEC) Code of Corporate Governance and the Nigerian Code of Corporate Governance 2018, is to assist the Board in overseeing the Company's risk management processes, and key business risks including the risk appetite, risk profile and risk-reward strategies for the Company and as determined by the Board. It also reviews the adequacy and effectiveness of risk management and controls, has the oversight of the Company's process for identification of significant risks across its business operations and the adequacy of prevention, detection and reporting mechanisms. The Committee also carries out a periodic review of changes in the economic and business environment, including trends and other factors relevant to the Company's risk profile.

However, following the declaration of Covid-19 illness as a pandemic by the World Health Organization and its arrival in Nigeria in the first quarter of 2020, Seplat immediately introduced the following measures:

- A multi-discipline coronavirus monitoring group (COVIMOG) led by the Corporate HSE Manager was set up to monitor developments locally, internationally and report to Seplat leadership weekly on increasing or relaxing established preventive measures;
- An Operations Continuity Team was also set up in the field locations led by the Base Managers to implement established preventive measures in the field locations and ensure continuity of operations. Location Base Managers are members of COVIMOG;
- All personnel returning from overseas trip were made to quarantine for 14 days and thereafter complete a Covid-19 Illness Risk Assessment Form that is reviewed by the Company Medical Consultant and can only be allowed into any Seplat location after clearance by the Medical Consultant. PCR testing commenced in all field locations on the 5 September 2020 with retention of approved hospitals for Covid-19 treatment.

The activities of the Risk Management and HSSE Committee are summarised below with highlights on certain key activities carried out in 2020.

I will be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to discuss with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Basil Omiyi
Chairman, Risk Management and HSSE Committee
(Independent Non-Executive Director).

Membership of the Risk Management and HSSE Committee was increased from three members to five members consisting of three Independent Non-Executive Directors (one of whom is the Committee Chairman), one Non-Executive Director and an Executive Director (appointed in accordance with the provisions of NCCG which provides in section 11.5.2 that, "Members of the Committee responsible for risk management should include EDs and NEDs, a majority of whom should be NEDs").

During the year, Mr. Avuru (who retired as CEO of the Company in July 2020) joined the Committee as a Non-Executive Director in August 2020 while Mr. Rolet was appointed to the Board and Committee as an Independent Non-Executive Director in October 2020.

The Risk Management and HSSE Committee meets at least four times a year, and more if necessary. In addition to the quarterly meetings held in 2020, the Committee held two emergency meetings to review the following incidents: (a) In July 2020 – to deliberate on a fire and explosion incident that had occurred on 7 July 2020 at the mooring dolphin at Benin River Valve Station (BRVS) located on OML 40. The incident resulted in the fatalities of seven third-party contractors, the families of whom have been compensated; and (b) In November 2020 – to review the Gbetiokun Third Party Crude Storage vessel, MT Harcourt, laden with 118,000 bbls of crude on which a pump exploded on 2 November 2020, rupturing a storage tank and causing an oil spill into the Gbetiokun dredged slot. No fire, injury or fatality was recorded.

At the above meetings, appropriate members of the Senior Management such as the Chief Executive Officer, Chief Financial Officer, Technical Director, Company Secretary/General Counsel, General Manager Operations Support, General Managers Eastern and Western Assets, Manager Corporate HSE and Head of Internal Controls and Risk Management were in attendance. Specialists with appropriate technical expertise are invited to attend and present to meetings of the Committee.

The Risk Management and HSSE Committee assists the Board to:

- review and recommend for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy;
- review the adequacy and effectiveness of risk management and controls in the Company;
- receive reports from, review with, and provide feedback to, senior management on the categories of risk that Seplat faces, including credit, market and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management's views on the acceptable and appropriate levels of those risk exposures;

- evaluate the adequacy of the Risk Management function; and review the adequacy and frequency of risk reporting to the Board;
- review Seplat's credit, market, liquidity and operational risk management frameworks, including significant policies, processes and systems that senior management uses to manage risk exposures, as well as risk measurement methodologies and approaches to stress testing;
- exercise oversight over the processes for the identification and assessment of significant risks across Seplat and the adequacy of prevention, detection and reporting mechanisms;
- review the Company's level of compliance with applicable laws and regulatory requirements including those that may impact Seplat's risk profile; and the procedures and controls for any new businesses acquired or developed by Seplat;
- periodically review relevant changes in the economic and business environment, including emerging trends, management procedures, controls for risk associated with new business and other factors relevant to Seplat's risk profile and those trends which may threaten Seplat's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Boards as appropriate;
- receive information from the CFO, Operations Director, Technical Director, General Managers Assets, Internal Controls and Risk Management Unit, the General Counsel, others from senior management, Seplat's independent auditors, regulators and outside experts as appropriate regarding matters related to risk management;
- in consultation with the Audit Committee, review and discuss with senior management, at least annually: (a) the key guidelines and policies governing Seplat's significant processes for risk assessment and risk management; and (b) Seplat's major financial risk exposures and the steps senior management has taken to monitor and control such exposures;
- review the Company's policies and procedures for detecting fraud and prevention of bribery including review of the Company's whistleblowing policy and procedures;
- evaluate the effectiveness of Seplat's policies and systems for identifying and managing environmental, health and safety risks within its operations;
- assess the policies and systems within Seplat for ensuring compliance with environmental, health and safety regulatory requirements; and perform other activities related to these terms of reference and as requested by the Board;
- review and recommend for approval of the Board, at least annually, the Company's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated, and relevant assets are managed effectively. The framework may include: (a) Development of IT strategy and policy; (b) Proactive monitoring and management of cyber threats and attacks as well as adverse social media incidents; (c) Management of risks relating to third-party and outsourced IT service providers; (d) Assessment of value delivered to the Company through investments in IT; and (e) Periodic independent assurance on the effectiveness of the Company's IT arrangements.

In the financial year ended 31 December 2020, the Risk Management and HSSE Committee held four meetings and two emergency meetings, the dates of which are listed above in this report.

Highlights of the business carried out by the Committee during the year were as follows:

- quarterly review of the high risks, new risks on the Enterprise Risk Dashboard, associated risk mitigations put in place; the Enterprise Risk Register; update on Management Dashboard in respect of both Western and Eastern Assets; and risk framework and policy deployment in the Company;
- highlights of high-level technical, operational business activities including ongoing capital projects; update on Asset Integrity and Process Safety Management, Gas Business Updates, Oil/Condensate and Gas Production Performance, OPEC Quota and 2020 Production Forecast, Key Risks Deep Dive into key projects delivery, Flares Out, security within the Niger Delta region and Amukpe Water Well Contamination, etc.;
- quarterly update on Covid-19 Management Strategy for Operations Continuity; Prevention and Management of Covid-19 spread in Seplat Operations and locations;
- quarterly update on Community Relations operations, alternative export routes, and update on crude oil evacuation performance forecast; government receivables; etc.;
- quarterly review of risk notes on the ANOH Gas Project including the ANOH Risk Dashboard;
- review of 2020 Corporate HSSE Business Plan; quarterly update on HSE performance across the Company with highlights on LTI-free manhours achieved for the period, incident review panel sessions, campaign to embed Seplat mandatory safety rules in the Seplat personnel; etc.;
- quarterly review of the Legal Risk Dashboard and Litigation Matrix which highlights the key legal risks and high-profile litigations within the Company; and
- review of risk papers on the operations of the business such as Okpe Contaminated Water wells Investigation; incident at the Mooring Dolphin at Benin River Valve Station (BRVS) and the explosion on MT Harcourt, both located in OML40, etc.

Corporate Social Responsibility (CSR) Committee report

3 CSR Committee meetings in 2020

Lord Mark Malloch-Brown

2020 Members	23 April	16 July	23 Oct	
Lord Mark Malloch-Brown[1], Chairman	●	●	●	3/3
Ifueko Omoigui Okauru[1], Member	●	●	●	3/3
Madame Nathalie Delapalme[2], Member	●	●	●	3/3
Mr. Damian Dodo, SAN[1], Member	●	●	●	3/3
Mr. Xavier R. Rolet[3], Member	–	–	AB	0/1

1. Independent Non-Executive Director.
2. Non-Executive Director.
3. Mr. Rolet was appointed to the Board in October 2020 and joined the Committee the same month.

In the financial year ended 31 December 2020, the Committee held three meetings. The dates and attendance records for all the meetings can be seen in the table above.

Seplat is committed to sharing its success with its stakeholders. The Company's Corporate Social Responsibility (CSR) programmes helped thousands of people to achieve better living standards, access quality education, enjoy healthier lives, and benefit from social and economic opportunities, while driving positive business outcomes for Seplat.

The year was overshadowed by the global pandemic of Covid-19, which spread across the world at an alarming rate and quickly reached Nigeria. As urgent efforts were being made to contain the virus, lockdowns and social distancing measures naturally impacted our normal CSR activities, affecting many of our planned or ongoing programmes that would usually benefit thousands of people.

Seplat, amongst other independents in the oil and gas industry, made numerous contributions and donations at both Federal and State levels, as well as in the communities of our operations. We supplied medical consumables and in-patient support systems to support medical infrastructure in our host states, Edo, Delta & Imo. Wherever possible, we continued to focus on our priorities – to help improve healthcare, education, and financial independence in the communities in which we operate.

The CSR Committee, which was constituted in 2014, has oversight of Seplat's Community Relations Policy, practices and procedures, its CSR initiatives and review of key issues that impact relations with host and other communities. It also advises the Board on broader societal related matters in addition to key issues that may impact Seplat's reputation, brand and successful business operations. The Committee focuses CSR activities on three strategic areas: educational improvements, better healthcare and nurturing local entrepreneurship.

You will see below details of the activities carried out during the year. Further details of the Company's CSR activities during 2020 are also contained on pages 68-75.

I will be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to engage with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Lord Mark Malloch-Brown
Chairman of the CSR Committee
(Independent Non-Executive Director)

The CSR Committee comprises five Non-Executive Directors, four of whom are Independent. The Committee meets at least three times a year and when required, the meetings are attended regularly by the Chairman as well as senior management of the Company (such as the Chief Executive Officer; Operations Director; Company Secretary/General Counsel; General Manager, External Affairs & Communication; and the General Manager, Operations Support). External advisers may also attend at the invitation of the Committee Chairman.

The CSR Committee helps the Board to:

- review, agree and establish Seplat's Corporate Strategy to ensure that CSR is and remains an integral part of the strategy and its implementation in practice and that the Group's social, environmental and economic activities are aligned;
- ensure that there is recognition by all within the Group of the impact of its activities upon all stakeholders including shareholders, customers, suppliers, employees and the wider community and environment; and that those activities are regulated such that they are consistent with sustainable business and development, conducted in a socially responsible manner and have a positive impact on communities;
- oversee the development of strategy and implementation of Seplat's Community Relations Policy, CSR programmes, corporate branding efforts and policies on all key areas of CSR including standards of business conduct, ethics, charitable activities, community initiatives, while ensuring that Seplat maintains a cooperative relationship with relevant environmental, health and safety agencies (public and private) as well as with community representatives;
- develop and support the activities necessary to convert CSR Policies into an effective plan for implementation across the Group and to agree a programme of specific CSR activities and focus for each financial year, supported by appropriate targets and key performance indicators;
- develop a comprehensive Environmental Sustainability Policy/strategy and monitor its total compliance by all parties with respect to protecting the sanctity of the environment;
- oversee and ensure compliance with the CSR Policy and review performance against agreed targets and have full responsibility for all environmental matters in relation to the activities and operations of Seplat;

- oversee and monitor implementation of the executed Global Memorandum of Understanding (GMoU) between Seplat and its host communities towards ensuring that equity and fairness are promoted in the distribution of CSR-related initiatives amongst the various communities and that the programmes/activities positively impact the lives of all host communities;
- ensure that other communities which are impacted by Seplat's operations though not necessarily designated 'host communities' are given due regard in allocation of CSR initiatives as may be necessary;
- assess the performance of Seplat with regards to the impact of CSR decisions and actions upon employees, communities and other third parties. It shall also assess the impact of such decisions and actions on the reputation of the Group;
- evaluate and oversee on an ongoing basis, the quality and integrity of any reporting to shareholders and external stakeholders concerning community relations issues and approve the annual CSR report for submission to the Board for ratification and publication in the Company's Annual Reports and Accounts;
- ensure that Seplat has a system to identify and evaluate the interests of all stakeholders (both internal and external) and review the Seplat Stakeholders' Map and Matrix on a regular basis in order to be aware of changes and initiatives required to address stakeholders' interests;
- review the results of any independent audits of the Group's performance in regard to community relations matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the Board concerning the same;
- ensure appropriate monitoring tools are put in place to measure the impact of programmes under the CSR Policy;
- review and oversee other related matters and topics in relation to CSR as may be assigned to it by the Board from time to time; and
- lay down policy guidelines for charitable donations and CSR of Seplat, in line with Seplat's corporate social strategy and as allowed by the Memorandum and Articles of Association of the Company, having considered the recommendations of the CSR Committee.

Highlights of business carried out by the CSR Committee during the year include:

- implementation of Covid-19 assistance, which was achieved in a three-pronged strategy to: (a) support state and local governments in the areas of our operations (Edo, Delta/Imo) by donating medical consumables to help their capacity to contain the spread of the virus and treat infected people; (b) directly assist the host communities by providing food and medical consumables to enhance personal hygiene and contain the spread of the virus; and (c) participate in the IPPG/NNPC intervention initiatives covering provision of medical consumables/deployment of logistics and in-patient support system/delivery of medical infrastructure across the 36 states and the FCT;
- following the approval of the new CSR Strategy, JV partners (NPDC and NAPIMS) buy-in and concurrence were sought and obtained to implement the new strategic focus on quality education. Both JV partners approved the proposed budgets for implementing the new educational programmes in 2020;
- holding several brainstorming sessions and engagements at various levels to develop the implementation frameworks which included service providers being invited to make presentations of their capabilities to enable Seplat identify resources available for the programmes;
- engaged a CSR Consultant, Critical Resource Strategy and Analysis Ltd (CR) to commence an assessment of Seplat's ESG processes by analysing relevant materials on aspects of Seplat business operations. CR also interviewed members of management, Directors and external stakeholders and provided a gap analysis report on Seplat's approach to ESG;
- successfully deployed the online test for the Seplat JV Pearls Quiz Modified Programme with 574 school in participation and 1,764 students that took the online test;
- successfully deployed the Seplat Teachers Empowerment Programme (STEP) with 389 teachers that participated in the online qualifying test from 15 public schools and 12 private schools. The top 100 teachers will be trained for six months on modules aligned with WAEC syllabus;
- commenced the National Undergraduate Scholarship scheme with 64,000 applications from the Western Assets and 21,000 from the Eastern Assets and 2,000 students qualified to take the test;
- Initiated the process of adopting the guidelines of ISO 26000 Social Responsibility Management System standard implementation in Seplat. This is a way of assessing the Company's commitment to sustainability and overall performance;
- completing the Phase 1 of Seplat's ESG approach and external positioning through gap analysis and recommendations. Also completed Phase 2, which focused on designing the right approach for Seplat to strengthen its strategic positioning and profile on ESG. Phase 3 is currently ongoing which is focused on finalising and implementing Seplat's ESG Strategy. This includes ongoing support of implementation of identified core streams, a strategic response to climate change and the sustainability narrative for the gas business, etc.;
- continuous strategic stakeholders' engagement to resolve community issues and crisis, capacity development and economic empowerment through skills acquisition training programme, take-off grants, starter packs, etc.;
- Effective GMOU implementation and partnership management through sustainable community development – infrastructure development projects, relationship management and support of the operations of the Company;
- successfully submitted the 2019 Sustainability Report to the Exchange in compliance with the NSE Directive to all listed companies to submit and publish their sustainability reports before March of every year.

Corporate Governance, Compliance & Culture Committee report

Mrs. Ifueko M. Omoigui Okauru, MFR

4 Corporate Governance, Compliance & Culture Committee meetings in 2020

2020 Members	20 Jan	23 Apr	22 July	20 Oct	
Ifueko M. Omoigui Okauru[1], Chairman	●	●	●	●	4/4
Michael Alexander (SID)[2], Member	●	●	●	●	4/4
Damian Dinshiya Dodo SAN[1], Member	●	●	●	●	4/4
Madame Nathalie Delapalme, Member[3,4]	–	●	●	●	3/3

1. Independent Non-Executive Director, retired 31 January 2021.
2. Senior Independent Non-Executive Director, retired 31 January 2021.
3. Non-Executive Director.
4. Appointed Committee member effective 23 April, 2020.

In the financial year ended 31 December 2020, the Committee held four (4) meetings. The meeting dates and attendance records is as shown in the table above.

I am pleased to present to you the Corporate Governance, Compliance & Culture Committee ('CG, Compliance & Culture') report for the 2020 financial year. The CG, Compliance & Culture Committee was constituted by the Board on 18 July 2019 with the goal of bringing to greater focus of the Board, the Corporate Governance, Compliance and Corporate Culture of the Company. The CG, Compliance & Culture Committee exists to assist the Board in promoting, modelling, institutionalising, and maintaining sound ethical culture and good corporate citizenship within the Company. The CG, Compliance & Culture Committee intends to achieve this goal by working alongside Management in the establishment of parameters for measuring corporate governance, compliance, and corporate culture within the Company. The Chairman of the Board will be available at the AGM of the Company to be held on 20 May 2021 in Lagos, Nigeria to discuss any of these matters with shareholders, or if you are not able to meet him there, he can be contacted through the Company Secretary/Chief Governance Compliance Officer.

Mrs. Ifueko M. Omoigui Okauru, MFR
Chairman, Corporate Governance, Compliance & Culture Committee

The CG, Compliance & Culture Committee is comprised of three (3) Independent Non-Executive Directors and one (1) Non-Executive Director who have strong leadership experience in the Board governance, compliance and human capacity building as well as in-depth knowledge of board development, change management, management, and Board integration. Details of the terms of reference for the CG, Compliance & Culture Committee and a summary of the activities carried out during the financial year is as shown below.

In accordance with its terms of reference, the CG, Compliance & Culture Committee is established to assist the Board in achieving, amongst others, the following:

- strengthening the Company's corporate governance and compliance ethos, so as to achieve Seplat's continued survival and prosperity;
- reviewing and assessing all aspects of the Company's corporate governance, compliance, and cultural practices, review the effectiveness of relevant governance and compliance issues such as – ethics, culture, integrity, transparency, including opportunities for improving the governance and compliance framework, compliance with all applicable legislations and make necessary recommendations to the Board with respect to changes to the Company's governance and compliance practices;
- reviewing developments in corporate governance space and advise the Board periodically with respect to significant developments in the law and practice of corporate governance and recommend the approach to be taken by the Company in relation to such corporate governance standards;
- review all Board-related policies and recommend to the Board such changes as it considers appropriate;
- assessing all aspects of the Company's culture and ensuring that a healthy corporate culture is promoted as vital to the creation and protection of long-term value;
- make recommendations to the Board regarding the development of the Company's values, purpose and culture and associated behaviours for approval by the Board;
- periodically recommend and drive correct behaviours by linking the Company's overall purpose to its values;
- monitor and advise the Board on the implementation of the values, purpose, and behaviour within the Company; and
- keep under review the Company's culture and ensure that it is embedded throughout the organisation at every level and in all aspects.

Highlights of business carried out by the CG, Compliance & Culture Committee during the year include:

A. Corporate Governance, Compliance & Culture (CG, C & C) Targets for 2020: The Committee deliberated extensively on the 2020 CG, C & C targets for the year 2020. Key focus areas for the financial year 2020 included the following:

Corporate Governance

1. Code of Business Conduct (CoBC) – Organise Company-wide workshop for employees on the new CoBC and to secure written affirmation of understanding and compliance with CoBC by all employees including third-party staff; facilitation of CoBC trainings for all staff and new employees during induction.
2. Board/Management Alignment for organisational growth and development particularly as it relates to strategic objectives, CEO transition and organisational restructuring.
3. Annual Board Governance Evaluation – ensuring that annual Board evaluations are held and that identified gaps are addressed.
4. Information Technology Data Governance – ensuring that IT strategy and policy monitors and manages potential cyber threats, carry out risk assessment of third-party outsourced service providers and assessment of IT investments versus value to the Company.
5. Environment, Social Governance Policy – ensuring that the Company's reporting of its EGS reporting is in line with the regulatory requirements.

Compliance

1. Conflict of Interest (COI) – review employees' and Directors' declarations and ensure identified conflicts are resolved in line with the policy.
2. Related Party Transactions (RPT) – continuous tracking of reduced RPTs to ensure thresholds are not exceeded and necessary approvals obtained.
3. Share Dealings – ensure that Directors and employees disclose share dealings before trading in shares and notification to regulators within stipulated timeframe.
4. Inside Information – ensure tracking and automation of insiders.
5. Third-party Due Diligence – ensure proper due diligence of third-party contractors.

Culture

1. Culture of Care – focus is to embed a culture of care within the Company through the following initiatives:
   a. create a community of oneness amongst employees irrespective of cadre or categorisation;
   b. ensure safety leadership through the slogan 'everyone returns home every day unharmed';
   c. foster efficient customers'/stakeholders' management;
   d. conduct regular opinion polls (What Do You Think 'WDYT') with results displayed in public places; and
   e. create open informal networks and strengthening of coaching and mentoring scheme.
2. We Deliver on Our Promise:
   a. Customer Orientation. Emphasis here was on moving away from Internally Oriented culture to Externally Driven culture.
   b. Focus was on moving away from Local culture towards Professional culture. Some of the activities targeted at driving the delivery on promise goal included:
      (1) Roll out of health-check tool;
      (2) Post Investment Review;
      (3) After Action Review;
      (4) Relaunch of Thank God It's Friday (TGIF);
      (5) Informal collaboration initiatives such as Seplat Co-league, Team Mixers; Lessons Learned;
      (6) Defining and measuring quality service delivery via Service Level Agreements (SLAs);
      (7) Strengthening recognition for delivering result; and
      (8) Decentralisation of decision-making process.

B. Corporate Governance Policies: In furtherance of the policy review process commenced in 2019, the Committee continued in-depth review of majority of the Company's corporate governance policies with focus on key changes necessitated by updated laws, regulations, and the Company's ongoing organisational restructuring. At the end of the financial year under review, the Committee reviewed and secured Board adoption of sixteen (16) policies. The policies reviewed/developed by the Committee and adopted by the Board in the year under review include:

1. The Board Charter;
2. Code of Business Conduct Policy;
3. The Code of Business Conduct;
4. Board Succession Policy;
5. Anti-Fraud Policy;
6. Conflict of Interest for Directors and employees;
7. Bullying & Harassment Policy;
8. Gifts & Hospitality Policy;
9. Whistleblowing Policy;
10. Share Dealing Policy;
11. Inside Information Policy;
12. Electronic Information & Communication Policy;
13. Market Sounding Policy;
14. Investor Complaints Management Policy;
15. Related Party Transaction Policy; and
16. Board Representation Policy for IJVs and Other Arrangements.

In reviewing these policies, emphasis was placed on – the new Nigerian Code of Corporate Governance, the UK Code of corporate governance and best practices. The review of the Company's corporate governance policies is an ongoing task being carried out by the Committee, after which such policies are submitted for consideration and adoption by the Board.

C. Other Committee deliberations for the year under review included:

1. Organisational restructuring following the resumption of the new CEO.
2. Evaluation of the cultural impact of Covid-19 in the short, medium, and long term as well as measures and activities to mitigate such impact.

Audit Committee report

Chief Anthony Idigbe, SAN

4 **Audit Committee meetings in 2020**

2020 Members	12 Mar	21 Apr	21 July	21 Oct	
Chief Anthony Idigbe SAN., Chairman and Shareholder Member	●	●	●	●	4/4
Dr. Faruk Umar, Shareholder Member	●	●	●	●	4/4
Sir Sunday N. Nwosu, KSS Shareholder Member	●	●	●	●	4/4
Ifueko Omoigui Okauru[1], Director Member	●	●	●	●	4/4
Damian Dodo, SAN[1], Director Member	●	●	●	●	4/4
Olivier De Langavant[2], Director Member	●	●	●	●	4/4

1. Independent Non-Executive Director.
2. Mr. Michel Hochard retired from the Board and was replaced by Mr. Olivier De Langavant as a Director member on the Audit Committee.

In the financial year ended 31 December 2020, the Committee held four meetings, the dates and attendance records which can be seen in the table above.

In compliance with Section 404(7) of the Companies and Allied Matters Act 2020 (CAMA), we the members of the Audit Committee have reviewed the financial statements of the Company for the year ended 31 December 2020 and reports thereon, and confirm as follows:

- the accounting and reporting policies of the Company are in compliance with legal requirements and agreed ethical practices;
- the scope and planning of audit requirement were, in our opinion, compliant with legal requirements and best practice;
- we have reviewed the findings on management matters, in conjunction with the external auditor, and we are satisfied with the response of management in dealing with such matters;
- the Company's systems of accounting and internal controls are in compliance with legal requirements and best practice; and
- we have, in response to these matters, made the required recommendations to the auditors of the Company.

In addition to the foregoing, we the members of the Audit Committee conducted the following business during the year:

- review of the implementation of the Company's corporate governance framework;
- review of the 2020 external audit plan and the 2021 Internal Audit plan, including an assessment of the external auditors' independence; and
- review of the proposed 2021 budget and work programme.

Chief Anthony Idigbe, SAN
Chairman of the Audit Committee

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Remuneration Committee Chairman's Annual Statement

Xavier Rolet, KBE

Picture credit: Roger Askew/Shutterstock

Dear Shareholders,

As the Chairman of the Remuneration Committee (the 'Committee'), I am delighted to present our 2020 Remuneration Report, on behalf of the Board which is my first since assuming the role. The Remuneration Report covers our proposed Remuneration Policy to be put to vote at the 2021 AGM, how we intend to implement it for 2021, as well as the implementation of our current remuneration policy for the year ended 31 December 2020.

I would like to thank my predecessor as Remuneration Committee Chair, Mr. Michael Alexander, for his leadership and for establishing a Committee with a strong set of policies and practices upon which our decisions are able to be made.

Corporate performance highlights and responding to Covid-19

The Business has continued to operate effectively throughout 2020 despite the restraints of the Covid-19 pandemic and recent unrest in Nigeria. Nigeria has been fortunate in that Covid-19 has had minimal direct impact on the corporate environment, in comparison to other countries, and there has been little direct impact on Seplat and its operations at fields or offices. Nonetheless, Seplat has continued to monitor the developments of Covid-19 throughout the year, and we have enforced suitable measures to ensure the safety of our colleagues.

This year, the sector has faced an unprecedented period of oil price volatility following decrease in demand as a result of Covid-19, as well as the OPEC oil production cuts imposed in Nigeria. As a result, Seplat production was constrained by approximately 410,000 bbls on a gross basis as a result of the OPEC+ production cuts implemented in the third quarter of 2020.

Despite the difficult market place, Seplat performed robustly with production well within guidance, a continuing strong balance sheet allowing us to repay $100 million of debt and declare a $0.05 interim dividend and propose a $0.05 final dividend (to be approved by shareholders at the AGM), as well as a significant expansion in CAPEX to underpin future revenues with a focus on gas projects with the large scale ANOH gas and condensate development on target for first gas in 2022.

The key areas of FY20 performance and FY19 comparative performance are set out below:

	2020	2019
Profit (loss) before tax (US$ million)	(80)	293
Oil production volume (MMbbls)	12.3	8.7
Gas production (average daily rate, bopd)	101	131
2P Reserves (MMboe)	499	509
Lost time incident frequency rate ('LTIF rate')	nil	Nil

The resilience of our business has allowed us to respond to the economic uncertainty without having to access any government Covid-19 related support funds and schemes. We are fortunate to be in a position to provide stability and security of pay for our workforce through this difficult period and are pleased to say that we have continued to pay all colleagues in full. We have not had to furlough any of our colleagues or make any redundancies as a result of Covid-19. The Company continues to increase base salaries for our employees, whilst showing appropriate restraint in freezing salary and fees for our Board Directors in 2021. In addition, to recognise the conditions faced by Seplat and the whole sector in early 2020, the Committee determined that the maximum bonus that could be achieved for 2020 was half the normal bonus opportunity. This was implemented by ensuring that the maximum payout for each element of the bonus scorecard was 50% of maximum opportunity. The Committee also reduced the number of shares granted as part of the 2020 LTIP offering by calculating this using a £1 share price rather than the lower Q1 2020 average in line with the operation of policy and has the discretionary power to scale back the value at vesting if it is out of line with underlying company performance.

Remuneration outcomes for the 2020 financial year

Our remuneration policy is closely aligned to our strategy, the market and shareholder interests. However, as set out above the Committee determined that payouts from the 2020 annual bonus would be capped at 50% of the normal maximum. The Committee calibrated the corporate scorecard around targets linked to operational, technical, profitability, corporate responsibility and strategic progress. The 2018 LTIP award measured our success in maintaining and expanding quality reserves, and delivering long- term relative shareholder value.

Assess performance against targets

Review outcomes with management and other committees to ensure holistic reflection of performance

Consider outcomes in the context of the wider workforce and environment

Use judgement to reflect whether discretion is required, considering the market and shareholder interests

In line with this approach, the performance levels set out below resulted in reduced 2020 pay outcomes compared to 2019. The main remuneration outcomes are set out below:

The Committee reviewed the Company's performance against the bonus scorecard and established that the Company overall had performed broadly at Target (30% of maximum payout for 2020). On the basis of the enforced OPEC production restrictions and the completion of the OB3 pipeline were outside of Management's control, the Committee applied judgement in relation to these elements of the bonus scorecard given the impact of these unforeseen events. The resulting 2020 annual bonus outcomes were 30.6% of maximum for the CEO, 30.6% for the CFO and 29.1% for the Operations Director. The bonus levels represent a reduction from 2019 reflecting that a number of objectives were not met in full for 2020.

The determination of the corporate scorecard is cascaded through the organisation, affecting not only the Executive Directors, but also the bonuses of senior and middle management. The Committee is cognisant of the impact on the wider workforce when determining outcomes using the process laid out above.

The Committee considered the levels of scorecard achievement reflective of the Company's underlying performance and therefore no discretion was exercised in relation to the annual bonus outcome to the annual bonus outcome.

The 2018 LTIP awards, for which the performance period ended on 31 December 2020, will vest in May 2021 I am delighted to announce that the Company placed significantly above the upper quartile of the TSR comparator group. The level of reserves growth delivered between FY17 and FY20 was 4.696%, including growth resulting from M&A activity, which resulted in overall LTIP vesting of 86.74%. 60% of these awards will be released immediately, with the remaining 40% being released in equal instalments after a one and two-year holding period. Seplat's TSR growth of -27% over the three-year period and placing between the third and fourth placed company in the comparator group was considered a strong outcome given the sustained adverse external conditions.

The Committee felt that this achievement, combined with the downward adjustment resulting from the application of the reserves growth underpin, warranted the 86.74% vesting and therefore no discretion was exercised in relation to the LTIP.

Main Remuneration Committee actions and decisions in 2020

We set out below the key Remuneration Committee actions and decisions in 2020:

- Reviewed the remuneration policy against alignment to strategy, market best practice and compliance with the Nigerian and UK corporate governance codes, and agreed a number of changes, mostly in respect of the LTIP.
- Approved the 2020 Annual Bonus targets and reduction in opportunity for the Executive Directors and senior management. These targets are cascaded throughout the Company to ensure alignment.
- Reviewed and approved the mix of performance measures and targets for the 2020 LTIP award. The Committee also approved the grant of 2020 LTIP award to the Executive Directors, senior management and selected junior management and reviewed performance progress of outstanding awards.
- Approved the annual bonus and LTIP performance outcomes which were cascaded throughout the Company.
- Considered any Executive pay decisions that could be required in light of the emerging Covid-19 situation.
- Approved the remuneration package for the outgoing CEO, incoming CEO and incoming CFO.
- Considered salary and fee levels for its employees and Directors for FY21. Given the current competitive market positioning and in order to apply consistent treatment to all senior employees and Directors, the Committee determined that no salary increases should be awarded to Executive and Non-Executive Directors as well as UK senior management. Increases up to a maximum of 10% were awarded to other employees in Nigeria to cushion the effects of inflation.
- Approved the remuneration for Shebah's Consultancy Service Agreement.
- Reviewing the scale of the completed supplementary activity requested by the Board to be carried out by the Finance Committee Chairman and the additional one off payment to the Finance Committee Chair in compensation for this.
- Reviewed the framework for termination payments for senior management, employees and Non-Executive Directors

CEO and CFO succession

As disclosed in last year's report, Mr. Austin Avuru retired as CEO on 31 July 2020, and transitioned into his role as a Non-Executive Director. Mr. Roger Brown succeeded Mr. Avuru on 1 August 2020, transitioning from his role as CFO. We would like to take this opportunity to thank Mr. Austin Avuru for his excellent leadership, and welcome Mr. Roger Brown to his new role.

Mr. Austin Avuru's leaver arrangements are disclosed in full on page 133. In summary, the Committee determined that he would be entitled to the following:

- Payment of fixed pay (base salary, pension and benefits) for remainder of notice period in line with policy;
- One-off loss of office payment of one year's salary. The payment reflects the Company's shareholder approved policy, Nigerian market practice and the special circumstances of the CEO's retirement;
- 2020 annual bonus pro-rated for time served as CEO in the year and payout based on performance in line with policy;
- In-flight deferred bonus shares vesting on normal dates without proration in line with policy;
- In-flight LTIP awards continue to vest on the normal vesting dates based on achievement of performance targets. The Committee determined not to pro-rate the number of awards vesting on the basis that Mr Avuru remains an eligible employee under the rules of the LTIP as a Non-Executive Director and to reflect the length of his tenure as CEO and the corporate successes achieved during this period.

Details of the remuneration for Mr. Austin Avuru's role going forward as a Non-Executive Director is set out on page 130.

Mr. Roger Brown's new remuneration arrangements applied from 1 August 2020, and all elements were paid from this date. We set out below the key details of Mr. Roger Brown's remuneration arrangements for his role as CEO. Further details can be found on page 130.

- A base salary of $850,000 (including a residency allowance in line with standard Nigerian practice). This is a significant reduction to his predecessor's base salary of $1,130,000.
- In line with policy, maximum annual bonus and LTIP opportunities are 150% and 250% of salary, respectively and pension contribution has been set at 17% of salary, in line with that provided to the wider Nigerian workforce.
- Benefits are in line with the Company's policy for Nigerian based Executive Directors.

To reflect his promotion in the year, Mr Brown received an additional LTIP award to reflect the increase in his salary and LTIP opportunity.

Mr. Emeka Onwuka was appointed as CFO from 1 August 2020, with a base salary of $705,000 (including housing allowance and 13th month payment), and annual bonus and LTIP maximum opportunity in line with that provided to his predecessor of 100% and 200% of salary, respectively. Mr. Emeka Onwuka's pension contribution has also been set at 17% of salary. Benefits are in line with the Company's policy for Nigerian based Executive Directors.

Remuneration Policy review

During 2020 and early 2021, the Remuneration Committee conducted a full review of the current Remuneration Policy, as it comes to the end of its three-year cycle. The review considered the current policy's alignment to strategy, market best practice and compliance with the Nigerian and UK corporate governance codes, and agreed several changes to the current Policy:

Proposed change	Rationale
• Introduce an absolute TSR performance measure in the LTIP. • 50% of salary increase for the CEO and 40% for other Executive Directors to the LTIP, only payable subject to the achievement of an exceptional Absolute TSR performance target.	• Ensure Executives are appropriately incentivised to implement the new Strategy, encompassing M&A activity and renewable priorities • Appropriate blend of relative and absolute performance with increased alignment with shareholder experience. • Aligns with typically market practice in the E&P sector.
• Replace the formulaic operational and technical LTIP underpin with a broad underpin, operated as a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate.	• To bring arrangements in line with governance and emerging market practice, whilst still ensuring high quality operations are required to achieve high levels of vesting.
• Replace the mechanisms by which the grant size is determined (i.e. the £1 share price floor) and the potential reduction of vesting when the payout is more than 2.5 times grant value), with the following: • A policy whereby the Remuneration Committee will review any share price windfall gains at the end of the vesting period, and make any discretionary adjustments, as required, in line with market best practice.	• Align the remuneration policy with market best practice that has emerged since 2018 UK Code was released. • Maintain an approach to deal with short term volatility in share price. • Ensure the new management team are fairly remunerated for their performance going forward, and their execution of the growth strategy.
• Extend the malus and clawback provisions to include all market best practice trigger events.	• Aligns with best practice governance.

The proposed new Remuneration Policy will be put to Shareholder vote at the AGM in 2021.

Operation of the proposed remuneration policy in 2021

- The Committee determined that no salary or fee increases should be awarded to Executive and Non-Executive Directors.
- The annual bonus will be operated in line with the remuneration policy. Awards at a maximum opportunity of 150% of salary for the CEO and 100% for the CFO and the Operations Director. The performance conditions will remain a mix of financial, operational and strategic metrics, as set out on page 121.
- LTIP awards will be granted in 2021 which vest over three years subject to relative and absolute TSR performance and a broad underpin, operated as a qualitative review of Seplat's operations. This will ensure a close alignment of payouts for participants with the long-term interests of shareholders. The award levels, performance targets and weightings will be disclosed in the RNS announcement at grant, in line with Investment Association guidance.
- Overall total remuneration opportunity will be kept under review.

Engagement with stakeholders

The Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy. If any shareholders wish to discuss the Company's remuneration arrangements, The Remuneration Committee Chairman would be delighted to meet with you.

The Company operates an extensive range of mechanisms and instruments for workforce engagement which cover all employee populations, including a Joint Consulting Committee, a workshop on remuneration philosophy, the HR quarterly dashboard, visiting employees, Town Hall meetings, Seplat's voice survey and the whistleblowing policy. Please see page 119 for details of actions undertaken in 2020.

The Board and investor relations team manage and develop Seplat's external relationships with current and prospective investors. The Company regularly monitors shareholder reaction and commentary regarding its remuneration practices. The main shareholder engagement activities take place at our Annual General Meetings where we address any questions and provide clarifications on issues raised by shareholders. The Board and senior management team of the Company are also available to discuss any issues with shareholders before the Annual General Meeting. Details of the shareholder voting outcomes in respect of the remuneration policy and Remuneration Report are presented on page 136.

Additionally, the Board maintains a dialogue with investors outside the AGM so as to foster mutual understanding of objectives and to gain a balanced view of key issues and concerns of shareholders.

Summary

I hope that you find the information in this report helpful and I look forward to your support at the Company's AGM. I am always happy to hear from the Company's shareholders and you can contact me via the GM Human Resources, Charles Gbandi, if you have any questions on this report or more generally in relation to the Company's remuneration.

Notes

This report has been prepared taking into account the principles of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, the provisions of the UK Corporate Governance Code (the 'Code') and the Listing Rules.

As Seplat is a Nigerian registered company, this report has also been prepared taking into account the disclosure requirements under Nigerian law, and specifically the Companies and Allied Matters Act ('CAMA'). These rules, consistent with the UK regulations, require the remuneration of all Directors, other than the Chief Executive Officer, to be approved by shareholders at the AGM.

The report consists of four sections:

- the Annual Statement by the Remuneration Committee Chairman (pages 113-116);
- the At a Glance section (pages 116-119);
- the proposed Remuneration Policy; and
- the Annual Report on Remuneration which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2020 financial year (pages 130-136).

At a glance

Introduction

In this section, we highlight the performance and remuneration outcomes for the 2020 financial year, how the remuneration policy will be implemented in 2021 and the wider employee context.

2020 single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2020 financial year.

Executive Directors	Period	Salary[1] US$'000	Taxable benefits US$'000	Pension US$'000	Other US$'000	Total fixed pay US$'000	Bonus US$'000	LTIP[2] US$'000	Total variable pay US$'000	Total US$'000
Roger Brown (CEO)	2020	733	446	117	96	1,392	278	528	806	2,198
	2019	643	123	97	0	863	304	613	917	1,780
Emeka Onwuka (CFO)	2020	294	116	50	0	460	90	0	90	549
	2019	0	0	0	0	0	0	0	0	0
Effiong Okon (Operations Director)	2020	719	137	122	39	1,018	209	541	751	1,768
	2019	719	174	122	0	1,015	315	0	315	1,330
Austin Avuru (Former CEO)[3]	2020	659	274	112	501	1,547	302	869	1,171	2,717
	2019	1,130	507	192	0	1,829	756	1,009	1,765	3,594

1. Salaries for Executive Directors are set in USD – 2020 salaries were $850,000 for the current CEO inclusive of residency allowance, $705,000 for the CFO and $719,000 for the Operations Director inclusive of housing and 13th month allowances. For the former CEO, his 2020 salary was £663,000 and is paid based the July 2014 USD: GBP exchange rate which has been used to calculate 2019 and 2020 remuneration. For the current CEO's service as CFO during 2020, the average 2020 USD: GBP exchange rate of $1.284 has been used where applicable.
2. The value of the 2018 LTIP awards vesting in May 2021 is shown in 2020 as the performance period ended on 31 December 2020. The estimated value of these awards uses a 2020 Q4 average share price of $0.80; the actual value will be updated in the 2021 Directors' Remuneration Report when the awards vest on 2nd May 2021. The value of the 2017 LTIP awards that vested in April 2020 is shown in 2019. The value has been restated based on the actual share price on 20 April 2020 ($0.62) and includes dividend equivalents.
3. The CFO joined the Company 3 August 2020.

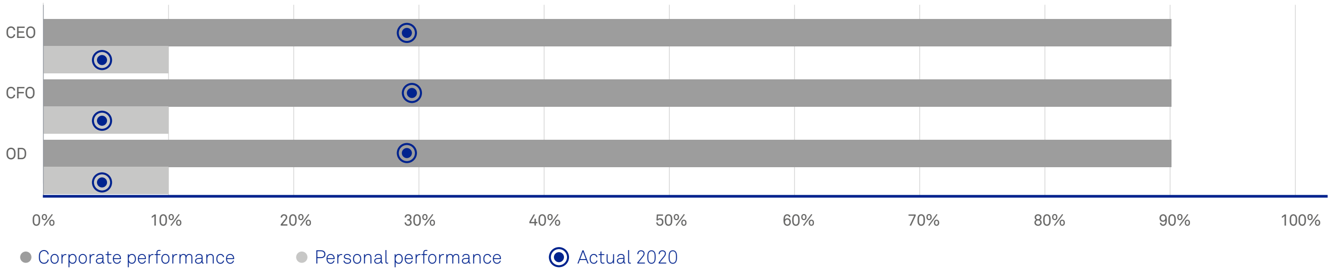
Further detail regarding the disclosures in the table above is presented in the Annual Report on Remuneration on page 132.

Variable pay outcomes for 2020

The Remuneration Committee determined both the 2020 annual bonus outcome and the vesting level of the 2018 LTIP awards (where the performance ended on 31 December 2020). We set out below a summary of the 2020 annual bonus performance outcomes, together with details of the determination of the 2018 LTIP vesting level. Further detail is set out in the Annual Report on Remuneration on page 132.

2020 annual bonus performance assessment

The chart below summarises the 2020 annual bonus performance assessment against the corporate and personal targets for the Executive Directors. On the basis of the enforced OPEC production restrictions that were outside of Management's control, the Committee applied judgement to the net Oil production element outcome given the impact of this unforeseen event. The Committee also determined that the completion of the OB3 pipeline was outside of Management's control, and therefore also applied their judgement to this element. As set out in the Chairman's statement, the Committee determined that the bonus opportunity would be capped at 50% of maximum for 2020 and this chart reflects that decision:



2018 LTIP awards vesting

The 2018 LTIP awards vest on 2 May 2021. However, the performance period for these awards ended on 31 December 2020 and their value is included in the single figure table above.

Seplat's TSR performance resulted in 100% vesting for this element of the award as the Company was placed above the upper quartile of the comparator group. The FY20 audited reserves are 499.4 mmboe which represents a 4.696% increase from the FY17 reserves of 477 mmboe, based on including the increase in reserves from the Eland acquisition. Given the audited reserves, including Eland assets, have increased by less than 10% then the 13.26% relative TSR vesting level has been reduced in line with the underpin vesting schedule, such that overall vesting is 86.74%

TSR performance vs comparator group

					2P Reserves growth underpin			
	Seplat TSR growth	Median TSR growth (25% vesting)	Upper quartile TSR growth (100% vesting)	Vesting under TSR condition	Seplat reserves growth between FY17 and FY20	Reserves growth required to fully satisfy underpin	Reduction in vesting based on the underpin	Final vesting level
	-27%	-67%	-37%	100%	4.696%*	10%	13.26%	86.74%

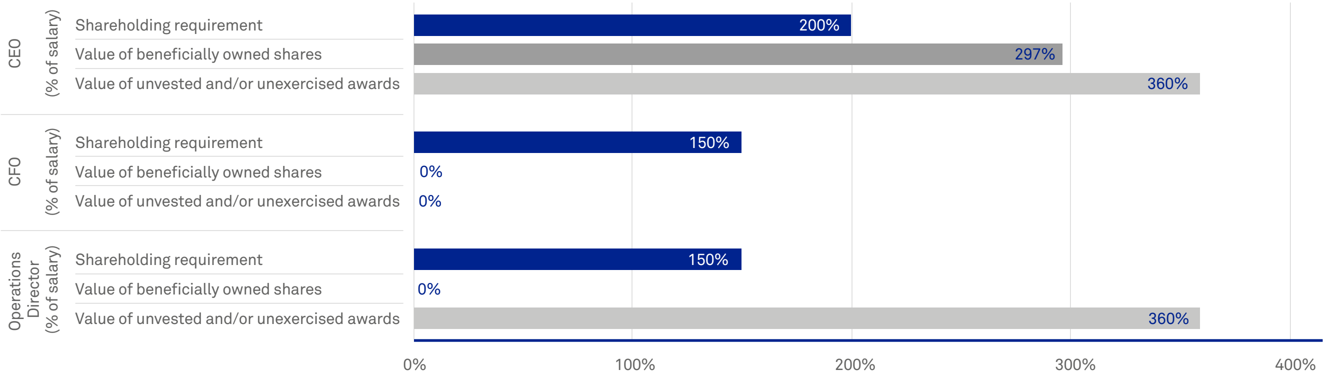
* Reserves include growth resulting from M&A activity.

Summary of application of discretion

In summary, the Committee is satisfied that the formulaic outcomes described above are a fair reflection of the performance of management in the year in the context of the wider business performance. Therefore, no discretion has been applied to the variable pay outcomes.

Executive Director shareholdings

We also set out below how our executive's shareholdings compare to the requirements of our policy using the 31 December 2020 share price of $0.89. In addition, we provide the pre-tax value of the Executive Directors' unvested or unexercised equity awards.



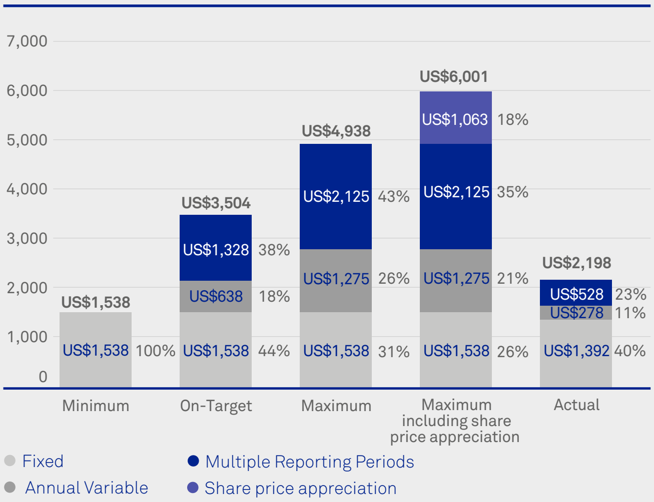
Remuneration alignment to performance

The following analysis compares CEO's pay against his remuneration opportunity and Company performance.

Actual pay versus opportunity

The chart below illustrates how the 2020 total single figure of remuneration for the CEO compares to minimum, on-target and maximum opportunity in accordance with the remuneration policy that applied in the year. 2020 remuneration is below the on-target opportunity due to the annual bonus paying out at a relatively low level, 86.74% vesting of the 2018 LTIP and as a result of a significant proportion of remuneration being based off the current CEO's previous CFO remuneration package.

CEO (US$'000)

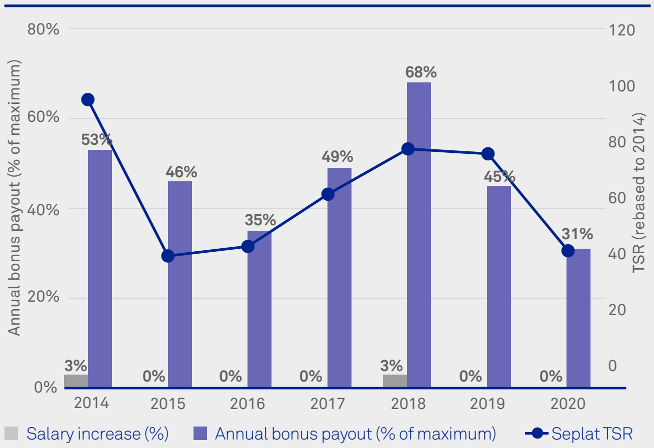


Actual CEO pay versus total shareholder return ('TSR')

The Company feels it is critical that CEO pay reflects the returns delivered to shareholders, where TSR is the core performance measure chosen to reflect shareholder experience.

In 2020 the Committee took the decision to not award base salary and fee increases to Executive and Non-Executive Directors for 2021. Annual bonus resulted in 30.6% of maximum payout, reflecting the difficult industry conditions throughout 2020. Seplat remains one of the sector's stocks of choice by continuing to perform above the upper quartile TSR. This is illustrated in the chart below.

CEO pay vs. TSR performance



The Committee considered disclosing CEO pay ratios and the Company's gender pay gap in 2020. However, given the Company's main operations are based in Nigeria whilst the UK workforce consists of significantly fewer than 250 employees, the results would not be representative of our business, statistically significant and provide little or no insight to investors. We will reassess this disclosure as the Company embeds Eland into its UK operations in future years.

Implementation of the remuneration policy for 2021

Our Directors' remuneration policy will be put to Shareholder vote at the AGM on 20 May 2021, and will apply for three years starting on 20 May 2021. We set out below a summary of our proposed Directors' remuneration policy and its implementation for 2021. The Committee does not expect implementation to deviate from its proposed policy.

Element	2021 operation
Base salary	There will be no salary increase for Executive Directors, in line with the treatment applied to other senior management. The base salaries ($000s) from 1 January 2021 will be: • CEO[1]: $850 • CFO[1]: $705 • Operations Director[1]: $719 1. The CEO's base salary includes a residency allowance, whereas the CFO's and Operations Director's base salaries include Housing and 13th month allowance, in line with local market practice
Benefits	No change from 2020 policy on the basis that benefits are dependent on the working location and are either in the form of a cash allowance or the actual benefit itself.
Pensions	The CEO's pension contributions increased from 15% of salary to 17% of salary on his promotion to CEO and move to Nigeria to align with the other Executive Directors and the wider Nigerian workforce. Pensions contributions as % of base salary will be as follows: • CEO: 17% • CFO: 17% • Operations Director: 17% Levels of pension contributions for the Executive Directors are in line with those provided to the wider workforce.
Annual Bonus	No change to the maximum opportunity as % of base salary, as follows: • CEO: 150% • CFO: 100% • Operations Director: 100% 25% of the Executive Directors' bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial, operational and strategic targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in the best interests of shareholders. The performance measures, achievement against targets and the value of awards made will be published at the end of the performance periods, so shareholders can assess the basis for any pay-outs under the annual bonus.
Long Term Incentive Plan	50% of salary increase for the CEO and 40% for other Executive Directors to the LTIP opportunity from 2020: • CEO: 300% • CFO: 240% • Operations Director: 240% All awards will vest subject to performance measures (and the Executive Director's continued employment) at the date of vesting after three years and are then subject to a two-year holding period. Malus and clawback will continue to apply to LTIP awards. The 2021 LTIP awards will be subject to a Relative TSR performance against a bespoke group of E&P companies, 25% of awards will vest for median performance rising on a straight line basis to 100% vesting for upper quartile. The increase in award levels for 2021 will only be payable subject to the achievement of an exceptional Absolute TSR performance target Full details of the weightings and performance targets will be disclosed in the RNS announcement at the time of grant, in line with the Investment Association's expectations. • The primary measures will be moderated by a broad underpin, operated as a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate. In addition, to ensure that remuneration outcomes are not unreasonable the Remuneration Committee will review any share price windfall gains at the end of the vesting period, and make any discretionary adjustments, as required, in line with market best practice.

Element	2021 operation
Non-Executive Director fees	Non-Executive Directors are paid a base fee and additional fees for chairmanship / membership of Committees and Senior Independent Directorship. In special circumstances additional Director fees can be paid for Board commissioned specific longer-term activities led by the Director. There will be no fee increase for Non-Executive Directors for 2021, in line with the Executive Directors and other senior management. Fees are shown on a gross basis i.e. before withholding tax is withheld. • Chairman: US$1,099 • Board: US$151 • Senior Independent Director: US$214 • Committee Chairmanship: US$42 • Finance Committee Chairmanship[1]: US$57 • Committee membership: US$29 • Finance Committee membership[1]: US$36 1. Only applicable to those Directors who have additional responsibilities. 2. For all Non-Executive Directors except the Chairman actual amount paid in 2020 will depend on the USD: GBP exchange rate in the year. The amounts are shown based on the 2020 average exchange rate, other than the Chairman, who is paid at an agreed exchange rate.
Shareholding requirement	Executive Directors are given five years from the date of the policy implementation or date of appointment, if later, to satisfy the following shareholding requirement: • CEO: 200% of base salary • Other Executive Directors: 150% of base salary The Committee determined that the shareholding requirement would continue to apply for one year post cessation of employment for the Executive Directors and at 50% of the requirement between one and two years post-cessation.

It is the Committee's intention that commitments made in line with its current remuneration policy and policies prior to Admission will be honoured.

The Wider Workforce

Employee value proposition

1. Competitive tool rewards

Our policy is to provide industry competitive benefits and various incentive schemes to retain and attract high performing employees, carrying out market benchmarking annually to ensure this.

2. Employee engagement

Seplat holds annual meetings of the Employee Forum and conducts an annual online survey to gather employee views on a range of matters.

3. Workforce policies

Seplat operates a number of policies which apply to both our Directors and employees including diversity, conflict of interests and share dealing. Detailed description is provided on page 96.

4. Talent development

We support our employee development with individually tailored training programmes. We provide educational assistance and subscriptions to various professional bodies.

Reward structure cascade

The table below illustrates the cascade of our reward structure from Executive Directors to the wider employee population. As shown below, senior management and key employees participate in the LTIP and annual bonus schemes. Additionally, pension contribution levels are consistent for all employee levels.

		Employee level – % of salary			
Number of participants	Element of pay	CEO	Board	Senior management (grades 1-4)	Other key employees
Executive Directors, senior management, other key employees	**LTIP**	300%	240%	50-150%	25-35%
Executive Directors	**Annual bonus – Deferred shares**	37.5%	25%	n/a	n/a
All employees	**Annual bonus – Cash**	112.5%	75%	40-75%	Up to 30%
All employees	**Pension**	17%	17%	17% in Nigeria	17% in Nigeria
All employees	**Benefits**				
All employees	**Salary**	All employees			

Employee engagement

The Remuneration Committee oversees compensation of the Chairman, Executive Directors and senior management, having regard to remuneration trends across the Company. The Remuneration Committee and management are committed to fair pay practices across the organisation. The Company holds annual meetings of the Employee Forum chaired by the General Manager, HR. Additionally, an online survey platform exists to gather views of the workforce on a wide range of matters.

When setting remuneration policy and making decisions on remuneration, the Committee references a number of factors including the general workforce pay structure, workforce policies, talent development needs and wider stakeholder impact, as illustrated below.

Employee engagement activities in 2020

In 2019 the Board nominated Ifueko Okauru to be the designated Non-Executive Director who will be working with GM HR to engage with employees, gather their views and report any feedback to the Board to inform their decision-making.

At the HR Forum the Company presented pay structure for all grades of employees including Executive Directors and addressed questions from employees to explain any differences between executive pay and the broader Company pay structure. A summary of the reward framework for all grades is presented above.

Gender pay gap and CEO pay ratio

The Committee considered disclosing CEO pay ratio and the Company's gender pay gap in 2020. However, given the Company's main operations are based in Nigeria whilst the UK workforce consists of significantly fewer than 250 employees, the results would not be representative of our business, statistically significant and provide little or no insight to investors. We will reassess this disclosure as the Company embeds Eland into its UK operations in future years.

Directors' remuneration policy

Introduction

As we reach the end of the three year cycle of our Remuneration Policy, the Remuneration Committee has conducted a review of the previous Directors' Remuneration Policy (the 'Policy') and the changes to its operation adopted in 2018 and deemed that a small number of changes are required to ensure that the remuneration policy remains aligned with the strategy, market best practice and compliance with the Nigerian and UK corporate governance codes. The new Policy will be put to a shareholder vote at the Annual General Meeting on 20 May 2021 and will apply for a period of three years from commencement, unless the Remuneration Committee decide that it is appropriate to put a new Remuneration Policy to vote before this date.

The table below sets out the proposed changes to our Remuneration Policy:

Element of remuneration	Proposed changes
Base salary	No changes proposed
Pension and benefits	No changes proposed
Annual bonus	No changes proposed
LTIP	• 50% of salary increase for the CEO and 40% for other Executive Directors to the LTIP, only payable subject to the achievement of an exceptional Absolute TSR performance target. • Introduce an absolute TSR performance measure in the LTIP. • Replace the formulaic operational and technical LTIP underpin with a broad underpin, operated as a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate. • Replace the mechanisms by which the grant size is determined (i.e. the £1 share price floor) and the potential reduction of vesting when the payout is more than 2.5 times grant value), with the following: • A policy whereby the Remuneration Committee will review any share price windfall gains at the end of the vesting period, and make any discretionary adjustments, as required, in line with market best practice.
Malus and Clawback provisions	Extend the malus and clawback provisions to include all market best practice trigger events
Shareholding Guidelines	No changes proposed
Non-Executive Director fees	No changes proposed

Policy summary

The Company's aim is to attract, retain and motivate the best talent to help execute the business strategy successfully and ensure long-term value creation for shareholders in the current challenging environment for the oil and gas industry. Overall remuneration levels have been set at a level that is considered by the Committee to be appropriate for the size, nature and aspirations of the business, having taken specialist, independent advice where necessary, in order to ensure that the policies and remuneration structure are appropriate for the listed company environment.

Our principles of remuneration

The remuneration policy aims to align the interests of the Executive Directors, senior managers and employees to the long-term interests of shareholders and aims to support a high performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance.

The guiding principles behind the setting and implementation of our remuneration policy are as follows:

Principle	Explanation
Balanced	There should be an appropriate balance between fixed and performance-related elements of the remuneration package.
Competitive	Remuneration packages should be competitive, taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry.
Equitable	There should be an appropriate level of gearing in the package to ensure that Executive Directors receive an appropriate proportion of the value created for shareholders whilst taking into account pay and conditions throughout the remainder of the Group, where the Company operates and where it is listed.
Risk-weighted	Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behavior. More generally, the overall remuneration policy should not encourage inappropriate operational risk.
Aligned	There should be suitable provision of equity awards over the longer term, focusing the Executive Directors on delivering the business strategy, allowing them to build a meaningful holding in the Company to further align their interests with those of shareholders.

How our remuneration structure supports the business strategy

In line with our remuneration principles, the Committee will manage incentive plans for the Executive Directors such that they are closely linked to the business success, as outlined below:

Maximise production and cash flows from operated assets	Oil and Gas Production Profit before Tax and cashflow	**Annual Bonus** To ensure we act as a team, the Committee, on behalf of the Board, sets management a challenging annual bonus performance scorecard. Whilst many scorecard elements are financial and operational at the Executive Director level, they do contain a number of quality targets (for example, around health and safety and corporate governance) designed to ensure we deliver the longer-term goals as a responsible and sustainable company. This scorecard is devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress. The content of this annual scorecard will change to mitigate short-term pressures and exploit short-term opportunities – all aligned to deliver the longer-term strategic objectives.
Commercialise and produce gas reserves	Gas development projects	
Be a highly responsible corporate citizen	Health & Safety High quality governance	
Successfully develop fields Move up 2C resources into 2p reserves category	Good quality operations	**LTIP** Our overall strategic goal is to be a high performing oil & gas company – a shareholder stock of choice, within our sector and region. To achieve this, we align Executive Director equity awards with the fortunes of the shareholders through a relative TSR measure – based on performance against comparable oil & gas companies – seeking to attain regular upper quartile results. If we achieve median positioning or above over a three-year cycle, management are well rewarded in that year; if we fall below the median position, management share the financial disappointment. We ensure Executives are appropriately incentivised to implement the new Strategy, encompassing M&A activity and renewable priorities, whilst providing outcomes aligned to the Shareholder experience through the implementation of an Absolute TSR performance measure. This strategic three to five-year reward structure is further underpinned by the need to sustain good quality operations, as measured by a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate.
Deliver shareholder value	Share price growth and dividends (TSR)	
	Alignment to shareholder interests	**Shareholding requirement** Success will deliver growing management share-ownership with extended retention periods, clawback in case of mis-statement, ability to override formulaic outcomes if they are out of line with corporate performance and sizable personal retained shareholdings. This is all working towards aligning the Company's executive leadership with the interests of shareholders.

In addition to supporting strategy, the policy also aligns with the six factors under provision 40 of the UK Corporate Governance Code, as set out below:

Factor	Description	How the remuneration policy is aligned
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Our Directors' remuneration policy is based on the remuneration principles (see page 120) which are aligned with the strategic priorities. The policy is cascaded throughout the organisation as shown on page 119. The Company promotes meaningful engagement with its key stakeholders, including shareholders (via Annual Report / AGM / investor events where the remuneration structure and main pay-related decisions made in the year are communicated) and workforce (via annual engagement).
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The remuneration structure is based on a simple principle of maximising the long-term shareholder value. Key metrics are chosen to fulfil this objective by encouraging strong operational and financial performance. We are constantly seeking feedback on the remuneration structure and are reviewing ways in which it could be simplified.
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Remuneration Committee constantly monitors potential risks arising from the operation of the remuneration arrangements. We closely monitor compensation arrangements provided to joiners and leavers, including senior management, to ensure that any payments are appropriate and aligned with the remuneration policy. The Committee also has discretion to override formulaic outcomes to ensure that any payments are reflective of the underlying performance. Post-vesting holding period and post-cessation shareholding requirement apply to Executive Directors.
Predictability	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Remuneration Committee actively manages expectations of its key stakeholders in relation to the remuneration outcomes. The Company provides in its Annual Report an illustration of the potential levels of remuneration receivable by the Executive Directors under a number of performance scenarios. As set out on page 124, the Committee has discretion to override formulaic outcomes of the incentives to ensure alignment with the underlying performance.
Proportionality	The link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance.	The Committee annually reviews the continued appropriateness of the remuneration policy to ensure that the structure and performance metrics remain aligned to the strategic objectives and long-term value creation. As set out on page 124, the Committee has discretion to override formulaic outcomes of the incentives to ensure alignment with the underlying performance.
Alignment to culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Board reviewed culture in 2019 and the Committee is comfortable that incentive schemes operate in line with the key values of the organisation. Alignment of our incentives structure to strategy is illustrated on page 121.

Remuneration policy in practice

In order to deliver upper quartile performance against our oil and gas contemporaries, making Seplat the investor's sector choice, we need to attract and retain highly experienced individuals. This applies not just at the executive level, but also within the management line. This is a recruitment and selection function led by the Nomination and Establishment Committee at the highest level, through the CEO, and into management levels. To attract and retain the top talent within the industry, we will be paying median to upper quartile packages. We accept that this requires strong performance delivery and hence expect to set challenging performance targets.

Our Executive Director remuneration policy which, once approved, will apply for three years starting from 20 May 2021, is outlined below.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes from previous policy
Base Salary Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy. Set to reflect the role, the nature of operations and the contribution, skills and experience of the individual.	An Executive Director's base salary is set on appointment and is aimed to provide a competitive base salary relative to an appropriate benchmark. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Group; • the general performance of the Group; • salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking[1]; and • the economic environment. It is reviewed annually (effective from 1 January each year) or when there is a change in position or responsibility. Any subsequent salary increases will take into account factors such as: • the performance of the individual; • pay and conditions throughout the Company; • inflation/cost of living in jurisdictions where Executive Directors reside; and • the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in the E&P sector.	Over the policy period, base salaries for current Executive Directors will be set at a competitive level within the comparator group and will increase in line with the increase for the general workforce in the Company other than in exceptional circumstances or when there is a change in role or responsibility. Base salary increases will be capped at 10% p.a. New promotes or recruits to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved. The Company will set out in the section headed implementation of remuneration policy in the following financial year the salaries for that year for each of the Executive Directors (see page 135).	N/A	None.
Benefits Provides a level of benefits consistent with local market practice to support individuals in carrying out their roles.	Benefits provided to the Executive Directors are dependent on their working location.[2] Benefits can be provided either in the form of a cash allowance or as the actual benefit itself. The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensures it is able to support the objective of attracting and retaining personnel.	The maximum opportunity for benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	N/A	None.
Pension Provides a competitive level of retirement benefit.	Employer retirement funding is determined as a percentage of gross basic salary, up to a maximum limit of 17%. This may be provided either as a contribution into a personal pension fund or as a cash supplement.	A maximum pension contribution of 17% of salary. The Company will set out in the section headed implementation of remuneration policy in the following financial year the pension contributions for that year for each of the Executive Directors (see page 135).	N/A	None.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes from previous policy
Annual Bonus Provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy (by including performance conditions around both financial and quality targets) and the creation of value for shareholders. In particular, it supports the Company's objectives allowing the setting of annual targets based on the Company's' strategic objectives at that time, meaning that performance conditions will change to mitigate short-term pressures and exploit short-term opportunities – all aligned to deliver the longer-term objective.	The Committee will determine the maximum annual participation in the annual bonus for each year, which will not exceed 200% of salary. 75% of any bonus earned will be paid in cash at the end of year one. The remaining 25% of any bonus earned will be deferred into shares (under the rules of the LTIP) and paid at the end of year three. The Company operates an annual bonus scorecard of performance metrics, incorporating the Company's KPIs as well as individual performance targets. Details of the performance conditions and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration. The Committee retains discretion to make adjustments to the amount of annual bonus payable resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of corporate performance. The Committee may award dividend equivalents on deferred share awards to the extent that these vest based on dividends paid between grant and vesting.	Maximum bonus opportunity of 200% of salary. Percentage of bonus maximum earned for levels of performance: • Threshold – 30% • Target – 50% • Maximum – 100%	The Company operates an annual bonus scorecard of performance metrics, incorporating the Company's KPIs around financial, strategic and operational / technical conditions as well as individual performance targets. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. The performance measures, achievement against targets and the value of awards made will be published at the end of the performance periods so shareholders can assess the basis for any pay-outs under the annual bonus. Although there are no specific plan rules for the annual bonus, the Committee has decided to adopt malus and clawback provisions. The deferred bonus shares are awarded under the LTIP and so will be subject to the malus and clawback provisions contained within the LTIP rules.	None.
Long Term Incentive Plan Awards are designed to incentivise the Executive Directors to maximise total shareholder return by successfully delivering the Company's objectives and to share in the resulting increase in total shareholder value. If targets are reached, Executive Directors are well rewarded – however if we fail, management share the financial disappointment. The use of relative and absolute TSR measures the success of the implementation of the Company's strategy in delivering an above market level of return and strong absolute returns. The use of a broad underpin, operated as a qualitative review of Seplat's operations ensures that vesting is further underpinned by good quality operations.	Awards are made annually to Executive Directors. The number of share awards to be granted under the LTIP will be calculated based on the average share price over the 5 days preceding the date of grant. The awards will vest at the end of a three-year period subject to: • the Executive Director's continued employment at the date of vesting; and • satisfaction of the performance conditions. To the extent that awards vest, the awards will be subject to a further two-year holding period. The Committee retains discretion to make adjustments to the amount of LTIP vesting payable resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of corporate performance. The Committee may award dividend equivalents on awards to the extent that these vest based on dividends paid between grant and release.	Maximum value of 300% of salary p.a. based on the market value at the date of award set in accordance with the rules of the Plan. There is no requirement to make this level of award every year.	The committee will determine the performance measures, weightings and targets for the LTIP awards on an annual basis. In relation to the Relative TSR element, 25% of the award will vest for threshold performance, increasing on a straight-line basis to100% of the award for maximum performance. In relation to the Absolute TSR element, the additional opportunity will vest only if the performance target is met. This level of vesting outcome under the primary performance conditions will be moderated by a broad underpin, operated as a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. Details of the performance conditions for awards made in the year will be set out in the Annual Report on Remuneration or an RNS announcement at the time of grant and for future awards in the statement of implementation of remuneration policy in the future financial year. The LTIP contains malus and clawback provisions.	See table on page 132.

1 Salaries are set compared to a peer group of international oil and gas companies.
2 Benefits may include Life Assurance, Employee Compensation Scheme, Personal Accident Assurance, Housing allowance / housing costs, Long Term Disability Assurance, Private Healthcare, Gym/Club Membership, Logistics support, Car and driver, Phone Allowance / Mobile Phone, Children's Education allowance, Rest and Recreation allowance, Residence Allowance, In country allowance and 13th month allowance.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics	Changes from previous policy
Non-Executive Director Fees Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.	The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors. Non-Executive Directors are paid a base fee and additional fees for chairmanship/ membership of Committees/ Senior Independent Directorship. Fees are reviewed annually based on equivalent roles in UK listed companies taking account of the Company's location and sector. Non-Executive Directors do not participate in any variable remuneration arrangements.	In general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the workforce. The Company will pay reasonable expenses incurred by the Chairman and Non-Executive Directors.	N/A	None.
Shareholding requirement	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon the Committee operates formal shareholder guidelines to encourage long-term share ownership by the Executive Directors.	CEO: 200% of annual base salary Other Executive Directors: 150% of annual base salary Executive Directors will be given five years from the date of the previous (2018) policy implementation, or date of appointment if later, to satisfy the shareholding requirement. The shareholding requirement continues to apply for one year post cessation of employment for the Executive Directors and at 50% of the requirement between for an additional year.	N/A	None.

It is the Committee's intention that commitments made in line with its current and previous remuneration policies and policies prior to Admission will be honoured.

The Committee is satisfied that its approach to the Directors' remuneration is designed to promote the long-term success of the Company.

Performance Measures

Please see the 'How our remuneration structure supports the business strategy' section for information on why the LTIP performance measures have been chosen and how the annual bonus scorecard will be determined by the Committee each year.

Discretion

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of the Annual Bonus and LTIP (the LTIP being operated in general terms according to the rules). These include, but are not limited to, the following:

- the participants;
- the timing of an award;
- the size of an award;
- the determination of vesting and/or payout;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- the annual review of performance measures and weighting for the Annual Bonus and LTIP.

These discretions, which in certain circumstances can be operated in both an upward and downward manner, are consistent with market practice and are necessary for the proper and fair operation of the plans so that they achieve their original purpose. The Committee retains discretion to make adjustments to the amount of incentives payable (following approval of this policy) resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of corporate performance. It is the Committee's policy that there should be no element of reward for failure and any upward discretion will only be applied in exceptional circumstances.

Differences in policy from the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Executive Directors' annual scorecard is devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress.

The Company continues to cascade the LTIP to management grades below Executive Directors, ensuring a consistent reward framework. The Group also operates variable pay plans on a discretionary basis, with pension provision offered to all Executives and employees.

Recruitment policy

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the remuneration policy table on pages 125. The Committee is mindful that it wishes to avoid paying more than it considers necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. As a result, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

Element of remuneration	Recruitment policy
Salary	Salary will be set in line with the policy for existing Executive Directors. New promotes and recruits to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved.
Benefits	The standard benefits package (depending on the local market) will apply.
Pension	The maximum employer contribution will be set in line with the Company's policy for existing Executive Directors which is also aligned with the wider workforce.
Annual Bonus	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 200% of salary.
LTIP	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 300% of salary.
Maximum variable pay (incentive opportunity)	In the year of recruitment the maximum variable pay will be 500% of salary. For the avoidance of doubt this excludes the value of any "Buy Out" of incentives forfeited on cessation of previous employment.
Sign-on compensation	The Committee's policy is not to provide sign-on compensation.
"Buy Out"' Of incentives forfeited on cessation of employment	The Committee's policy is not to provide buy outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a Buy Out, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the Executive Director's cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value ('lapsed value'). The Committee may then award up to the same expected value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the Buy Out within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation	In instances where the new Executive Director is relocated from one work-base to another, the Company will provide ongoing compensation to reflect the cost of relocation for the executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences and/or any other benefits/allowances which are standard market practice in the host location.

The Committee's policy is to align internal promotes to the Board with the remuneration policy from the date of promotion. However, new promotes to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role.

In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved. In exceptional circumstances, where contractual benefits are forfeited on promotion, an equivalent cash payment can be made to compensate the value of contractual arrangements foregone. Any such payment will be made at the Remuneration Committee's discretion on a fair and reasonable basis.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

Service Contract and letter of appointment

The Committee's policy for setting notice periods is that a 12-month period will apply for Executive Directors unless the Committee determines otherwise.

The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment, which are kept at Seplat's registered office along with Executive Director service contracts.

As required by Nigerian law, the Company follows the provisions set out in its Memorandum and Articles of Association and annually places one-third of its Independent Non-Executive Directors for re-election.

Executive Directors	Date of service contract	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
Roger Brown	20 May 2013	Rolling	12 months	12 months	Payment in lieu of notice equal to 12 months' salary and benefits, including any payments accrued at the date of termination.
Emeka Onwuka	3 August 2020	Rolling	12 months	12 months	
Effiong Okon	1 February 2018	Rolling	12 months	12 months	

Non-Executive Directors	Date of letter of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
A.B.C. Orjiako	1 June 2017	Fixed term to 31 May 2020	12 months	12 months	None.
Michael Alexander	6 June 2018	Fixed term to 2021 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Michel Hochard[1]	14 December 2009	Rolling	6 months	6 months	None.
			6 months	6 months	None.
Basil Omiyi	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Ifueko M. Omoigui Okauru	30 June 2014	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Charles Okeahalam	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Lord Mark Malloch-Brown	6 June 2018	Fixed term to 2021 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Damian Dodo	30 June 2014	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Nathalie Delapalme	18 July 2019	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Austin Avuru	1 August 2020	Fixed Term	12 months	12 months	None
Olivier de Langavant	28 January 2020	Fixed Term	12 months	12 months	None.
Arumah Oteh	1 October 2020	Fixed Term to Next AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Mr. Xavier R. Rolet	1 October 2020	Fixed Term to next AGM	6 months	6 months	6 months' fees if not re-elected or retired.

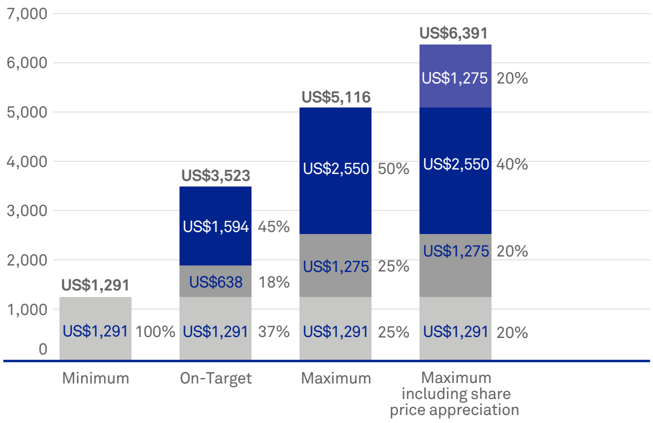
Illustrations of the application of the remuneration policy

The charts below illustrate the remuneration that would be paid to each of the Executive Directors, based on salaries at the start of financial year 2021, under four different performance scenarios: (i) Minimum; (ii) On-target; (iii) Maximum; and (iv) Maximum plus 50% share price appreciation over three years on the LTIP. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Variable; and (iii) Multiple Reporting Periods.

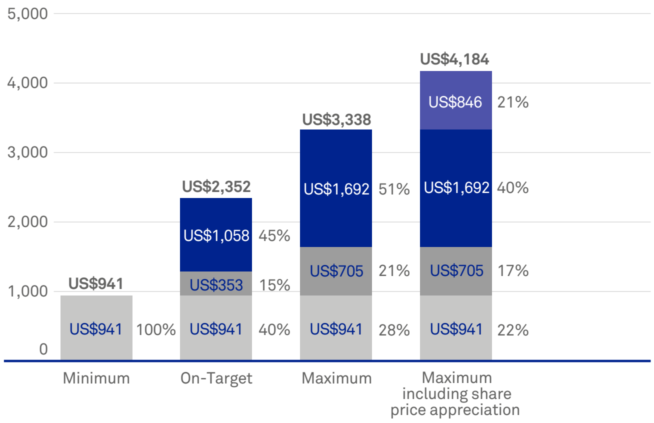
Element	Description	Minimum	On-target	Maximum	Maximum plus 50% share price appreciation
Fixed	Salary, benefits and pension	Included	Included	Included	Included
Annual Variable	Annual bonus (including deferred shares)	No annual variable	50% of Maximum	100% of maximum bonus	100% of maximum bonus
Multiple Reporting Periods	Award under the Long Term Incentive Plan	No multiple year variable	62.5%[1] of the maximum award	100% of the maximum award	100% of the maximum award
Share price appreciation	N/A	N/A	N/A	N/A	50% share price appreciation over three years applied to 100% of the maximum LTIP award

1. On-target % pay-out is calculated as the mid-point between threshold vesting of 25% (for threshold performance) and the maximum vesting of 100% (for maximum performance).

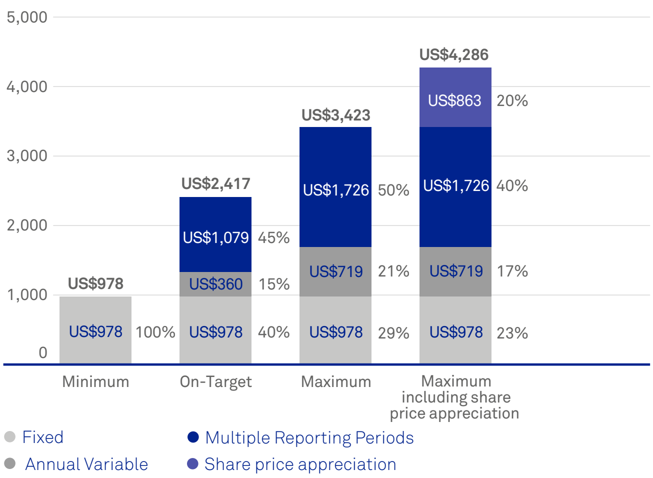
CEO (US$'000)



CFO (US$'000)



Operations Director (US$'000)



The following table sets out the key aspects of policy used to populate the charts above.

Role	2021 salary (US$'000)	Benefits	Annual Bonus (% salary)	LTIP (% salary)[1]	Pension (% salary)
CEO	850	296	150%	300%	17%
CFO	705	116	100%	240%	17%
Operations Director	719	137	100%	240%	17%

In accordance with the regulations, dividend equivalents have not been added to deferred share bonus and LTIP share awards.

Payment for loss of office policy

When determining any loss of office payment for a departing individual the Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.

Under Nigerian law, any payment for loss of office to Directors must be approved by shareholders at the AGM. The table on the following page sets out, for each element of total remuneration, the Company's policy on payment for loss of office in respect of the Executive Directors and any discretion available to the Committee. In any year where a Director has received payment for loss of office the Company will ask shareholders to vote on that payment on a retrospective basis.

<table>
<tr><th>Remuneration Element</th><th colspan="3">Treatment on cessation of employment</th></tr>
<tr><td>Salary</td><td colspan="3">In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation.
In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months salary.
Salary will be paid over the notice period. The Company has discretion to make a lump sum payment on termination of the salary payable during the notice period. In all cases the Company will seek to mitigate any payments due.</td></tr>
<tr><td>Benefits</td><td colspan="3">Benefits will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the benefits payable during the notice period. In all cases the Company will seek to mitigate any payments due</td></tr>
<tr><td>Pension</td><td colspan="3">Company pension contributions will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the Company pension contributions, or equivalents, during the notice period. In all cases the Company will seek to mitigate any payments due.</td></tr>
<tr><td>Annual Bonus</td><td>Good leaver reason
Performance conditions will be measured at the normal measurement date. The bonus will normally be pro-rated for the period worked during the financial year and paid entirely in cash.</td><td colspan="2">Other reason
No bonus payable for year of cessation.</td></tr>
<tr><td>Annual Bonus (deferred shares)</td><td>Good leaver reason
All subsisting deferred share awards will vest in full on the normal vesting dates.</td><td>Other reason
Lapse of any unvested deferred share awards.</td><td>Discretion
The Committee has the following elements of discretion:
• to determine that an executive is a good leaver;
• whether to pro-rate the maximum number of shares to the time from the date of award to the date of cessation. The Committee's policy is generally to not pro-rate to time. The Committee will determine whether to pro-rate based on the circumstances of the Executive Director's departure; and
• whether to deliver awards at the time of cessation or at the normal vesting date. The Committee's policy is to deliver awards at the normal vesting date.</td></tr>
<tr><td>LTIP</td><td>Good leaver reason
Pro-rated to time and performance in respect of each subsisting LTIP award with awards vesting on the normal vesting dates.</td><td>Other reason
Lapse of any unvested LTIP awards.</td><td>Discretion
The Committee has the following elements of discretion:
• to determine that an executive is a good leaver;
• to measure performance (or any other condition) over the original performance period or at the date of cessation;
• whether to pro-rate the maximum number of shares to the time from the date of award to the date of cessation (rounded up to the nearest month). The Committee's policy is generally to pro-rate to time; and
• whether to deliver awards at the time of cessation or at the normal vesting date. The Committee's policy is to deliver awards at the normal vesting date.</td></tr>
<tr><td>Other contractual obligations</td><td colspan="3">Compensation for forfeited remuneration:
• On termination, any "buy out" awards would normally lapse.
• Other benefits e.g. relocation allowances, international mobility benefits and expenses:
• Will depend on what has been agreed on appointment; the Committee would not expect any or all of these elements of pay to form part of any termination arrangement.
• The Committee has discretion to make payments in respect of these elements of remuneration, provided the termination is not as a result of poor performance.</td></tr>
</table>

A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- redundancy;
- injury or disability;
- retirement with the consent of the Company;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Committee (as described above).

Cessation of employment in circumstances other than for 'good leaver' reasons is classified as cessation for 'other reasons' as set out in the table above.

Change of control

The Committee's policy on the payment and vesting of incentives on a change of control is summarised below:

Name of Incentive plan	Change of control	Discretion
Annual Bonus (cash)	Performance conditions will be measured at the date of the change of control. The bonus will normally be pro-rated to the date of the change of control.	The Committee retains discretion to continue the operation to the end of the bonus year. The Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions must be satisfied.
Annual Bonus (deferred shares)	Subsisting deferred share awards will vest on a change of control.	The Committee retains the discretion to pro-rate to time.
LTIP	The number of shares subject to subsisting LTIP awards on a change of control will be pro-rated to time and performance.	The Committee has discretion: • to determine whether to pro-rate the award to time. The Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions must be satisfied; and • to determine to pay cash in lieu of shares.

Malus and Clawback

Malus provisions apply to the Annual bonus and LTIP. Malus is the reduction of a payout or the number of shares under an award (including to zero) as a result of the occurrence of one or more circumstances as set out below.

Clawback is the recovery of cash payments made or vested share awards as a result of the occurrence of one or more circumstances as set out below. Clawback may apply to all or part of a participant's payment under the LTIP or annual bonus and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The malus and clawback trigger events are set out below:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition, or condition in respect of a payment or award under the annual bonus or LTIP, that was based on error, inaccurate or misleading information;
- the discovery that any information used to determine the annual bonus or the LTIP award was based on error, inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct;
- event or behaviour of a participant leading to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company, provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;
- a material failure or risk management; and
- corporate failure (to the extent the Group company believes such a trigger would be broader than those already in use).

The following table sets out the periods during which malus and clawback may be effected by the Committee:

	Annual Bonus	Long Term Incentive Plan ("LTIP")
Malus	At any time prior to the payment / vesting date of deferred shares.	At any time prior to the vesting date.
Clawback	Two years from the date of payment of cash bonus or vesting of the deferred share element.	Five years from the date of grant.

Statement of conditions elsewhere in the Company

The Committee, along with setting the remuneration packages of the Executive Directors, also has purview over the reward arrangements of the Senior Management Team, which consists of 30 additional employees. The Committee did not specifically take employee views into consideration when setting Policy.

When considering the salary movements on a year-on-year basis for the Senior Management Team, the Committee will take account of salary increases across the general employee base. Executive Director annual bonus targets are also devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress. In addition, the Company continues to cascade the LTIP to management grades below Executive Directors, ensuring a consistent reward framework, as set out in more detail in the At A Glance section on page 116.

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy. If any shareholders wish to discuss the Company's remuneration arrangements, The Remuneration Committee Chairman would be delighted to meet with you.

Annual report on remuneration

Single total figure of remuneration

Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2020 financial year, on a receivable basis in accordance with the policy as approved by shareholders. Comparative figures for the 2019 financial year have also been provided.

Executive Directors	Period	Salary[1] $'000	Taxable benefits $'000	Pension $'000	Other $'000	Total fixed pay $'000	Bonus $'000	LTIP[2] $'000	Total variable pay $'000	Total $'000
Roger Brown (CEO)	2020	733	446	117	96	1,392	278	528	806	2,198
	2019	643	123	97	0	863	304	613	917	1,780
Emeka Onwuka (CFO)	2020	294	116	50	0	460	90	0	90	549
	2019	0	0	0	0	0	0	0	0	0
Effiong Okon (Operations Director)	2020	719	137	122	39	1,018	209	541	751	1,768
	2019	719	174	122	0	1,015	315	0	315	1,330
Austin Avuru (Former CEO) [3]	2020	659	274	112	501	1,547	302	869	1,171	2,717
	2019	1,130	507	192	0	1,829	756	1,009	1,765	3,594

1. Salaries for Executive Directors are set in USD – 2020 salaries were $850,000 for the current CEO inclusive of residency allowance, $705,000 for the CFO and $719,000 for the Operations Director inclusive of housing and 13th month allowances. For the former CEO, his 2020 salary was £663,000 and is paid based the July 2014 USD: GBP exchange rate which has been used to calculate 2019 and 2020 remuneration. For the current CEO's service as CFO during 2020, the average 2020 USD: GBP exchange rate of 1.284 has been used where applicable.
2. The taxable benefits for each Executive Director comprise those which are quantifiable.
3. Bonus relates to the year it was earned and includes the deferred proportion of the award.
4. The value of the 2018 LTIP awards vesting in May 2021 is shown in 2020 as the performance period ended on 31 December 2020. The estimated value of these awards uses a 2020 Q4 average share price of $0.80; the actual value will be updated in the 2021 Directors' Remuneration Report when the awards vest on 2 May2021. The value of the 2017 LTIP awards that vested in April 2020 is shown in 2019. The value has been restated based on the actual share price on 20 April 2020 ($0.62) and includes dividend equivalents.
5. Pension contributions are provided as a cash supplement/contribution.
6. CFO joined the Company on 3 August 2020 as an executive director
7. Mr. Roger Brown was appointed as the CEO effective 1 August 2020

Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director for 2020 on a paid basis in accordance with the policy as approved by shareholders.

Name	2020 fees[1,2] ($'000)	2019 Fees[1,2] ($'000)	Role
A.B.C. Orjiako	1,099	1,155	Non-Executive Chairman and Nomination and Establishment Committee member
Michael Alexander	522	524	Senior Independent Director, Remuneration Committee Chairman, Finance, Gas and Nomination and Establishment Committee, Corporate Governance, Compliance & Culture member
Michel Hochard[3]	13	151	
Basil Omiyi	294	298	Gas and Risk Management Committee Chairman, Remuneration, Nomination and Establishment Committee member
Ifueko M. Omoigui Okauru	287	267	Corporate Governance, Compliance & Culture Committee Chairman Finance, CSR and Risk Management Committee member
Charles Okeahalam	330	254	Finance Committee Chairman, Remuneration and Gas Committee member
Lord Mark Malloch-Brown	223	232	CSR Committee Chairman and Finance Committee member
Damian Dodo	280	242	CSR and Nomination and Establishment Committee Chairman, Remuneration, Corporate Governance, Compliance & Culture member
Nathalie Delapalme	203	82	CSR Committee member
Oliver de Langavant[4]	140	n/a	
Austin Avuru[5]	75	n/a	Risk and HSSE Committee
Arumah Oteh	59	n/a	Nomination, gas and finance committee member
Xavier Rolet	59	n/a	Remuneration Committee Chairman, Risk and HSSE&CSR committee member

1. Fees shown are those receivable in GBP, converted at the average exchange rate for the relevant year. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD: GBP exchange rate.
2. The above capture the gross pay in line with the directors contract i.e. before withholding tax is withheld. We have re-stated the 2019 figure based on the same approach.
3. Michel Hochard stepped down as a Non-Executive Director of the Company with effect from 31 January 2020.
4. Oliver de Langavant joined the Board as a Non-Executive Director of the Company with effect from 28 January 2020.
5. Austin Avuru joined the Board as a Non-Executive Director of the Company with effect from 1 August 2020.
6. Xavier Rolet and Arunma Oteh joined the Board as a Non-Executive Director of the Company with effect from 1 October 2020.

Annual fees

Position	2020 Annual fee[2] ($'000)	2019 Annual fee[2] ($'000)
Chairman	1,099	1,099
Board	151	150
Senior Independent Director	214	213
Committee Chairmanship	43	43
Finance Committee Chairmanship[3]	57	57
Committee membership	29	28
Finance Committee membership[3]	36	35

1. In special circumstances additional Director fees can be paid for Board commissioned specific longer-term activities led by the Director.
2. Fees shown are those pain in GBP, converted at the average exchange rate for the relevant year. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD: GBP exchange rate.
3. Only applicable to those Directors who have additional responsibilities.

Additional information regarding single figure table

The Committee considers that the performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the cyclical nature of the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Annual bonus

Seplat promotes a culture of high performance and uses a scorecard to assess the annual bonus outcome. The bonus scorecard is reviewed annually to ensure strong alignment with Company strategic priorities, prevailing market practice and the operating environment. In setting the measures and targets for 2020, the Committee was conscious of the beginning of the pandemic and the impact the many lockdowns were having on the oil and gas sector. Recognising the difficulties faced by Seplat and the whole sector, the Committee determined that the maximum bonus that could be achieved for 2020 was 50% of maximum i.e. half the normal bonus opportunity. This was implemented by ensuring that the maximum payout for each element of the scorecard was 50% of maximum opportunity.

In respect of the 2020 financial year, the bonus awards payable to Executive Directors were approved by the Committee having reviewed the Company's underlying performance. On the basis of the enforced OPEC production restrictions that were outside of Management's control, the Committee applied judgement to the net Oil production element outcome given the impact of this unforeseen event. The Committee also determined that the completion of the OB3 pipeline was outside of Management's control, and therefore also applied their judgement to this element.

On this basis, the Committee was comfortable not to exercise discretion in relation to the formulaic outcomes set out below. Details of the achievement of the measures used to determine bonuses in respect of the 2020 financial year and the extent to which they were satisfied are shown in the table below. These resulting bonus figures are included in the single figure table.

Achievement of corporate performance conditions

The Executive Directors' bonus scorecard is weighted in favour of corporate measures, as shown below. Additionally, individual strategic goals are set for each Executive Director annually based on the Company's strategic priorities for the respective year. These measures would typically fall under one of the following categories: development of strategic focus, team development and succession planning, technical and operational excellence. It is the Committee's view that the specific individual performance conditions are commercially sensitive and therefore details cannot be fully disclosed.

Overall, the annual bonus reward level for Executive Directors was broadly on-target (30% maximum) as set out below:

			Performance achieved against targets			
Performance measure	Total weighting	Specific	Nil Payout	10%-30% of maximum	30%-50% of maximum	50% of maximum
Production and operational excellence	30%	Oil production volume		✓		
		Gas production volume		✓		
		CAPEX	✓	✓		
		Production OPEX		✓		
Financial	50%	Revenue			✓	
		Net cash flow			✓	
		G&A costs				
		Reduction in NPDC receivables				
		Profit before tax		✓		
Health and safety	5%	LTIF rate				✓
Development projects	5%	OB3 pipeline				✓
Strategy	10%	Strategic objectives (set for each Director individually)				✓

1. The levels of award and weightings for each element of the 2020 bonus is shown as per the CEO scorecard for simplicity. Other Executive Directors' scorecards are calibrated to ensure greater focus on areas most relevant for their roles.

Annual bonus pay-out

The table below sets out the annual bonus earned for the year:

	CEO		CFO		Operations Director		Former CEO	
Performance measures	Achieved (% of max)	Bonus earned (US$'000)	Achieved (% of max)	Bonus earned (US$'000)	Achieved (% of max)	Bonus earned (US$'000)	Achieved (% of max)	Bonus earned (US$'000)
Corporate measures	25.6% out of 90%	$232	25.6% out of 90%	$75	24.1% out of 90%	$173	25.6% out of 90%	$253
Individual performance	5% out of 10%	$45	5% out of 10%	$15	5% out of 10%	$36	5% out of 10%	$49
Total	30.6% out of 100%	$277	30.6% out of 100%	$90	29.1% out of 100%	$209	30.6% out of 100%	$302

In line with policy, 25% of the Executive Directors' bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment.

Long-term incentives vesting in 2020

The 2018 LTIP awards were made to the CEO and CFO on 2 May 2018. The awards vest on 2 May 2021; however the performance period for these awards ended on 31 December 2020. The performance conditions for these awards are relative TSR measured against a bespoke group of E&P companies underpinned by a reserves growth target.

Seplat's TSR performance resulted in 100% vesting for this element of the award as the Company was placed above the upper quartile of the comparator group. The FY20 audited reserves are 499.4mmboe which represents a 4.496% increase from the FY17 reserves of 477 mmboe, based on excluding the increase in reserves from the Eland acquisition. Given the audited reserves, including Eland assets, have increased by less than 10% then the 100% relative TSR vesting level has been reduced in line with the underpin vesting schedule, such that overall vesting is 86.74%.

TSR performance vs comparator group				Reserves growth underpin			
Seplat TSR growth	Median TSR growth (25% vesting)	Upper quartile TSR growth (100% vesting)	Vesting under TSR condition	Seplat reserves growth between FY17 and FY 20	Reserves growth required to fully satisfy underpin	Reduction in vesting based on the underpin	Final vesting level
-27%	-67%	-37%	100%	4.696%[1]	10%	13.26%	86.74%

1 Reserves exclude growth resulting from M&A activity.

The following table presents the number of 2018 LTIP awards that will vest in May 2021 based on the assessment of the performance conditions and the resulting value of awards on vesting for each Executive Director.

Role	Number of 2018 LTIP awards granted	Number of 2018 LTIP awards vesting in May 2021	Value of vested awards ($)[1]	Value attributable to share price growth
Roger Brown	760,046	659,263	528,110	nil
Effiong Okon	779,061	675,757	541,322	nil
Austin Avuru	1,250,077	1,084,316	868,603	nil

1. Based on Q4 2020 average share price of $0.80 and excludes dividend equivalents.

The Committee was comfortable that the vesting value and value attributable to share price growth was commensurate with the underlying performance and as such, did not exercise any discretion to change the outcomes of the 2018 LTIP

We also present detail on the number of 2017 LTIP awards that vested in 20 April 2020 based on the assessment of the performance conditions and the resulting value of awards on vesting for each Executive Director. This has been restated from last year to reflect the actual share price at vesting and dividend equivalents due on the vested awards.

Role	Number of 2017 LTIP awards granted	Number of 2017 LTIP awards vesting in March 2020	Value of vested awards[1]	Value attributable to share price growth
Austin Avuru	1,609,375	1,310,031	1,008,724	nil
Roger Brown	978,500	796,499	613,304	nil

1. Based on closing share price on $0.62 20 April 2020 and includes dividend equivalents paid on shares vested to date.

Long-term incentives awarded in 2020

The table below sets out the details of the long-term incentive awards made in the 2020 financial year where vesting will be determined according to the achievement of performance conditions that will be tested at the end of the three-year performance period on 31 December 2022.

				Relative TSR measure		Operational and technical scorecard underpin		
Role	Type of award	Basis on which award made	Face value of award (US$)	Percentage of award vesting at threshold performance (median performance)	Maximum percentage of face value that could vest (upper quartile performance)	60% and below of objectives met at threshold over 3 years	70% of objectives met at threshold over 3 years	80% and above of objectives met at threshold over 3 years
Roger Brown	Nil-cost options	Annual	634,949	25%	100%	TSR vesting reduced by 75%	TSR vesting reduced by 35%	TSR vesting not reduced
	Nil-cost options	Additional award on promotion to CEO	198,341					
Effiong Okon	Conditional shares	Annual	707,753					
Austin Avuru	Conditional shares	Annual	1,044,225					

In line with the Company's operation of policy, the share price used to calculate the number of shares awarded was the higher of the average share price in Q1 2020 and £1 which at both awards dates was £1. Therefore, the face value of award shown, based on the share price at grant in the table above will be lower than the policy level of awards to the Executive Directors as a percentage of salary.

There is straight-line vesting between the threshold and maximum TSR and straight-line reduction between the levels of operational and technical performance.

The comparator group used for assessing relative TSR for awards granted in 2020 consists of the following companies:

- Africa Oil
- Cairn Energy
- DNO
- Energean Oil & Gas
- Enquest
- Frontera Energy
- Genel Energy
- Gran Tierra Energy
- Hurricane Energy
- Kosmos Energy
- Parex Resources
- Phoenix Global Resources
- Premier Oil
- Serica Energy
- Tullow Oil

Deferred Annual Bonus shares awarded in 2020

The table below sets out the details of the Deferred Annual Bonus shares awards made in the 2020 financial year. No further performance conditions will apply, other than continued employment and the normal Vesting date of the Award will be 31 December 2021 (two years following the end of the performance year in respect of which the Award is made).

Role	Type of award	Basis on which award made	Deferred Bonus Share	Face value of award (US$'000)	Performance conditions
Roger Brown	Nil-cost options	Annual	48,850	30,776	
Effiong Okon	Conditional shares	Annual	48,713	30,689	Continued employment
Austin Avuru	Conditional shares	Annual	116,936	73,670	

The share price used to calculate the face value of awards was that at the date of award, being 30 April 2020 of US$0.63 for all annual awards above.

Payments to past Directors

None.

Payments for loss of office

The Remuneration Committee and Board approved to grant Mr. Austin Avuru an exit package in recognition of his meritorious services to Seplat from inception. The sum of $1,130,000 and $543,994 as compensation for loss of office and payment in lieu of notice respectively were paid after his retirement.

Mr Avuru's 2020 annual bonus will be pro-rated for time served as CEO in the year and the payout will be based on performance in line with policy as set out above. In-flight deferred bonus shares will vest on their normal dates without proration in line with policy.

Mr Avuru's LTIP awards granted in 2018, 2019 and 2020 will continue to vest on the normal vesting dates based on achievement of performance targets. The Committee determined not to pro-rate the number of awards vesting on the basis that Mr Avuru remains an eligible employee under the rules of the LTIP as a Non-Executive Director and to reflect the length of his tenure as CEO and the corporate successes achieved during this period.

Mr. Austin Avuru received maintenance of his security logistics for Lagos, Abuja and all areas of Seplat operations for three years.

Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as non-executive directors and retain the fees.

Statement of Directors' shareholdings

The table below sets out the number of shares of the Company in which current Directors had a beneficial interest and details of long-term incentive interests as at 31 December 2020.

	Shareholding						
Director	Shares required to be held % of salary	Beneficially owned[1]	Share plan Interests subject to performance Conditions[4]	Share plan Interests not subject to performance conditions[6]	Vested but unexercised share plan interests[2]	Shareholding requirement met[3]	Total interests held as at 31/12/2020
Roger Brown	200%	2,840,585	2,848,015	592,265	2,840,5850	Yes	6,280,865
Emeka Onwuka[5]	150%	0	0	0	0	No	0
Effiong Okon	150%	0	2,792,227	119,579	0	No	2,911,806

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. Shares held by Stanbic IBTC Trustee Limited/Seplat LTIP which vested but are unexercised.
3. Shareholding requirement had to be met by April 2019 (5 years post IPO) or five years after joining if later. The total of beneficially owned shares, interests not subject to performance conditions and vested but unexercised interests are included in the calculation and the share price of $0.89 on 31 December 2020 was used.
4. 2018, 2019 and 2020 LTIP awards.
5. Emeka Onwuka joined the Board on 3 August 2020.
6. 2019 Deferred bonus shares

Details of the Non-Executive Directors' interests in shares are set out below:

Director	Shares held as at 31/12/2020[1]
A.B.C. Orjiako	37,818,522
Michael Alexander	115,238
Basil Omiyi	95,238
Ifueko M. Omoigui Okauru	95,238
Charles Okeahalam	495,238
Lord Mark Malloch-Brown	31,746
Damian Dodo	0
Nathalie Delapalme	0
Oliver de Langavant[2]	0
Austin Avuru[3]	60,098,823
Xavier Rolet[4]	0
Arunma Oteh[4]	0

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. Oliver de Langavant joined the Board as a Non-Executive Director of the Company with effect from 28 January 2020.
3. Austin Avuru joined the Board as a Non-Executive Director of the Company with effect from 1 August 2020. Austin Avuru is complying with his Post Cessation Shareholding Requirement in operation due to his previous role as an Executive Director.
4. Arunma Oteh, OON and Xavier Rolet KBE joined the Board as Independent Non-Executive Directors effective 1 October 2020.

Directors' interest in contracts

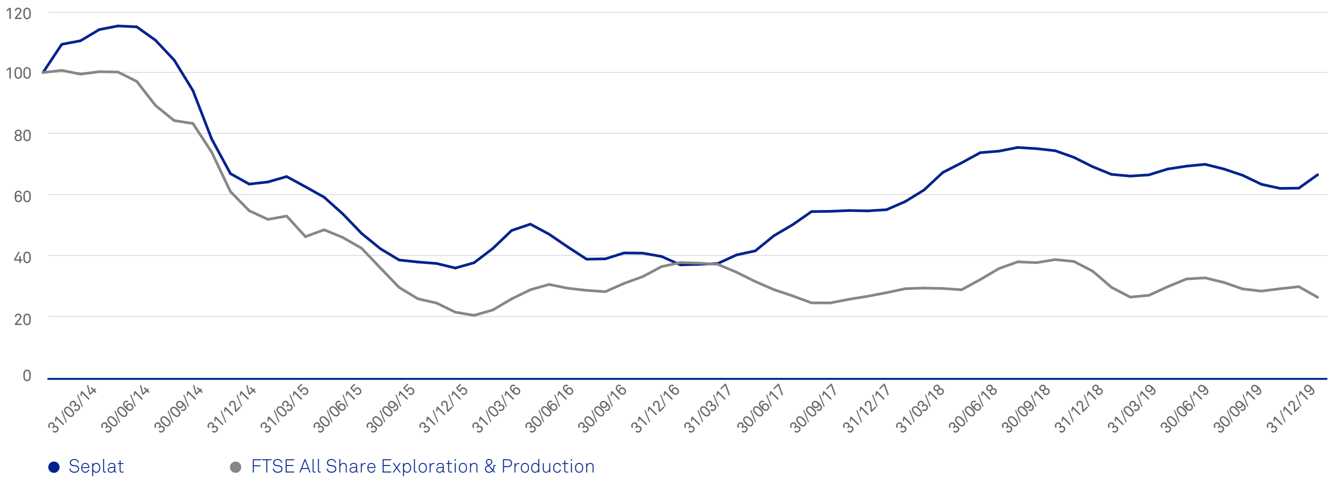
Between 31 December 2020 and 23 March 2021, shares held by Austin Avuru increased by 1,128,359. There were no other changes to Directors' shareholdings.

Comparison of overall performance and pay

The graph below shows the value of US$100 invested in the Company's shares since listing compared to the median of the FTSE All Share Exploration & Production companies. The graph shows the Total Shareholder Return generated by both the movement in share value and the reinvestment over the same period of dividend income.

The Committee considers that the FTSE All Share Exploration & Production is an appropriate comparator group as it contains the UK companies that are constituents of Seplat's TSR comparator group. This graph has been calculated in accordance with the Regulations. It should be noted that the Company began trading conditionally on the London Stock Exchange on 9 April 2014 and therefore only has a listed share price for the period of 9 April 2014 to 31 December 2020.

TSR (rebased to 100 at 9 April 2014)[1]



Source: Thomson Reuters Datastream

1. In line with the methodology used for LTIP performance assessment, TSR was calculated using a three-month average.

CEO historical remuneration

The table below sets out the total remuneration delivered to the CEO between 2014 and 2020 valued using the methodology applied to the single total figure of remuneration. The Committee does not believe that the remuneration payable in its earlier years as a private company bears any comparative value to that paid in its later years and therefore the Remuneration Committee has chosen to disclose remuneration only from 2014:

	Roger Brown	Austin Avuru					Austin Avuru	
CEO	2020[3]	2020[3]	2019	2018	2017	2016	2015	2014
Total single figure (US$'000)[1]	836	2,717	3,954	5,158	4,987	3,143	3,004	2,866
Annual bonus payment level achieved (% of maximum opportunity)	30.6%	30.6%	45%	68%	49%	35%	46%	53%
LTIP vesting level achieved (% of maximum opportunity)	86.7%	86.7%	81%	75%	100%	97%	N/A[2]	N/A[2]

1. Includes vesting in relation to the one-off Global Offer Bonus award in 2014 and 2015.
2. No LTIP awards vested in 2014 and 2015 – vesting of the first LTIP awards (awarded in 2014) occurred in 2017 (however the performance period for these awards ended on 31 December 2016 so it is included in the 2016 column). There were no equity based arrangements operating prior to listing.
3. Mr. Austin Avuru retired as CEO on 31 July 2020. Mr. Roger Brown was appointed to the Board as his successor on 1 August 2020, transitioning from his role as CFO. The Single Figure details above for Roger Brown include amounts paid in relation to his role as CEO only.

Change in the Directors' remuneration compared with employees

The table below shows the percentage change in Executive Director and Non-Executive Director total remuneration from 2019 to 2020, alongside the change for the average of employees within the Company.

	Salary / fees	Taxable benefits	Short-term variable pay
Roger Brown (CEO)	14%	263%	(9)%
Emeka Onwuka (CFO)	n/a	n/a	n/a
Effiong Okon (Operations Director)	0%	(21%)	(34)%
A.B.C. Orjiako	0%	n/a	n/a
Michael Alexander	0%	n/a	n/a
Basil Omiyi	0%	n/a	n/a
Ifueko M. Omoigui Okauru	0%	n/a	n/a
Charles Okeahalam	0%	n/a	n/a
Lord Mark Malloch-Brown	0%	n/a	n/a
Damian Dodo	0%	n/a	n/a
Nathalie Delapalme	0%	n/a	n/a
Oliver de Langavant[2]	0%	n/a	n/a
Austin Avuru[3]	0%	n/a	n/a
Average of Employees	8.2%	34%	(2%)%

1. The Directors year-on-year change has been expressed in currency in which their pay has been set i.e. USD for the Executive Directors and Chairman and GBP£ for the other Non-executives. The annual bonus change for the Executive Directors reflects the change in maximum bonus opportunity achieved.
2. Average employee pay year-on-year change is expressed in Naira as a significant majority of employees are paid in Naira. The numbers are provided for all employees of Seplat. The large change in average value of benefits provided to all employees is due to an increase in the eligibility of individuals for certain benefits at lower grades.

Relative importance of the spend on pay

The table below sets out the overall spend on pay for all employees compared with the dividends distributed to shareholders:

Significant contributions	2020 ($m)	2019 ($m)	% change
Overall spend on pay[1]	68.0	62.0	10.26%
Distributions to shareholders (dividends)[2]	58.8	58.8	0%

1. Calculated by converting 2020 and 2021 figures (from Naira) at the relevant year's average NGN: USD exchange rate and excludes LTIP.
2. For 2020 this includes an interim dividend paid in December 2020 and a final dividend paid in May 2021.

Statement of implementation of policy in following year

Non-Executive Directors	Date of letter of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
A.B.C. Orjiako	1 June 2017	Fixed term to 31 May 2020	12 months	12 months	None.
Michael Alexander	6 June 2018	Fixed term to 2021 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Michel Hochard[1]	14 December 2009	Rolling	6 months	6 months	None.
			6 months	6 months	None.
Basil Omiyi	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Ifueko M. Omoigui Okauru	30 June 2014	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Charles Okeahalam	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Lord Mark Malloch-Brown	6 June 2018	Fixed term to 2021 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Damian Dodo	30 June 2014	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Nathalie Delapalme	18 July 2019	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Austin Avuru	1 August 2020	Fixed Term	12 months	12 months	None
Olivier de Langavant	28 January 2020	Fixed Term	12 months	12 months	None.
Arumah Oteh	1 October 2020	Fixed Term to Next AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Mr. Xavier R. Rolet,	1 October 2020	Fixed Term to next AGM	6 months	6 months	6 months' fees if not re-elected or retired.

Please see at a glance section.

Service agreements and letters of appointment

Executive Directors	Date of service contract	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
Roger Brown	20 May 2013	Rolling	12 months	12 months	Payment in lieu of notice equal to 12 months' salary and benefits, including any payments accrued at the date of termination.
Emeka Onwuka	3 August 2020	Rolling	12 months	12 months	
Effiong Okon	1 February 2018	Rolling	12 months	12 months	

1. Michael Hochard stepped down as Non-Executive Director on 31 January 2020.

The Committee's policy for setting notice periods is that a 12-month period will apply for Executive Directors unless the Committee determines otherwise.

The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment, which are kept at Seplat's registered office along with Executive Director service contracts.

As required by Nigerian law, the Company follows the provisions set out in its Memorandum and Articles of Association and annually places one-third of its Independent Non-Executive Directors for re-election.

Composition and terms of reference of the Remuneration Committee

The members of Seplat's Remuneration Committee are as follows:

- Xavier R. Rolet (Chairman)
- Basil Omiyi
- Charles Okeahalam
- Damian Dodo

Michael Alexander stepped down as the Chairman of the Remuneration Committee from 31 January 2021, with Xavier Rolet succeeding Michael in the role from that date. The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the Executive Directors, the Chairman, Non-Executive Directors and other members of the senior management team. The terms of reference for the Committee are available on the Company's website, www.seplatpetroleum.com, and from the Company Secretary at the registered office.

The Committee receives assistance from the GM Human Resources, who attends meetings by invitation. The Executive Directors attend by invitation on occasions, except when issues relating to their own remuneration are being discussed. The Committee met 6 times during the financial year.

Advisers to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP ('PwC') as independent remuneration adviser. Other services received by the Company from PwC UK during the financial year included tax and accounting related services. During the financial year, PwC UK supported the Committee on all aspects of remuneration policy for Executive Directors, Non-Executive Directors and members of the Executive Team. The Committee is satisfied that advice received from PwC UK during the year was objective and independent.

PwC UK is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees.

Shareholder voting at general meeting

At the AGM held on 6 June 2018, the Company received a vote of 99.7% in favour of its remuneration policy and the Remuneration Report through the acceptance of the 2017 Directors' Remuneration Report. At the most recent AGM on 28 May 2020 the Company received a vote of 100.00% in favour of its Remuneration Report through the acceptance of the Annual Accounts, Directors' Report, Auditors' Report for the year ended 31 December 2019.

Xavier Rolet, KBE ('S.I.D.')[1]
Chairman of the Remuneration Committee

1 Independent Non-Executive Director

The Directors are pleased to present to the shareholders of the Company their report with the audited financial statements for the year ended 31 December 2020.

Principal activity

The Company is principally engaged in oil and gas exploration and production.

Operating results

	Nigerian ₦ million		$'000	
	2020	2019	2020	2019
Revenue	190,922	214,157	530,647	697,777
Operating profit(loss)	(11,418)	95,749	(31,716)	311,975
Profit before taxation (loss)	(28,872)	89,914	(80,209)	292,967
Profit for the year (loss)	(30,712)	85,016	(85,322)	277,008

Dividend

During the year, the Directors recommended and paid to members an interim dividend of $0.05 per share declared in October in line with our normal dividend distribution timetable (2019: $0.05).

Further to this, the Board of Seplat is recommending a final dividend of $0.05 per share, which is subject to approval of shareholders, at the AGM which will be held on 20 May 2021 in Lagos, Nigeria.

Unclaimed dividend

The total amount outstanding at 31 December 2020 is US$593,230.86 and ₦642,070,562.85.

A list of shareholders and corresponding unclaimed dividends is available on the Company's website: www.seplatpetroleum.com.

Changes in property, plant and equipment

Movements in property, plant and equipment and significant additions thereto are shown in Note 19 to the financial statements.

Rotation of Directors

In accordance with the provisions of Section 285 of the Companies and Allied Matters Act, 2020, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election.

However, in accordance with Article 131 of the Company's Articles of Association, apart from the Executive Directors and Founding Directors, all other Directors are appointed for a fixed term. Upon expiration of the terms, they become eligible for re-appointment.

The Directors who are eligible for re-appointment this year are Mr. Damian Dodo, SAN and Lord Mark Malloch-Brown.

Management transition and Board changes

As previously announced, our co-founder Austin Avuru stepped down as Chief Executive Officer on 31 July 2020 but remains a member of the Board as a Non-Executive Director. Roger Brown, who has been Seplat's Chief Financial Officer since 2013, assumed the position of CEO on 1 August 2020.

Emeka Onwuka joined as CFO and Board member on 1 August 2020. Mr. Onwuka has more than 30 years' experience in financial services within Sub-Saharan Africa. He has served as Group Managing Director/CEO of Diamond Bank Plc and is a former Chairman of Enterprise Bank Limited. Mr. Onwuka is a Partner at Andersen Tax Nigeria and holds various Board positions at companies including FMDQ Securities Exchange Limited, FMDQ Holdings Limited, Ecobank Nigeria Limited and Bharti Airtel Nigeria.

The Board accepted the voluntary resignation/retirement of Mr. Michael Alexander, Senior Independent Non-Executive Director (SINED), and Mrs. Ifueko M. Omoigui Okauru, Independent Non-Executive Director (INED), effective 31 January 2021. Mr. Alexander was appointed to the Board in June 2013 while Mrs. Okauru was appointed in March 2013. For the past seven years, both Directors served the Board meritoriously, deploying their multi-facetted experiences towards the growth of the organisation. Seplat remains grateful for their immense contributions to the Board and the Company.

Consequently, the Board has appointed Mr. Basil Omiyi, Independent Non-Executive Director (INED) as the new Senior Independent Non-Executive Director from 1 February 2021.

The Board during the course of the year, appointed Ms. Arunma Oteh, OON and Mr. Xavier R. Rolet KBE as Independent Non-Executive Directors (INEDs) of the Company, with effect from 1 October 2020.

Ms. Arunma Oteh, OON is a seasoned C-suite executive with several years of experience operating at the highest levels at major multilateral agencies, global financial institutions and in Government. She has been an academic scholar at University of Oxford since January 2019 and a member of the London Stock Exchange Africa Advisory Group since January 2020.

Ms. Oteh served as Treasurer and Vice President of the World Bank from 2015 to 2018. As Treasurer, she led a global team that managed the World Bank's $200 billion debt portfolio as well as an asset portfolio of $200 billion for the World Bank Group and several public sector clients including 65 Central Banks. She was the Director General of the Securities and Exchange Commission (SEC) Nigeria from 2010 to 2015. As Director General of Nigeria's apex capital market regulator, she was responsible for the regulation of Nigeria's capital markets, including the Nigerian Stock Exchange, and led the rebuilding of the capital markets after the global financial crisis. She also served on Nigeria's Economic Management team, chaired by the Nigerian President. Prior to the SEC Nigeria, she worked at the Africa Development Bank for 17 years in a variety of roles including Group Vice President, Corporate Services (2006 to 2009) and Group Treasurer (2001 to 2006).

While Mr. Xavier Rolet, KBE, is an experienced CEO, Co-Founder, and Entrepreneur. Named as one of Harvard Business Review's 100 Best CEOs in the World in 2017, Mr. Rolet has demonstrated a history of successful turnarounds in the global financial services industry. In his decade at the helm of the London Stock Exchange, the LSE's market valuation rose from £800million to more than £15billion, transforming it into one of the world's largest exchanges by market capitalisation.

He is currently the Chairman, Board of Directors at Phosagro PJSC, a member of the Board of Directors of the Saudi Stock Exchange Tadawul as an appointee of the Public Investment Fund, and an Expert Adviser to the Shanghai Institute of Finance for the Real Economy. He has held various senior positions in the financial services industry throughout his career: CEO of CQS, a global hedge fund; CEO of Banque Lehman Brothers in Paris; Co-Head of Global Equity & Derivatives Trading at Lehman Brothers New York; Global Head of Risk and Trading at Dresdner Kleinwort Wasserstein; Vice-President, International Equity Risk Arbitrage at Goldman Sachs New York; and Co-Head of European Equities Sales and Trading at Goldman Sachs International Ltd in London.

The Seplat Board is indeed privileged to have Arunma and Xavier on board and look forward to their contributions towards the continued success of the Board and Company.

The appointment and removal or reappointment of Directors is governed by its Articles of Association and the Companies and Allied Matters Act, 2020. It also sets out the powers of Directors.

Corporate governance

The Board of Directors is committed to sound corporate governance and ensures that the Company complies with the Nigerian and UK corporate governance regulations as well as international best practice. The Board is aware of the Code of Corporate Governance issued by the Securities and Exchange Commission, the Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council of Nigeria and the UK Corporate Governance Code 2018, issued by the Financial Reporting Council and ensures that the Company complies with them. The Board is responsible for keeping proper accounting records with reasonable accuracy. It is also responsible for safe guarding the assets of the Company through prevention, detection of fraud and other irregularities. In order to carry out its responsibilities, the Board has established seven Board Committees and the Statutory Audit Committee and has delegated aspects of its responsibilities to them. All eight Committees have terms of reference that guide their members in the execution of their duties, and these terms of reference are available for review by the public. All the Committees present a report to the Board with recommendations on the matters within their purview.

Board Committees and record of attendance at meetings

The Board met 10 times during the year and at least once every quarter in line with Section 12.1 of the SEC Code. Board meetings were well attended with attendance of all Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. The record of attendance of Directors at Board meetings and that of its Committees in the year under review is published herewith:

Board of Directors

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	A.B.C. Orjiako	Chairman	10	10
2.	Roger Brown	Chief Executive Officer	10	10
3.	Emeka Onwuka[2]	Chief Financial Officer	3	3
4.	Effiong Okon	Operations Director	10	10
5.	Austin Avuru	Non-Executive Director	10	10
6.	Olivier Langavant	Non-Executive Director	10	10
7.	Nathalie Delapalme	Non-Executive Director	10	10
8.	Michael Alexander[1]	Senior Independent Non-Executive Director	10	10
9.	Charles Okeahalam	Independent Non-Executive Director	10	10
10.	Basil Omiyi	Independent Non-Executive Director	10	10
11.	Ifueko M. Omoigui Okauru[1]	Independent Non-Executive Director	10	9
12.	Lord Mark Malloch-Brown	Independent Non-Executive Director	10	9
13.	Damian Dodo, SAN	Independent Non-Executive Director	10	8
14.	Arunma Oteh, OON[2]	Independent Non-Executive Director	3	3
15.	Xavier Rolet, KBE[2]	Independent Non-Executive Director	3	3

Meeting dates: 28 January, 3 March, 19 March, 28 April, 28 May, 6 July, 28 July, 8 October, 27 October and 24 December

1. Ifueko M. Omoigui Okauru and Michael Alexander voluntarily retired from the Board effective 31 January 2021
2. The Board appointed Emeka Onwuka as Chief Financial Officer/Executive Director effective 1 August 2020; Arunma Oteh, OON and Xavier Rolet, KBE as Independent Non-Executive Directors effective 1 October 2020.

Finance Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Charles Okeahalam	Chairman	5	5
2.	Michael Alexander	Member	5	5
3.	Ifueko M. Omoigui Okauru	Member	5	5
4.	Lord Mark Malloch-Brown	Member	5	5
5.	Arunma Oteh, OON[1]	Member	1	1

Meeting dates: 27 January, 12 March, 21 April, 21 July, 21 October

1. Ms. Arunma Oteh, OON was appointed to the Board as an Independent Non-Executive Director on October 1, 2020. Following her appointment, she attended one (1) Finance Committee meeting that held after her October 2020 appointment.

Nomination and Establishment Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Damian Dodo, SAN	Chairman	6	6
2.	Basil Omiyi	Member	6	6
3.	Michael Alexander	Member	6	6
4.	Lord Mark Malloch-Brown[1]	Member	5	5
5.	Arunma Oteh, OON[2]	Member	1	1

Meeting dates: 27 January, 22 April, 19 May, 18 June, 22 July, 20 October

1. Lord Mark Malloch-Brown was appointed to the Committee in April 2020.
2. While Ms. Arunma Oteh, OON joined the Board in October 2020 and the Committee in the same month.

Remuneration Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Michael Alexander	Chairman	6	6
2.	Basil Omiyi	Member	6	6
3.	Charles Okeahalam	Member	6	6
4.	Damian Dodo, SAN	Member	6	6
5.	Xavier R. Rolet, KBE[1]	Member	2	2

Meeting dates: 27 January, 18 March, 28 April, 22 July, 20 October, 2 December

1. Xavier Rolet, KBE was appointed to the Board as an Independent Non-executive Director on October 1, 2020. Following his appointment, he attended the two (2) Remuneration Committee meetings that held after his appointment and he was appointed Chairman of the Remuneration Committee from 1 February 2021.

Risk Management and HSSE Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Basil Omiyi	Chairman	4	4
2.	Ifueko M. Omoigui Okauru	Member	4	4
4.	Xavier R. Rolet, KBE[1]	Member	1	1
5.	Austin Avuru[1]	Member	1	1

Meeting dates: 23 January, 21 April, 20 July, 19 October

1. Mr. Xavier R. Rolet, KBE was appointed to the Board and Committee as an Independent Non-Executive Director in October 2020 while Mr. Austin Avuru joined the Committee as a Non-Executive Director in August 2020.

Corporate Social Responsibility Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Lord Mark Malloch-Brown	Chairman	3	3
2.	Xavier R. Rolet, KBE[1]	Member	1	0
3.	Ifueko M. Omoigui Okauru	Member	3	3
4.	Damian Dodo, SAN	Member	3	3
5.	Nathalie Delapalme	Member	3	3

Meeting dates: 23 April, 20 July, 19 October

1. Mr. Xavier Rolet, KBE was appointed to the Board in October 2020 and joined the Committee the same month.

Gas Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Basil Omiyi	Chairman	3	3
2.	Michael Alexander	Member	3	3
3.	Arunma Oteh, OON[1]	Member	1	1
4.	Charles Okeahalam	Member	3	3

Meeting dates: 18 March, 20 July, 19 October

1. Ms. Arunma Oteh, OON was appointed to the Board as an Independent Non-Executive Director in October 2020 and became a Member of the Gas Committee in the same month.

Corporate Governance Compliance and Culture Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Ifueko M. Omoigui Okauru	Chairman	4	4
2.	Michael Alexander	Member	4	4
3.	Damian Dodo, SAN	Member	4	4
4.	Nathalie Delapalme[1]	Member	3	3

Meeting dates: 20 January, 23 April, 22 July, 20 October

1. Madame Nathalie Delapalme joined the Committee in April 2020.

Statutory Audit Committee

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	Chief Anthony Idigbe, SAN	Chairman/ Shareholder Member	4	4
2.	Dr. Faruk Umar	Shareholder Member	4	4
3.	Sir Sunday Nnamdi Nwosu	Shareholder Member	4	4
4.	Olivier De Langavant[1]	Director Member	4	4
5.	Ifueko M. Omoigui Okauru	Director Member	4	4
6.	Damian Dodo, SAN	Director Member	4	4

Meeting dates: 12 March, 21 April, 21 July, 21 October

1. Mr. Michel Hochard retired from the Board in January 2020 and was replaced by Mr. Olivier De Langavant as a Director member on the Audit Committee in January 2020 and a Non-Executive Director on the Board.

Directors' interest in shares

In accordance with Section 301 of the Companies and Allied Matters Act, 2020, the interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

	31-Dec-19	31-Dec-20		01-Mar-21	
	No. of Ordinary Shares	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
A.B.C. Orjiako[1]	37,818,522	37,818,522	6.43%	37,818,522	6.43%
Austin Avuru[2]	71,727,906	60,098,823	10.21%	61,227,182	10.40%
Roger Brown	2,022,363	2,840,585	0.48%	2,840,585	0.48%
Effiong Okon	—	—	0.00%	0	0.00%
Emeka Onwuka[4]	n/a	—	0.00%	0	0.00%
Oliver De Langavant	n/a	—	0.00%	0	0.00%
Michael Alexander[3]	115,238	115,238	0.02%	n/a	0.00%
Charles Okeahalam	495,238	495,238	0.08%	495,238	0.08%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Ifueko M. Omoigui Okauru[3]	95,238	95,238	0.02%	n/a	0.00%
Lord Mark Malloch-Brown	31,746	31,746	0.01%	31,746	0.01%
Damian Dodo, SAN	—	—	0.00%	0	0.00%
Nathalie Delapalme	—	—	0.00%	0	0.00%
Arunma Oteh, OON[4]	n/a	—	0.00%	0	0.00%
Xavier Rolet, KBE[4]	n/a	—	0.00%	0	0.00%
Total	**112,896,727**	**102,085,866**	**17.35%**	**103,003,749**	**17.50%**

1. 24,318,522 ordinary shares are held directly by A.B.C. Orjiako and Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family; 900,000 ordinary shares are held by Pursley Resources Limited, a company owned by A.B.C. Orjiako's wife; and 12,600,000 ordinary shares are held directly by A.B.C. Orjiako's siblings.
2. At 31 December 2019, total direct holdings were nil and indirect ordinary shares were 71,727,906. At 29 July 2020, total direct holdings were nil and indirect ordinary shares were 60,098,823. During the period, a transfer of 7,831,534 ordinary shares held by Platform Petroleum Limited (an entity in which Austin Avuru has an equity interest) to Professional Support Limited (an entity wholly controlled by Austin Avuru). Similarly, a transfer of 12,828,161 shares held directly by Platform Petroleum was made to certain shareholders of Platform Petroleum and they are therefore no longer considered to be connected persons. A further 2,352,652 LTIP awards for Austin Avuru were released to him and transferred to Professional Support. Following these transfers, Platform Petroleum holds 20,000,000 shares (3.40%) and Professional Support holds 41,227,182 shares (7.01%). Mr. Avuru now holds nil direct interest and an indirect interest of 61,227,182 ordinary shares (10.40%). As a result of the transfers, Mr. Avuru has now increased his equity interest in Platform Petroleum from 23% to 37.11% interest.
3. Ifueko M. Omoigui Okauru and Michael Alexander voluntarily resigned/retired from the Board effective 31 January 2021.
4. The Board appointed Emeka Onwuka as Chief Financial Officer/Executive Director effective 1 August 2020; Arunma Oteh, OON and Xavier Rolet KBE as Independent Non-Executive Directors effective 1 October 2020.

Directors' interest in contracts

The Chairman and the Chief Executive Officer have disclosable indirect interest in contracts with which the Company was involved as at 31 December 2020 for the purpose of section 303 of the Companies and Allied Matters Act, 2020. These have been disclosed in Note 43.

Substantial interest in shares

At 1 March 2021, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Number of holdings	% of shareholding
MPI	120,400,000	20.46
Petrolin	81,015,319	13.77
Allan Gray	42,477,722	7.22
Professional Support	38,970,463	7.01
Sustainable Capital	33,822,817	5.75

Free float

The Company's free float at 31 December 2020 was 30%.

Acquisition of own shares

The Company did not acquire any of its shares during the year.

Shareholding analysis

The shareholding pattern at 31 December 2020 is as stated below:

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholding
1-10,000	2,805	89.27	1,837,808	0.31
10,001-50,000	177	5.63	4,272,420	0.73
50,001-100,000	51	1.62	3,730,375	0.63
100,001-500,000	66	2.10	15,016,002	2.55
500,001-1,000,000	16	0.51	10,845,802	1.84
1,000,001-5,000,000	21	0.67	44,693,232	7.60
5,000,001-10,000,000	2	0.06	13,506,800	2.30
10,000,001-50,000,000	3	0.10	58,195,849	9.89
100,000,001-500,000,000[1]	1	0.03	436,346,273	74.15
Total	**3,142**	**100.00**	**588,444,561**	**100.00**

1. Includes shares held by Computer Share on the London Stock Exchange.

Share capital history

Year	Authorised increase	Cumulative	Issued increase	Cumulative	Consideration
Jun-09	—	100,000,000	100,000,000	100,000,000	cash
Mar-13	100,000,000	200,000,000	100,000,000	200,000,000	stock split from N1.00 to 50k
Jul-13	200,000,000	400,000,000	200,000,000	400,000,000	bonus (1 for 2)
Aug-13	600,000,000	1,000,000,000	153,310,313	553,310,313	cash
Dec-14	—	1,000,000,000	—	553,310,313	No change
Dec-15	—	1,000,000,000	10,134,248	563,444,561	staff share scheme
Dec-16	—	1,000,000,000	—	563,444,561	No change
Dec-17	—	1,000,000,000	—	563,444,561	No change
Feb-18	—	1,000,000,000	25,000,000	588,444,561	staff share scheme
Dec-19	—	1,000,000,000	—	588,444,561	No change
Dec-20	—	1,000,000,000	—	588,444,561	No change

Donations

The following donations were made by the Group during the year (2020: ₦72,660,069, $236,678).

Name of Beneficiary	NG₦	$
Aret Adams Foundation	527,555.54	1,465.80
Covid-19 Support in Edo State and Delta State	41,920,848.37	116,475.92
Covid-19 Support in Imo State	32,150,407.59	89,329.02
Ikoyi Golf Community Nigeria Association	1,055,282.75	2,932.07
Independent Petroleum Producer Group Covid-19 Support	58,738,510.50	163,203.33
Others	21,138,644.42	58,733.14
Pillar Oil Limited	2,638,582.99	7,331.23
Total	**158,169,832.15**	**439,470.51**

Employment and employees

Employee involvement and training: The Company continues to observe industrial relations practices such as the Joint Consultative Committee and briefing employees on the developments in the Company during the year under review. Various incentive schemes for staff were maintained during the year while regular training courses were carried out for the employees. Educational assistance is provided to members of staff. Different cadres of staff were also assisted with payment of subscriptions to various professional bodies during the year. The Company provides appropriate HSSE training to all staff, and Personal Protective Equipment (PPE) to the appropriate staff.

Health, safety and welfare of employees: The Company continues to enforce strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The Company provides free medical care for its employees and their families through designated hospitals and clinics. Fire prevention and fire-fighting equipment is installed in strategic locations within the Company's premises. The Company operates Group life insurance cover for the benefit of its employees. It also complies with the requirements of the Pension Reform Act, 2004 regarding its employees.

Employment of disabled or physically challenged persons: The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group has no disabled persons in employment.

Brexit

It is the view of the Board that, given the Group's single country focus on Nigeria, Seplat's business, assets and operations will not be materially affected by Brexit. Seplat also derives most of its income from crude oil, a globally traded commodity which is priced in US Dollars. Furthermore, Seplat's gas revenues are derived solely from sales to the domestic market in Nigeria and therefore are unaffected by international factors.

Auditor

The auditor, PriceWaterhouseCoopers (PWC), has indicated its willingness to continue in office in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the AGM for the re-appointment of PriceWaterhouseCoopers (PWC) as the Company's auditor and for authorisation to the Board of Directors to fix the auditors' remuneration.

Assurance service

Logic Professional Services provided Actuary Valuation Services on the 2020 financial statements. The assurance was signed by Ganiu Dare Shefiu (FRC/2017/NAS/00000017548).

By Order of the Board

Edith Onwuchekwa
FRC/2013/NBA/00000003660
Company Secretary
Seplat Petroleum Development Company Plc
16A Temple Road, Ikoyi, Lagos, Nigeria

1 March 2021

Statement of Directors' Responsibilities

For the year ended 31 December 2020

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

1. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, 2020;
2. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
3. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements gives a true and fair view of the state of the financial affairs of the Group and of its financial performance and cash flows for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least 12 months from the date of this statement.

Signed on behalf of the Directors by:

A.B.C. Orjiako
Chairman
FRC/2014/IODN/00000003161

1 March 2021

R.T. Brown
Chief Executive Officer
FRC/2014/ANAN/00000017939

1 March 2021

Audit Committee's Report

For the year ended 31 December 2020

To the members of Seplat Petroleum Development Company Plc

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, 2020, members of the Audit Committee of Seplat Petroleum Development Company Plc hereby report on the financial statements of the Group for the year ended 31 December 2020 as follows:

- The scope and plan of the audit for the year ended 31 December 2020 were adequate;
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained;
- We have reviewed the external auditors' management letter for the year and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors;
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

The external Auditors confirmed having received full co-operation from the Company's management in the course of the statutory audit and that the scope of their work was not restricted in any way.

Chief Anthony Idigbe, SAN
Chairman, Audit Committee
FRC/2015/NBA/00000010414

1 March 2021

Statement of Corporate Responsibility

For the year ended 31 December 2020

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Group for the year ended 31 December 2020 and based on our knowledge confirm as follows:

1. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
2. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the period ended 31 December 2020.
3. The Company's internal controls has been designed to ensure that all material information included relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the Audit.
4. The Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2020.
5. That we have disclosed to the Company's Auditor's and the Audit Committee the following information:
   a. There are no significant deficiencies in the design or operation of the Company's internal control which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.
   b. There is no fraud involving management or other employ needs which could have any significant role in the Company's internal control.
6. There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

R.T. Brown
FRC/2014/ANAN/00000017939
Chief Executive Officer

1 March 2021

E.Onwuka
FRC/2020/003/00000020861
Chief Financial Officer

1 March 2021

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CONSOLIDATED STATEMENTS

Independent auditor's report

To the Members of Seplat Petroleum Development Company Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Seplat Petroleum Development Company Plc ("the Company") and its subsidiaries (together "the group") as at 31 December 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Seplat Petroleum Development Company Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended 31 December 2020;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

The impact of crude oil and gas reserves on Oil and Gas properties (Impairments and Depletion, Depreciation and Amortisation – DD&A).

This is considered a key audit matter due to the significant judgment made by management through the use of experts, when developing the expected future cash flows of oil and gas properties and the proved and probable oil and gas reserves involving the use of significant assumptions.

(a) Oil and gas properties are grouped for recoverability assessment purposes into Cash Generating Units (CGUs). Management assesses its CGUs for indicators of impairment that suggest the carrying amount may exceed its recoverable amount. Impairment is identified by comparing the recoverable amount of the CGU to its carrying amount. This involves the calculation of discounted after-tax cash flows of proved and probable oil and gas reserves based on significant assumptions including, future development and production costs, forecasted oil and gas prices, volume of reserves, reserves life and discount rate.

(b) Depletion of all capitalized costs of proved oil and gas properties (included in DD&A) are expensed using the unit-of-production method as the proved developed reserves are produced.

The group's upstream oil and gas properties net balance was $1.60 billion as of December 31, 2020, and related depletion expense was $125.99 million. Impairments of $114.40 million was recognised for the year ended December 31, 2020.

The accounting policies, estimates and disclosures are set out in Notes 3.9, 5, 12.2, 17.1 and 17.6.

This was considered a key audit matter in the consolidated financial statements only.

How our audit addressed the key audit matter

Our procedures were as follows:

- We evaluated the competence, independence and objectivity of management's experts. We understood their methods and evaluated the relevance and reasonableness of the assumptions used by them in determining the proved and probable oil and gas reserves.
- We tested how management determined the recoverable amount of the group's CGUs which included the following:
  - involving our specialist in evaluating the appropriateness of the models used by management in making these estimates.
  - testing the data used in determining these estimates.
  - evaluating the reasonableness of significant assumptions with regard to future development and production costs, forecasted oil and gas prices, volume of reserves, reserves life and discount rate used in developing the underlying estimates.
- We recalculated the unit-of-production rate to determine the depletion expense included in the DD&A of the group's CGUs.
- We evaluated the adequacy of the disclosures in the group financial statements.

Other information

The directors are responsible for the other information. The other information comprises Report of the Directors, Statement of Directors' Responsibilities, Audit Committee's Report, Statement of Corporate Response Responsibility, Value Added Statement, Five-Year Financial Summary and Supplementary Financial Information but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the Seplat Petroleum Development Company Plc 2020 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Seplat Petroleum Development Company Plc 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. the Company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739
1 March 2021

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Continuing operations					
Revenue from contracts with customers	8	190,922	214,157	530,467	697,777
Cost of sales	9	(146,088)	(92,698)	(405,892)	(302,039)
Gross profit		**44,834**	**121,459**	**124,575**	**395,738**
Other income	10	30,184	9,170	83,864	29,876
General and administrative expenses	11	(27,372)	(21,675)	(76,047)	(70,617)
Impairment loss on financial assets	12	(10,778)	(14,911)	(29,947)	(48,581)
Impairment losses on non-financial assets	12	(41,175)	–	(114,402)	–
Fair value (loss)/gain	13	(7,111)	1,706	(19,759)	5,559
Operating (loss)/profit		**(11,418)**	**95,749**	**(31,716)**	**311,975**
Finance income	14	601	4,134	1,671	13,471
Finance cost	14	(18,656)	(10,294)	(51,834)	(33,539)
Finance cost-net		(18,055)	(6,160)	(50,163)	(20,068)
Share of profit from joint venture accounted for using the equity method	22	601	325	1,670	1,060
(Loss)/Profit before taxation		**(28,872)**	**89,914**	**(80,209)**	**292,967**
Income tax expense	15	(1,840)	(8,939)	(5,113)	(29,125)
(Loss)/profit from continued operations		**(30,712)**	**80,975**	**(85,322)**	**263,842**
Profit from discontinued operations		–	4,041	–	13,166
(Loss)/Profit for the year		**(30,712)**	**85,016**	**(85,322)**	**277,008**
Attributable to:					
Equity holders of the parent		(26,906)	85,016	(74,747)	277,008
Non-controlling interests		(3,806)	–	(10,575)	–
		(30,712)	**85,016**	**(85,322)**	**277,008**
(Loss)/Earnings per share from continuing operations					
Basic (loss)/earnings per share (₦)/$	39	(46.42)	142.25	(0.13)	0.46
Diluted (loss)/earnings per share (₦)/$	39	(45.72)	139.22	(0.13)	0.45
(Loss)/Earnings per share for the year					
Basic (loss)/earnings per share (₦)/$	39	(46.42)	149.35	(0.13)	0.49
Diluted (loss)/earnings per share (₦)/$	39	(45.72)	146.17	(0.13)	0.48

Notes 1 to 50 on pages 155-236 are an integral part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income | continued

For the year ended 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
(Loss)/profit for the year		**(30,712)**	**85,016**	**(85,322)**	**277,008**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		128,379	(243)	(1,399)	(750)
Items that will not be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations	35	29	(201)	81	(656)
Deferred tax credit on remeasurement losses		(25)	171	(69)	558
		4	(30)	12	(98)
Other comprehensive income/(loss) for the year (net of tax)		128,383	(273)	(1,387)	(848)
Total comprehensive income/(loss) for the period		**97,671**	**84,743**	**(86,709)**	**276,160**
Attributable to:					
Equity holders of the parent		101,477	84,743	(76,134)	276,160
Non-controlling interests		(3,806)	–	(10,575)	–
		97,671	**84,743**	**(86,709)**	**276,160**

The above year end consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Assets					
Non-current assets					
Oil & gas properties	17	609,475	478,372	1,603,888	1,558,213
Other property, plant and equipment	17	5,330	4,360	14,027	14,201
Right-of-use assets	19	3,965	4,026	10,435	13,115
Intangible assets	20	22,301	53,592	58,687	174,566
Other asset	18	44,630	40,190	117,448	130,915
Investment accounted for using equity accounting	22	84,642	49,448	222,741	161,071
Prepayments	21	23,463	19,309	61,744	62,892
Deferred tax asset	15	289,877	68,367	762,833	222,697
Total non-current assets		**1,083,683**	**717,664**	**2,851,803**	**2,337,670**
Current assets					
Inventories	23	28,337	25,944	74,570	84,508
Trade and other receivables	24	96,774	149,436	254,671	486,762
Prepayments	21	1,385	1,965	3,644	6,397
Contract assets	25	2,343	6,527	6,167	21,259
Derivative financial instruments	26	–	457	–	1,486
Cash and cash equivalents	27	98,315	102,240	258,718	333,028
Total current assets		**227,154**	**286,569**	**597,770**	**933,440**
Total assets		**1,310,837**	**1,004,233**	**3,449,573**	**3,271,110**
Equity and liabilities					
Equity					
Issued share capital	28	293	289	1,855	1,845
Share premium	28	86,917	84,045	511,723	503,742
Share-based payment reserve	28	7,174	8,194	27,592	30,426
Capital contribution	29	5,932	5,932	40,000	40,000
Retained earnings		211,790	259,690	1,116,079	1,249,156
Foreign currency translation reserve	30	331,289	202,910	992	2,391
Non-controlling interest	22	(11,058)	(7,252)	(34,196)	(23,621)
Total shareholders' equity		**632,337**	**553,808**	**1,664,045**	**1,803,939**
Non-current liabilities					
Interest-bearing loans and borrowings	31	229,880	207,863	604,947	677,075
Lease liabilities	32	1,591	2,617	4,187	8,518
Provision for decommissioning obligation	34	61,795	45,411	162,619	147,921
Deferred tax liabilities		202,020	–	531,632	–
Defined benefit plan	35	4,063	3,012	10,691	9,808
Total non-current liabilities		**499,349**	**258,903**	**1,314,076**	**843,322**
Current liabilities					
Interest-bearing loans and borrowings	31	35,518	34,486	93,468	112,333
Lease liabilities	32	679	212	1,787	692
Derivative financial instruments	26	626	–	1,648	–
Trade and other payables	36	130,468	143,925	343,340	468,804
Contingent liability	33	–	2,215	–	7,217
Contract liabilities	37	3,599	5,005	9,470	16,301
Current tax liabilities	15	8,261	5,679	21,739	18,502
Total current liabilities		**179,151**	**191,522**	**471,452**	**623,849**
Total liabilities		**678,500**	**450,425**	**1,785,528**	**1,467,171**
Total shareholders' equity and liabilities		**1,310,837**	**1,004,233**	**3,449,573**	**3,271,110**

Notes 1 to 50 on pages 155-236 are an integral part of these financial statements.

The financial statements of Seplat Petroleum Development Company Plc and its subsidiaries (the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 28 February 2021 and were signed on its behalf by

A.B.C. Orjiako
FRC/2013/IODN/00000003161
Chairman
1 March 2021

R.T. Brown
FRC/2014/ANAN/00000017939
Chief Executive Officer
1 March 2021

E. Onwuka
FRC/2020/003/00000020861
Chief Financial Officer
1 March 2021

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Issued share capital ₦ million	Share premium ₦ million	Share based payment reserve ₦ million	Capital contribution ₦ million	Retained earnings ₦ million	Foreign currency translation reserve ₦ million	Non-controlling interest ₦ million	Total equity ₦ million
At 1 January 2019	286	82,080	7,298	5,932	192,723	203,153	–	491,472
Profit/(loss) for the year	–	–	–	–	85,016	–	–	85,016
Other comprehensive loss	–	–	–	–	(30)	(243)	–	(273)
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**84,986**	**(243)**	**–**	**84,743**
Transactions with owners in their capacity as owners:								
Dividends paid	–	–	–	–	(18,019)	–	–	(18,019)
Share-based payments (Note 28.4)	–	–	2,864	–	–	–	–	2,864
Vested shares	3	1,965	(1,968)	–	–	–	–	–
Non-controlling interest on acquisition of subsidiaries	–	–	–	–	–	–	(7,252)	(7,252)
Total	**3**	**1,965**	**896**	**–**	**(18,019)**	**–**	**(7,252)**	**(22,407)**
At 31 December 2019	**289**	**84,045**	**8,194**	**5,932**	**259,690**	**202,910**	**(7,252)**	**553,808**
At 1 January 2020	289	84,045	8,194	5,932	259,690	202,910	(7,252)	553,808
Profit/(loss) for the year	–	–	–	–	(26,906)	–	(3,806)	(30,712)
Other comprehensive income	–	–	–	–	4	128,379	–	128,383
Total comprehensive (loss)/ income for the year	**–**	**–**	**–**	**–**	**(26,902)**	**128,379**	**(3,806)**	**97,671**
Transactions with owners in their capacity as owners:								
Dividends paid	–	–	–	–	(20,998)	–	–	(20,998)
Share-based payments (Note 28.4)	–	–	1,856	–	–	–	–	1,856
Vested shares	4	2,872	(2,876)	–	–	–	–	–
Total	**4**	**2,872**	**(1,020)**	**–**	**(20,998)**	**–**	**–**	**(19,142)**
At 31 December 2020	**293**	**86,917**	**7,174**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**

Notes 1 to 50 on pages 155-236 are an integral part of these financial statements.

	Issued share capital $'000	Share premium $'000	Share based payment reserve $'000	Capital contribution $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Non-controlling interest $'000	Total equity $'000
At 1 January 2019	1,834	497,457	27,499	40,000	1,030,954	3,141	–	1,600,885
Profit for the year	–	–	–	–	277,008	–	–	277,008
Other comprehensive loss	–	–	–	–	(98)	(750)	–	(848)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**276,910**	**(750)**	**–**	**276,160**
Transactions with owners in their capacity as owners:								
Dividends paid	–	–	–	–	(58,708)	–	–	(58,708)
Share-based payments (Note 28.4)	–	–	9,223	–	–	–	–	9,223
Vested shares	11	6,285	(6,296)	–	–	–	–	–
Non-controlling interest on acquisition of subsidiary		–	–	–	–	–	(23,621)	(23,621)
Total	**11**	**6,285**	**2,927**	**–**	**(58,708)**	**–**	**(23,621)**	**(73,106)**
At 31 December 2019	**1,845**	**503,742**	**30,426**	**40,000**	**1,249,156**	**2,391**	**(23,621)**	**1,803,939**
At 1 January 2020	1,845	503,742	30,426	40,000	1,249,156	2,391	(23,621)	1,803,939
Profit/(loss) for the year	–	–	–	–	(74,747)	–	(10,575)	(85,322)
Other comprehensive income/(loss)	–	–	–	–	12	(1,399)	–	(1,387)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(74,735)**	**(1,399)**	**(10,575)**	**(86,709)**
Transactions with owners in their capacity as owners:								
Dividends paid	–	–	–	–	(58,342)	–	–	(58,342)
Share-based payments (Note 28.4)	–	–	5,157	–	–	–	–	5,157
Vested shares	10	7,981	(7,991)	–	–	–	–	–
Total	**10**	**7,981**	**(2,834)**	**–**	**(58,342)**	**–**	**–**	**(53,185)**
At 31 December 2020	**1,855**	**511,723**	**27,592**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**

Notes 1 to 50 on pages 155-236 are an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Cash flows from operating activities					
Cash generated from operations	16	118,558	104,714	329,414	341,571
Tax paid	15	(2,337)	(1,084)	(10,431)	(3,533)
Defined benefits paid	35	(77)	(86)	(213)	(280)
Contribution to plan assets	35	(601)	–	(1,670)	–
Hedge premium paid	13	(3,016)	–	(8,380)	–
Net cash inflows from operating activities		112,527	103,544	308,720	337,758
Cash flows from investing activities					
Payment for acquisition of oil and gas properties	17	(52,090)	(35,091)	(144,729)	(114,339)
Proceeds from disposal of oil and gas properties	17	–	15,527	–	50,614
Payment for acquisition of other property, plant and equipment	17	(1,872)	(3,203)	(5,202)	(10,438)
Payment for acquisition of subsidiary, net of cash acquired		–	(138,479)	–	(451,199)
Cash on loss of control of subsidiary		–	(47,352)	–	(154,240)
Payment for investment in joint venture	22	(21,595)	(31,627)	(60,000)	(103,050)
Proceeds from disposal of other property, plant and equipment	17	1	–	3	–
Receipts from other asset	18	1,705	11,106	4,737	36,185
Interest received	14	601	4,134	1,671	13,471
Net cash outflows from investing activities		**(73,250)**	**(224,985)**	**(203,520)**	**(732,996)**
Cash flows from financing activities					
Repayments of loans	31	(35,991)	(30,690)	(100,000)	(100,000)
Proceeds from loans	31	3,599	106,345	10,000	346,500
Dividends paid	40	(20,998)	(18,019)	(58,342)	(58,708)
Lease payments	32	(1,858)	–	(4,334)	–
Payments for other financing charges	31	–	(2,696)	–	(8,783)
Interest paid on loans	31	(23,310)	(10,364)	(64,767)	(33,770)
Net cash (outflows)/inflows from financing activities		**(78,558)**	**44,576**	**(217,443)**	**145,239**
Net decrease in cash and cash equivalents		(39,281)	(76,865)	(112,243)	(249,999)
Cash and cash equivalents at beginning of the year		100,184	178,460	326,330	581,305
Effects of exchange rate changes on cash and cash equivalents		24,651	(1,411)	11,050	(4,976)
Cash and cash equivalents at end of the year	27	**85,554**	**100,184**	**225,137**	**326,330**

For the purposes of the cash flow statements, the restricted cash balance of $12.8 million, ₦4.8 billion has been excluded from the cash and cash equivalents at the end of the year. These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

An additional $20.8 million, ₦7.9 billion, of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the court case between Seplat Petroleum Development Company Plc and Access bank Plc.

Notes 1 to 50 on pages 155-236 are an integral part of these financial statements.

1. Corporate structure and business

Seplat Petroleum Development Company Plc ('Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company was principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Petroleum Development UK Limited. The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for ₦79.6 billion.

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Plc.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activity of the Company is the processing of gas from OML 53 using the ANOH gas processing plant.

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholders' agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019, Seplat Petroleum Development Company acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45% interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group (see details in Note 4.1.vi). The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Petroleum Development Company Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ('transferred assets') to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat Petroleum Development Company UK Limited	21 August 2014	United Kingdom	100%	Technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	100%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	100%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil & gas exploration and production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil & gas exploration and production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil & gas exploration and production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	–	Dubai	70%	Dormant	Indirect

2. Significant changes in the current accounting period

The following significant changes occurred during the reporting period ended 31 December 2020:

Oil price has reduced significantly due to the global Coronavirus (Covid-19) pandemic and other geopolitical events around the world. These recent events will continue to have an impact on oil price volatility. The Group will continue to monitor the oil price and take adequate steps to manage its business and any financial impact of same.

The Group's operations are not affected by seasonality or cyclicality. The financial position and performance of the Group were particularly affected by the following events and transactions during the year ended 31 December 2020:

- There was a change in the Group's operational structure which took effect on 1 January, 2020; Seplat Plc ceased to be a party to the Joint Operating Agreement (JOA) in respect of the Oil Mining Lease Numbers 4, 38 and 41 and transferred its right and obligation to Seplat West Limited. Seplat West Ltd became a party to the JOA and assumed the rights and obligations of the transferred assets. Seplat Plc is now a holding company.
- The Group recognised impairment loss of $114.4 million (₦ 41.1 billion) on its non-financial assets. The impairment is as a result of re-assessment of future cash flow from the Group's oil and gas properties due to significant fall in oil prices (see Note 12).
- The Group experienced a decline in the revenue from crude oil majorly due to the global Covid-19 pandemic.
- An explosion occurred during the installation of a ladder on a platform at the Benin River Valve Station on OML 40 in Delta State which is used for exporting Gbetiokun production. There was no major impact to the Group's operation as the site of the incident is some distance from OML 40 field operations, which were unaffected.
- The Group's interest-bearing borrowings included a four-year revolving loan facility of $350million (₦133billion). In October 2020, the Group made principal repayments on the four-year revolving facility for a lump sum of $100million (₦35.9billion). In the reporting period, the Group repaid the outstanding principal amount of ₦3.59 billion ($10million) on the revolving loan facility.
- During the year, the Central Bank of Nigeria (CBN) adjusted the exchange rate from ₦ 307/$1 to ₦ 360/$1 on 20 March 2020 and from ₦ 360/$1 to ₦ 380/$1 on 6 August 2020. This was done to unify the official exchange rate around the Nigerian Autonomous Foreign Exchange (NAFEX) rate.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Seplat and its subsidiaries.

3.2 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRSIC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements and have been prepared under the going concern assumption and historical cost convention, except for contingent liability and consideration, and financial instruments measured at fair value on initial recognition, defined benefit plans – plan assets measured at fair value and assets and liabilities acquired on business combination. The financial statements are presented in Nigerian Naira and United States dollars, and all values are rounded to the nearest million (₦'million) and thousand ($'000) respectively, except when otherwise indicated.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a. Amendments to IFRS 3 Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter any business combinations.

b. Amendments to IFRS 9 and IAS 39 Interest Rate Benchmark Reform

These amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and of amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

c. Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

d. Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from the lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

e. Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

i. IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

3. Summary of significant accounting policies continued

3.4 Standards issued but not yet effective continued

The core of IFRS 17 is the general model, supplemented by:

• A specific adaptation for contracts with direct participation features (the variable fee approach)

• A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

ii. Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement

• That a right to defer must exist at the end of the reporting period

• That classification is unaffected by the likelihood that an entity will exercise its deferral right

• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

iii. Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

iv. Property, Plant and Equipment – Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

v. Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

The amendment is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

vi. Onerous Contracts- Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

vii. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

viii. IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

3.5 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The consolidated financial information comprises the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is obtained by the Group and are deconsolidated from the date control ceases.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

ii. Change in the ownership interest of subsidiary

The acquisition method of accounting is used to account for business combinations by the Group.

Non -controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Intercompany transaction balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii. Disposal of subsidiary

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Summary of significant accounting policies continued

3.5 Basis of consolidation continued

iv. Joint arrangements
Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. All other joint arrangements of the Group are joint operations.

v. Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting (see (vi) below) after initially being recognised at cost.

vi. Equity method
Under the equity method of accounting, the Group's investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of loss in an equity accounting investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other party.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in Note 3.19.

vii. Changes in ownership interest
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

viii. Accounting for loss of control
When the Group ceases to consolidate a subsidiary because of a joint control, it does the following:

- deconsolidates the assets (including goodwill), liabilities and non-controlling interest (including attributable other comprehensive income) of the former subsidiary from the consolidated financial position.
- any retained interest (including amounts owed by and to the former subsidiary) in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a joint venture.
- any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings if required by other IFRSs.
- the resulting gain or loss, on loss of control, is recognised together with the profit or loss from the discontinued operation for the period before the loss of control.
- the gain or loss on disposal will comprise of the gain or loss attributable to the portion disposed of and the gain or loss on remeasurement of the portion retained. The latter is disclosed separately in the notes to the financial statements.
- if the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

ix. Non-controlling interests
The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

x. Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

xi. Group reorganisation
A Group reorganisation involves restructuring the relationship between entities under common control. It is the transfer of assets (shares or businesses of a group entity), from one group entity to another. This may be between existing or newly formed entities within the Group. Common control means all the combining entities or businesses are ultimately controlled by the same party both before and after the reorganisation.

The Group accounts for reorganisation involving entities under common control using pooling of interest method. On the date of transfer, the assets and liabilities are transferred to the acquirer at their carrying value, no adjustments are made to reflect their fair value, and no new goodwill is recognised. Any difference between the consideration transferred and the acquired net assets (or liabilities) is reflected within equity.

The assets and liabilities transferred are reflected prospectively in the Group's financial statements from the date of transfer without restating the comparative period.

3.6 Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ('the functional currency'), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The consolidated financial statements are presented in Nigerian Naira and the US dollar.

The Group has chosen to show both presentation currencies and this is allowable by the regulator.

i. Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

ii. Group companies
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting date.
- income and expenses for statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not – a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.7 Oil and gas accounting
i. Pre-licensing costs
Pre-licensing costs are expensed in the period in which they are incurred.

ii. Exploration licence cost
Exploration licence costs are capitalised within intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised on a straight-line basis over the life.

Licence costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made to establish development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence is written off through profit or loss. The exploration licence costs are initially recognised as cost and subsequently amortised on a straight-line based on the economic life. They are subsequently carried at cost less accumulated amortisation and impairment losses.

iii. Acquisition of producing assets
Upon acquisition of producing assets which do not constitute a business combination, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The purchase price paid for the group of assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

3. Summary of significant accounting policies continued

3.7 Oil and gas accounting continued

iv. Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged to profit or loss as incurred.

Exploration and evaluation expenditures incurred by the entity are accumulated separately for each area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure that is not directly related to a particular area of interest. Each area of interest is limited to a size related to a known or probable hydrocarbon resource capable of supporting an oil operation.

Costs directly associated with an exploration well, exploratory stratigraphic test well and delineation wells are temporarily suspended (capitalised) until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons ('proved reserves') are not found, the exploration expenditure is written off as a dry hole and charged to profit or loss. If hydrocarbons are found, the costs continue to be capitalised.

Suspended exploration and evaluation expenditure in relation to each area of interest is carried forward as an asset provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale;
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
- active and significant operations in, or in relation to, the area of interest.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above are written off. In the event that an area is subsequently abandoned or exploration activities do not lead to the discovery of proved or probable reserves, or if the Directors consider the expenditure to be of no value, any accumulated costs carried forward relating to the specified areas of interest are written off in the year in which the decision is made. While an area of interest is in the development phase, amortisation of development costs is not charged pending the commencement of production. Exploration and evaluation costs are transferred from the exploration and/or evaluation phase to the development phase upon commitment to a commercial development.

v. Development expenditures

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure directly related to the development property. All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment is expected to be derived from the sale of production from the relevant development property.

3.8 Revenue recognition (IFRS 15)

IFRS 15 uses a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of a customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil, this occurs when the crude products are lifted by the customer (buyer) Free on Board at the Group's loading facility. Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas sales, revenue is recognised when the product passes through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time using the practical expedient of the right to invoice.

The surplus or deficit of the product sold during the period over the Group's share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. Initially, when an overlift occurs, cost of sale is debited, and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income/expenses-net.

Definition of a customer

A customer is a party that has contracted with the Group to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Group has entered into collaborative arrangements with its Joint arrangement partners to share in the production of oil. Collaborative arrangements with its Joint arrangement partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

Contract enforceability and termination clauses

It is the Group's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provide that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is not recognised for contracts that do not create enforceable rights and obligations to parties in a contract. The Group also does not recognise revenue for contracts that do not meet the revenue recognition criteria. In such cases where consideration is received it recognises a contract liability and only recognises revenue when the contract is terminated.

The Group may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Group has not yet transferred any promised goods or services to the customer and the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

Identification of performance obligation

At inception, the Group assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in an oil and gas contract with no additional contractual promises. Additional performance obligations may arise from future contracts with the Group and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Group's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group may recognise revenue in the amount to which it has a right to invoice.

Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Group's incremental borrowing rate) on contracts that have a repayment period of more than 12 months.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Group receives advance payment for agreed volumes of crude oil or receives take or pay deficiency payment on gas sales. A take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest expense.

Consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or services that the customer transfers to the Group.

Breakage

The Group enters into take or pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take or pay quantity not taken is paid for by the buyer called take or pay deficiency payment. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modification and contract combination

Contract modifications relate to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract. Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

3. Summary of significant accounting policies continued

3.8 Revenue recognition (IFRS 15) continued

Portfolio expedients
As a practical expedient, the Group may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS to individual contracts within that portfolio.

Contract assets and liabilities
The Group recognises contract assets for unbilled revenue from crude oil and gas sales. The Group recognises contract liability for consideration received for which performance obligation has not been met.

Disaggregation of revenue from contract with customers
The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in Note 7.1.1.

3.9 Property, plant and equipment
Oil and gas properties and other plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation
Production and field facilities are depreciated on a unit-of-production basis over the estimated proved developed reserves. Assets under construction are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	20%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Buildings	4%
Land	–
Intangible asset	5%
Leasehold improvements	Over the unexpired portion of the lease

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss.

3.10 Right-of-use assets
The Group recognises right-of-use assets at the commencement date of a lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, decommissioning costs (if any), and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low-value (i.e. low-value assets). Low-value assets are assets with a lease amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.11 Lease liabilities
At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The weighted average incremental borrowing rate for the Group is 7.56%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual period of a lease.

The Group has elected to exclude non-lease components in calculating lease liabilities and instead treat the related costs as an expense in profit or loss.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from; specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.13 Finance income and costs

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income takes into account all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

3.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Group's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash-generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment once commercial reserves are found before they are transferred to oil and gas assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment – proved oil and gas production properties

Proven oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3. Summary of significant accounting policies continued

3.15 Cash and bank balances
Cash and bank balances in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.16 Inventories
Inventories represent the value of tubulars, casings, spares and wellheads. These are stated at the lower of cost and net realisable value. Cost is determined using the invoice value and all other directly attributable costs to bringing the inventory to the point of use determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.17 Other asset
The Group's interest in the oil and gas reserves of OML 55 has been classified as other asset. On initial recognition, it is measured at the fair value of future recoverable oil and gas reserves.

Subsequently, the other asset is recognised at fair value through profit or loss.

3.18 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as the chief operating decision maker, consists of the Chief Financial Officer, the General Manager (Finance), the General Manager (Gas) and the Financial Reporting Manager. See further details in Note 7.

3.19 Financial instruments
IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a. Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at 31 December 2020 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are classified at fair value through profit or loss.

The Group's financial assets include trade receivables, NPDC receivables, NAPIMS receivables, other receivables, cash and bank balances and derivatives. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

b. Impairment of financial assets
Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables and contract assets while the general approach is applied to NPDC receivables, NAPIMS receivables, other receivables and cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward-looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c. Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance are written off either partially or in full:

d. Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2020 was Nil (2019: ₦14.8 million, $48.4 million).

The Group seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

e. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f. Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3. Summary of significant accounting policies continued

3.19 Financial instruments continued

h. Derivatives
The Group uses derivative financial instruments such as forward exchange contracts to hedge its foreign exchange, risks as well as put options to hedge against its oil price risk. However, such contracts are not accounted for as designated hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of derivatives are recognised within operating profit in profit or loss for the period. An analysis of the fair value of derivatives is provided in Note 6, Financial risk management.

The Group accounts for financial assets with embedded derivatives (hybrid instruments) in their entirety on the basis of its contractual cash flow features and the business model within which they are held, thereby eliminating the complexity of bifurcation for financial assets. For financial liabilities, hybrid instruments are bifurcated into hosts and embedded features. In these cases, the Group measures the host contract at amortised cost and the embedded features is measured at fair value through profit or loss.

For the purpose of the maturity analysis, embedded derivatives included in hybrid financial instruments are not separated. The hybrid instrument, in its entirety, is included in the maturity analysis for non-derivative financial liabilities.

i. Fair value of financial instruments
The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

3.20 Share capital
On issue of ordinary shares, any consideration received net of any directly attributable transaction costs is included in equity. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated subsequent to initial recognition.

3.21 Earnings per share and dividends
Basic EPS
Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS
Diluted EPS is calculated by dividing the profit or loss after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share awards arising from the share-based payment scheme) into ordinary shares.

Dividends
Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.22 Post-employment benefits
Defined contribution scheme
The Group contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Group. The Group's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Group operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

Defined benefit scheme

The Group operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post-employment benefits to employees. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and calculated annually by independent actuaries. The liability or asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Remeasurements gains and losses, arising from changes in financial and demographic assumptions and experience adjustments, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation and the fair value of the plan assets.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in general and administrative expenses:

- Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost.

3.23 Provisions

Provisions are recognised when:

i. the Group has a present legal or constructive obligation as a result of past events;

ii. it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and

iii. the amount can be reliably estimated.

Provisions are not recognised for future operating losses. In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.

Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3. Summary of significant accounting policies continued

3.24 Contingencies
A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgement regarding the outcome of future events.

3.25 Contingent consideration
A contingent consideration to be transferred by the acquirer is recognised at fair value through profit or loss at the acquisition date by the Group. Contingent consideration classified as an asset or liability is measured at fair value in accordance with IFRS 13 Fair value Measurement with the changes in fair value recognised in the statement of profit or loss.

3.26 Income taxation
i. Current income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

iii. Uncertainty over income tax treatments
The Group examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Group concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Group measures the impact of the uncertainty using methods that best predict the resolution of the uncertainty. The Group uses the most likely method where there are two possible outcomes, and the expected value method when there is a range of possible outcomes.

The Group assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Group applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.27 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

3.28 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated historical financial information:

i. OMLs 4, 38 and 41

OMLs 4, 38, 41 are grouped together as a cash-generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each cannot independently generate cash flows. They currently operate as a single block sharing resources for the purpose of generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced when the Group has an unconditional right to receive payment.

ii. Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. See further details in Note 15.

4. Significant accounting judgements, estimates and assumptions continued

4.1 Judgements continued

iii. Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million (Seplat's 45% share of $100 million), which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

iv. Group re-organisation

On 1 January 2020, the Group's operations were restructured with the transfer of OML 4, OML 38 and OML 41 from Seplat Plc to Seplat West Limited. Management determined that this was a group reorganisation involving entities under common control, as Seplat Plc controlled the Group before and after the reorganisation. In addition, the assets and liabilities of the Group were the same immediately before and after the reorganisation. See Note 40 for a summary of assets and liabilities transferred to Seplat West Limited.

v. Foreign currency translation reserve

The Group has used the CBN rate to translate its dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate used was 10% higher or lower, revenue in Naira would have increased/decreased by ₦19 billion (2019: ₦21.4 billion). See Note 50 for the applicable translation rates.

vi. Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has power over Elcrest through due representation of Eland in the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

vii. Revenue recognition

Performance obligations

The judgements applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e. over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following:

a. The difference, if any, between the amount of promised consideration and cash selling price and;

b. The combined effect of both the following:

- The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received; and
- The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgemental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/(expenses) – net.

Exploration and evaluation assets

The accounting for exploration and evaluation (E&E) assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the general manager (Finance), the general manager (Gas) and the financial reporting manager. See further details in Note 7.

5. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Defined benefit plans (pension benefits)

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

ii. Oil and gas reserves

Proved oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure for estimating decommissioning liabilities and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

iii. Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.4.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

iv. Provision for decommissioning obligations

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current constructions, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

5. Estimates and assumptions continued

v. Property, plant and equipment

The Group assesses its property, plant and equipment, including exploration and evaluation assets, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

If there are low oil prices or natural gas prices during an extended period, the Group may need to recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas.

During the year, the Group carried out an impairment assessment on OML 4, 38 and 41, OML 56, OML 53, OML 40 and OML 17. The Group used the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group used a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset's performance) and other relevant assumptions based on the 2020-year end Competent Persons Report (CPR). The pre-tax future cash flows were adjusted for risks specific to the forecast and discounted using a pre-tax discount rate of 15% and post-tax discount rate of 10% for OML 40 and OML 17, which reflects both current market assessment of the time value of money and risks specific to the asset. The impairment test did not result in any impairment loss for OML 4,38 and 41, OML 56 and OML 53. However, there were impairment losses recognised on OML 40 and OML 17.

Management has considered whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise (see Note 17.1).

vi. Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

vii. Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

viii. Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 6.1.3.

ix. Intangible asset

The contract-based intangible assets were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives which is also the economic life of the asset.

The fair value of contract-based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cash flows are then obtained by deducting out the tax using the effective tax rate.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. See Note 20 for more details.

6. Financial risk management

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US Dollars	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows
Market risk – interest rate	Interest-bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, trade receivables and derivative financial instruments	Aging analysis Credit ratings	Diversification of bank deposits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

6.1.1 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates and commodity prices.

i. Commodity price risk

The Group is exposed to the risk of fluctuations on crude oil prices. The uncertainty around the rate at which oil prices increase or decline led to the Group's decision to enter into an option contract to insure the Group's revenue against adverse oil price movements.

Crude hedge

During the last quarter of 2020, the Group entered an economic crude oil hedge contracts with an average strike price of ₦12,903 ($34/bbl.) for 5 million barrels at an average premium price of ₦580.64 ($1.53/bbl.) was agreed at the contract dates.

These contracts, which will commence in 1 January 2021, are expected to reduce the volatility attributable to price fluctuations of oil. The Group has pre-paid a premium of ₦672 million, 2019: ₦838 million ($1.77 million; 2019: $2.73 million) for 1 million barrels while the premium for 4 million barrels will be settled on a deferred basis. An unrealised fair value loss of ₦600 million, $1.67 million and a gain of ₦337 million, $1.1 million was recognised for these hedges in 2020 and 2019 respectively. The termination date is 31 March and 30 September 2021 respectively. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy of the Group.

The maturity of the commodity options the Group holds is shown in the table below:

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2020							
Crude oil hedges Volume (bbl.)	2,000,000	3,000,000	–	–	5,000,000	(626)	(1,648)
						(626)	**(1,648)**

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2019							
Crude oil hedges Volume (bbl.)	1,500,000	1,500,000	–	–	3,000,000	308	1,002
Currency forwards (Notional amount – $'000)	500	1,500	2,000	2,000	6,000	149	484
						457	**1,486**

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.1 Market risk continued

The following table summarises the impact of the commodity options on the Group's profit before tax due to a 10% change in market inputs, with all other variables held constant:

Increase/decrease in Commodity Price	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+10%	63	–	31	–
-10%	(63)	–	(31)	–

Increase/decrease in Commodity Price	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	165	–	100	–
-10%	(165)	–	(100)	–

The Group may be exposed to business risks from fluctuations in the future prices of crude oil and gas. The following table summarises the impact on the Group's profit before tax of a 10% change in crude oil prices, with all other variables held constant:

Increase/decrease in market inputs	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+10%	15,042	–	15,195	–
-10%	(15,042)	–	(15,195)	–

Increase/decrease in market inputs	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	41,794	–	49,510	–
-10%	(41,794)	–	(49,510)	–

The following table summarises the impact on the Group's profit before tax of a 10% change in gas prices, with all other variables held constant:

Increase/decrease in Commodity Price	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+10%	4,050	–	4,167	–
-10%	(4,050)	–	(4,167)	–

Increase/decrease in Commodity Price	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	11,253	–	13,576	–
-10%	(11,253)	–	(13,576)	–

ii. Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-bearing loans and borrowings. The Group has both variable and fixed interest rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and short-term fixed deposit held at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. The Group's borrowings are not measured at fair value and are denominated in US dollars. The Group is exposed to cash flow interest rate risk on short-term deposits to the extent that the significant increases and reductions in market interest rates would result in a decrease in the interest earned by the Group.

The contractual re-pricing date of the interest-bearing loans and borrowings is between 3-6 months. The exposure of the Group's variable interest-bearing loans and borrowings at the end of the reporting period is shown below.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Corporate loan	**131,107**	**135,112**	**345,019**	**440,130**

The following table demonstrates the sensitivity of the Group's profit before tax to changes in LIBOR rate, with all other variables held constant.

Increase/decrease in interest rate	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+1%	131	–	(41)	–
-1%	(131)	–	42	–

Increase/decrease in interest rate	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+1%	345	–	(135)	–
-1%	(345)	–	136	–

6.1.2 Foreign exchange risk

The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Group is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Group holds most of its cash and bank balances in US dollar. However, the Group maintains deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables. The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for Naira exposures at the reporting date:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Financial assets				
Cash and bank balances	85,223	31,945	224,270	103,892
Trade and other receivables	443	15,201	1,167	49,515
Contract assets	2,343	6,527	6,167	21,259
Inventory	–	248	–	807
	88,009	**53,921**	**231,604**	**175,473**
Financial liabilities				
Trade and other payables	(90,663)	(41,847)	(238,587)	(126,116)
Net exposure to foreign exchange risk	**(2,654)**	**12,074**	**(6,983)**	**49,357**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for pound exposures at the reporting date:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Financial assets				
Cash and bank balances	396	611	1,041	2,153
Trade and other receivables	29,799	1,624	78,419	5,290
	30,195	2,235	79,460	7,443
Financial liabilities				
Trade and other payables	–	(4,948)	–	(16,117)
Net exposure to foreign exchange risk	**30,195**	**(2,713)**	**79,460**	**(8,674)**

6. Financial risk management continued

6.1 Financial risk factors continued

Sensitivity to foreign exchange risk is based on the Group's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+5%	(20,983)	–	(722)	–
-5%	23,192	–	798	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+5%	(55,218)	–	(2,350)	–
-5%	61,030	–	2,598	–

If the pound strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million
+5%	(1,438)	–	127	–
-5%	1,589	–	(140)	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+5%	(3,784)	–	413	–
-5%	4,182	–	(457)	–

6.1.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances, derivative financial assets as well as credit exposures to customers (i.e. Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e. NAPIMS receivables, NPDC receivables and other receivables).

a. Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, Vitol, Eni Trading and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 & 41) which runs for five years until 31 July 2021 and on Vitol off-take agreement (OML53 – Ohaji South Field) which expires in May 2021. While payment term is 10 days in the Eni off-take agreement (OML53 – Jisike Field) which expires in December 2020. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and National Petroleum Investment Management Services (NAPIMS).

In addition, the Group is exposed to credit risk in relation to the sale of gas to its customers.

The credit risk on cash and cash balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

b. Impairment of financial assets

The Group has six types of financial assets that are subject to IFRS 9's expected credit loss model. Contract assets are also subject to the expected credit loss model, even though they are not financial assets, as they have substantially the same credit risk characteristics as trade receivables. The impairment of receivables is disclosed in the table below.

- Nigerian Petroleum Development Company (NPDC) receivables
- National Petroleum Investment Management Services (NAPIMS) receivables
- Trade receivables
- Contract assets
- Other receivables
- Cash and bank balances

Reconciliation of impairment on financial assets

	Notes	₦'million	$'000
As at 1 January 2020		**6,911**	**22,524**
Increase in provision for Nigerian Petroleum Development Company (NPDC) receivables	24.2	171	476
Increase in provision for National Petroleum Investment Management Services (NAPIMS) receivables	24.3	456	1,268
Increase in provision for trade receivables	24.1	542	1,507
Increase in provision for cash and bank balances: short-term fixed deposits	27	60	167
Increase in provision for other receivables	24.4	9,548	26,529
Exchange difference		1	–
Impairment charge to the profit or loss		**10,778**	**29,947**
As at 31 December 2020		**17,689**	**52,471**

	Notes	₦'million	$'000
As at 1 January 2019 (A)		6,871	22,382
Increase in provision for Nigerian Petroleum Development Company (NPDC) receivables	24.2	12,836	41,813
Increase in provision for National Petroleum Investment Management Services (NAPIMS) receivables	24.3	23	77
Increase in provision for trade receivables	24.1	525	1,710
Decrease in provision for cash and bank balances: short-term fixed deposits	27	(13)	(39)
Increase in provision for other receivables	24.4	1,540	5,020
Impairment charge to the profit or loss (B)		14,911	48,581
Total impairment before acquisition (A+B)		21,782	70,963
Receivables written off during the year as uncollectible		(14,871)	(48,439)
As at 31 December 2019		**6,911**	**22,524**

The parameters used to determine impairment for NPDC receivables, NAPIMS receivables, other receivables and short-term fixed deposits are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equates the lifetime PD for stage 2 as the maximum contractual period over which the Group is exposed to credit risk arising from the receivables is less than 12 months.

	Nigerian Petroleum Development Company (NPDC) receivables	National Petroleum Investment Management Services (NAPIMS) receivables	Other receivables	Short-term fixed deposits
Probability of Default (PD)	The PD for base case, downturn and upturn is 9.45%, 9.85% and 9.23% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 9.45%, 9.85% and 9.23% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 11.77%, 12.75% and 10.88% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate for senior unsecured corporate bonds for emerging economies.	The 12-month LGD and lifetime LGD were determined to be 100% as no collateral was used.	The 12-month LGD and lifetime LGD were determined using Management's estimate of expected cash recoveries.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation, unemployment growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.
Probability weightings	80%, 11% and 9% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	80%, 11% and 9% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	89%, 2% and 9% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	78%, 12% and 10% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.3 Credit risk continued

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e. receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

i. Nigerian Petroleum Development Company (NPDC) receivables

NPDC receivables represent the outstanding cash calls due to Seplat from its Joint Arrangement partner, Nigerian Petroleum Development Company. The Group applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for NPDC receivables.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The ECL was calculated based on actual credit loss experience from 2014, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

There was no write-off during the year (2019: ₦14.9 billion ($48.4 million)) (see details in Note 24.2).

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	41,300			41,300
Loss allowance	(619)			(619)
Net Exposure at Default (EAD)	**40,681**	**–**	**–**	**40,681**

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	68,712	–	–	68,712
Loss allowance	(448)	–	–	(448)
Net Exposure at Default (EAD)	**68,264**	**–**	**–**	**68,264**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	114,439	–	–	114,439
Loss allowance	(7,386)	–	–	(7,386)
Net Exposure at Default (EAD)	**107,053**	**–**	**–**	**107,053**

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	223,817	–	–	223,817
Loss allowance	(1,460)	–	–	(1,460)
Net Exposure at Default (EAD)	**222,357**	**–**	**–**	**222,357**

ii. National Petroleum Investment Management services (NAPIMS) receivables

NAPIMS receivables represent the outstanding cash calls due to Seplat from its Joint Operating Arrangement (JOA) partner, National Petroleum Investment Management Services. The Group applies the general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for NAPIMS receivables.

The ECL was calculated based on actual credit loss experience from 2016, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The tables below show the expected credit losses for the years ended 31 December 2020 and 31 December 2019.

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	11,832	–	–	11,832
Loss allowance	(479)	–	–	(479)
Net Exposure at Default (EAD)	**11,353**	**–**	**–**	**11,353**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	31,221	–	–	31,221
Loss allowance	(1,345)	–	–	(1,345)
Net Exposure at Default (EAD)	**29,876**	**–**	**–**	**29,876**

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	377	–	–	377
Loss allowance	(23)	–	–	(23)
Net Exposure at Default (EAD)	**354**	**–**	**–**	**354**

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	1,229	–	–	1,229
Loss allowance	(77)	–	–	(77)
Net Exposure at Default (EAD)	**1,152**	**–**	**–**	**1,152**

iii. Trade receivables (Gerugu Power, Sapele Power and Nigerian Gas Marketing Company)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The impairment of trade receivables (Gerugu Power, Sapele Power and NGMC) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2020 and 31 December 2019 are as follows:

31 December 2020

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	1,844	–	1,005	1,377	1,556	6,900	12,682
Expected loss rate	0.14%	0.14%	0.14%	0.15%	4.43%	6.27%	
Lifetime ECL (Note 24.1)	(2)	–	(1)	(2)	(66)	(452)	(523)
Total	**1,842**	**–**	**1,004**	**1,375**	**1,490**	**6,448**	**12,159**

31 December 2019

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	2,515	–	1,790	–	–	12,176	16,481
Expected loss rate	0.16%	0.16%	0.17%	0.17%	0.17%	3.0%	
Lifetime ECL (Note 24.1)	(4)	–	(3)	–	–	(333)	(340)
Total	**2,511**	**–**	**1,787**	**–**	**–**	**11,843**	**16,141**

31 December 2020

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	4,859	–	2,649	3,629	4,099	18,137	33,373
Expected loss rate	0.14%	0.14%	0.14%	0.15%	4.43%	6.27%	
Lifetime ECL (Note 24.1)	(6)	–	(4)	(5)	(173)	(1,191)	(1,379)
Total	**4,859**	**–**	**2,645**	**3,624**	**3,926**	**16,946**	**31,994**

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.3 Credit risk continued

31 December 2019

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	8,192	–	5,831	–	–	39,661	53,684
Expected loss rate	0.16%	0.16%	0.17%	0.17%	0.17%	3.0%	
Lifetime ECL (Note 24.1)	(11)	–	(8)	–	–	(1,090)	(1,109)
Total	**8,181**	**–**	**5,823**	**–**	**–**	**38,571**	**52,575**

iv. Trade receivables (Mercuria)

The impairment of trade receivables (Mercuria) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2020 was nil.

31 December 2019

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91-120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	15,863	–	–	–	–	–	15,863
Expected loss rate	0.4%	–	–	–	–	–	0.4%
Lifetime ECL (Note 24.1)	(68)	–	–	–	–	–	(68)
Total	**15,795**	**–**	**–**	**–**	**–**	**–**	**15,795**

31 December 2019

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	51,669	–	–	–	–	–	51,669
Expected loss rate	0.4%	–	–	–	–	–	–
Lifetime ECL (Note 24.1)	(219)	–	–	–	–	–	(219)
Total	**51,450**	**–**	**–**	**–**	**–**	**–**	**51,450**

v. Trade receivables (Pillar)

The impairment of trade receivables (Pillar) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2020 and 31 December 2019 are as follows:

31 December 2020

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91-120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	89	–	–	–	–	346	435
Expected loss rate	1.22%	1.22%	2.16%	15.03%	52.65%	100%	
Lifetime ECL (Note 24.1)	(1)	–	–	–	–	(346)	(347)
Total	**88**	**–**	**–**	**–**	**–**	**–**	**88**

31 December 2019

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91-120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	915	–	555	–	–	274	1,744
Expected loss rate	1.2%	1.2%	15%	15%	15%	54%	
Lifetime ECL (Note 24.1)	(11)	–	(83)	–	–	(149)	(243)
Total	**904**	**–**	**472**	**–**	**–**	**125**	**1,501**

31 December 2020

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	234	–	–	–	–	913	1,147
Expected loss rate	1.22%	1.22%	2.16%	15.03%	52.65%	100%	
Lifetime ECL (Note 24.1)	(2)	–	–	–	–	(913)	(915)
Total	**232**	**–**	**–**	**–**	**–**	**–**	**232**

31 December 2019

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	2,980	–	1,808	–	–	894	5,682
Expected loss rate	1.2%	1.2%	15%	15%	15%	54%	
Lifetime ECL (Note 24.1)	(35)	–	(272)	–	–	(483)	(790)
Total	**2,944**	**–**	**1,536**	**–**	**–**	**411**	**4,891**

vi. Contract assets

The expected credit losses on contract assets have been assessed to be immaterial and the loss rates insignificant.

vii. Other receivables

Other receivables are amounts outside the usual operating activities of the Group. Included in other receivables is a receivable amount on an investment that is no longer being pursued. The Group applied the general approach in estimating the expected credit loss.

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	–	16,348	16,348
Loss allowance	–	–	(15,303)	(15,303)
Net Exposure at Default (EAD)	–	–	1,045	1,045

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	29,633	3,070	32,703
Loss allowance	–	(2,685)	(3,070)	(5,755)
Net Exposure at Default (EAD)	–	26,948	–	26,948

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	–	48,070	48,070
Loss allowance	–	–	(45,319)	(45,319)
Net Exposure at Default (EAD)	–	–	2,751	2,751

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	96,571	10,000	106,571
Loss allowance	–	(8,790)	(10,000)	(18,790)
Net Exposure at Default (EAD)	–	87,781	–	87,781

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.3 Credit risk continued

viii. Cash and cash equivalent

Short-term fixed deposits

The Group applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and bank balances. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators.

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	8,061	–	–	8,061
Loss allowance	(93)	–	–	(93)
Net Exposure at Default (EAD)	7,968	–	–	7,968

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	29,741	–	–	29,741
Loss allowance	(23)	–	–	(23)
Net Exposure at Default (EAD)	29,718	–	–	29,718

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	21,212	–	–	21,212
Loss allowance	(246)	–	–	(246)
Net Exposure at Default (EAD)	20,966	–	–	20,966

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	96,878	–	–	96,878
Loss allowance	(79)	–	–	(79)
Net Exposure at Default (EAD)	96,799	–	–	96,799

Other cash and bank balances

The Group assessed the other cash and bank balances to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2020 (2019: nil). The assets are assessed to be in stage 1.

Credit quality of cash and bank balances

The credit quality of the Group's cash and bank balances are assessed on the basis of external credit ratings (Fitch national long-term ratings) as shown below cash and bank balances are all in Stage 1 based on the ECL assessment:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Non-rated	4,841	6	12,740	19
BBB-	672	–	1,764	–
B	–	25,987	–	84,649
B+	–	1,713	–	5,580
A	–	4,182	–	13,623
A+	80,832	65,684	212,717	213,956
AA-	9,004	750	23,694	2,444
AAA	3,059	3,941	8,049	12,836
	98,408	102,263	258,964	333,107
Allowance for impairment recognised during the year (Note 27)	(93)	(23)	(246)	(79)
Net cash and cash bank balances	**98,315**	102,240	**258,718**	**333,028**

c. Maximum exposure to credit risk – financial instruments subject to impairment

The Group estimated the expected credit loss on NPDC receivables, NAPIMS receivables and short-term fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Group's maximum exposure to credit risks on these assets.

All financial assets impaired using the General model (NPDC, NAPIMS and short-term fixed deposits) are graded under the standard monitoring credit grade (rated B- under Standard and Poor's unmodified ratings) and are classified under Stage 1, except for the other receivables which are graded under the investment grade (rated AA under Standard and Poor's unmodified ratings) and classified in Stage 2 and Stage 3.

d. Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or Stage 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent 'step up' (or 'step down') between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets dominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

The following tables explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Nigerian Petroleum Development Company (NPDC) receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2020	448	–	–	–	448
Movements with profit or loss impact					
New financial assets originated or purchased	171	–	–	–	171
Total net profit or loss charge during the period	171				171
Loss allowance as at 31 December 2020	**619**	**–**	**–**	**–**	**619**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2020	1,460	–	–	–	1,460
Movements with profit or loss impact					
New financial assets originated or purchased	476	–	–	–	476
Total net profit or loss charge during the period	476	–	–	–	476
Loss allowance as at 31 December 2020	**1,936**	**–**	**–**	**–**	**1,936**

National Petroleum Investment Management services (NAPIMS) receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2020	23	–	–	–	23
Movements with profit or loss impact					
New financial assets originated or purchased	456	–	–	–	456
Total net profit or loss charge during the period	456	–	–	–	456
Loss allowance as at 31 December 2020	**479**	**–**	**–**	**–**	**479**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2020	77	–	–	–	77
Movements with profit or loss impact					
New financial assets originated or purchased	1,268	–	–	–	1,268
Total net profit or loss charge during the period	1,268	–	–	–	1,268
Loss allowance as at 31 December 2020	**1,345**	**–**	**–**	**–**	**1,345**

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.3 Credit risk continued

Other receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2020	–	1,227	4,528	–	5,755
Movements with profit or loss impact					
Changes in PDs/LGDs/EADs	–	–	9,548	–	9,548
Transfer to stage 3	–	(1,227)	1,227	–	–
Total net profit or loss charge during the period	–	(1,227)	10,775	–	9,548
Loss allowance as at 31 December 2020	**–**	**–**	**15,303**	**–**	**15,303**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2020	–	3,980	14,810	–	18,790
Movements with profit or loss impact					
Changes in PDs/LGDs/EADs	–	–	26,529	–	26,529
Transfer to stage 3	–	(3,980)	3,980	–	–
Total net profit or loss charge during the period	–	(3,980)	30,509		26,529
Loss allowance as at 31 December 2020	**–**	**–**	**45,319**	**–**	**45,319**

Short-term fixed deposit

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2020	23	–	–	–	23
Movements with profit or loss impact					
New financial assets originated or purchased	60	–	–	–	60
Total net profit or loss charge during the period	**60**	**–**	**–**	**–**	**60**
Other movements with no profit or loss impact					
Exchange difference	10	–	–	–	10
Loss allowance as at 31 December 2020	**93**	**–**	**–**	**–**	**93**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2020	79	–	–	–	79
Movements with profit or loss impact					
New financial assets originated or purchased	167	–	–	–	167
Total net profit or loss charge during the period	**167**	**–**	**–**	**–**	**167**
Loss allowance as at 31 December 2020	**246**	**–**	**–**	**–**	**246**

e. Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Expected cash flows recoverable

The table below demonstrates the sensitivity of the Group's profit before tax to a 20% change in the expected cash flows from financial assets, with all other variables held constant:

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in estimated cash flows				
+20%	41	–	108	–
-20%	(41)	–	(108)	–

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in estimated cash flows				
+20%	94	–	305	–
-20%	(94)	–	(305)	–

ii. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in loss given default				
+10%	(285)	–	(749)	–
-10%	285	–	749	–

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in loss given default				
+10%	(46)	–	(145)	–
-10%	46	–	145	–

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in probability of default				
+10%	(188)	–	(496)	–
-10%	188	–	496	–

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in probability of default				
+10%	(49)	–	(159)	–
-10%	49	–	159	–

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in forward-looking macroeconomic indicators				
+10%	(230)	–	(605)	–
-10%	230	–	605	–

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in forward-looking macroeconomic indicators				
+10%	(46)	–	(145)	–
-10%	46	–	145	–

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate %	Less than 1 year ₦ million	1 – 2 year ₦ million	2 – 3 years ₦ million	3 – 5 years ₦ million	Total ₦ million
31 December 2020						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	–	–	133,000	–	133,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6% + LIBOR	724	10,133	–	–	10,857
Nedbank Limited London	6% + LIBOR	724	10,133	–	–	10,857
Stanbic IBTC Bank Plc	6% + LIBOR	362	5,067	–	–	5,429
The Standard Bank of South Africa Limited	6% + LIBOR	362	5,067	–	–	5,429
RMB International (Mauritius) Limited	6% + LIBOR	724	10,133	–	–	10,857
The Mauritius Commercial Bank Ltd	6% + LIBOR	724	10,133	–	–	10,857
JPMorgan Chase Bank, N.A., London Branch	6% + LIBOR	543	7,600	–	–	8,143
Standard Chartered Bank	6% + LIBOR	543	7,600	–	–	8,143
Natixis	6% + LIBOR	543	7,600	–	–	8,143
Société Générale, London Branch	6% + LIBOR	271	3,800	–	–	4,071
Zenith Bank Plc	6% + LIBOR	271	3,800	–	–	4,071
United Bank for Africa Plc	6% + LIBOR	271	3,800	–	–	4,071
First City Monument Bank Limited	6% + LIBOR	271	3,800	–	–	4,071
First Bank of Nigeria	8% + LIBOR	1,140	2,993	428	–	4,561
The Mauritius Commercial Bank Ltd	8% + LIBOR	3,268	8,579	1,226	–	13,073
Stanbic IBTC Bank Plc/The Standard Bank of South Africa Limited	8% + LIBOR	5,092	13,367	1,910	–	20,369
Total variable interest borrowings		**15,833**	**113,605**	**3,564**	**–**	**133,002**
Other non-derivatives						
Trade and other payables**		130,468	–	–	–	130,468
Lease liability		933	895	731	25	2,584
		131,401	**895**	**731**	**25**	**133,052**
Total		**147,234**	**114,500**	**137,295**	**25**	**399,054**

	Effective interest rate %	Less than 1 year ₦ million	1 – 2 year ₦ million	2 – 3 years ₦ million	3 – 5 years ₦ million	Total ₦ million
31 December 2019						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	10,105	10,077	10,077	112,475	142,734
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
Nedbank Limited London	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
Stanbic IBTC Bank Plc	6.0% +LIBOR	510	2,539	2,375	2,211	7,635
The Standard Bank of South Africa Limited	6.0% +LIBOR	510	2,539	2,375	2,211	7,635
RMB International (Mauritius) Limited	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	764	3,808	3,564	3,316	11,452
Standard Chartered Bank	6.0% +LIBOR	764	3,808	3,564	3,316	11,452
Natixis	6.0% +LIBOR	764	3,808	3,564	3,316	11,452
Société Générale, London Branch	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
Zenith Bank Plc	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
United Bank for Africa Plc	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
First City Monument Bank Limited	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
		8,924	44,430	41,566	38,686	133,606
Acquired through business combination – Stanbic IBTC Bank Plc & The Mauritius Commercial Bank Ltd	8.0% +LIBOR	10,230	9,461	7,844	5,835	33,370
Total variable interest borrowings		**19,154**	**53,891**	**49,410**	**44,521**	**166,976**
Other non-derivatives						
Trade and other payables**		114,388	–	–	–	114,388
Lease liability		247	155	1,059	2,036	3,496
		114,635	**155**	**1,059**	**2,036**	**117,884**
Total		**143,894**	**64,123**	**60,546**	**159,032**	**427,594**

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.4 Liquidity risk continued

	Effective interest rate %	Less than 1 year $'000	1 – 2 year $'000	2 – 3 years $'000	3 – 5 years $'000	Total $'000
31 December 2020						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	–	–	350,000	–	350,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6% + LIBOR	1,905	26,667	–	–	28,572
Nedbank Limited London	6% + LIBOR	1,905	26,667	–	–	28,572
Stanbic IBTC Bank Plc	6% + LIBOR	952	13,333	–	–	14,285
The Standard Bank of South Africa Limited	6% + LIBOR	952	13,333	–	–	14,285
RMB International (Mauritius) Limited	6% + LIBOR	1,905	26,667	–	–	28,572
The Mauritius Commercial Bank Ltd	6% + LIBOR	1,905	26,667	–	–	28,572
JPMorgan Chase Bank, N.A., London Branch	6% + LIBOR	1,429	20,000	–	–	21,429
Standard Chartered Bank	6% + LIBOR	1,429	20,000	–	–	21,429
Natixis	6% + LIBOR	1,429	20,000	–	–	21,429
Société Générale, London Branch	6% + LIBOR	714	10,000	–	–	10,714
Zenith Bank Plc	6% + LIBOR	714	10,000	–	–	10,714
United Bank for Africa Plc	6% + LIBOR	714	10,000	–	–	10,714
First City Monument Bank Limited	6% + LIBOR	713	10,000	–	–	10,713
First Bank of Nigeria	8% + LIBOR	3,000	7,875	1,125	–	12,000
The Mauritius Commercial Bank Ltd	8% + LIBOR	8,600	22,575	3,225	–	34,400
Stanbic IBTC Bank Plc/The Standard Bank of South Africa Limited	8% + LIBOR	13,400	35,175	5,025	–	53,600
Total variable interest borrowings		**41,666**	**298,959**	**9,375**	**–**	**350,000**
Other non – derivatives						
Trade and other payables**		343,341	–	–	–	343,324
Lease liability		2,455	2,354	1,924	67	6,800
		345,796	**2,354**	**1,924**	**67**	**350,141**
Total		**387,462**	**301,313**	**361,299**	**67**	**1,050,142**

	Effective interest rate %	Less than 1 year $'000	1 – 2 year $'000	2 – 3 years $'000	3 – 5 years $'000	Total $'000
31 December 2019						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	32,915	32,825	32,825	366,367	464,932
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
Nedbank Limited London	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
Stanbic IBTC Bank Plc	6.0% +LIBOR	1,661	8,270	7,736	7,201	24,868
The Standard Bank of South Africa Limited	6.0% +LIBOR	1,661	8,270	7,736	7,201	24,868
RMB International (Mauritius) Limited	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Standard Chartered Bank	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Natixis	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Société Générale, London Branch	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
Zenith Bank Plc	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
United Bank for Africa Plc	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
First City Monument Bank Limited	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
		29,063	144,727	135,376	126,020	435,186
Acquired through business combination – Stanbic IBTC Bank Plc & The Mauritius Commercial Bank Ltd	8.0% +LIBOR	33,322	30,820	25,549	19,005	108,696
Total variable interest borrowings		**62,385**	**175,547**	**160,925**	**145,025**	**543,882**
Other non-derivatives						
Trade and other payables**		372,599	–	–	–	372,599
Lease liability		803	505	3,449	6,632	11,389
		373,402	**505**	**3,449**	**6,632**	**383,988**
Total		**468,702**	**208,877**	**197,199**	**518,024**	**1,392,802**

Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables)

6.1.5 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	2020 ₦ million	2019 ₦ million	2020 ₦ million	2019 ₦ million
Financial assets at amortised cost				
Trade and other receivables*	58,398	35,225	58,398	35,225
Contract assets	2,343	6,527	2,343	6,527
Cash and bank balances	98,315	102,240	98,315	102,240
	159,056	**143,992**	**159,056**	**143,992**
Financial assets at fair value				
Derivative financial instruments (Note 26)	–	457	–	457
	–	**457**	–	**457**
Financial liabilities at amortised cost				
Interest-bearing loans and borrowings	265,398	242,349	277,170	229,805
Trade and other payables	93,537	106,260	93,537	106,260
	358,935	**348,609**	**370,707**	**336,065**
Financial liabilities at fair value				
Derivative financial instruments (Note 26)	626	–	626	–
	626	**–**	**626**	**–**

6. Financial risk management continued

6.1 Financial risk factors continued

6.1.5 Fair value measurements continued

	Carrying amount		Fair value	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets at amortised cost				
Trade and other receivables*	153,680	114,740	153,680	114,740
Contract assets	6,167	21,259	6,167	21,259
Cash and bank balances	258,718	333,028	258,718	333,028
	418,565	**469,027**	**418,565**	**469,027**
Financial assets at fair value				
Derivative financial instruments (Note 26)	–	1,486	–	1,486
	–	**1,486**	**–**	**1,486**
Financial liabilities at amortised cost				
Interest-bearing loans and borrowings	698,415	789,408	729,395	748,551
Trade and other payables	246,150	346,125	246,150	346,125
	944,565	**1,135,533**	**975,545**	**1,094,676**
Financial liabilities at fair value				
Derivative financial instruments (Note 26)	1,648	–	1,648	–
	1,648	**–**	**1,648**	**–**

*Trade and other receivables exclude Geregu Power, Sapele Power and NGMC VAT receivables, cash advances and advance payments.

In determining the fair value of the interest-bearing loans and borrowings, non-performance risks of the Group as at year end were assessed to be insignificant.

Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding prepayments), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

6.1.6 Fair value hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the year.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Recurring fair value measurements

Financial liability

31 Dec 2020	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	–	(626)	–	–	(1,648)	–

Financial assets

31 Dec 2019	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets:						
Derivative financial instruments	–	457	–	–	1,486	–
	–	457	–	–	1,486	–

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

Financial liabilities

31 Dec 2020	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest-bearing loans and borrowings	–	277,170	–	–	729,395	–

Recurring fair value measurements continued
Financial liabilities continued

31 Dec 2019	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest-bearing loans and borrowings	–	229,805	–	–	748,551	–
	–	229,805	–	–	748,551	–

The fair value of the Group's interest-bearing loans and borrowings is determined by using discounted cash flow models that use market interest rates as at the end of the period. The interest-bearing loans and borrowings are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

6.1.7 Capital management
Risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio, net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Interest-bearing loans and borrowings	265,398	242,349	698,415	789,408
Lease liabilities	2,270	2,829	5,974	9,210
Less: cash and bank balances	(98,315)	(102,240)	(258,718)	(333,028)
Net debt	169,353	142,938	439,697	465,590
Total equity	632,337	553,808	1,664,045	1,803,939
Total capital	801,690	696,746	2,103,742	2,269,529
Net debt (net debt/total capital) ratio	21%	21%	21%	21%

During the year, the Group's strategy, which was unchanged from 2019, was to maintain a net debt gearing ratio of 20% to 40%. Capital includes share capital, share premiums, capital contribution and all other equity reserves.

As the Group continuously reviews its funding and maturity profile, it continues to monitor the market in ensuring that it's well positioned for any refinancing and or buy back opportunities for the current debt facilities – including potentially the US$350 million 9.25% 144A/Reg S bond maturing in 2023.

Loan covenant

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Total net financial indebtedness to annualised EBITDA is not to be greater than 3:1.
- The sources of funds exceed the relevant expenditures in each semi-annual period within the 18 months shown in the Group's liquidity plan.
- The minimum production levels stipulated for each six-month period must be achieved.
- The Cash Adjusted Debt Service Cover Ratio should be equal to or greater than 1.20 to 1 for each Calculation Period through to the applicable Termination Date.

The Group has complied with these covenants throughout the reporting periods.

7. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the year ended 31 December 2020, revenue from the gas segment of the business constituted 21% (2019: 29%) of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the chief operating decision maker. As the Gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

7. Segment reporting continued

Amounts relating to the Gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the Gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e. cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports.

7.1 Segment profit disclosure

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Oil	(56,471)	26,623	(156,893)	86,743
Gas	25,759	54,352	71,571	177,099
Total (loss)/profit from continued operations for the year	**(30,712)**	**80,975**	**(85,322)**	**263,842**

Oil

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Revenue from contract with customers				
Crude oil sales (Note 8)	150,422	151,954	417,941	495,104
Operating profit before depreciation, amortisation and impairment	64,977	81,984	159,979	268,597
Depreciation and amortisation	(52,766)	(25,570)	(126,044)	(84,792)
Impairment	(51,856)	(14,692)	(144,080)	(47,869)
Operating (loss)/profit	(39,645)	41,722	(110,145)	135,936
Finance income (Note 14)	601	4,134	1,671	13,471
Finance costs (Note 14)	(18,656)	(10,294)	(51,834)	(33,539)
(Loss)/profit before taxation	**(57,700)**	**35,562**	**(160,308)**	**115,868**
Income tax credit/(expense) (Note 15)	1,229	(8,939)	3,415	(29,125)
(Loss)/profit for the period	**(56,471)**	**26,623**	**(156,893)**	**86,743**

Gas

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Revenue from contract with customer				
Gas sales	40,500	41,668	112,526	135,761
Gas processing	–	20,535	–	66,912
	40,500	62,203	112,526	202,673
Operating profit before depreciation, amortisation and impairment	32,024	60,277	88,977	188,835
Depreciation and amortisation	(3,700)	(6,031)	(10,279)	(12,085)
(Impairment loss)/reversal of impairment loss	(97)	(219)	(269)	(712)
Operating profit	28,227	54,027	78,429	176,039
Share of profit from joint venture accounted for using equity accounting	601	325	1,670	1,060
Profit before taxation	28,828	54,352	80,099	177,099
Taxation	(3,069)	–	(8,528)	–
Profit for the year	**25,759**	**54,352**	**71,571**	**177,099**

During the reporting period, impairment losses recognised in the Gas segment relates to Geregu Power, Sapele Power and NGMC. Impairment losses recognised in the Oil segment relate to receivables from trade receivables (Pillar and Mercuria) NPDC, NAPIMS and other receivables. See Note 12 for further details.

7.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million	2020 Oil $'000	2020 Gas $'000	2020 Total $'000
Geographical markets						
Nigeria	53,587	40,500	94,087	148,890	112,526	261,416
Switzerland	96,835	–	96,835	269,051	–	269,051
Revenue from contract with customers	**150,422**	**40,500**	**190,922**	**417,941**	**112,526**	**530,467**
Timing of revenue recognition						
At a point in time	150,422	–	150,422	417,941	–	417,941
Over time	–	40,500	40,500	–	112,526	112,526
Revenue from contract with customers	**150,422**	**40,500**	**190,922**	**417,941**	**112,526**	**530,467**

	2019 Oil ₦'million	2019 Gas ₦'million	2019 Total ₦'million	2019 Oil $'000	2019 Gas $'000	2019 Total $'000
Geographical markets						
Nigeria	13,424	62,203	75,627	43,740	202,673	246,413
Switzerland	138,530	–	138,530	451,364	–	451,364
Revenue from contract with customers	**151,954**	**62,203**	**214,157**	**495,104**	**202,673**	**697,777**
Timing of revenue recognition						
At a point in time	151,954	–	151,954	495,104	–	495,104
Over time	–	62,203	62,203	–	202,673	202,673
Revenue from contract with customers	**151,954**	**62,203**	**214,157**	**495,104**	**202,673**	**697,777**

The Group's transactions with its major customer, Mercuria, constitutes more than 64% ($269 million, ₦97 billion) of the total revenue from the Oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power and NGMC ($63 million, ₦22.7 billion) accounted for more than 59% of the total revenue from the Gas segment and the Group as a whole.

7.1.2 Impairment/(reversal of) losses on financial assets by reportable segments

	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million	2019 Oil ₦'million	2019 Gas ₦'million	2019 Total ₦'million
Impairment losses recognised during the period	10,761	97	10,858	1,870	219	2,089
Receivables written off during the year as uncollectible	–	–	–	14,871	–	14,871
Reversal of previous impairment losses	(80)	–	(80)	(2,049)	–	(2,049)
	10,681	**97**	**10,778**	**14,692**	**219**	**14,911**

	2020 Oil $'000	2020 Gas $'000	2020 Total $'000	2019 Oil $'000	2019 Gas $'000	2019 Total $'000
Impairment losses recognised during the period	29,899	269	30,168	6,097	712	6,809
Receivables written off during the year as uncollectible	–	–	–	48,439	–	48,439
Reversal of previous impairment losses	(221)	–	(221)	(6,667)	–	(6,667)
	29,678	**269**	**29,947**	**47,869**	**712**	**48,581**

7.1.3 Impairment/(reversal of) losses on non-financial assets by reportable segments

	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million	2019 Oil ₦'million	2019 Gas ₦'million	2019 Total ₦'million
Impairment losses recognised during the period	41,175	–	41,175	–	–	–
	41,175	**–**	**41,175**	**–**	**–**	**–**

	2020 Oil $'000	2020 Gas $'000	2020 Total $'000	2019 Oil $'000	2019 Gas $'000	2019 Total $'000
Impairment losses recognised during the period	114,402	–	114,402	–	–	–
	114,402	**–**	**114,402**	**–**	**–**	**–**

7.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

Total segment assets	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2020	1,101,463	209,374	1,310,837	2,898,588	550,985	3,449,573
31 December 2019	763,322	240,911	1,004,233	2,563,147	707,963	3,271,110

7.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Total segment liabilities	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2020	654,095	24,405	678,500	1,721,305	64,223	1,785,528
31 December 2019	434,334	16,091	450,425	1,398,462	68,709	1,467,171

8. Revenue from contracts with customers

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Crude oil sales	150,422	151,954	417,941	495,104
Gas sales	40,500	41,668	112,526	135,761
Gas processing	–	20,535	–	66,912
	190,922	**214,157**	**530,467**	**697,777**

The major off-taker for crude oil is Mercuria and Shell Western. The major off-taker for gas is Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

Gas processing is revenue received from Nigerian Petroleum Development Company (NPDC) for processing its share of the gas extracted from OML 4, 38 and 41 from 2015 to 2018. Subsequently, NPDC acquired 55% stake in the gas plant, as a result of this acquisition, Seplat has ceased to process gas for NPDC.

9. Cost of sales

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Royalties	36,483	29,654	101,366	96,622
Depletion, depreciation and amortisation (Note 17.7)	45,876	27,952	127,464	91,075
Crude handling fees	20,198	17,616	56,119	57,396
Nigeria Export Supervision Scheme (NESS) fee	130	181	361	589
Barging and Trucking	5,753	–	15,986	–
Niger Delta Development Commission Levy	3,224	2,599	8,957	8,469
Rig related costs	–	1,872	–	6,101
Operational & maintenance expenses	34,424	12,824	95,639	41,787
	146,088	**92,698**	**405,892**	**302,039**

Operational & maintenance expenses relates mainly to maintenance costs, gas flare penalty, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Included in operational and maintenance is a gas flare penalty of $6.2million. Also included in operational & maintenance expenses are OML 40 and OML 17 Ubima field expenses totalling $42million for Eland group which were not included in 2019 financials.

Barging and Trucking relates to costs for the OML 40 Gbetiokun field and OML 17 Ubima field respectively under Eland Group, which were not included in 2019 financials.

10. Other income

	2020 ₦ million	2019 ₦'million	2020 $'000	2019 $'000
Underlift/(Overlift)	17,996	(2,101)	50,001	(6,847)
(Loss)/gain on foreign exchange	(680)	735	(1,890)	2,395
Gains on disposal of oil and gas assets	1	9,462	3	30,830
Crude hedging income	9,487	–	26,358	–
Provision no longer required (Note 33)	2,597	–	7,217	–
Tariffs	783	1,074	2,175	3,498
	30,184	**9,170**	**83,864**	**29,876**

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss.

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

(Loss)/gains on foreign exchange are principally as a result of translation of Naira denominated monetary assets and liabilities.

Provision no longer required relates to contingent liability initially recognised on acquisition of Eland. The liability is an outcome of the European union state aid – UK Controlled Foreign Companies (CFC) case required companies in tax efficient jurisdictions to assess the profit allocable to UK significant people functions (SPFs).

Tariffs, which is a form of crude handling fee, relate to income generated from the use of the Group's pipeline.

11. General and administrative expenses

	2020 ₦ million	2019 ₦'million	2020 $'000	2019 $'000
Depreciation (Note 17.5)	1,936	872	5,376	2,841
Depreciation of right-of-use assets (Note 19)	1,254	908	3,483	2,960
Auditor's remuneration	366	170	1,017	553
Professional and consulting fees	4,111	3,195	11,421	10,408
Directors' emoluments (executive)	1,642	770	4,561	2,508
Directors' emoluments (non-executive)	1,284	1,056	3,567	3,440
Donations	158	73	439	237
Employee benefits (Note 11.1)	15,179	11,565	42,172	37,681
Flights and other travel costs	1,257	2,792	3,495	9,097
Rentals	185	274	516	892
	27,372	**21,675**	**76,047**	**70,617**

Included in employee benefits are Eland staff costs of ₦3.6 billion ($10.2 million). There were non-audit services rendered by the Group's auditors during the period. Share-based payment expenses are included in employee benefits expense.

11.1 Salaries and employee related costs include the following:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Short-term employee benefits:				
Basic salary	8,458	5,300	23,498	17,272
Housing allowances	1,356	622	3,768	2,026
Other allowances	2,374	1,814	6,596	6,017
Post-employment benefits:				
Defined contribution expenses	726	622	2,018	2,026
Defined benefit expenses (Note 35.2)	409	343	1,135	1,117
Other employee benefits:				
Share-based payment expenses (Note 28.2)	1,856	2,864	5,157	9,223
	15,179	**11,565**	**42,172**	**37,681**

Other allowances relate to staff bonus, car allowances and relocation expenses.

11.2 Below are details of non-audit services provided by the auditors:

Entity	Service	PWC office	Fees ($)	Year
Seplat Petroleum Development UK	Tax compliance	PWC UK	27,300	2021
Eland Oil and Gas Limited	Review of G&A costs allocation	PWC UK	68,250	2020
Seplat Petroleum Development UK	VAT compliance service	PWC UK	13,650	2020
Seplat Petroleum Development Company Plc	Remuneration committee support, advice to management on reward matters	PWC UK	750,750	2020
Seplat Petroleum Development UK	Personal/individual tax services	PWC UK	27,300	2021

11.3 Below are details of assurance service providers to the Group during the year:

S/N	Name of Signer	Name of firm	Service rendered
1	Gen Wingrave*	RPS Group (UK)	Decommissioning cost valuation
2	Tosin Famurewa* Stephen T. Philips*	Ryder Scott Petroleum Consultants	Reserve valuation
3	Matthew Johnson*	Ascension Consulting	Tax consultancy service
4	Ganiu Shefiu*	Logic Professional Service	Actuarial valuation service

*The signers and firms do not have FRCN numbers.

12. Impairment loss

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Impairment losses on financial assets – net (Note 12.1)	10,778	14,911	29,947	48,581
Impairment loss on non-financial assets (Note 12.2)	41,175	–	114,402	–
	51,953	**14,911**	**144,349**	**48,581**

12.1 Impairment losses on financial assets – net

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Impairment losses on:				
NAPIMS receivables	456	23	1,268	77
NPDC receivables	171	–	476	–
Other receivables	9,548	1,540	26,529	5,020
Trade receivables (Geregu Power, Sapele Power and NGMC)	97	219	269	712
Short-term deposits	60	–	167	–
Other trade receivables	525	239	1,459	779
Trade receivables (Mercuria)	–	68	–	221
	10,857	2,089	30,168	6,809
Receivables written off during the year as uncollectible	–	14,871	–	48,439
	10,857	**16,960**	**30,168**	**55,248**
Reversal of impairment losses on:				
Mercuria	(80)	–	(221)	–
NPDC receivables	–	(2,036)	–	(6,628)
Short-term deposits	–	(13)	–	(39)
	(80)	(2,049)	(221)	(6,667)
Exchange difference	1	–	–	–
Total impairment loss allowance	**10,778**	**14,911**	**29,947**	**48,581**

12.2 Impairment loss on non-financial assets:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Impairment loss	**41,175**	–	**114,402**	–

During the year, the Group recognised impairment loss of $114.4 million (₦41.1 billion) on its non-financial assets. The impairment is primarily as a result of re-assessment of future cash flows from the Group's oil and gas properties due to significant fall in oil prices (see Notes 18 and 20).

13. Fair value gain/(loss)

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Realised fair value losses on crude oil hedges	(3,016)	(1,733)	(8,380)	(5,160)
Unrealised fair value loss	(953)	(2,236)	(2,649)	(7,770)
Fair value gain on contingent consideration	–	5,675	–	18,489
Fair value loss on other assets	(3,142)	–	(8,730)	–
	(7,111)	**1,706**	**(19,759)**	**5,559**

Fair value gain/(loss) on derivatives represents changes in the fair value of hedging receivables charged to profit or loss. In 2019, the write-off of the contingent consideration due to production milestones not achieved resulted in a gain. Fair value loss on other assets relates to changes in fair value of financial interest in OML 55 (see Note 18).

14. Finance income/(cost)

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Finance income				
Interest income	**601**	**4,134**	**1,671**	**13,471**
Finance cost				
Interest on bank loans (Note 31)	(17,504)	(8,890)	(48,634)	(28,966)
Interest on lease liabilities (Note 32)	(106)	(164)	(295)	(534)
Unwinding of discount on provision for decommissioning (Note 34)	(1,046)	(1,240)	(2,905)	(4,039)
	(18,656)	**(10,294)**	**(51,834)**	**(33,539)**
Finance (cost) – net	**(18,055)**	**(6,160)**	**(50,163)**	**(20,068)**

Finance income represents interest on short-term fixed deposits.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings denominated in dollars during the year, in this case 8.93% (2019: 12.33%). The amount capitalised during the year is ₦5.8 billion ($15.4 million), 2019: ₦6 billion ($21 million).

15. Taxation

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

Income tax expense

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Current tax:				
Current tax expense on profit for the year	4,170	6,009	11,586	19,578
Education tax	749	955	2,082	3,111
Total current tax	4,919	6,964	13,668	22,689
Deferred tax:				
Deferred tax expense in profit or loss (Note 15.6)	(3,079)	1,975	(8,555)	6,436
Total tax expense in statement of profit or loss	1,840	8,939	5,113	29,125
Deferred tax recognised in other comprehensive income (Note 15.6)	25	(171)	69	(558)
Total tax charge for the period	**1,865**	**8,768**	**5,182**	**28,567**
Effective tax rate	**(6%)**	**10%**	**(6%)**	**10%**

15.1 Reconciliation of effective tax rate

The income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated annual tax rate used for the year ended 31 December 2020 is 85%, 65.75% for crude oil activities and 30% for gas activities. As at 31 December 2019, the applicable tax rate was 85%, 65.75% and 30% respectively.

The effective tax rate for the period was (6%) (2019: 10%).

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Profit before taxation	(28,872)	89,914	(80,209)	292,967
Tax rate of 85%, 65.75% and 30%	7,882	76,427	21,899	249,022
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Income not subject to tax	(32,594)	(19,038)	(90,560)	(62,029)
Expenses not deductible for tax purposes	42,804	37,911	118,929	123,525
Recognition of previously unrecognised deductible temporary difference	–	(34,050)	–	(110,943)
Impact of unutilised tax losses	(3,079)	1,975	(8,555)	6,436
Effect of differences in tax rates	–	(6,994)	–	(22,789)
Effect of permanent differences	–	(801)	–	(2,610)
Impact of tax incentive	(13,922)	(46,329)	(38,682)	(150,953)
Education tax	749	955	2,082	3,111
Tax loss utilised	–	(1,119)	–	(3,645)
Impact of exchange difference	–	2	–	–
Total tax charge in statement of profit or loss	**1,840**	**8,939**	**5,113**	**29,125**

15.2 Current tax liabilities/(assets)

The movement in the current tax liabilities is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
As at 1 January	5,679	(723)	18,502	(2,356)
Tax charge	4,919	6,964	13,668	22,689
Tax paid	(2,337)	(1,084)	(10,431)	(3,533)
Acquired in business combination	–	522	–	1,702
As 31 December	**8,261**	**5,679**	**21,739**	**18,502**

15. Taxation continued

15.3 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Deferred tax asset to be recovered within 12 months	9,437	–	33,151	–
Deferred tax asset to be recovered after more than 12 months	280,440	182,352	729,682	595,132

Deferred tax liabilities	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Deferred tax liabilities to be recovered within 12 months	(2,282)	–	(7,456)	–
Deferred tax liabilities to be recovered after more than 12 months	(199,738)	(113,985)	(524,176)	(372,435)
Net deferred tax asset	**87,857**	**68,367**	**231,201**	**222,697**

15.4 Deferred tax assets

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

	Balance at 1 January 2020 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	–	927	–	927
Other cumulative timing differences:				
Unutilised capital allowance	124,433	44,563	–	168,996
Provision for decommissioning obligation	296	824	–	1,120
Provision for defined benefit	2,725	1,080	(25)	3,780
Share-based payment plan	5,670	723	–	6,393
Unrealised foreign exchange loss on trade and other receivables	1,046	17,093	–	18,139
Overlift/(underlift)	10,866	(11,844)	–	(978)
Acquired in business combination	27,686	–	–	27,686
Impairment provision on trade and other receivables	3,399	7,016	–	10,415
Previously unrecognised deferred tax asset	6,050	–	–	6,050
	182,171	60,382	(25)	242,528
Effect of exchange differences	181	47,168		47,349
	182,352	**107,550**	**(25)**	**289,877**

	Balance at 1 January 2019 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Acquisition of subsidiary ₦ million	Balance at 31 December 2019 ₦ million
Other cumulative timing differences:					
Unutilised capital allowance	116,068	8,365	–	–	124,433
Provision for decommissioning obligation	818	(522)	–	–	296
Provision for defined benefit	1,540	1,014	171	–	2,725
Share-based payment plan	3,294	2,376	–		5,670
Unrealised foreign exchange loss/(gain) on trade and other receivables	1,258	(212)	–	–	1,046
Overlift/(underlift)	5,246	5,620	–	–	10,866
Acquired in business combination	–	–	–	27,686	27,686
Impairment provision on trade and other receivables	2,071	1,328	–	–	3,399
Previously unrecognised deferred tax asset	–	6,050	–	–	6,050
	130,295	24,019	171	27,686	182,171
Effect of exchange differences	183	(2)	–		181
	130,478	24,017	171	27,686	182,352

	Balance at 1 January 2020 $'000	(Charged)/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Balance at 31 December 2020 $'000
Tax losses	–	2,576	–	2,576
Other cumulative timing differences:				
Unutilised capital allowance	406,848	123,815	–	530,663
Provision for decommissioning obligation	974	2,290	–	3,264
Provision for defined benefit	8,897	3,002	(69)	11,830
Share-based payment plan	18,519	2,010	–	20,529
Unrealised Foreign exchange loss	3,433	47,491	–	50,924
Overlift/(underlift)	35,469	(32,907)	–	2,562
Acquired in business combination	90,182	–	–	90,182
Impairment provision on trade and other receivables	11,096	19,493	–	30,589
Previously unrecognised deferred tax asset	19,714	–	–	19,714
	595,132	**167,770**	**(69)**	**762,833**

	Balance at 1 January 2019 $'000	(Charged)/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Acquisition of subsidiary $'000	Balance at 31 December 2019 $'000
Other cumulative timing differences:					
Unutilised capital allowance	379,592	27,256	–	–	406,848
Provision for decommissioning obligation	2,674	(1,700)	–	–	974
Provision for defined benefit	5,036	3,303	558	–	8,897
Share-based payment plan	10,778	7,741	–	–	18,519
Unrealised Foreign exchange loss/(gain)	4,123	(690)	–	–	3,433
Overlift/(underlift)	17,158	18,311	–	–	35,469
Acquired in business combination	–	–	–	90,182	90,182
Impairment provision on trade and other receivables	6,770	4,326	–	–	11,096
Previously unrecognised deferred tax asset	–	19,714	–	–	19,714
	426,131	**78,261**	**558**	**90,182**	**595,132**

Previously unrecognised deferred tax asset relates Newton Energy Limited. The Company resumed payment of taxes in 2019.

15.5 Deferred tax liabilities

Deferred tax liabilities are recognised for amounts of income taxes payable in future periods in respect of taxable temporary differences.

	Balance at 1 January 2020 ₦ million	Charged /(credited) to profit or loss ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	1,131	–	1,131
Other cumulative timing differences:			
Fixed assets	110,582	57,297	167,879
Derivative financial instruments	2,282	–	2,282
	113,995	57,297	171,292
Effect of exchange differences	(10)	30,738	30,728
	113,985	**88,035**	**202,020**

	Balance at 1 January 2019 ₦ million	Charged /(credited) to profit or loss ₦ million	Balance at 31 December 2019 ₦ million
Tax losses	12	1,119	1,131
Other cumulative timing differences:			
Fixed assets	85,706	24,876	110,582
Derivative financial instruments	2,282	–	2,282
	88,000	25,995	113,995
Effect of exchange differences	(10)	-	(10)
	87,990	25,995	113,985

15. Taxation continued

	Balance at 1 January 2020 $'000	Charged/ credited to profit or loss $'000	Balance at 31 December 2020 $'000
Tax losses	3,645	–	3,645
Other cumulative timing differences:			
Fixed assets	361,334	159,197	520,531
Derivative financial instruments	7,456	–	7,456
	372,435	159,197	531,632

	Balance at 1 January 2019 $'000	Charged/ credited to profit or loss $'000	Balance at 31 December 2019 $'000
Tax losses	–	3,645	3,645
Other cumulative timing differences:			
Fixed assets	280,282	81,052	361,334
Derivative financial instruments	7,456	–	7,456
	287,738	84,697	372,435

15.6 Deferred tax recognised in profit or loss

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Credited/(Charged) to profit or loss:				
Unutilised capital allowance	44,563	8,365	123,815	27,256
Provision for defined benefit	1,080	1,014	3,002	3,303
Share-based payment plan	723	2,376	2,010	7,741
Overlift/(underlift)	(11,844)	5,620	(32,907)	18,311
Impairment provision on trade and other receivables	7,016	1,328	19,493	4,326
Unrecognised deferred tax asset	–	6,050	–	19,714
Tax losses	927	(1,119)	2,576	(3,645)
Provision for decommissioning obligation	824	(522)	2,290	(1,700)
Unrealised foreign exchange loss/(gain) on trade and other receivables	17,093	(212)	47,491	(690)
Fixed assets	(57,297)	(24,876)	(159,197)	(81,052)
Exchange difference	(6)	1	(18)	–
Total (charged) to profit or loss	**3,079**	**(1,975)**	**8,555**	**(6,436)**
Charged to other comprehensive income				
Deferred tax credit/(expense) on remeasurement	(25)	171	(69)	558
	(25)	**171**	**(69)**	**558**

15.7 Unrecognised deferred tax assets

The unrecognised deferred tax assets relate to the Group's subsidiaries and will be recognised once the entities return to profitability. There are no expiration dates for the unrecognised deferred tax assets.

	As at 31 Dec 2020 ₦'million Gross amount	As at 31 Dec 2020 ₦'million Tax effect	As at 31 Dec 2019 ₦'million Gross amount	As at 31 Dec 2019 ₦'million Tax effect
Other deductible temporary differences	–	–	2,469	1,623
Tax losses	–	–	6,429	4,227
	–	–	8,898	5,850

	As at 31 Dec 2020 $'000 Gross amount	As at 31 Dec 2020 $'000 Tax effect	As at 31 Dec 2019 $'000 Gross amount	As at 31 Dec 2019 $'000 Tax effect
Other deductible temporary differences	–	–	8,042	5,288
Tax losses	–	–	20,942	13,769
	–	–	28,984	19,057

15.8 Unrecognised deferred tax liabilities

There were no temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability would have been recognised in the periods presented.

16. Computation of cash generated from operations

	Notes	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Profit before tax					
Continuing operations		(28,872)	89,914	(80,209)	292,967
Discontinued operations		–	4,041	–	13,166
Adjusted for:					
Depletion, depreciation and amortisation		47,811	28,824	132,840	93,916
Depreciation of right-of-use asset		1,254	908	3,483	2,960
Impairment losses on financial assets		10,778	14,911	29,947	48,581
Impairment losses on non-financial assets		41,175	–	114,402	–
Gain on disposal of other property, plant and equipment		(1)	–	(3)	–
Interest income		(601)	(4,134)	(1,671)	(13,471)
Interest expense on bank loans		17,504	8,890	48,634	28,966
Interest on lease liabilities		106	164	295	534
Unwinding of discount on provision for decommissioning		1,046	1,240	2,905	4,039
Fair value gain on contingent consideration		–	(5,675)	–	(18,489)
Fair value on other assets		3,142	–	8,730	–
Unrealised fair value loss on derivatives financial instrument		953	2,236	2,649	7,770
Unrealised foreign exchange gain		(680)	(735)	(1,890)	(2,395)
Share-based payment expenses		1,856	2,864	5,157	9,223
Defined benefit expenses		409	343	1,135	1,117
Gain on deconsolidation of subsidiary		–	(3,869)	–	(12,604)
Gain on disposal of oil and gas properties		–	(9,462)	–	(30,830)
Share of profit in joint venture		(601)	(325)	(1,670)	(1,060)
Provision no longer required	10	(2,597)	–	(7,217)	–
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		72,754	(95,451)	202,144	(311,001)
Inventories		3,577	(1,007)	9,938	(3,280)
Prepayments		1,404	6,864	3,901	22,365
Contract assets		5,432	(11,606)	15,092	(37,816)
Net working capital on loss of control of subsidiary		–	(2,198)	–	(7,163)
Trade and other payables		(45,156)	60,277	(125,464)	196,401
Contract liabilities		(2,459)	12,698	(6,831)	41,374
Restricted cash		(9,676)	5,002	(26,883)	16,301
Net cash from operating activities		**118,558**	**104,714**	**329,414**	**341,571**

17. Property, plant and equipment

17.1 Oil and gas properties

Cost	Production and field facilities ₦ million	Assets under construction ₦ million	Exploration and evaluation assets ₦ million	Total ₦ million
At 1 January 2020	595,817	37,469	18,072	651,358
Additions	–	52,089	–	52,089
Changes in decommissioning	4,244	–	–	4,244
Interest capitalised	–	5,753	–	5,753
Exchange differences	141,913	11,818	4,295	158,026
At 31 December 2020	**741,974**	**107,129**	**22,367**	**871,470**
Depreciation				
At 1 January 2020	172,986	–	–	172,986
Charge for the year	45,344	–	–	45,344
Exchange differences	43,665	–	–	43,665
At 31 December 2020	**261,995**	**–**	**–**	**261,995**
NBV				
At 31 December 2020	**479,979**	**107,129**	**22,367**	**609,475**

Cost				
At 1 January 2019	480,556	61,914	–	542,470
Additions	34,130	961	–	35,091
Transfers	19,567	(19,567)		–
Acquired in business combination	94,823	–	18,072	112,895
Loss of control	–	(12,141)	–	(12,141)
Disposal of producing assets	(28,126)	–	–	(28,126)
Changes in decommissioning	(5,142)	–	–	(5,142)
Interest capitalised	–	6,308	–	6,308
Exchange differences	9	(6)	–	3
At 31 December 2019	**595,817**	**37,469**	**18,072**	**651,358**
Depreciation				
At 1 January 2019	151,989	–	–	151,989
Charge for the year	27,511	–	–	27,511
Disposal of producing assets	(6,522)	–	–	(6,522)
Exchange difference	8	–	–	8
At 31 December 2019	**172,986**	**–**	**–**	**172,986**
NBV				
At 31 December 2019	**422,831**	**37,469**	**18,072**	**478,372**

Cost	Production and field facilities $'000	Assets under construction $'000	Exploration and evaluation assets $'000	Total $'000
At 1 January 2020	1,940,771	122,050	58,865	2,121,686
Additions	–	144,729	–	144,729
Changes in decommissioning	11,793	–	–	11,793
Interest capitalised	–	15,140	–	15,140
At 31 December 2020	**1,952,564**	**281,919**	**58,865**	**2,293,348**
Depreciation				
At 1 January 2020	563,473	–	–	563,473
Charge for the year	125,987	–	–	125,987
At 31 December 2020	**689,460**	**–**	**–**	**689,460**
NBV				
At 31 December 2020	**1,263,104**	**281,919**	**58,865**	**1,603,888**

Cost	Production and field facilities $'000	Assets under construction $'000	Exploration and evaluation assets $'000	Total $'000
At 1 January 2019	1,565,328	201,676	–	1,767,004
Additions	111,207	3,132	–	114,339
Transfers	63,755	(63,755)	–	–
Acquired in business combination	308,869	–	58,865	367,734
Loss of control	–	(39,557)	–	(39,557)
Disposal of producing assets	(91,643)	–	–	(91,643)
Changes in decommissioning	(16,745)	–	–	(16,745)
Interest capitalised	–	20,554	–	20,554
Exchange differences	–	–	–	–
At 31 December 2019	**1,940,771**	**122,050**	**58,865**	**2,121,686**
Depreciation				
At 1 January 2019	495,081	–	–	495,081
Charge for the year	89,636	–	–	89,636
Disposal of producing assets	(21,244)	–	–	(21,244)
Exchange difference	–	–	–	–
At 31 December 2019	**563,473**	**–**	**–**	**563,473**
NBV	**1,377,298**	**122,050**	**58,865**	**1,558,213**

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other property, plant and equipment not yet ready for their intended use. Some of which are qualifying assets that take a substantial period to get ready for its intended use. A capitalisation rate of 8.93*% (2019: 12.3%) has been determined and applied to the Group's general borrowing to determine the borrowing cost capitalised as part of the qualifying assets. Borrowing costs capitalised during the year amounted to ₦5.8 billion, 2019: ₦8 billion ($15.1 million, 2019: $26 million). There was no oil and gas property pledged as security during the reporting period.

Impairment testing

During the year ended 31 December 2020, the Group performed an impairment test. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment. In addition, the overall decline in oil price and development activities around the world, as well as the ongoing economic uncertainty, have led to a decreased in the value of oil and gas assets.

OML 4, 38, 41 CGU

The recoverable amount of $1,332.6 million as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the decrease in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2020. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($1,332.6 million) was higher than the carrying amount ($871.3 million), no impairment loss was recorded. There is a significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $1,241.2 million which would still not result in an impairment loss.

17. Property, plant and equipment continued

17.1 Oil and gas properties continued

OML 53 CGU

The recoverable amount of $532.8 million as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the decrease in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2020. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($532.8 million) was higher than the carrying amount ($330.8 million), no impairment loss was recorded. There is a significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $475 million which would still not result in an impairment loss.

OML 56 CGU

The recoverable amount of $92.1 million as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the decrease in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2020. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($92.1 million) was higher than the carrying amount ($76.1 million), no impairment loss was recorded. There is a significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $82.4 million which would still not result in an impairment loss.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Management approach to valuing the assumptions used in the value in use calculations were based on both experience, recent sales and external data sources. The most sensitive assumptions are shown below:

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Oil price

Oil prices used were indexed to the Brent crude forward curve. The prices when compared to external market prices are deemed to be reasonable.

Years	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Oil price ($)	47.5	52.3	57.6	60.7	62.3	63.9	65	66	67.6	69.8

Years	2031	2032	2033	2034	2035	2036	2037	2038 till the estimated life span of the reserves
Oil price ($)	71.3	72.8	74.2	75.7	77.2	78.7	80.3	81.9

A further rise/(decline) in oil price by 10% would result in a recoverable amount of $1,486.6 million ($1,180.7 million) for OML 4, 38 and 41 CGU; $555.8 million/($511.2 million) for OML 53 CGU and $102.8 million/($81.5 million) for OML 56 CGU. This would not result in an impairment loss for any of the CGU.

Projection period

The cash flows projection was based on management estimation of the performance of the well. This was independently verified. The projected periods were 24 years for OML 3, 38 and 41, 37 years for OML 53 and 27 years for OML 56.

Growth rate

No growth rate was used to extrapolate cash flows. The production volume was determined based on the estimated performance of the well.

17.2 Reclassification of oil and gas properties to intangible asset

There was no reclassification in the current year (2019: ₦9 billion, $29 million).

For the purpose of the statement of cash flows, the reconciliation of the oil and gas properties and intangible asset is shown below:

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Addition	–	35,091	–	114,339
Reclassified to intangible assets	–	–	–	–
	–	35,091	–	114,339

17.3 Disposal of oil and gas properties

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Purchase consideration for disposal of oil and gas assets (Note 18.4)	–	–	–	–
Net book value of Production and Field Facilities (Note 18.1):				
Cost	–	28,126	–	91,643
Depreciation	–	(6,522)	–	(21,244)
Gain on disposal of oil and gas properties				

17.4 Other property, plant and equipment

Cost	Plant & machinery ₦ million	Motor vehicles ₦ million	Office furniture & IT equipment ₦ million	Leasehold improvements ₦ million	Land ₦ million	Building ₦ million	Total ₦ million
At 1 January 2020	1,526	3,375	6,293	1,291	21	1,194	13,700
Additions	57	965	335	515	–	–	1,872
Disposals	–	(44)	–	–	–	–	(44)
Exchange differences	367	854	1,515	336	4	284	3,360
At 31 December 2020	**1,950**	**5,150**	**8,413**	**2,142**	**25**	**1,478**	**18,888**
Depreciation							
At 1 January 2020	1,396	2,239	4,778	907	–	20	9,340
Charge for the year	126	653	656	444	–	57	1,936
Disposals	–	(44)	–	–	–	–	(44)
Exchange differences	339	566	1,171	241	–	9	2,326
At 31 December 2020	**1,861**	**3,414**	**6,605**	**1,592**	**–**	**86**	**13,558**
NBV							
At 31 December 2020	**89**	**1,736**	**1,538**	**550**	**25**	**1,392**	**5,330**

Cost							
At 1 January 2019	1,498	2,663	4,680	928	–	–	9,769
Addition	28	393	1,280	287	21	1,194	3,203
Acquired in business combination	–	319	332	76	–	–	727
Exchange difference	–	–	1	–	–	–	1
At 31 December 2019	**1,526**	**3,375**	**6,293**	**1,291**	**21**	**1,194**	**13,700**
Depreciation							
At 1 January 2019	1,247	2,003	4,424	795	–	–	8,469
Charge for the year	150	235	354	113	–	20	872
Exchange differences	(1)	1	–	(1)	–	–	(1)
At 31 December 2019	**1,396**	**2,239**	**4,778**	**907**	**–**	**20**	**9,340**
NBV							
At 31 December 2019	**130**	**1,136**	**1,515**	**384**	**21**	**1,174**	**4,360**

Cost	Plant & machinery $'000	Motor vehicles $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land $'000	Building $'000	Total $'000
At 1 January 2020	4,972	10,992	20,499	4,208	68	3,891	44,630
Additions	159	2,682	932	1,430	–	–	5,203
Disposals	–	(122)	–	–		–	(122)
At 31 December 2020	**5,131**	**13,552**	**21,431**	**5,638**	**68**	**3,891**	**49,710**
Depreciation							
At 1 January 2020	4,549	7,294	15,565	2,955	–	66	30,429
Charge for the year	350	1,814	1,819	1,235	–	158	5,376
Disposal	–	(122)	–	–			(122)
At 31 December 2020	**4,899**	**8,986**	**17,384**	**4,190**	**–**	**224**	**35,683**
NBV							
At 31 December 2020	**232**	**4,566**	**4,046**	**1,448**	**68**	**3,667**	**14,027**

17. Property, plant and equipment continued

Cost	Plant & machinery $'000	Motor vehicles $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land	Building $'000	Total $'000
At 1 January 2019	4,880	8,675	15,244	3,026	–	–	31,825
Addition	92	1,279	4,172	936	68	3,891	10,438
Acquired in business combination	–	1,038	1,083	246	–	–	2,367
At 31 December 2019	**4,972**	**10,992**	**20,499**	**4,208**	**68**	**3,891**	**44,630**
Depreciation							
At 1 January 2019	4,062	6,527	14,411	2,588	–	–	27,588
Charge for the year	487	767	1,154	367	–	66	2,841
At 31 December 2019	**4,549**	**7,294**	**15,565**	**2,955**	**–**	**66**	**30,429**
NBV							
At 31 December 2019	**423**	**3,698**	**4,934**	**1,253**	**68**	**3,825**	**14,201**

17.5 Gain on disposal of other property, plant and equipment

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Proceeds from disposal of assets	1	–	3	–
Less net book value of disposed assets	–	–	–	–
	1	**–**	**3**	**–**

17.6 Depletion, depreciation and amortisation

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Oil and gas properties (Note 17.1)	45,344	27,511	125,987	89,636
Amortisation of intangible asset (Note 20)	532	441	1,477	1,439
Charged to cost of sales	**45,876**	**27,952**	**127,464**	**91,075**
Other property, plant and equipment charged to general and administrative expense (Note 17.5)	1,936	872	5,376	2,841
Right-of-use assets	1,254	908	3,483	2,960
Total depletion, depreciation and amortisation	**49,066**	**29,732**	**136,323**	**96,876**

18. Other asset

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Fair value at the beginning of the year	40,190	51,299	130,915	167,100
Receipts from crude oil lifted	(1,705)	(11,106)	(4,737)	(36,185)
Fair value loss	(3,142)	–	(8,730)	–
Exchange differences	9,287	(3)	–	–
Fair value at the end of the year	**44,630**	**40,190**	**117,448**	**130,915**

Other assets represents the Group's rights to receive the discharge sum of ₦63 billion, 2019: ₦65 billion ($204 million, 2019: $210 million) from the crude oil reserves of OML 55. The asset is measured at fair value through profit or loss (FVTPL) and receipts from crude oil lifted reduce the value of the asset. At each reporting date, the fair value of the discharge sum is determined using the income approach in line with IFRS 13 Fair Value Measurement (discounted cash flow). This asset is categorised within Level 3 of the fair value hierarchy. The fair value is shown above. Significant change in the discount rate of 10% would result in significant higher or lower fair value.

19. Right-of-use asset

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
As at 1 January	4,026	4,217	13,115	13,737
Additions during the year	1,193	87	803	285
Acquired in business combination	–	630	–	2,053
Less: depreciation for the period	(1,254)	(908)	(3,483)	(2,960)
As at 31 December	**3,965**	**4,026**	**10,435**	**13,115**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is five years commencing on 1 January 2019 and ending on 31 December 2023. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property.

20. Intangible assets

Cost	Goodwill ₦ million	Licence ₦ million	Total ₦ million	Goodwill $'000	Licence $'000	Total $'000
At 1 January 2020	9,068	45,041	54,109	29,538	146,713	176,251
Exchange difference	2,156	10,710	12,866	–	–	–
At 31 December 2020	**11,224**	**55,751**	**66,975**	**29,538**	**146,713**	**176,251**
At 1 January 2020	–	517	517	–	1,685	1,685
- Impairment	11,224	30,544	41,768	29,538	84,864	114,402
- Amortisation	–	561	561	–	1,477	1,477
Exchange difference	–	1,828	1,828	–	–	–
At 31 December 2020	**11,224**	**33,450**	**44,674**	**29,538**	**88,026**	**117,564**
NBV						
At 31 December 2020	**–**	**22,301**	**22,301**	**–**	**58,687**	**58,687**

Cost						
At 1 January 2019	–	9,070	9,070	–	29,543	29,543
Acquired in business combination	9,068	35,971	45,039	29,538	117,170	146,708
At 31 December 2019	**9,068**	**45,041**	**54,109**	**29,538**	**146,713**	**176,251**
Amortisation						
At 1 January 2019	–	76	76		246	246
Charge for the year	–	441	441	–	1,439	1,439
At 31 December 2019	**–**	**517**	**517**	**–**	**1,685**	**1,685**
NBV						
At 31 December 2019	**9,068**	**44,524**	**53,592**	**29,538**	**145,028**	**174,566**

Licence relates to costs paid in connection with the renewal of a right for exploration of an oil mining lease field.

The licence of ₦36 billion ($117 million) were acquired as part of business combination in 2019. ₦34 billion ($110 million) relates to the fair value of the identified intangible asset on business combination (see Note 5 xii for details) and ₦2 billion ($7 million) relates to licence acquisition cost assumed on business combination. They are recognised at their fair values at the date of acquisition and subsequently amortised on a straight-line based on the useful life.

During the year ended 31 December 2020, the Group performed an impairment test. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment. In addition, the overall decline in oil price and development activities around the world, as well as the ongoing economic uncertainty, have led to a decreased in the value of oil and gas assets.

OML 40 CGU

The recoverable amount of $400.7 million as at 31 December 2020 has been determined based on a fair value less cost to dispose calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the decrease in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2020.

The post-tax discount rate applied was 10% resulting in an impairment loss of $97 million (including goodwill of $23.4 million allocated to the CGU) recorded in profit or loss. The carrying value of the CGU was $497.7 million. A rise in the discount rate to 12.5% would result in a further impairment loss of $45.2 million. The fair value less cost to disposal is categorised within Level 2 of the fair value hierarchy.

OML 17 CGU

The recoverable amount of $69.9 million as at 31 December 2020 has been determined based on a fair value less cost to dispose calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the decrease in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2020.

The post-tax discount rate applied was 10% resulting in an impairment loss of $20.6 million (including goodwill of $6.1 million allocated to the CGU) recorded in profit or loss. The carrying value of the CGU was $90.5 million. A rise in the discount rate to 12.5% would result in a further impairment loss of $7.74 million. The fair value less cost to disposal is categorised within Level 2 of the fair value hierarchy.

20. Intangible assets continued

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Management approach to valuing the assumptions used in the value in use calculations were based on both experience, recent sales and external data sources. The most sensitive assumptions are shown below:

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Oil price

Oil prices used were indexed to the Brent crude forward curve. The prices when compared to external market prices are deemed to be reasonable.

Years	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Oil price ($)	47.5	52.3	57.6	60.7	62.3	63.9	65	66	67.6	69.8

Years	2031	2032	2033	2034	2035	2036	2037	2038 till the estimated life span of the reserves
Oil price ($)	71.3	72.8	74.2	75.7	77.2	78.7	80.3	81.9

A further decline in oil price by 10% would result in a further impairment loss of $77.4 million for OML 40 CGU and $13.4 million for OML 17 CGU. A rise of 10% in oil price would reduce the impairment loss recognised by $77.4 million for OML 40 CGU and $13.4 million for OML 17 CGU.

Projection period

The cash flows projection was based on management estimation of the performance of the well. This was independently verified. The projected period were 13 years for OML 40 and 14 years for OML 17.

Growth rate

No growth rate was used to extrapolate cash flows. The production volume was determined based on the estimated performance of the well.

21. Prepayments

Non-current	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Rent	–	381	–	1,238
Advances to suppliers	23,463	18,928	61,744	61,654
	23,463	**19,309**	**61,744**	**62,892**
Current				
Prepayment for service charge	–	320	–	1,040
Rent	364	–	957	–
Crude oil hedge	–	838	–	2,730
Other prepayments	1,021	807	2,687	2,627
	1,385	1,965	3,644	6,397
	24,848	**21,274**	**65,388**	**69,289**

21.1 Rent

Rent relate to short-term leases of residential buildings, car parks and office buildings with contractual lease term of less than or equal to 12 months. At the end of the reporting period, rental expense of ₦185 million ($516 thousand) (2019: ₦427 million ($1.4 million)) was recognised within general and administrative expenses for these leases. The Group's future cash outflows from short-term lease commitments at the end of the reporting period are ₦416 million, $1.1 million (2019: ₦14.8 billion ($48 million)).

21.2 Advances to suppliers

Advances to suppliers relate to a milestone payment made to finance the construction of the Amukpe Escravos Pipeline Project and other related facilities. At the end of the reporting period, the total prepaid amount was ₦23.4 billion ($61.7 million), 2019: ₦18.9 billion ($61.6 million).

21.3 Other prepayments

Included in other prepayments are prepaid service charge expenses for office buildings, health insurance, software licence maintenance, motor insurance premium and crude oil handling fees.

22. Interest in other entities

22.1 Material subsidiaries

The Group's principal subsidiaries as at 31 December 2020 are set in Note 1. Unless otherwise stated, their share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

The Group exercised significant judgement in consolidating Elcrest. Please see Note 4.1 for details. Also, there were no significant restrictions on any of the entities.

22.2 Non-controlling interest (NCI)

Summarised financial information in respect of Elcrest Exploration and Production Nigeria Limited which has a material non-controlling interest is set out below.

The information disclosed reflects amounts presented in the financial statements of the subsidiary amended to reflect fair value adjustments made by the Group, and modifications for differences in accounting policy during the business combination.

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 ₦'million	As at 31 Dec 2019 $'000
Current assets	28,845	66,643	24,634	80,242
Current liabilities	(252,364)	(664,116)	(194,910)	(634,887)
Current net liabilities	**(223,519)**	**(597,473)**	**(170,276)**	**(554,645)**
Non-current asset	208,264	548,325	162,667	529,861
Non-current liabilities	(4,950)	(13,026)	(5,576)	(18,163)
Non-current net assets	**203,414**	**535,299**	**157,091**	**511,698**
Net liabilities	(20,105)	(62,174)	(13,185)	(42,947)
Accumulated NCI at 55%	**(11,058)**	**(34,196)**	**(7,252)**	**(23,621)**

22.3 Investment accounted for using equity accounting method

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Investment in joint venture (note 22.3.1)	84,639	49,445	222,730	161,060
Investment in associate (note 22.3.2)	3	3	11	11
	84,642	**49,448**	**222,741**	**161,071**

22.3.1 Interest in joint ventures

The revised shareholders agreement between the Group and Nigerian Gas Processing and Transportation Company (NGPTC) requires both parties to have equal shareholding in ANOH. With the change in the ownership structure, the Group has reassessed its retained interest in ANOH and determined that it has joint control. The Group's interest in ANOH is accounted for in the consolidated financial statements using the equity method because the Group interest in ANOH (Joint venture) is assessed to be a joint venture.

Set below is the information on the material joint venture of the Group, ANOH. The Company has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Company is a private entity hence no quoted price is available.

As at the reporting period, the Group had no capital commitment neither had it incurred any contingent liabilities jointly with its joint venture partner.

		Percentage of ownership interest		Carrying amount			
Name of entity	Country of incorporation and place of business	As at 31 Dec 2020 %	As at 31 Dec 2019 %	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 30 Dec 2019 $'000
ANOH Gas Processing Company Limited	Nigeria	50	50	84,639	49,445	222,730	161,060

22. Interest in other entities continued

22.3.1.1 Summarised statement of financial position of ANOH

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 ₦'million	As at 31 Dec 2019 $'000
Current assets:				
Cash and bank balances	32,025	84,275	54,404	177,213
Other current assets	28,380	74,685	3,445	11,220
Total current assets	60,405	158,961	57,849	188,433
Non-current assets	121,565	319,907	51,472	167,661
Total assets	**181,970**	**478,868**	**109,321**	**356,094**
Current liabilities:				
Financial liabilities (excluding trade payables)	(3,119)	(8,209)	(93)	(302)
Other current liabilities	(18,227)	(47,967)	(17,277)	(56,276)
Total liabilities	(21,346)	(56,176)	(17,370)	(56,578)
Net assets	**160,624**	**422,856**	**91,951**	**299,516**
Reconciliation to carrying amounts:				
Opening net liability	91,951	299,516	(800)	(2,604)
Profit for the period	601	3,340	650	2,120
Additional contribution	45,600	120,000	92,101	300,000
Dividends paid	–	–		
Closing net assets	**138,152**	**422,856**	**91,951**	**299,516**
Group's share (%)	50%	50%	50%	50%
Group's share of net asset	69,076	211,428	45,976	149,758
Exchange difference	11,268	–	–	–
Remeasurement of retained interest	4,295	11,302	3,469	11,302
Carrying amount	**84,639**	**222,730**	**49,445**	**161,060**

22.3.1.2 Summarised statement of profit or loss and other comprehensive income of ANOH

	31 Dec 2020 ₦'million	31 Dec 2020 $'000	31 Dec 2019 ₦'million	31 Dec 2019 $'000
General and administrative expenses	186	516	(25)	(82)
Finance income	1,016	2,824	675	2,202
Profit before taxation	1,202	3,340	650	2,120
Profit for the period	1,202	3,340	650	2,120
Group's share (%)	50%	50%	50%	50%
Group's share of profit for the period	601	1,670	325	1,060
Dividends received from joint venture	–	–	–	–

22.3.1.3 Investment in joint venture

	31 Dec 2020 ₦'million	31 Dec 2020 $'000	31 Dec 2019 ₦'million	31 Dec 2019 $'000
Opening balance	49,445	161,060	–	–
Fair value of 50% retained interest	–	–	3,069	10,000
Additional investment	21,595	60,000	46,051	150,000
Exchange difference	12,998	–	–	–
Share of profit from joint venture accounted for using the equity method	601	1,670	325	1,060
	84,639	**222,730**	**49,445**	**161,060**

22.3.1.4 Reconciliation of additional investment in joint venture

	31 Dec 2020 ₦'million	31 Dec 2020 $'000	31 Dec 2019 ₦'million	31 Dec 2019 $'000
Cash paid in the current period	21,595	60,000	31,627	103,050
Amount reclassified from other receivables	–	–	14,424	46,950
	21,595	**60,000**	**46,051**	**150,000**

22.3.2 Investment in associate

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Investment in Elandale	3	3	11	11

Elandale Nigeria Limited is an associate acquired on the business combination. Elandale was incorporated in Nigeria on 17 January 2019. Elandale is an unquoted investment and valued based on fixed asset investment. The Group indirectly owns 40% ownership interest and voting rights in Elandale. The associate is deemed to be immaterial, as a result, financial information is not provided.

23. Inventories

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Tubulars, casings and wellheads	**28,337**	**25,944**	**74,570**	**84,508**

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Inventory charged to profit or loss and included in cost of sales during the year is ₦3.6 billion ($9.4 million), 2019: (₦1.3 billion ($4.1 million)). There was no write down or reversal of previously recognised write down of inventory for the year ended 31 December 2020 (2019: nil).

24. Trade and other receivables

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Trade receivables (Note 24.1)	20,662	37,465	54,375	122,033
Nigerian Petroleum Development Company (NPDC) receivables (Note 24.2)	40,681	68,264	107,053	222,357
National Petroleum Investment Management Services (NAPIMS) receivables (Note 24.3)	11,353	354	29,876	1,152
Underlift	7,827	3,445	20,600	11,224
Advances to suppliers	10,280	9,015	27,053	29,368
Receivables from ANOH	4,926	3,945	12,963	12,847
Other receivables (Note 24.4)	1,045	26,948	2,751	87,781
	96,774	**149,436**	**254,671**	**486,762**

24.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power ($22.9 million, ₦8.6 billion), Sapele Power ($7 million, ₦2.7 billion) and Nigerian Gas Marketing Company ($3.4 million, ₦1.3 billion) totalling $33.3 million (Dec 2019: $52 million), ₦13.6 billion (Dec 2019: ₦16 billion) with respect to the sale of gas. Also included in trade receivables is $0 (Dec 2019: ₦16 billion) $0 (Dec 2019: $52 million) and ₦7 billion (Dec 2019: ₦3 billion) $19 million (Dec 2019: $9 million) due from Mecuria and Shell Western respectively for sale of crude.

Reconciliation of trade receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	37,465	29,127	122,033	94,875
Additions during the year	66,343	263,676	184,330	859,131
Receipts for the year	(82,631)	(254,690)	(250,481)	(829,855)
Exchange difference	29	3	–	–
Gross carrying amount	21,206	38,116	58,882	124,151
Less: impairment allowance	(544)	(651)	(1,507)	(2,118)
Balance as at 31 December	**20,662**	**37,465**	**54,375**	**122,033**

Reconciliation of impairment allowance trade receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	651	126	2,118	408
Increase in loss allowance during the period	544	525	1,507	1,710
Loss allowance as at 31 December	**1,195**	**651**	**3,625**	**2,118**

Increase in expected credit loss on trade receivables is due to increase in the receivable balance at the end of the reporting period.

24. Trade and other receivables continued

24.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is ₦44 billion (Dec 2019: ₦68 billion), $107 million (Dec 2019: $222 million).

Reconciliation of NPDC receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	68,264	(10,022)	222,357	(32,643)
Additions during the year	81,861	129,927	227,446	423,337
Receipts for the year	(109,282)	(54,880)	(342,274)	(178,884)
Write-off of accrued interest	–	(14,871)	–	(48,439)
Reversal of impairment loss on accrued interest written off	–	2,475	–	8,086
Acquired on business combination	–	16,075	–	52,360
Exchange difference	9	8	–	–
Gross carrying amount	40,852	68,712	107,529	223,817
Less: impairment allowance	(171)	(448)	(476)	(1,460)
Balance as at 31 December	**40,681**	**68,264**	**107,053**	**222,357**

Reconciliation of impairment allowance NPDC receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	448	2,475	6,910	8,086
Increase in loss allowance during the period	171	12,836	476	47,263
Receivables written off during the year as uncollectible	–	(14,871)	–	(48,439)
Exchange difference	–	8	–	–
Loss allowance as at 31 December	**619**	**448**	**7,386**	**6,910**

24.3 NAPIMS receivables

Reconciliation of NAPIMS receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	354	(2,785)	1,152	(9,073)
Additions during the year	19,347	10,611	54,866	34,597
Receipts for the year	(8,318)	(7,452)	(24,874)	(24,295)
Exchange difference	26	3	–	–
Gross carrying amount	11,809	377	31,144	1,229
Less: impairment allowance	(456)	(23)	(1,268)	(77)
Balance as at 31 December	**11,353**	**354**	**29,876**	**1,152**

Reconciliation of impairment allowance NAPIMS receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	23	–	77	–
Increase in loss allowance during the period	456	23	1,268	77
Loss allowance as at 31 December	**479**	**23**	**1,345**	**77**

Increase in expected credit loss on NAPIMS receivables is due to increase in the receivable balance at the end of the reporting period.

24.4 Other receivables

Other receivables are amounts outside the usual operating activities of the Group. Included in other receivables is an escrow deposit of ₦11 billion ($40 million) made for a potential investment. The funds were placed in an escrow on 8 January 2019 pursuant to an agreement reached with the vendor on the final terms of the transaction. During the reporting period, the fund has been returned.

Reconciliation of other receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	26,948	9,600	87,781	31,272
Additions during the year	12,494	176,910	34,715	576,998
Receipts for the year	(29,382)	(153,815)	(93,216)	(501,699)
Exchange difference	533	8	–	–
Gross carrying amount	10,593	32,703	29,280	106,571
Less: impairment allowance	(9,548)	(5,755)	(26,529)	(18,790)
Balance as at 31 December	**1,045**	**26,948**	**2,751**	**87,781**

Reconciliation of impairment allowance on other receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	5,755	4,215	18,790	13,770
Increase in loss allowance during the period	9,548	1,540	26,529	5,020
Loss allowance as at 31 December	**15,303**	**5,755**	**45,319**	**18,790**

25. Contract assets

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Revenue on gas sales (Note 25.1)	**2,343**	**6,527**	**6,167**	**21,259**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu Power, Sapele Power and NGMC for the delivery of gas supplies which the three companies have received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract are between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallises. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu Power, Sapele Power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

25.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	6,527	4,327	21,259	14,096
Addition during the year	29,200	49,092	91,115	159,956
Receipts for the year	(32,895)	(46,893)	(106,161)	(152,793)
Price adjustments	(13)	–	(46)	–
Exchange difference	(476)	1	–	–
Balance as at 31 December	**2,343**	**6,527**	**6,167**	**21,259**

There were no impairment allowances recognised on contract assets as it was immaterial (2019: Nil).

26. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. They are presented as current assets to the extent they are expected to be settled within 12 months after the reporting period.

The fair value of the derivative financial instrument as at 31 December 2020 is as a result of a fair value gain on crude oil hedges. The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Crude oil options	(626)	308	(1,648)	1,002
Currency forwards	–	149	–	484
	(626)	**457**	**(1,648)**	**1,486**

In 2020, the Group commenced a crude oil hedge of ₦12,903 ($34/bbl) 2019: ₦13,815 ($45/bbl) for 5 million barrels (2019: 3 million barrels at a cost of ₦2.9 billion ($7.65 million) 2019: ₦0.8 billion ($2.7 million).

27. Cash and bank balances

Cash and bank balances in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less and restricted cash balances.

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Cash on hand	2,620	3	6,896	9
Short-term fixed deposits	160	29,741	422	96,878
Cash at bank	82,867	70,463	218,065	229,522
Gross cash and cash equivalent	85,647	100,207	225,383	326,409
Loss allowance	(93)	(23)	(246)	(79)
Net cash and cash equivalents per cash flow statement	85,554	100,184	225,137	326,330
Restricted cash	12,761	2,056	33,581	6,698
Cash and bank balance	**98,315**	**102,240**	**258,718**	**333,028**

Included in restricted cash, is a balance of $12.8 million (₦4.8 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC). The amounts are restricted for a period of three (3) years, which is the contractual period of the RCF. These amounts are subject to legal restrictions and are therefore not available for general use by the Group. These amounts have therefore been excluded from cash and bank balances for the purposes of cash flow.

An additional $20.8 million, ₦7.9 billion, of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the court case between Seplat Petroleum Development Company Plc and Access bank Plc.

27.1 Reconciliation of impairment allowance on cash and bank balance

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	23	36	79	118
Increase/(decrease) in loss allowance during the period	60	(13)	167	(39)
Exchange difference	10	–	–	–
Loss allowance as at 31 December	**93**	**23**	**246**	**79**

28. Share capital

28.1 Authorised and issued share capital

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Authorised ordinary share capital				
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
581,840,856 (2019: 575,321,598) issued shares denominated in Naira of 50 kobo per share	293	289	1,856	1,845

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

28.2 Movement in share capital and other reserves

	Number of shares	Issued share capital ₦'million	Share premium ₦'million	Share-based payment reserve ₦'million	Total ₦'million
Opening balance as at 1 January 2020	575,321,598	289	84,045	8,194	92,528
Share-based payments	–	–	–	1,856	1,856
Vested shares	6,519,258	4	2,872	(2,876)	–
Closing balance as at 31 December 2020	**581,840,856**	**293**	**86,917**	**7,174**	**94,384**

	Number of shares	Issued share capital $'000	Share premium $'000	Share-based payment reserve $'000	Total $'000
Opening balance as at 1 January 2020	575,321,598	1,845	503,742	30,426	536,013
Share-based payments	–	–	–	5,157	5,157
Vested shares	6,519,258	10	7,981	(7,991)	–
Closing balance as at 31 December 2020	**581,840,856**	**1,855**	**511,723**	**27,592**	**541,170**

28.3 Share premium

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Share premium	**86,917**	**84,045**	**511,723**	**503,742**

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 6,519,258 shares vested with a fair value of $7.99 million. The excess of $7.98 million above the nominal value of ordinary shares have been recognised in share premium.

28.4 Employee share-based payment scheme

As at 31 December 2020, the Group had awarded 60,487,999 shares (2019: 48,400,563 shares) to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes are two additional schemes (2019 Deferred Bonus and 2020 LTIP Scheme) awarded during the reporting period. During the reporting period, 4,700,028 shares had vested out of which 381,117 shares were forfeited in relation to participants whose employment was terminated during the vesting period. Also, the reserves growth underpins (non-market performance condition) which was partially achieved (at 81.4% vesting) resulted in a further reduction in the number of shares vested by 1,379,283. The total number of shares forfeited during the period amount to 1,760,400. The number of shares that eventually vested during the year after the forfeiture and conditions above is 6,519,258 (Dec 2019: 6,824,573 shares were vested).

i. Description of the awards valued

The Group has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2019 deferred bonus awards and 2020 Long-Term Incentive Plan (LTIP) awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017, 2018 and 2019 conditional on the Nigerian Stock Exchange (NSE) approving the share delivery mechanism proposed by the Group. A number of these awards have fully vested.

Seplat Deferred Bonus Award

25% of each Executive Director's 2019 bonus (paid in 2020) has been deferred into shares and released on 1 June 2017, 1 June 2018, 20 April 2019 respectively subject to continued employment over the vesting period. The 2018 bonus is expected to be released on 31 December 2020. No performance criteria are attached to this award. As a result, the fair value of these awards is calculated using a Black Scholes model.

Long-Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after three years) based on the following conditions:

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- The Group outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

ii. Share-based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Expense arising from equity-settled share-based payment transactions	**1,856**	**2,864**	**5,157**	**9,223**

28. Share capital continued

There were no cancellations to the awards in 2020. The share awards granted to Executive Directors and confirmed employees are summarised below:

Scheme	Deemed grant date	Start of service period	End of service period	Vesting status	Number of awards
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138
Non-Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long-Term Incentive Plan	14 December 2015	14 December 2015	9 April 2017	Fully	2,173,259
2015 Long-Term Incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long-Term Incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long-Term Incentive Plan	24 November 2017	24 November 2017	20 April 2020	Fully	7,938,589
2017 Deferred Bonus	29 December 2017	29 December 2017	31 December 2019	Fully	193,830
2018 Long-Term Incentive Plan	2 May 2018	2 May 2018	1 May 2021	Partially	6,519,022
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Fully	341,069
2019 Long-Term Incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Partially	214,499
2020 Long-Term Incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,762,880
2020 Long-Term Incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
					60,487,999

iii. Determination of share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares granted as at 31 December 2020.

Share award scheme (all awards)	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	12,386,617	474	12,350,871	310
Granted during the year	4,700,028	395	10,802,067	387
Forfeited during the year	(1,760,400)	–	(6,824,573)	–
Exercised during the year	(6,519,258)	–	(3,941,748)	–
Outstanding at 31 December	**8,806,987**	**843**	**12,386,617**	**474**
Vested and exercisable at 31 December			**–**	**–**

Share award scheme (all awards)	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	12,386,617	1.54	12,350,871	1.01
Granted during the year	4,700,028	1.04	10,802,067	1.26
Forfeited during the year	(1,760,400)	–	(6,824,573)	–
Exercised during the year	(6,519,258)	–	(3,941,748)	–
Outstanding at 31 December	**8,806,987**	**2.22**	**12,386,617**	**1.54**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred bonus scheme	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	136,091	572	315,603	451
Granted during the year	291,129	525	292,509	522
Forfeited during the year	–	–	–	–
Exercised during the year	(341,069)	–	(472,021)	–
Outstanding at 31 December	**86,151**	**236**	**136,092**	**572**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

Deferred bonus scheme	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	136,091	1.86	315,603	1.47
Granted during the year	291,129	1.38	292,509	1.70
Forfeited during the year	(341,069)	–		
Exercised during the year	–	–	(472,021)	–
Outstanding at 31 December	**86,151**	**0.62**	**136,091**	**1.86**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long-Term Incentive Plan (LTIP)	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	12,250,525	209	12,035,268	361
Granted during the year	8,166,900	390	10,509,557	362
Exercised during the year	(6,178,189)	–	(6,352,552)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**12,478,836**	**509**	**12,250,525**	**209**
Vested and exercisable at 31 December			–	–

Long-Term Incentive Plan (LTIP)	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	12,250,525	0.68	12,035,268	1.18
Granted during the year	8,166,900	1.03	10,509,557	1.18
Exercised during the year	(6,178,189)	–	(6,352,552)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**12,478,836**	**1.34**	**12,250,525**	**0.68**
Vested and exercisable at 31 December			–	–

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2020 range from 0.3 to 3 years (2019: 0.3 to 2.3 years).

The weighted average fair value of awards granted during the year range from ₦142.8 to ₦235.98 (2019: ₦362.26 to ₦521.9), $0.32 to $0.68 (2019: $1.18 to $1.70).

The fair value at grant date is independently determined using the Monte Carlo model which takes into account the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

iv. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2020:

	2018 LTIP	2019 LTIP	2019 Deferred Bonus	2020 LTIP	2020 LTIP
Weighted average fair values at the measurement date					
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	41%	35%	56%	43%	43%
Risk-free interest rate (%)	0.83%	0.76%	0.63%	0.44%	0.44%
Expected life of share options	3.00	3.00	1.67	3.00	3.00
Share price at grant date ($)	1.93	1.7	0.62	0.38	0.51
Share price at grant date (₦)	589.90	521.9	190.15	135.38	193.48
Model used		Monte Carlo	Monte Carlo	Black Scholes	Monte Carlo

29. Capital contribution

This represents M&P additional cash contribution to the Group. In accordance with the Shareholders' Agreement, the amount was used by the Group for working capital as was required at the commencement of operations.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Capital contribution	5,932	5,932	40,000	40,000

30. Foreign currency translation reserve

Cumulative foreign exchange differences arising from translation of the Group's results and financial position into the presentation currency and from the translation of foreign subsidiary is recognised in foreign currency translation reserve.

31. Interest-bearing loans and borrowings

31.1 Net debt reconciliation

Below is the net debt reconciliation on interest-bearing loans and borrowings for 2020:

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2020	34,486	207,863	242,349	112,333	677,075	789,408
Interest accrued	17,504	–	17,504	48,634	–	48,634
Interest capitalised	5,449		5,449	15,140		15,140
Principal repayment	(35,991)	–	(35,991)	(100,000)	–	(100,000)
Interest repayment	(23,310)	–	(23,310)	(64,767)	–	(64,767)
Proceeds from loan financing	–	3,599	3,599	–	10,000	10,000
Transfers	29,559	(29,559)	–	82,128	(82,128)	–
Exchange differences	7,821	47,977	55,798	–	–	–
Carrying amount as at 31 December 2020	**35,518**	**229,880**	**265,398**	**93,468**	**604,947**	**698,415**

Below is the net debt reconciliation on interest-bearing loans and borrowings 2019:

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2019	3,031	133,799	136,830	9,872	435,827	445,699
Interest accrued	8,890	–	8,890	28,966		28,966
Interest capitalised	6,308	–	6,308	20,554		20,554
Principal repayment	(3,029)	(27,661)	(30,690)	(9,872)	(90,128)	(100,000)
Interest repayment	(10,364)	–	(10,364)	(33,770)	–	(33,770)
Other financing charges	(2,696)	–	(2,696)	(8,783)	–	(8,783)
Proceeds from loan financing	19,151	87,194	106,345	62,399	284,101	346,500
Acquired on business combination	13,187	14,509	27,696	42,967	47,275	90,242
Exchange differences	8	22	30	–	–	–
Carrying amount as at 31 December 2019	**34,486**	**207,863**	**242,349**	**112,333**	**677,075**	**789,408**

Other financing charges include term loan arrangement and commitment fees, annual bank charges, technical bank fee, agency fee and analytical services in connection with annual service charge. These costs do not form an integral part of the effective interest rate. As a result, they are not included in the measurement of the interest-bearing loan.

31.2 Amortised cost of borrowings

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Senior loan notes	134,291	107,237	353,396	349,278
Revolving loan facilities	93,634	107,416	246,406	349,888
Reserve based lending (RBL) facility	37,473	27,696	98,613	90,242
	265,398	**242,349**	**698,415**	**789,408**

$350 million Senior notes – March 2018

Interest-bearing loans and borrowings include senior notes. In March 2018 the Group issued ₦107 billion ($350 million) senior notes at a contractual interest rate of 9.25% with interest payable each year on 1 April and 1 October, and principal repayable as a bullet at maturity. The notes are scheduled to mature in June 2023. The interest accrued up at the reporting date is ₦12.5 billion ($34.7 million) using an effective interest rate of 10.3%. Transaction costs of ₦2.1 billion ($7 million) have been included in the amortised cost balance at the end of the reporting period. The amortised cost for the senior notes at the reporting period is ₦134.3 billion ($353.8 million) (December 2019: ₦107.2 billion, $349.3 million), although the principal is $350 million.

$350 million Revolving credit facility – December 2019

The Group's parent Company on 20 December 2019 entered into a four-year revolving loan agreement with interest payable semi-annually. There is a two-year moratorium on the principal which ends on 1 July 2021 but will be extended to 1 July 2022 if the Notes are not refinanced before then. The revolving loan has an initial contractual interest rate of 6% +LIBOR and a settlement date of 31 December 2023.

The interest rate of the facility is variable. The interest accrued at the reporting period is ₦8.4 billion, $23.4 million using an effective interest rate of 7.5%. The interest paid was determined using three-month LIBOR rate + 6 % on the last business day of the reporting period. The outstanding amount of this borrowing as the reporting period is ₦94.2 billion, $250 million.

$125 million Reserved based lending (RBL) facility – November 2018

The Group through its subsidiary Westport on 28 November 2018 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% +LIBOR as at half year (8.30%) and a final maturity date of 29 November 2023. The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The current borrowing base is more than $100 million, with the available commitments at $100 million. The commitments are scheduled to reduce to $87.5 million on 31 March 2021. The first reduction in the commitments occurred on 31 December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from ₦45 billion ($125.0 million) to ₦40.6 billion ($112.5 million), with a further reduction to ₦36.1 billion ($100.0 million) as at December 2020.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is LIBOR plus 8%, so long as more than 50% of the available facility is drawn.

On 4 February 2020 Westport drew down a further ₦3.6 billion ($10 million) increasing the debt utilised under the RBL from ₦32.4 billion ($90 million) to ₦36.1 billion ($100 million).

The interest rate of the facility is variable. The Group made a drawdown of ₦3.79 billion ($10 million) as at period end. The interest accrued at the reporting period is ₦3.9 billion ($11 million) using an effective interest rate of 8.3%. The interest paid was determined using six-month LIBOR rate + 8 % on the last business day of the reporting period. The outstanding amount of this borrowing as at the date of acquisition is ₦37.4 billion ($98.6 million).

31.3 Outstanding principal exposures

The following is the analysis of the principal outstanding showing the lenders of the facility as at the year end:

31 December 2020	Interest	Current ₦ million	Non-current ₦ million	Total ₦ million	Current $'000	Non-current $'000	Total $'000
Fixed interest rate							
Senior notes:	9.25%	–	133,000	133,000	–	350,000	350,000
Variable interest rate							
Corporate loan:							
Citibank, N.A., London Branch	6% + LIBOR	–	10,857	10,857	–	28,572	28,572
Nedbank Limited London	6% + LIBOR	–	10,857	10,857	–	28,572	28,572
Stanbic IBTC Bank Plc	6% + LIBOR	–	5,429	5,429	–	14,285	14,285
The Standard Bank of South Africa Limited//	6% +LIBOR	–	5,429	5,429	–	14,285	14,285
RMB International (Mauritius) Limited	6% + LIBOR	–	10,857	10,857	–	28,572	28,572
The Mauritius Commercial Bank Ltd	6% + LIBOR	–	10,857	10,857	–	28,572	28,572
JPMorgan Chase Bank, N.A., London Branch	6% + LIBOR	–	8,143	8,143	–	21,429	21,429
Standard Chartered Bank	6% + LIBOR	–	8,143	8,143	–	21,429	21,429
Natixis	6% + LIBOR	–	8,143	8,143	–	21,429	21,429
Société Générale, London Branch	6% + LIBOR	–	4,071	4,071	–	10,714	10,714
Zenith Bank Plc	6% + LIBOR	–	4,071	4,071	–	10,714	10,714
United Bank for Africa Plc	6% + LIBOR	–	4,071	4,071	–	10,714	10,714
First City Monument Bank Limited	6% + LIBOR	–	4,071	4,071	–	10,713	10,713
First Bank of Nigeria	8% + LIBOR	–	4,561	4,561	–	12,000	12,000
The Mauritius Commercial Bank Ltd	8% + LIBOR	–	13,073	13,073	–	34,400	34,400
Stanbic IBTC Bank Plc/ The Standard Bank of South Africa Limited	8% + LIBOR	–	20,369	20,369	–	53,600	53,600
		–	**266,002**	**266,002**	**–**	**700,000**	**700,000**

31. Interest-bearing loans and borrowings continued

31 December 2019	Interest	Current ₦ million	Non-current ₦ million	Total ₦ million	Current $'000	Non-current $'000	Total $'000
Fixed interest rate							
Senior notes:	9.25		107,450	107,450		350,000	350,000
Variable interest rate							
Corporate loan:							
Citibank, N.A., London Branch	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
Nedbank Limited London	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
Stanbic IBTC Bank Plc	6.0% +LIBOR	–	6,140	6,140	–	20,000	20,000
The Standard Bank of South Africa Limited//	6.0% +LIBOR	–	6,140	6,140	–	20,000	20,000
RMB International (Mauritius) Limited	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Standard Chartered Bank	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Natixis	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Société Générale, London Branch	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
Zenith Bank Plc	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
United Bank for Africa Plc	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
First City Monument Bank Limited	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
Acquisition through business combination;							
Stanbic IBTC Bank Plc & The Mauritius Commercial Bank Ltd	8.0% +LIBOR	7,675	19,955	27,630	25,000	65,000	90,000
		7,675	234,855	242,530	25,000	765,000	790,000

32. Lease liabilities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
As at 1 January	2,829	2,140	9,210	6,972
Additions during the year	1,193	64	803	204
Payments during the year	(1,858)	–	(4,334)	–
Acquired in business combination	–	461	–	1,500
Interest on lease liabilities	106	164	295	534
As at 31 December	**2,270**	**2,829**	**5,974**	**9,210**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is five years commencing on 1 January 2019 and ending on 31 December 2023. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property.

The Group's lease liability as at 31 December 2020 is split into current and non-current portions as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Current	679	212	1,787	692
Non-current	1,591	2,617	4,187	8,518
	2,270	**2,829**	**5,974**	**9,210**

The following amount are the amount recognised in profit or loss:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Depreciation expense of right-of-use assets	1,254	908	3,483	2960
Interest expense on lease liabilities	106	164	295	534
	1,360	**1,072**	**3,778**	**3,494**

The following are the impact of the lease on cash flow:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Depreciation expense of right-of-use assets	1,254	908	3,483	2,960
Interest expense on lease liabilities	106	164	295	534
Net cash flows from operating activities	**1,360**	**1,072**	**3,778**	**3,494**
Lease payments	(1,858)	–	(4,334)	–
Net cash flows from financing activities	**(1,858)**	**–**	**(4,334)**	**–**

The Group's lease payments for drilling rigs are classified as variable lease payments. The variability arises because the lease payments are linked to the use of the underlying assets. These variable lease payments are therefore excluded from the measurement of the lease liabilities. At the end of the reporting period, there was no rental expense recognised within cost of sales for these leases. The expected future cash outflows arising from variable lease payments is estimated at ₦1.2 billion, $3.1 million (2019: ₦14.8 billion, $48 million).

The following tables summarise the impact that exercising the purchase option would have had on the profit before tax and net assets of the Group:

	Effect on profit before tax		Effect on profit before tax	
	2020 ₦ million	2020 $'000	2019 ₦ million	2019 $'000
Depreciation	651	1,810	556	1,810
Interest payment	(844)	(2,346)	(725)	(2,363)
	(193)	**(536)**	**(169)**	**(553)**

	Effect on net assets		Effect on net assets	
	2020 ₦ million	2020 $'000	2019 ₦ million	2019 $'000
Depreciation	11,188	29,441	9,594	31,251
Interest payment	(11,885)	(31,275)	(10,322)	(33,621)
	(697)	**(1,834)**	**(728)**	**(2,370)**

33. Contingent liability

	₦ million	$'000
At 1 January 2019	–	–
Acquired in business combination	2,215	7,217
At 31 December 2019	**2,215**	**7,217**
At 1 January 2020	**2,215**	**7,217**
Exchange difference	382	–
Provision no longer required (Note 10)	(2,597)	(7,217)
At 31 December 2020	–	–

A contingent liability of $7.2 million was recognised on the acquisition of Eland Group for a pending investigation by the European Commission into the UK's Controlled Foreign Company (CFC) tax regime. Notwithstanding the ongoing appeal in the European Courts, the UK tax authority, HMRC, were obligated to review impacted companies and collect taxes in the UK.

In February 2021, Eland Oil & Gas Limited (Eland) received written notification from HMRC that they had formed a view that Eland was not a beneficiary of State Aid in the period, 1 January 2013 to 31 December 2018. For that reason, it is extremely unlikely that any cash outflow will result from the State Aid investigation, irrespective of the outcome of the ongoing appeal between the UK government and the European Commission regarding UK CFC rules in the period.

There is therefore no longer any need to recognise a contingent liability in respect of the State Aid investigation (2019: $45.4 million was estimated as the maximum exposure in the event of an adverse decision related to the investigation).

34. Provision for decommissioning obligation

	₦ million	$'000
At 1 January 2020	45,411	147,921
Unwinding of discount due to passage of time	1,046	2,905
Change in estimate	4,244	11,793
Exchange difference	11,094	–
At 31 December 2020	**61,795**	**162,619**
At 1 January 2019	43,514	141,737
Unwinding of discount due to passage of time	1,240	4,039
Changes in estimate	(5,142)	(16,745)
Acquired in business combination	5,799	18,890
At 31 December 2019	**45,411**	**147,921**

The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. This relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation", and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred as highlighted in the table below which is the current expectation as to when the producing facilities are expected to cease operations. Management engaged a third party to assist with an estimate of the expenditure to be incurred. These provisions were based on estimations carried out by Netherland, Sewell and Associates for OML 40 and Ubima in 2019. The estimate for 2020 were done by Ryder Scott for all the OMLs based on current assumptions of the economic environment which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

	Current estimated life span of reserves	
	2020 In years	2019 In years
Seplat Petroleum Development Company:		
OML 4	–	2027 – 2037
OML 38	–	2027 – 2034
OML 41	–	2037
Seplat West Limited:		
OML 4	2027 – 2037	–
OML 38	2027 – 2034	–
OML 41	2037	–
Newton Energy Limited (OPL 283)	2037 – 2044	2037 – 2044
Seplat East Onshore Ltd (OML 53)	2028 – 2054	2028 – 2054
Elcrest (OML 40)	2031	2033
Ubima (OML 17)	2032	–

35. Employee benefit obligation

35.1 Defined contribution plan

The Group contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an approved Pension Fund Administrator (PFA) – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronised by employees of the Group. The Group's contributions are charged to the profit and loss account in the year to which they relate.

35.2 Defined benefit plan

i. Investment management strategy and policy

The Group operates a funded defined benefit pension plan in Nigeria under the regulation of National Pension Commission. The plan provides benefits to all the employees (excluding Directors holding salaried employment in the Group) who have been employed by the Group for a continuous period of five years and whose employment have been confirmed. The employee's entitlement to the accrued benefits occurs on retirement from the Group. The level of benefits provided on severance depends on members' length of service and salary at retirement age.

The overall investment philosophy of the defined benefit plan fund is to ensure safety, optimum returns and liquidity in line with the regulation and guidelines of the Pension Reform Act 2014 or guidelines that may be issued from time to time by National Pension Commission.

Plan assets are held in trust. Responsibility for supervision of the plan assets (including investment decisions and contributions schedules) lies jointly with the trustees and the pension fund managers. The trustees are made up of members of the Group's senior management appointed by the Chief Executive Officer. The Group does not have an investment strategy of matching match plan assets with the defined obligations as they fall due, however, the Group has an obligation to settle shortfalls in the plan asset upon annual actuarial valuations.

The provision for the defined benefit plan is based on an independent actuarial valuation performed by Logic Professional Services (LPS) using the projected unit credit method. The provision is adjusted for inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries.

The amount payable as at 31 December 2020 was ₦4 billion ($10.7 million), 2019: ₦3 billion ($9.8 million).

The following tables summarise the components of net defined benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position for the respective plans:

ii. Liability recognised in the financial position

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Defined benefit obligation	5,304	3,595	13,958	11,707
Fair value of plan assets	(1,241)	(583)	(3,267)	(1,899)
	4,063	**3,012**	**10,691**	**9,808**

iii. Amount recognised in profit or loss

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Current service cost	687	602	1,909	1,961
Interest cost on defined benefit obligation	498	364	1,383	1,186
	1,185	966	3,292	3,147
Return on plan assets	(124)	(129)	(346)	(420)
	1,061	**837**	**2,946**	**2,727**

The Group recognises a part of its defined benefit expenses in profit or loss and recharges the other part to its joint operations partners, this is recognised as a receivable from the partners. Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Charged to profit or loss	409	343	1,135	1,117
Charged to receivables	652	494	1,811	1,610
Balance as at 31 December	**1,061**	**837**	**2,946**	**2,727**

iv. Remeasurement (gains)/losses in other comprehensive income

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Remeasurement losses/(gains) due to changes in financial and demographic assumptions	36	(508)	101	(1,655)
Remeasurement (gains)/losses due to experience adjustment	(74)	111	(206)	362
Remeasurement gain on plan assets	(27)	(51)	(75)	(166)
	(65)	(448)	(180)	(1,459)
Deferred tax credit/(expense) on remeasurement losses	55	381	153	1,240
	(10)	**67**	**(27)**	**219**

The Group recognises a part of the remeasurement losses in other comprehensive income and recharges the other part to its joint operations partners. Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Recharged to receivables	(36)	(247)	(99)	(803)
Charged/(credited) to other comprehensive income	(29)	(201)	(81)	(656)
Remeasurement (losses)/gain due to changes in financial and demographic assumptions	**(65)**	**(448)**	**(180)**	**(1,459)**

35. Employee benefit obligation continued

35.2 Defined benefit plan continued

v. Deferred tax (expense)/credit on remeasurement (gains)/losses

The Group recognises deferred tax (credit on a part of the remeasurement (gain)/losses in other comprehensive income/(loss). Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Charged to other comprehensive income	25	171	69	558
Charged to receivables	30	210	84	682
Deferred tax on remeasurement losses	**55**	**381**	**153**	**1,240**

vi. Changes in the present value of the defined benefit obligation are as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Defined benefit obligation as at 1 January	3,595	2,324	11,707	7,568
Current service cost	687	602	1,909	1,961
Interest cost on benefit obligation	498	364	1,383	1,186
Remeasurement losses due to changes in financial and demographic assumptions	36	508	101	1,655
Remeasurement gains due to experience adjustment	(74)	(111)	(206)	(362)
Benefits paid by the employer	(77)	(86)	(213)	(280)
Benefits from the fund	(260)	–	(723)	–
Exchange differences	899	(6)	–	(21)
Defined benefit obligation at 31 December	**5,304**	**3,595**	**13,958**	**11,707**

vii. The changes in the fair value of plan assets is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Balance as at 1 January	(583)	(505)	(1,899)	(1,645)
Employer contributions	(601)	–	(1,670)	–
Return on plan assets	(124)	(129)	(346)	(420)
Benefits paid from fund	260	–	723	–
Remeasurement loss on plan assets	(27)	51	(75)	166
Exchange differences	(166)	–	–	–
Balance as at 31 December	**(1,241)**	**(583)**	**(3,267)**	**(1,899)**

The net liability disclosed above relates to funded plans as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Present value of funded obligations	5,304	3,595	13,958	11,707
Fair value of plan assets	(1,241)	(583)	(3,267)	(1,899)
Deficit of funded plans	**4,063**	**3,012**	**10,691**	**9,808**

The fair value of the plan asset of the Group at the end of the reporting period was determined using the market values of the comprising assets as shown below:

			2020			2020
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity instrument	19	–	19	50	–	50
Treasury bills and money market	637	–	637	1,679	–	1,679
Bonds	564	–	564	1,486	–	1,486
Cash at bank	–	25	25	–	66	66
Payables	–	(4)	(4)	–	(14)	(14)
Total plan asset as at 31 December	**1,220**	**21**	**1,241**	**3,215**	**52**	**3,267**

			2019			2019
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Money market	–	136	136	–	442	442
Equity instrument	12	–	12	40	–	40
Treasury bills	50	–	50	163	–	163
Bonds	386	–	386	1,258	–	1,258
Cash at bank	–	2	2	–	6	6
Payables	–	(3)	(3)	–	(10)	(10)
Total plan asset as at 31 December	**448**	**135**	**583**	**1,461**	**438**	**1,899**

viii. The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	2020 %	2019 %
Discount rate	8.00	14.00
Average future pay increase	8.00	12.00
Average future rate of inflation	12.00	12.00

a. Mortality in service

	Number of deaths in year out of 10,000 lives	
Sample age	2020	2019
25	3	7
30	36	7
35	64	9
40	97	14
45	90	26

Withdrawal from service

	Rates	
Age band	2020	2019
Less than or equal to 30	1.0%	1.0%
31 – 39	1.5%	1.5%
40 – 44	1.5%	1.5%
45 – 55	1.0%	1.0%
56 – 60	0.0%	0.0%

A quantitative sensitivity analysis for significant assumption is as shown below:

	Discount rate		Salary increases			Mortality	
Assumptions	Base	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2020	5,304	(578)	682	702	(605)	(249)	223
31 December 2019	3,595	(225)	262	280	(243)	3	(3)

	Discount rate		Salary increases			Mortality	
Assumptions	Base	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2020	13,958	(219)	259	267	(230)	(95)	85
31 December 2019	11,707	(733)	854	912	(792)	10	(10)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The methods and assumptions used in preparing the sensitivity analysis did not change compared to prior period.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The expected maturity analysis of the undiscounted defined benefit plan obligation is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Within the next 12 months (next annual reporting period)	89	198	234	646
Between 2 and 5 years	1,458	1,403	3,842	4,569
Between 6 and 10 years	4,763	5,421	12,551	17,658
Beyond 10 years	55,285	127,029	145,678	413,775
	61,595	**134,051**	**162,305**	**436,648**

35. Employee benefit obligation continued

The weighted average liability duration for the plan is 13.67 years (2019: 11.35 years). The longest weighted duration for Nigerian Government bond as at 31 December 2020 was about 10.92 years (2019: 7.26 years) with a gross redemption yield of about 7.42% (2019: 13.31%).

a. Risk exposure
Through its defined benefit pension plans, the Group is exposed to several risks. The most significant of which are detailed below:

b. Liquidity risk
The plan liabilities are not fully funded and as a result, there is a risk that the Group may not have the required cash flow to fund future defined benefit obligations as they fall due.

c. Inflation risk
This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long-term asset values and a rise in liability values.

d. Life expectancy
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

e. Asset volatility
The Group holds a significant proportion of its plan assets in equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

Details of the Actuary is shown below:

Name of signer	Name of firm	FRC number	Services rendered
Ganiu Dare Shefiu	Logic Professional Services	FRC/2017/NAS/00000017548	Actuary valuation services

36. Trade and other payables

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Trade payable	51,351	31,977	135,134	104,161
Accruals and other payables	56,816	84,527	149,521	275,330
Pension payables	–	(29)	–	(97)
NDDC levy	4,780	8	12,578	23
Royalties payable	10,500	9,096	27,632	29,629
Overlift	7,021	18,346	18,475	59,758
	130,468	**143,925**	**343,340**	**468,804**

Included in accruals and other payables are field accruals of $109 million, ₦41 billion (2019: $127 million, ₦39 billion) and other vendor payables of $49 million, ₦19 billion (Dec 2019: $80 million, ₦25 billion). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

37. Contract liabilities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
	3,599	**5,005**	**9,470**	**16,301**

37.1 Reconciliation of contract liabilities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Opening balance	5,005	–	16,301	–
Recognised as revenue during the year	(1,406)	–	(6,831)	–
Addition during the year	–	5,005	–	16,301
	3,599	**5,005**	**9,470**	**16,301**

Contract liabilities represents take or pay volumes contracted with Azura for 2019 which is yet to be utilised. In line with contract, Azura can make a demand on the makeup gas but only after they have taken and paid for the take or pay quantity for the respective year. The contract liability is accrued for two years after which the ability to take the makeup gas expires and any outstanding balances are recognised as revenue from contracts with customers.

38. Summary of net assets transferred

During the year, Seplat Plc transferred its rights and obligations in respect of OML 4, OML 38 and OML 41 to Seplat West Limited. The transfer had no impact on the consolidated financial statements for 2020.

Summary of net assets transferred from Seplat Plc to Seplat West Ltd

Assets	At 1 January 2020 ₦ million	At 1 January 2020 $'000
Non-current assets		
Oil & Gas properties	249,888	813,967
Other property, plant and equipment	3,581	11,666
Right-of-use assets	3,397	11,064
Intangible assets	8,552	27,858
Prepayment	19,228	62,633
Deferred tax asset	37,610	122,508
	322,256	**1,049,696**
Current assets		
Inventories	24,316	79,205
Trade and other receivables	270,907	882,434
Prepayments	1,478	4,814
Contract assets	6,527	21,259
Derivative financial instruments	308	1,002
Cash and bank balances	77,583	252,713
	381,119	**1,241,427**
Total assets	**703,375**	**2,291,123**
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	193,349	629,800
Lease liabilities	2,367	7,709
Provision for decommissioning	34,988	113,968
Defined benefit plan	3,011	9,808
	233,715	**761,285**
Current liabilities		
Interest-bearing loans and borrowings	21,295	69,366
Contract liabilities	5,004	16,301
	26,299	**85,667**
Total liabilities	**260,014**	**846,952**
Net assets transferred	**443,361**	**1,444,171**

39. (Loss)/Earnings per share (LPS)/EPS

Basic

Basic (LPS)/EPS is calculated on the Group's profit after taxation attributable to the parent entity, which is based on the weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted

Diluted (LPS)/EPS is calculated by dividing the profit after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
(Loss)/profit attributable to Equity holders of the parent	(26,906)	80,975	(74,747)	263,842
(Loss)/profit attributable to Non-controlling interests	(3,806)	–	(10,575)	–
(Loss)/profit from continued operations	**(30,712)**	**80,975**	**(85,322)**	**263,842**
Profit from discontinued operations	–	4,041	–	13,166
(Loss)/profit for the year	**(30,712)**	**85,016**	**(85,322)**	**277,008**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	579,638	569,228	579,638	569,228
Outstanding share-based payments (shares)	8,807	12,387	8,807	12,387
Weighted average number of ordinary shares adjusted for the effect of dilution	**588,445**	**581,615**	**588,445**	**581,615**
Basic (loss)/earnings per shares	₦	₦	$	$
From continuing operations attributable to the ordinary equity holders of the Group	(46.42)	142.25	(0.13)	0.46
From discontinuing operations attributable to the ordinary equity holders of the Group	–	7.10	–	0.02
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Group	(46.42)	149.35	(0.13)	0.48
Diluted (loss)/earnings per shares	₦	₦	$	$
From continuing operations attributable to the ordinary equity holders of the Group	(45.72)	139.22	(0.13)	0.45
From discontinuing operations attributable to the ordinary equity holders of the Group	–	6.95	–	0.02
Total diluted (loss)/earnings per share attributable to the ordinary equity holders of the Group	(45.72)	146.17	(0.13)	0.48

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

40. Dividends paid and proposed

As at 31 December 2020, the final proposed dividend for the Group is ₦19 ($0.05), 2019: ₦15.35 ($0.05).

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2020: ₦37.32 ($0.10) per share 583,260,187 shares in issue (2019: ₦30.7 ($0.10) per share, 575,321,598 shares in issue)	20,998	18,019	58,342	58,708
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2020: ₦19 ($0.05) (2019: ₦15.35 ($0.05) per share)	11,082	8,831	29,163	28,766

As at 31 December 2020, ₦10.61 billion, ($29.4 million) (2019: ₦9 billion, $29.4 million) of interim dividend was paid at ₦18.03 ($0.05) per share as at 30 June 2020 and the remaining dividend ₦10.61 billion ($29.3 million) was paid at ₦19.29 ($0.05) per share as at 30 November 2020. Final Naira dividend payments will be based on the Naira/dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2020 Annual General Meeting. The tax effect of dividend paid during the year was $5.8 million (₦2.09 billion).

41. Related party relationships and transactions

The Group is controlled by Seplat Petroleum Development Company Plc (the parent Company). The parent Company is owned 6.43% either directly or by entities controlled by A.B.C. Orjiako (SPDCL(BVI)) and members of his family and 10.21% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

1. Shareholders of the parent Company

Shebah Petroleum Development Company Limited SPDCL (BVI):

The Chairman of Seplat is a director and shareholder of SPDCL (BVI). The Company provided consulting services to Seplat. Services provided to the Group during the period amounted to $900 thousand, ₦342 million (2019: $1.05 million, ₦322 million).

2. Entities controlled by key management personnel (Contracts>$1million in 2020)

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited):

The Company is owned by common shareholders with the parent Company. The Company provides drilling rigs and drilling services to Seplat. Transactions with this related party amounted to $5.7 million, ₦2.1 billion (2019: $9.44 million, ₦2.89 billion). Payables amounted to $591 thousand, ₦225 million in the current period (Payables in 2019: nil).

3. Entities controlled by key management personnel (Contracts<$1million in 2020)

Abbeycourt Trading Company Limited:

The Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat's rig operations. This amounted to $296 thousand, ₦106 million during the period (2019: $0.93 million, ₦286 million). Payables amounted to $15,273, ₦5.8 million (2019: nil).

Stage leasing (Ndosumili Ventures Limited):

A subsidiary of Platform Petroleum Limited (an entity in which Austin Avuru has an equity interest). The Company provides transportation services to Seplat. This amounted to $714 thousand, ₦257million (2019: $1.45 million, ₦445 million). Payables amounted to $23,572, ₦8.9 million (2019: nil).

42. Information relating to employees

42.1 Key management compensation

Key management includes executive and members of the leadership team. The compensation paid or payable to key management for employee services is shown below:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Salaries and other short-term employee benefits	1,074	728	2,984	2,373
Post-employment benefits	105	95	291	308
Share-based payment expenses	971	166	2,699	540
	2,150	**989**	**5,974**	**3,221**

42.2 Chairman and Directors' emoluments

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Chairman (Non-executive)	395	354	1,098	1,155
Chief Executive Officer	679	763	1,886	2,486
Executive Directors	750	800	2,083	2,606
Non-Executive Directors	862	702	2,395	2,287
Total	**2,686**	**2,619**	**7,462**	**8,535**

2020 Executive Director emoluments includes 2019 bonus paid in 2020.

42.3 Highest paid Director

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Highest paid Director	484	763	1,346	2,486

Emoluments are inclusive of income taxes.

42. Information relating to employees continued

42.4 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2020 Number	2019 Number
Zero – ₦19,896,500	–	–
₦19,896,501 – ₦115,705,800	–	–
₦115,705,801 – ₦157,947,600	–	–
Above ₦157,947,600	4	3
	4	**3**

	2020 Number	2019 Number
Zero – $65,000	–	–
$65,001 – $378,000	–	–
$378,001 – $516,000	–	–
Above $516,000	4	3
	4	**3**

42.5 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,650 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2020 Number	2019 Number
₦1,989,650 – ₦4,897,600	9	9
₦4,897,601– ₦9,795,200	146	142
₦9,795,201 – ₦14,692,800	182	132
Above ₦14,692,800	191	180
	528	**463**

	2020 Number	2019 Number
$6,500 – $16,000	9	9
$16,001 – $32,000	146	142
$32,001 – $48,000	182	132
Above $48,000	191	180
	528	**463**

42.6 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2020 Number	2019 Number
Senior management	30	19
Managers	111	100
Senior staff	227	200
Junior staff	160	144
	528	**463**

42.7 Employee cost

Seplat's staff costs (excluding pension contribution) in respect of the above employees amounted to the following:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Salaries & wages	9,055	7,015	25,159	22,851
	9,055	7,015	25,159	22,851

43. Commitments and contingencies

43.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2020 is ₦23.2million, $61,194 (2019: ₦14 billion, $48 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

Under the OML 40 Joint Operating Agreement (JOA), the Company is responsible for its share of expenditures incurred on OML 40 in respect of its participating interest, on the basis that the operator's estimated expenditures are reasonably incurred based on the approved work programme and budget. From time to time, management disputes such expenditures on the basis that they do not meet these criteria, and when this occurs management accrues at the period end for its best estimate of the amounts payable to the operator. Consequently, the amounts recognised as accruals as of 31 December 2020 reflect management's best estimate of amounts that have been incurred in accordance with the JOA and that will ultimately be paid to settle its obligations in this regard.

However, management recognises there are a range of possible outcomes, which may be higher or lower than the management's estimate of accrued expenditure. It is estimated that around $8,383,356 (2019: $5,946,000) of possible expenditure currently remains under dispute.

The movement from the prior year is driven majorly by a non-JOA compliant and unbudgeted expenditure on Escravos pipeline, a project that the Joint Venture has since jointly taken a decision to suspend and overheads from the Operator's parent company over and above the JOA stipulated 2.5% of actual Capital Expenditure. Management considers the merits for these cost items to remain rejected to be very high, but in recognition of possible range of outcomes has included them in the contingent liability estimates.

43.2 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Property, plant and equipment	–	31,022	–	101,050

Anoh Joint Venture: The above commitments include capital expenditure commitments of (2019: ₦18.4 billion ($60 million)) relating to the Anoh Joint Venture.

44. Events after the reporting period

On 1 February 2021, ANOH Gas Processing Company Limited, a joint venture of the Group, successfully raised $260 million (₦98.8 billion) in debt to fund completion of its ANOH Gas Processing Plant.

Consolidated statement of value added

For the year ended 31 December 2020

	2020 ₦ million	%	2019 ₦ million	%	2020 $'000	%	2019s $'000	%
Revenue from contracts with customers	190,922		214,157		530,467		697,777	
Other income (net)	30,184		9,170		83,864		29,876	
Finance income	601		4,134		1,671		13,471	
Cost of goods and other services:								
Local	(102,472)		(49,694)		(284,712)		(161,913)	
Foreign	(68,315)		(33,129)		(189,808)		(107,942)	
Valued added	**50,920**	100%	144,638	100%	**141,482**	100%	471,269	100%

Applied as follows:

	2020 ₦ million	%	2019 ₦ million	%	2020 $'000	%	2019 $'000	%
To employees:								
– as salaries and labour related expenses	13,324	26%	11,565	8%	37,017	26%	37,681	8%
To external providers of capital:								
– as interest	18,656	37%	10,294	7%	51,834	37%	33,539	7%
To Government:								
– as Group taxes	4,919	10%	6,964	5%	13,668	10%	22,689	5%
Retained for the Group's future:								
– For asset replacement, depreciation, depletion and amortisation	47,812	94%	28,824	20%	132,840	94%	93,916	20%
Deferred tax (charges)/credit	(3,079)	(6%)	1,975	1%	(8,555)	(6%)	6,436	1%
(Loss)/profit for the year	(30,712)	(60%)	85,016	59%	(85,322)	(60%)	277,008	59%
Valued added	**50,920**	100%	144,638	100%	**141,482**	100%	471,269	100%

The value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Consolidated five-year financial summary

As at 31 December 2020

	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million	2016 ₦ million
Revenue from contracts with customers	190,922	214,157	228,391	138,281	63,384
(Loss)/profit from continuing operation before taxation	(28,872)	89,914	80,599	13,454	(47,419)
(Loss)/profit from discontinuing operation before taxation	–	4,041	16	–	–
(Loss)/profit before tax	(28,872)	93,955	80,615	13,454	(47,419)
Income tax (expense)/credit	(1,840)	(8,939)	(35,748)	67,657	2,035
(Loss)/profit for the year	**(30,712)**	**85,016**	**44,867**	**81,111**	**(45,384)**

	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million	2016 ₦ million
Capital employed:					
Issued share capital	293	289	286	283	283
Share premium	86,917	84,045	82,080	82,080	82,080
Share-based payment reserve	7,174	8,194	7,298	4,332	2,597
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	211,790	259,690	192,723	166,149	85,052
Foreign currency translation reserve	331,289	202,910	203,153	200,870	200,429
Non-controlling interest	(11,058)	(7,252)	–	–	–
Total equity	**632,337**	**553,808**	**491,472**	**459,646**	**376,373**
Represented by:					
Non-current assets	1,083,683	717,664	502,512	539,672	462,402
Current assets	227,154	286,569	264,159	259,881	202,274
Non-current liabilities	(499,349)	(258,903)	(184,808)	(131,925)	(141,473)
Current liabilities	(179,151)	(191,522)	(90,391)	(207,982)	(146,830)
Net assets	**632,337**	**553,808**	**491,472**	**459,646**	**376,373**

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Revenue from contracts with customers	530,467	697,777	746,140	452,179	254,217
(Loss)/profit from continuing operation before taxation	(80,209)	292,967	263,314	43,997	(172,766)
Profit from discontinuing operation before taxation	–	13,166	50	–	–
(Loss)/profit before tax	(80,209)	306,133	263,364	43,997	(172,766)
Income tax (expense)/credit	(5,113)	(29,125)	(116,788)	221,233	6,672
(Loss)/profit for the year	**(85,322)**	**277,008**	**146,576**	**265,230**	**(166,094)**

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Capital employed:					
Issued share capital	1,855	1,845	1,834	1,826	1,826
Share premium	511,723	503,742	497,457	497,457	497,457
Share-based payment reserve	27,592	30,426	27,499	17,809	12,135
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,116,079	1,249,156	1,030,954	944,108	678,922
Foreign currency translation reserve	992	2,391	3,141	1,897	3,675
Non-controlling interest	(34,196)	(23,621)	–	–	–
Total equity	**1,664,045**	**1,803,939**	**1,600,885**	**1,503,097**	**1,234,015**
Represented by:					
Non-current assets	2,851,803	2,337,670	1,639,843	1,764,789	1,516,073
Current assets	597,770	933,440	860,455	849,841	663,200
Non-current liabilities	(1,314,076)	(843,322)	(601,976)	(431,407)	(463,847)
Current liabilities	(471,452)	(623,849)	(294,437)	(680,126)	(481,411)
Net assets	**1,664,045**	**1,803,939**	**1,600,885**	**1,503,097**	**1,234,015**

45. Estimated quantities of proved plus probable reserves

	Oil & NGLs MMbbls	Natural Gas Bscf	Oil Equivalent MMboe
At 31 December 2019	251.8	1,493.5	509.3
Revisions of previous estimates	1.01	–	1.01
Discoveries and extensions	–	45	7.76
Production	(12.3)	(37.08)	(18.70)
At 31 December 2020	**240.51**	**1,501.42**	**499.37**

Reserves are those quantities of crude oil, natural gas and natural gas liquid that, upon analysis of geological and engineering data, appear with reasonable certainty to be recoverable in the future from known reservoirs under existing economic and operating conditions.

Elcrest holds a 45% participating interest in OML40. Eland holds a 45% interest in Elcrest although has control until such point as Westport loan is fully repaid.

As additional information becomes available or conditions change, estimates are revised.

46. Capitalised costs related to oil producing activities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Capitalised costs:				
Unproved properties		–		–
Proved properties	871,470	651,358	2,293,348	2,121,686
Total capitalised costs	871,470	651,358	2,293,348	2,121,686
Accumulated depreciation	(261,995)	(172,986)	(689,460)	(563,473)
Net capitalised costs	**609,475**	**478,372**	**1,603,888**	**1,558,213**

Capitalised costs include the cost of equipment and facilities for oil producing activities. Unproved properties include capitalised costs for oil leaseholds under exploration, and uncompleted exploratory well costs, including exploratory wells under evaluation. Proved properties include capitalised costs for oil leaseholds holding proved reserves, development wells and related equipment and facilities (including uncompleted development well costs) and support equipment.

47. Concessions

The original, expired and unexpired terms of concessions granted to the Group as at 31 December 2020 are:

		Original	Term in years expired	Unexpired
Seplat West Limited	OML 4, 38 & 41	38	20	18
Newton	OML 56	16	10	6
Seplat East Swamp	OML 53	30	22	8
Seplat Swamp	OML 55	30	22	8
Elcrest	OML 40	18.8	1	17.8
Elcrest	OML 17	20	1	19

48. Results of operations for oil producing activities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Revenue from contracts with customers	150,422	151,954	417,941	495,104
Other income – net	30,184	9,170	83,864	29,876
Production and administrative expenses	(133,684)	(85,300)	(391,989)	(276,451)
Impairment losses	(51,856)	(14,692)	(144,080)	(47,869)
Depreciation and amortisation	(52,766)	(25,570)	(126,044)	(84,792)
(Loss)/profit before taxation	**(57,700)**	**35,562**	**(160,308)**	**115,868**
Taxation	1,229	(8,939)	3,415	(29,125)
(Loss)/profit after taxation	**(56,471)**	**26,623**	**(156,893)**	**86,743**

49. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

50. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira.

	Basis	31 December 2020 ₦/$	31 December 2019 ₦/$
Fixed assets – opening balances	Historical rate	Historical	Historical
Fixed assets – additions	Average rate	359.91	306.91
Fixed assets – closing balances	Closing rate	380.00	307.00
Current assets	Closing rate	380.00	307.00
Current liabilities	Closing rate	380.00	307.00
Equity	Historical rate	Historical	Historical
Income and expenses	Overall average rate	359.91	306.91

SEPARATE STATEMENTS

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Separate financial statements
Statement of profit or loss and other comprehensive income

For the year ended 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue from contracts with customers	8	–	200,733	–	654,037
Cost of sales	9	–	(85,987)	–	(280,162)
Gross profit		–	114,746	–	373,875
Other income	10	(2,383)	4,096	(6,621)	13,346
General and administrative expenses	11	(5,054)	(17,044)	(14,046)	(55,531)
Impairment losses on financial assets	12	–	(12,784)	–	(41,652)
Fair value loss	13	–	(3,969)	–	(12,930)
Operating (loss)/profit		(7,437)	85,045	(20,667)	277,108
Finance income	14	277	4,702	770	15,321
Finance cost	14	–	(10,129)	–	(33,001)
Finance income/(cost)-net		277	(5,427)	770	(17,680)
Loss on disposal of investment in subsidiary	22	–	(5)	–	(17)
Profit before taxation		(7,160)	79,613	(19,897)	259,411
Income tax credit	15	–	(13,484)	–	(43,934)
(Loss)/Profit for the year		(7,160)	66,129	(19,897)	215,477
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference	30	(5,319)	(17)	–	–
Items that will not be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations	34	–	(201)	–	(656)
Deferred tax credit on remeasurement losses	15	–	171	–	558
		–	(30)	–	(98)
Other comprehensive loss for the year (net of tax)		(5,319)	(47)	–	(98)
Total comprehensive income for the year (net of tax)		**(12,479)**	**66,082**	**(19,897)**	**215,379**
Basic earnings per share ₦/($)	37	(12.35)	116.17	(0.03)	0.38
Diluted earnings per share ₦/($)	37	(12.17)	113.70	(0.03)	0.37

Notes 1 to 46 on pages 243-293 are an integral part of these financial statements.

Separate statement of financial position

As at 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Assets					
Non-current assets					
Oil & gas properties	17	–	249,888	–	813,967
Other property, plant and equipment	17	304	3,582	799	11,666
Right-of-use assets	19	–	3,397	–	11,064
Intangible assets	18	–	8,553	–	27,858
Prepayments	20	–	19,228	–	62,633
Deferred tax	15	–	37,609	–	122,508
Investment in subsidiaries	21	593,425	150,054	1,932,983	488,779
Investment in Joint Ventures	22	79,806	46,055	210,016	150,016
Total non-current assets		**673,535**	**518,366**	**2,143,798**	**1,688,491**
Current assets					
Inventories	23	–	24,315	–	79,205
Trade and other receivables	24	501	423,475	1,320	1,379,404
Prepayments	20	2	1,479	5	4,814
Contract assets	25	–	6,527	–	21,259
Derivative financial instruments	26	–	308	–	1,002
Cash and bank balances	27	72,621	83,319	191,105	271,398
Total current assets		**73,124**	**539,423**	**192,430**	**1,757,082**
Total assets		**746,659**	**1,057,789**	**2,336,228**	**3,445,573**
Equity and liabilities					
Equity					
Issued share capital	28	293	289	1,855	1,845
Share premium	28	86,917	84,045	511,723	503,742
Share-based payment reserve	28	7,174	8,194	27,592	30,426
Capital contribution	29	5,932	5,932	40,000	40,000
Retained earnings		254,070	282,228	1,225,958	1,304,197
Foreign currency translation reserve	30	191,216	196,535	–	–
Total shareholders' equity		**545,602**	**577,223**	**1,807,128**	**1,880,210**
Non-current liabilities					
Interest-bearing loans and borrowings	32	–	193,349	–	629,800
Lease liabilities		–	2,367	–	7,709
Provision for decommissioning obligation	33	–	34,988	–	113,968
Defined benefit plan		–	3,011	–	9,808
Total non-current liabilities		**–**	**233,715**	**–**	**761,285**
Current liabilities					
Interest-bearing loans and borrowings	32	–	21,295	–	69,366
Trade and other payables	35	201,057	215,669	529,100	702,510
Contract liabilities	36	–	5,005	–	16,301
Current tax liabilities	15	–	4,882	–	15,901
Total current liabilities		**201,057**	**246,851**	**529,100**	**804,078**
Total liabilities		**201,057**	**480,566**	**529,100**	**1,565,363**
Total shareholders' equity and liabilities		**746,659**	**1,057,789**	**2,336,228**	**3,445,573**

Notes 1 to 46 on pages 243-293 are an integral part of these financial statements.

The financial statements of Seplat Development Company Plc for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 28 February 2021 and were signed on its behalf by:

A.B.C. Orjiako
FRC/2013/IODN/00000003161
Chairman
1 March 2021

R.T. Brown
FRC/2014/ANAN/00000017939
Chief Executive Officer
1 March 2021

E. Onwuka
FRC/2020/003/00000020861
Chief Financial Officer
1 March 2021

Separate financial statements
Statement of changes in equity
As at 31 December 2020

	Issued share capital ₦ million	Share premium ₦ million	Share-based payment reserve ₦ million	Capital contribution ₦ million	Retained earnings ₦ million	Foreign currency translation reserve ₦ million	Total equity ₦ million
At 1 January 2019	286	82,080	7,298	5,932	234,148	196,552	526,296
Profit for the year	–	–	–	–	66,129	–	66,129
Other comprehensive loss	–	–	–	–	(30)	(17)	(47)
Total comprehensive income for the year	–	–	–	–	66,099	(17)	66,082
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	(18,019)	–	(18,019)
Share-based payments (Note 28)	–	–	2,864	–	–	–	2,864
Vested shares (Note 28)	3	1,965	(1,968)	–	–	–	–
Total	3	1,965	896	–	(18,019)	–	(15,155)
At 31 December 2019	**289**	**84,045**	**8,194**	**5,932**	**282,228**	**196,535**	**577,223**
At 1 January 2020	289	84,045	8,194	5,932	282,228	196,535	577,223
Loss for the year	–	–	–	–	(7,160)	–	(7,160)
Other comprehensive loss	–	–	–	–	–	(5,319)	(5,319)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(7,160)**	**(5,319)**	**(12,479)**
Transactions with owners in their capacity as owners:							
Dividend paid	–	–	–	–	(20,998)	–	(20,998)
Share-based payments (Note 28)	–	–	1,856	–	–	–	1,856
Vested shares (Note 28)	4	2,872	(2,876)	–	–	–	–
Total	4	2,872	(1,020)	–	(20,998)	–	(19,142)
At 31 December 2020	**293**	**86,917**	**7,174**	**5,932**	**254,070**	**191,216**	**545,602**

Notes 1 to 46 on pages 243-293 are an integral part of these financial statements.

	Issued share capital $'000	Share premium $'000	Share-based payment reserve $'000	Capital contribution $'000	Retained earnings $'000	Total equity $'000
At 1 January 2019	1,834	497,457	27,499	40,000	1,147,526	1,714,316
Profit for the year	–	–	–	–	215,477	215,477
Other comprehensive loss	–	–	–	–	(98)	(98)
Total comprehensive income for the year	–	–	–	–	215,379	215,379
Transactions with owners in their capacity as owners:						
Dividends paid	–	–	–	–	(58,708)	(58,708)
Share-based payments	–	–	9,223	–	–	9,223
Issue of shares	11	6,285	(6,296)	–	–	–
Total	11	6,285	2,927	–	(58,708)	(49,485)
At 31 December 2019	**1,845**	**503,742**	**30,426**	**40,000**	**1,304,197**	**1,880,210**
At 1 January 2020	**1,845**	**503,742**	**30,426**	**40,000**	**1,304,197**	**1,880,210**
Loss for the year	–	–	–	–	(19,897)	(19,897)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(19,897)	(19,897)
Transactions with owners in their capacity as owners:						
Dividend paid	–	–	–	–	(58,342)	(58,342)
Share-based payments (Note 28)	–	–	5,157	–	–	5,157
Issue of shares (Note 28)	10	7,981	(7,991)	–	–	–
Total	10	7,981	(2,834)	–	(58,342)	(53,185)
At 31 December 2020	**1,855**	**511,723**	**27,592**	**40,000**	**1,225,958**	**1,807,128**

Notes 1 to 46 on pages 243-293 are an integral part of these financial statements.

Separate financial statements
Statement of cash flows
For the year ended 31 December 2020

	Notes	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Cash flows from operating activities					
Cash generated from operations	16	99,361	78,734	276,065	256,433
Tax paid	15	–	(1,036)	–	(3,380)
Defined benefit paid	34	–	(86)	–	(280)
Net cash inflows from operating activities		99,361	77,612	276,065	252,773
Cash flows from investing activities					
Payment for acquisition of subsidiary	21	–	(148,127)	–	(482,637)
Cash transferred as additional investment in subsidiary	31	(77,583)	–	(252,713)	
Payment for acquisition of oil and gas properties	17	–	(29,367)	–	(95,685)
Proceeds from disposal of oil and gas properties	17	–	15,532	–	50,614
Payment for acquisition of other property, plant and equipment	17	(289)	(3,154)	(802)	(10,274)
Payment for investment in joint venture	22	(21,595)	(31,627)	(60,000)	(103,050)
Interest received	14	277	4,702	770	15,321
Net cash outflows from investing activities		(99,190)	(192,041)	(312,745)	(625,711)
Cash flows from financing activities					
Increase in investment in subsidiary	21	(10)	–	(33)	–
Repayments of loans	32	–	(30,691)	–	(100,000)
Proceeds from loans	32	–	106,346	–	346,500
Dividends paid	38	(20,998)	(18,019)	(58,342)	(58,708)
Payments for other financing charges	32	–	(2,696)	–	(8,783)
Interest paid on bank financing	32	–	(10,364)	–	(33,770)
Net cash (outflows)/inflows from financing activities		(21,008)	44,576	(58,375)	145,239
Net decrease in cash and cash equivalents		(20,837)	(69,853)	(95,055)	(227,699)
Cash and cash equivalents at beginning of the year		81,263	152,486	264,700	496,698
Effects of exchange rate changes on cash and cash equivalents		1,524	(1,370)	(6,621)	(4,299)
Cash and cash equivalents at end of the year		**61,950**	**81,263**	**163,024**	**264,700**

For the purposes of the cash flow statements, the restricted cash balance of $7.3 million, ₦2.8 billion has been excluded from the cash and cash equivalents at the end of the year. These amounts are subject to legal restrictions and are therefore not available for general use by the Company.

An additional $20.8 million, ₦7.9 billion, of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the Court case between Seplat Petroleum Development Company Plc and Access bank Plc.

Notes 1 to 46 on pages 243-293 are an integral part of these financial statements.

1. Corporate information and business

Seplat Petroleum Development Company Plc ('Seplat' or the 'Company') was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration.

The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, Shell Petroleum Development Company, TOTAL and AGIP, a 45% participating interest in the following producing assets:

OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was ₦104 billion ($340 million) paid at the completion of the acquisition on 31 July 2010 and a contingent payment of ₦10 billion ($33 million) payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds ₦24,560 ($80) per barrel. ₦110 billion ($358.6 million) was allocated to the producing assets including ₦5.7 billion ($18.6 million) as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of ₦10 billion ($33 million) was paid on 22 October 2012.

On 1 January 2020, Seplat Petroleum Development Company Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ('transferred assets') to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

2. Significant changes in the current accounting period

The following significant changes occurred during the reporting year ended 31 December 2020:

- There was a change in the Company's operational structure which took effect on1 January, 2020 where Seplat Plc ceased to be a party to the Joint Operating Agreement in respect of the Oil Mining Lease Numbers 4, 38 and 41 and transferred its right and obligation to Seplat West Limited. Seplat West Plc became a party to the Joint Operating agreement and assumed the rights and obligation in respect of the transferred asset. Seplat Plc is now a holding company.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated.

3.2 Basis of preparation

The financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for contingent liability and consideration, and financial instruments measured at fair value on initial recognition and defined benefit plans – plan assets measured at fair value. The financial statements are presented in Nigerian Naira and United States dollars, and all values are rounded to the nearest million (₦'million) and thousand ($'000) respectively, except when otherwise indicated.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 months from the date of this statement.

3.3 New and amended standards adopted by the Company

The following standards and amendments became effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a. Amendments to IFRS 3 Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the separate financial statements of the Company but may impact future periods should the Company enter into any business combinations.

b. Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

These amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relation is affected if the reform gives rise to uncertainties about the timing and of amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the separate financial statements of the Company as it does not have any interest rate hedge relationships.

c. Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

3. Summary of significant accounting policies continued

3.3 New and amended standards adopted by the Company continued

c. Amendments to IAS 1 and IAS 8 Definition of Material continued

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the separate financial statements of, nor is there expected to be any future impact to, the Company.

d. Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions-amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from the lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the separate financial statements of the Company.

e. Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the separate financial statements of the Company.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

i. IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

ii. Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

iii. Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

iv. Property, Plant and Equipment – Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

v. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

vi. IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

vii. IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company.

3.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’), which is the US dollar. The financial statements are presented in Nigerian Naira and the US dollar.

The Company has chosen to show both presentation currencies and this is allowable by the regulator.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

3.6 Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company accounts for interest in the joint venture at cost.

3. Summary of significant accounting policies continued

3.7 Group reorganisation

A Group reorganisation involves restructuring the relationship between entities under common control. It is the transfer of assets (shares or businesses of a group entity), from one group entity to another. This may be between existing or newly formed entities within the Group. Common control means all the combining entities or businesses are ultimately controlled by the same party both before and after the reorganisation.

The Company accounts for reorganisation involving entities under common control using pooling of interest method. On the date of transfer, the assets and liabilities are transferred to the acquirer at their carrying value, no adjustments are made to reflect their fair value, and no new goodwill is recognised. The net effect of assets and liabilities transferred is recognised as additional investment in subsidiaries.

The assets and liabilities transferred are reflected prospectively in the Company's financial statements from the date of transfer without restating the comparative period.

3.8 Oil and gas accounting

i. Pre-licensing costs

Pre-licensing costs are expensed in the period in which they are incurred.

ii. Exploration licence cost

Exploration licence costs are capitalised within intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised on a straight-line basis over the life of the permit.

Licence costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made to establish development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence is written off through profit or loss.

The exploration licence costs are initially recognised as cost and subsequently amortised on a straight-line based on the economic life.

iii. Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged to profit or loss as incurred.

Exploration and evaluation expenditures incurred by the entity are accumulated separately for each area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure that is not directly related to a particular area of interest. Each area of interest is limited to a size related to a known or probable hydrocarbon resource capable of supporting an oil operation.

Costs directly associated with an exploration well, exploratory stratigraphic test well and delineation wells are temporarily suspended (capitalised) until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons ('proved reserves') are not found, the exploration expenditure is written off as a dry hole and charged to profit or loss. If hydrocarbons are found, the costs continue to be capitalised.

Suspended exploration and evaluation expenditure in relation to each area of interest is carried forward as an asset provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale;
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
- active and significant operations in, or in relation to, the area of interest.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above are written off. In the event that an area is subsequently abandoned, or exploration activities do not lead to the discovery of proved or probable reserves, or if the Directors consider the expenditure to be of no value, any accumulated costs carried forward relating to the specified areas of interest are written off in the year in which the decision is made. While an area of interest is in the development phase, amortisation of development costs is not charged pending the commencement of production. Exploration and evaluation costs are transferred from the exploration and/or evaluation phase to the development phase upon commitment to a commercial development.

iv. Development expenditures

Development expenditure incurred by the entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure directly related to the development property. All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment is expected to be derived from the sale of production from the relevant development property.

3.9 Revenue recognition (IFRS 15)

IFRS 15 uses a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

It is the Company's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of a customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil, this occurs when the crude products are lifted by the customer (buyer) Free on Board at the Company's loading facility. Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas, revenue is recognised when the product passes through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time using the practical expedient of the right to invoice.

The surplus or deficit of the product sold during the period over the Company's share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. Conversely, when an overlift occurs, cost of sale is debited, and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income/expenses-net.

Definition of a customer

A customer is a party that has contracted with the Company to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Company has entered into collaborative arrangements with its joint venture partners to share in the production of oil. Collaborative arrangements with its joint venture partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

Contract enforceability and termination clauses

It is the Company's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provide that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Revenue is not recognised for contracts that do not create enforceable rights and obligations to parties in a contract. The Company also does not recognise revenue for contracts that do not meet the revenue recognition criteria. In such cases where consideration is received it recognises a contract liability and only recognises revenue when the contract is terminated.

The Company may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Company has not yet transferred any promised goods or services to the customer and the Company has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

Identification of performance obligation

At inception, the Company assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in oil and gas contracts with no additional contractual promises. Additional performance obligations may arise from future contracts with the Company and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, Management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

Transaction price

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Company's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date, the Company may recognise revenue in the amount to which it has a right to invoice.

Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Company's incremental borrowing rate) on contracts that have a repayment period of more than 12 months.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Company receives advance payment for agreed volumes of crude oil or receives take or pay deficiency payment on gas sales. A take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest expense.

Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. Examples include barging costs incurred, demurrage and freight costs. These do not represent a distinct service transferred and is therefore recognised as a direct deduction from revenue.

3. Summary of significant accounting policies continued

3.9 Revenue recognition (IFRS 15) continued

Breakage

The Company enters into take or pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take or pay quantity not taken is paid for by the buyer called take or pay deficiency payment. The Company assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Company is not reasonably assured of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modification and contract combination

Contract modifications relate to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Company assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract.

Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Company combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

Portfolio expedients

As a practical expedient, the Company may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS to individual contracts within that portfolio.

Contract assets and liabilities

The Company recognises contract assets for unbilled amounts from crude oil and gas sales. Contract liability is recognised for consideration received for which performance obligation has not been met.

3.10 Property, plant and equipment

Oil and gas properties and other plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation

Production and field facilities are depreciated on a unit-of-production basis over the estimated proved developed reserves. Assets under construction are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	20%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Building	4%
Land	–
Intangible assets	5%
Leasehold improvements	Over the unexpired portion of the lease

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from: specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Finance income and costs

Finance income

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income takes into account all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

3.13 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash-generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment once commercial reserves are found before they are transferred to oil and gas assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment – proved oil and gas production properties

Proven oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3.14 Cash and bank balances

Cash and bank balances in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.15 Inventories

Inventories represent the value of tubulars, casings and wellheads. These are stated at the lower of cost and net realisable value. Cost is determined using the invoice value and all other directly attributable costs to bringing the inventory to the point of use determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3. Summary of significant accounting policies continued

3.16 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a. Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2020 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are reclassified at fair value through profit or loss.

The Company's financial assets include trade receivables, NPDC receivables, intercompany receivables, other receivables, cash and bank balances and derivatives. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

b. Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables and contract assets while the general approach is applied to NPDC receivables, other receivables, intercompany receivables and cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward-looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c. Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance are written off either partially or in full.

d. Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2020 was Nil (2019: ₦14 billion, $48 million). The Company seeks to recover amounts it is legally owed in full but which have been partially written off due to no reasonable expectation of full recovery.

e. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f. Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

h. Derivatives

The Company uses derivative financial instruments such as forward exchange contracts to hedge its foreign exchange, risks as well as put options to hedge against its oil price risk. However, such contracts are not accounted for as designated hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of derivatives are recognised within operating profit in profit or loss for the period.

The Company accounts for financial assets with embedded derivatives (hybrid instruments) in their entirety on the basis of its contractual cash flow features and the business model within which they are held, thereby eliminating the complexity of bifurcation for financial assets. For financial liabilities, hybrid instruments are bifurcated into hosts and embedded features. In these cases, the Company measures the host contract at amortised cost and the embedded features is measured at fair value through profit or loss.

For the purpose of the maturity analysis, embedded derivatives included in hybrid financial instruments are not separated. The hybrid instrument, in its entirety, is included in the maturity analysis for non-derivative financial liabilities.

i. Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

3. Summary of significant accounting policies continued

3.16 Financial instruments continued

i. Fair value of financial instruments continued

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

3.17 Share capital

On issue of ordinary shares any consideration received net of any directly attributable transaction costs is included in equity. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated subsequent to initial recognition.

3.18 Earnings per share and dividends

Basic EPS

Basic earnings per share is calculated on the Company's profit or loss after taxation and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share options arising from the share-based payment scheme) into ordinary shares.

Dividend

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.19 Post-employment benefits

Defined contribution scheme

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Company operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

Defined benefit scheme

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Company also provides certain additional post-employment benefits to employees. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and calculated annually by independent actuaries. The liability or asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Remeasurements gains and losses, arising from changes in financial and demographic assumptions and experience adjustments, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation and the fair value of the plan assets.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in general and administrative expenses:

- Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost.

3.20 Provisions

Provisions are recognised when (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and (iii) the amount can be reliably estimated. Provisions are not recognised for future operating losses.

In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.
- Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge. Any adjustment arising from the estimated cost of the restoration and abandonment cost is capitalised, while the charge arising from the accretion of the discount applied to the expected expenditure is treated as a component of finance costs.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3.21 Contingencies

A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgement regarding the outcome of future events.

3.22 Income taxation

i. Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

iii. Uncertainty over income tax treatments

The Company examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

3. Summary of significant accounting policies continued

3.22 Income taxation continued

iii. Uncertainty over income tax treatments continued

If the Company concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Company measures the impact of the uncertainty using methods that best predict the resolution of the uncertainty. The Company uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Company assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Company applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.23 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

i. Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the historical financial information:

i. Foreign currency translation reserve

The Company has used the CBN rate to translate its dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate used was 10% higher or lower, revenue in Naira would have increased/decreased by Nil (2019: ₦20.1 billion). See Note 45 for the applicable translation rate.

ii. Group re-organisation

On 1 January 2020, the Company's operations were restructured with the transfer of OML 4, OML 38 and OML 41 from the Company to Seplat West Limited. Management determined that this was a Group reorganisation involving entities under common control, as Seplat Petroleum Development Company Plc retained control of the Group before and after the reorganisation. See Note 31 for a summary of assets and liabilities transferred to Seplat West Limited.

5. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 28.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ii. Useful life of other property, plant and equipment

The Company recognises depreciation on other property, plant and equipment on a straight-line basis in order to write off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

iii. Income taxes

The Company is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

6. Financial risk management

6.1 Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows
Market risk – interest rate	Interest-bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Trade receivables, cash and bank balances	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

6.1.1 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as commodity prices, interest rates and foreign exchange rates.

i. Commodity price risk

The Company was exposed to the risk of fluctuations on crude oil prices. The uncertainty around the rate at which oil prices increase or decline led to the Company's decision to enter into an option contract to insure the Company's revenue against adverse oil price movements.

Crude hedge

On 28 June and 19 December 2019, the Company entered an economic crude oil hedge contracts with Standard Chartered Bank and J.P Morgan Bank respectively. Strike price of ₦13,815 ($45/bbl.) for 3 million barrels at an average premium price of ₦338 ($1.1/bbl.) was agreed at the contract dates.

During the year, the Company transferred its crude oil hedge contract to Seplat West Limited; hence, there were no economic crude hedge contracts for the year 2020.

6. Financial risk management continued

6.1.1 Market Risk continued

i. Commodity price risk continued

Crude hedge continued

The maturity of the commodity options the Company holds in 2019 comparative year is shown in the table below:

	Less than 6 months	6 to 9 months	9 to 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2019						
Crude oil hedges Volume barrels (bbl.)	1,500,000	1,500,000	–	3,000,000	308	1,002

The following table summarises the impact of the commodity options on the Company's profit before tax due to a 10 % change in market inputs, with all other variables held constant

Increase/decrease in Commodity Price	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	31	–	100	–
-10%	31	–	(100)	–

The Company may be exposed to business risks from fluctuations in the future prices of crude oil and gas. The following table summarises the impact on the Company's profit before tax of a 10 % change in crude oil prices, with all other variables held constant:

Increase/decrease in crude oil prices	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	13,853	–	45,136	–
-10%	(13,853)	–	(45,136)	–

The following table summarises the impact on the Company's profit before tax of a 10% change in gas prices, with all other variables held constant:

Increase/decrease in Commodity Price	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+10%	4,167	–	13,576	–
-10%	(4,167)	–	(13,576)	–

ii. Cash flow and fair value interest rate risk

The Company's exposure to interest rate risk relates primarily to interest-bearing loans and borrowings. The Company has both variable and fixed borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and short-term fixed deposit held at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. The Company's borrowings are not measured at fair value and are denominated in US dollars.

The Company is exposed to cash flow interest rate risk on short-term deposits to the extent that the significant increases and reductions in market interest rates would result in a decrease in the interest earned by the Company. The contractual re-pricing date of the interest-bearing loans and borrowings is between 3 – 6 months.

During the year, the Company transferred its interest-bearing loans and borrowings to Seplat West Limited. The exposure of the Company's variable interest-bearing loans and borrowings for the year 2019 is shown below.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Corporate loans	–	107,407	–	349,888

The following table demonstrates the sensitivity of the Company's profit before tax to changes in LIBOR rate, with all other variables held constant.

Increase/decrease in interest rate	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+1%	(41)	–	(296)	–
-1%	42	–	296	–

6.1.2 Foreign exchange risk

The Company has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Company is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Company holds the majority of its bank balances equivalents in US dollar. However, the Company does maintain deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables.

The following table demonstrates the carrying value of monetary assets and liabilities (denominated in Naira) exposed to foreign exchange risks at the reporting date:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Financial assets				
Cash and bank balances	6,453	25,839	16,982	84,165
Contract assets	–	6,527	–	21,259
Trade and other receivables	10	16,835	27	54,836
	6,463	**49,201**	**17,009**	**139,000**
Financial liabilities				
Trade and other payables	(60)	(43,666)	(157)	(142,233)
Net exposure to foreign exchange risk	**6,403**	**5,535**	**16,852**	**(3,233)**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for pound exposures at the reporting date.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Financial assets				
Cash and bank balances	228	45	599	147

Sensitivity to foreign exchange risk is based on the Company's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	(305)	–	(802)	–
-5%	337	–	887	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+5%	47	–	(2,346)	–
-5%	(52)	–	2,593	–

If the pound strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	11	–	29	–
-5%	(12)	–	(32)	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
+5%	2	–	7	–
-5%	(2)	–	(7)	–

6. Financial risk management continued

6.1.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and bank balances, derivative assets, deposits with banks and financial institutions as well as credit exposures to customers (i.e. Mercuria and NGMC receivables), and other parties (i.e. NPDC receivables and other receivables). During the year, the Company transferred its derivative assets, receivables from NPDC and contract assets to Seplat West Limited.

a. Risk management

The credit risk on cash and bank balances is managed through the diversification of banks in which cash and bank balances are held. This risk on cash is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Company's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets. The maximum exposure to credit risk as at the reporting date is:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Trade and other receivables (Gross)	501	409,055	1,320	1,332,497
Contract assets	–	6,527	–	21,259
Cash and bank balances (Gross)	72,621	83,332	191,105	271,441
Gross amount	**73,122**	**498,934**	**192,425**	**1,625,197**
Impairment of receivables	–	(2,460)	–	(8,012)
Impairment of cash and bank balance	–	(15)	–	(51)
Net amount	**73,122**	**496,459**	**192,425**	**1,617,134**

b. Impairment of financial assets

The Company has five types of financial assets that are subject to IFRS 9's expected credit loss model. Contract assets are also subject to the expected credit loss model, even though they are not financial assets, as they have substantially the same credit risk characteristics as trade receivables. The impairment of receivables disclosed in the table below is for 2019 comparative only, as there was no impairment loss for 2020.

- Nigerian Petroleum Development Company (NPDC) receivables
- Trade receivables
- Contract assets
- Cash and bank balances
- Intercompany receivables

Reconciliation of impairment on financial assets:

	Notes	₦'million	$'000
As at 1 January 2019		4,541	14,848
Increase in provision for Nigerian Petroleum Development Company (NPDC) receivables	24.4	12,836	41,811
Decrease in provision for bank balance (fixed deposit)		(13)	(39)
Decrease in provision for intercompany receivables		(322)	(1,053)
Increase in provision for trade receivables	24.4	287	933
Exchange difference		(4)	–
Impairment charge to the profit or loss		12,784	41,652
Receivables written off during the year as uncollectible		(14,871)	(48,439)
As at 31 December 2019		2,454	8,061

The parameters used to determine impairment for NPDC receivables, intercompany receivables and short-term fixed deposits are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the Lifetime PD for stage 2 as the maximum contractual period over which the Company is exposed to credit risk arising from the receivables is less than 12 months.

	Nigerian Petroleum Development Company (NPDC) receivables	Intercompany receivables	Short-term fixed deposits
Probability of Default (PD)	The PD for base case, downturn and upturn is 2.03%, 2.10% and 2.10% respectively.	The 12-month PD and lifetime PD for stage 1 and stage 2 is 0.05%. The PD for stage 3 is 100%.	The 12-month PD and lifetime PD for stage 1 and stage 2 is 0.09%. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate for senior unsecured corporate bonds for emerging economies.	The 12-month LGD and lifetime LGD were determined using management's estimate of expected cash recoveries.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation, unemployment growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.
Probability weightings	80%, 10% and 10% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	89%, 2% and 9% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	78%, 12% and 10% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

The Company considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Impairment of financial assets are recognised in three stages on an individual or collective basis as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other microeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e. receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

i. Nigerian Petroleum Development Company (NPDC) receivables

NPDC receivables represent the outstanding cash calls due to Seplat from its Joint Arrangement partner, Nigerian Petroleum Development Company. The Company applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for NPDC receivables.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The ECL was calculated based on actual credit loss experience from 2014, which is the date the Company initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Company considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

There was no write-off during the year (2019: ₦14.9 billion ($48.4 million)).

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	52,637	–	–	52,637
Loss allowance	(448)	–	–	(448)
Net Exposure at Default (EAD)	52,189	–	–	52,189

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	171,457	–	–	171,457
Loss allowance	(1,460)	–	–	(1,460)
Net Exposure at Default (EAD)	169,997	–	–	169,997

6. Financial risk management continued

6.1.3 Credit risk continued

ii. Trade receivables

Nigerian Gas Marketing Company

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The impairment of trade receivables (NGMC) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period.

The expected loss rates as at 31 December 2019 are as follows:

31 December 2019

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91-120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	2,515	–	1,790	–	–	12,176	16,481
Expected loss rate	0.16%	0.16%	0.17%	0.17%	0.17%	3.0%	
Lifetime ECL (Note 24)	(4)	–	(3)	–	–	(333)	(340)
Total	**2,511**	**–**	**1,787**	**–**	**–**	**11,843**	**16,141**

31 December 2019

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	8,192	–	5,831	–	–	39,661	53,684
Expected loss rate	0.16%	0.16%	0.17%	0.17%	0.17%	3.0%	
Lifetime ECL (Note 24)	(12)	–	(8)	–	–	(1,090)	(1,110)
Total	**8,180**	**–**	**5,823**	**–**	**–**	**38,571**	**52,574**

Mercuria

The impairment of trade receivables (Mercuria) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2020 was nil.

31 December 2019

	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91-120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	15,863	–	–	–	–	–	15,863
Expected loss rate	0.4%	–	–	–	–	–	0.4%
Lifetime ECL	(68)	–	–	–	–	–	(68)
Total	**15,795**	**–**	**–**	**–**	**–**	**–**	**15,795**

31 December 2019

	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91-120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	51,669	–	–	–	–	–	51,669
Expected loss rate	0.4%	–	–	–	–	–	–
Lifetime ECL	(219)	–	–	–	–	–	(219)
Total	**51,450**	**–**	**–**	**–**	**–**	**–**	**51,450**

iii. Cash and cash equivalent

Short-term fixed deposits

The Company applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and bank balances. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators.

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	7,958	–	–	7,958
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	**7,958**	**–**	**–**	**7,958**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	20,941	–	–	20,941
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	20,941	–	–	20,941

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	7,304	–	–	7,304
Loss allowance	(15)	–	–	(15)
Net Exposure at Default (EAD)	7,289	–	–	7,289

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	23,794	–	–	23,794
Loss allowance	(51)	–	–	(51)
Net Exposure at Default (EAD)	23,743	–	–	23,743

iv. Other cash and bank balances

The Company assessed the other cash and bank balances to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2020 (2019: nil). The assets are assessed to be in stage 1.

Credit quality of cash and bank balances

The credit quality of the Company's cash and bank balances is assessed based on external credit ratings (Fitch national long-term ratings) as shown below:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Non-rated	130	9	343	17
BBB-	211	473	554	1,542
B	–	25,399	–	82,735
A+	63,995	57,213	168,408	186,373
AA-	–	–	–	–
AA+	5,226	–	13,751	–
AAA	3,059	240	8,049	782
	72,621	83,334	191,105	271,449
Allowance for impairment recognised during the year (Note 27)	–	(15)	–	(51)
Net cash and cash bank balances	**72,621**	**83,319**	**191,105**	**271,398**

v. Intercompany receivables

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	487,752	–	–	487,752
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	487,752	–	–	487,752

31 December 2019

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	313,508	–	–	313,508
Loss allowance	(1,605)	–	–	(1,605)
Net Exposure at Default (EAD)	311,903	–	–	311,903

6. Financial risk management continued

6.1.3 Credit risk continued

v. Intercompany receivables continued

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	1,283,558	–	–	1,283,558
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	1,283,558	–	–	1,283,558

31 December 2019

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	1,021,194	–	–	1,021,194
Loss allowance	(5,223)	–	–	(5,223)
Net Exposure at Default (EAD)	1,015,971	–	–	1,015,971

c. Maximum exposure to credit risk – financial instruments subject to impairment

The Company estimated the expected credit loss on NPDC receivables, Intercompany receivables and fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Company's maximum exposure to credit risks on these assets. During the year, there was no ECL.

All financial assets impaired using the General model (NPDC, Intercompany and Fixed deposits) are graded under the standard monitoring credit grade (rated B under Standard and Poor's unmodified ratings) and are classified under Stage 1.

d. Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- foreign exchange retranslation for assets dominated in foreign currencies and other movements; and
- financial assets derecognised during the period and write-off of receivables and allowances related to assets.

e. Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

f. Expected cash flow recoverable

The table below demonstrates the sensitivity of the Company's profit before tax to a 20% change in the expected cash flows from financial assets, with all other variables held constant:

	Effect on profit before tax 2019 ₦ million	Effect on other components of profit before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of profit before tax 2019 $'000
Increase/decrease in estimated cash flows				
+20%	94	–	305	–
-20%	(94)	–	(305)	–

g. Significant unobservable inputs

The table below demonstrates the sensitivity of the Company's profit before tax to movements in the probability of default (PD) and loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in loss given default				
+10%	(46)	–	(145)	–
-10%	46	–	145	–

The table below demonstrates the sensitivity of the Company's profit before tax to movements in probabilities of default, with all other variables held constant.

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in probability of default				
+10%	(49)	–	(159)	–
-10%	49	–	159	–

The table below demonstrates the sensitivity of the Company's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax 2019 ₦ million	Effect on other components of equity before tax 2019 ₦ million	Effect on profit before tax 2019 $'000	Effect on other components of equity before tax 2019 $'000
Increase/decrease in forward-looking macroeconomic indicators				
+10%	(46)	–	(145)	–
-10%	46	–	145	–

6.1.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by ensuring that enough funds are available to meet its commitments as they fall due.

The Company uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are enough cash resources to meet operational needs. Cash flow projections take into consideration the Company's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

The table below represents the loans and borrowings for 2019, the Company had no borrowings in the current year as they have been transferred to Seplat West Ltd.

	Effective interest rate %	Less than 1 year ₦ million	1 – 2 year ₦ million	2 – 3 years ₦ million	3 – 5 years ₦ million	Total ₦ million
31 December 2019						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	10,105	10,077	10,077	112,475	142,734
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
Nedbank Limited London	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
Stanbic IBTC Bank Plc	6.0% +LIBOR	510	2,539	2,375	2,211	7,635
The Standard Bank of South Africa Limited	6.0% +LIBOR	510	2,539	2,375	2,211	7,635
RMB International (Mauritius) Limited	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	1,020	5,078	4,750	4,421	15,269
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	764	3,808	3,562	3,316	11,450
Standard Chartered Bank	6.0% +LIBOR	764	3,808	3,562	3,316	11,450
Natixis	6.0% +LIBOR	764	3,808	3,562	3,316	11,450
Société Générale, London Branch	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
Zenith Bank Plc	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
United Bank for Africa Plc	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
First City Monument Bank Limited	6.0% +LIBOR	383	1,904	1,781	1,658	5,726
Total variable interest borrowings		8,924	44,430	41,560	38,686	133,600
Other non-derivatives						
Trade and other payables**		105,632	–	–	–	105,632
Lease liabilities		247	155	1,059	2,036	3,496
		105,879	155	1,059	2,036	109,128
Total		124,908	54,662	52,696	153,197	385,462

** Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

6. Financial risk management continued

6.1.4 Liquidity risk continued

	Effective interest rate %	Less than 1 year $'000	1 – 2 year $'000	2 – 3 years $'000	3 – 5 years $'000	Total $'000
31 December 2019						
Non-derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	32,915	32,825	32,825	366,367	464,932
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
Nedbank Limited London	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,734
Stanbic IBTC Bank Plc	6.0% +LIBOR	1,661	8,270	7,736	7,201	24,868
The Standard Bank of South Africa Limited	6.0% +LIBOR	1,661	8,270	7,736	7,201	24,868
RMB International (Mauritius) Limited	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,733
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	3,321	16,540	15,471	14,402	49,733
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Standard Chartered Bank	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Natixis	6.0% +LIBOR	2,491	12,405	11,604	10,802	37,302
Société Générale, London Branch	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
Zenith Bank Plc	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
United Bank for Africa Plc	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
First City Monument Bank Limited	6.0% +LIBOR	1,246	6,203	5,802	5,401	18,652
Total variable interest borrowings		29,063	144,727	135,376	126,020	435,184
Other non-derivatives						
Trade and other payables**		344,078	–	–	–	344,078
Lease liability		803	505	3,449	6,632	11,389
		344,881	505	3,449	6,632	355,467
Total		406,859	178,057	171,650	499,019	1,255,583

** Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

6.1.5 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	2020 ₦ million	2019 ₦ million	2020 ₦ million	2019 ₦ million
Financial assets at amortised cost				
Trade and other receivables*	501	345,007	501	345,007
Contract assets	–	6,527	–	6,527
Cash and bank balances	72,621	83,319	72,621	83,319
	73,122	**434,853**	**73,122**	**434,853**
Financial assets at fair value				
Derivative financial instruments	–	308	–	308
	–	**308**	**–**	**308**
Financial liabilities at amortised cost				
Interest-bearing loans and borrowings	–	214,644	–	202,101
Trade and other payables	201,057	189,701	201,057	189,701
	201,057	**404,345**	**201,057**	**391,802**

	Carrying amount		Fair value	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets at amortised cost				
Trade and other receivables	1,320	1,123,802	1,320	1,123,802
Contract assets	–	21,259	–	21,259
Cash and bank balances	191,105	271,398	191,105	271,398
	192,425	**1,416,459**	**192,425**	**1,416,459**
Financial assets at fair value				
Derivative financial instruments	–	1,002	–	1,002
		1,002		1,002
Financial liabilities at amortised cost				
Interest-bearing loans and borrowings	–	699,166	–	658,309
Trade and other payables	529,100	617,919	529,100	617,919
	529,100	**1,317,085**	**529,100**	**1,276,228**

* Trade and other receivables exclude NGMC VAT receivables, cash advances and advance payments.

In determining the fair value of the interest-bearing loans and borrowings, non-performance risks of the Company as at year end were assessed to be insignificant.

Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables and contract assets (excluding prepayments) and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

6.1.6 Fair value hierarchy

As at the reporting period, the Company had classified its financial instruments into the three levels prescribed under the accounting standards. These are all recurring fair value measurements. There were no transfers of financial instruments between fair value hierarchy levels during the year.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets

31 December 2019	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets:						
Derivative financial instruments	308	–	–	1,002	–	–

The fair value of the Company's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

Financial liabilities

31 December 2019	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest-bearing loans and borrowings	–	202,101	–	–	658,309	–
	–	202,101	–	–	658,309	–

The fair value of the Company's interest-bearing loans and borrowings is determined by using discounted cash flow models that use market interest rates as at the end of the period. The interest-bearing loans and borrowings are in level 2.

The carrying amounts of the other financial instruments are the same as their fair values.

6. Financial risk management continued

6.2 Capital management

6.2.1 Risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Company monitors capital based on the following gearing ratio, net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Interest-bearing loans and borrowings	–	214,644	–	699,166
Less: cash and bank balances	(72,621)	(83,319)	(191,105)	(271,398)
Net debt	(72,621)	131,325	(191,105)	427,768
Total equity	102,241	577,223	362,957	1,880,210
Total capital	29,620	708,548	171,852	2,307,978
Net debt (net debt/total capital) ratio	**–**	**19%**	**–**	**19%**

Capital includes share capital, share premium, treasury shares, capital contribution and all other equity reserves. During the year, the Company had nil gearing ratio due to the transfer of its interest-bearing loans and borrowings to Seplat West Limited.

7. Segment reporting

Due to the change in the Company's operation, Seplat Plc is now a holding Company and no longer has operating or reportable segments (see Note 2).

8. Revenue from contracts with customers

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Crude oil sales	–	138,530	–	451,364
Gas sales	–	41,668	–	135,761
Gas processing	–	20,535	–	66,912
	–	200,733	–	654,037

The major off taker for crude oil in 2019 was Mercuria and Shell Western. The major off taker for gas is the Nigerian Gas Marketing Company and Azura.

Gas processing is revenue received from Nigerian Petroleum Development Company (NPDC) for processing its share of the gas extracted from OML 4, 38 and 41 from 2015 to 2018. Subsequently, NPDC 55% stake in the gas plant, as a result of this acquisition, Seplat has ceased to process gas for NPDC.

During the year, Seplat became a holding Company, hence, no revenue was generated from contracts with customers (see significant changes in Note 2).

9. Cost of sales

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Royalties	–	28,072	–	91,465
Depletion, depreciation and amortisation (Note 17.5)	–	26,964	–	87,856
Crude handling fees	–	15,382	–	50,121
Nigeria Export Supervision Scheme (NESS) fee	–	170	–	553
Niger Delta Development Commission Levy	–	2,126	–	6,925
Rig related costs	–	1,871	–	6,094
Operational and maintenance expenses	–	11,402	–	37,148
	–	**85,987**	**–**	**280,162**

Operational and maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services.

10. Other income

	2020 ₦ million	2019 ₦'million	2020 $'000	2019 $'000
Overlifts	–	(7,028)	–	(22,898)
Exchange (loss)/gain	(2,383)	588	(6,621)	1,916
Gain on disposal of oil and gas assets	–	9,462	–	30,830
Tariffs	–	1,074	–	3,498
	(2,383)	**4,096**	**(6,621)**	**13,346**

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Company during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss.

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Company during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

(Loss)/gains on foreign exchange are principally as a result of translation of Naira denominated monetary assets and liabilities. Tariffs which is a form of crude handling fee, relate to income generated from the use of the Company's pipeline.

11. General and administrative expenses

	2020 ₦ million	2019 ₦'million	2020 $'000	2019 $'000
Depreciation (Note 17)	1	857	3	2,791
Depreciation of right-of-use assets	–	907	–	2,955
Auditor's remuneration	–	120	–	389
Professional and consulting fees	630	3,157	1,751	10,285
Directors' emoluments (executive)	–	735	–	2,393
Directors' emoluments (non-executive)	1,201	1,048	3,337	3,416
Donations	–	68	–	221
Employee benefits (Note 11.1)	1,856	7,347	5,157	23,941
Flights and other travel costs	75	2,607	211	8,495
Rentals	–	198	–	645
Other general expenses	1,291	–	3,587	–
	5,054	**17,044**	**14,046**	**55,531**

Directors' emoluments have been split between Executive and Non-Executive Directors. There were no non-audit services rendered by the Company's auditors during the year.

Other general expenses relate to costs such as office maintenance costs, rentals, telecommunication costs, logistics costs and others. Share-based payment expenses are included in employee benefits expense.

11.1 Salaries and employee related costs include the following:

	2020 ₦ million	2019 ₦'million	2020 $'000	2019 $'000
Short-term employee benefits:				
Basic salary	–	2,712	–	8,839
Housing allowances	–	500	–	1,630
Other allowances	–	462	–	1,614
Post-employment benefits:				
Defined contribution expenses	–	500	–	1,630
Defined benefit expenses	–	309	–	1,005
Other employee benefit:				
Share-based payment expenses (Note 28.4)	1,856	2,864	5,157	9,223
	1,856	**7,347**	**5,157**	**23,941**

Other allowances relate to staff bonus, car allowances and relocation expenses.

12. Impairment/(reversal) of losses on financial assets

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Impairment loss on NPDC receivables	–	–	–	–
Impairment loss on trade receivables (Mercuria)	–	68	–	221
Impairment loss on trade receivables (NGMC)	–	219	–	712
	–	287	–	933
Receivables written off during the year as uncollectible	–	14,871	–	48,439
	–	15,158	–	49,327
Reversal of impairment on NPDC receivables	–	(2,036)	–	(6,628)
Reversal of impairment loss on intercompany receivables	–	(322)	–	(1,053)
Reversal of impairment loss on trade receivables (NGMC)	–	–	–	–
Reversal of impairment loss on cash and bank balances (fixed deposits)	–	(13)	–	(39)
	–	(2,371)	–	(7,720)
Exchange difference	–	(3)	–	–
Total impairment loss allowance	**–**	**12,784**	**–**	**41,652**

13. Fair value (loss)/gain

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Realised fair value losses on crude oil hedges	–	(1,584)	–	(5,160)
Unrealised fair value gain	–	(2,385)	–	(7,770)
	–	**(3,969)**	**–**	**(12,930)**

Fair value gain/(loss) on derivatives represents changes in the fair value of hedging receivables charged to profit or loss.

14. Finance income/(cost)

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Finance income				
Interest income	277	4,702	770	15,321
Finance cost				
Interest on bank loans	–	8,890	–	28,966
Interest on lease liabilities	–	164	–	534
Unwinding of discount on provision for decommissioning	–	1,075	–	3,501
	–	10,129	–	33,001
Finance income/(cost) – net	**277**	**(5,427)**	**770**	**(17,680)**

Finance income represents interest on short-term fixed deposits.

15. Taxation

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

15.1 Income tax expense

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Current tax:				
Petroleum profit tax	–	5,741	–	18,704
Education tax	–	900	–	2,933
Total current tax	–	6,641	–	21,637
Deferred tax:				
Deferred tax expense in profit or loss	–	6,843	–	22,296
Total tax expense in statement of profit or loss	–	13,484	–	43,934
Deferred tax recognised in other comprehensive income	–	(171)	–	(558)
Total tax charge for the period	–	13,313	–	43,376
Effective tax rate	**–**	**17%**	**–**	**17%**

15.2 Reconciliation of effective tax rate

The income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated annual tax rate used for the year ended 31 December 2020 is 30%. As at 31 December 2019, the applicable tax rate was 85%, 65.75% and 30%.

The effective tax rate for the period was nil (2019: 17%).

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Profit before taxation	(7,160)	79,613	(19,897)	259,411
Tax rate of 85%, 65.75% and 30%	(2,148)	67,671	(5,969)	220,499
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Income not subject to tax	557	(18,684)	1,548	(60,877)
Expenses not deductible for tax purposes	–	36,374	–	118,517
Recognition of previously unrecognised deductible temporary difference	–	(32,529)	–	(105,989)
Impact of unrecognised deferred tax on temporary differences	–	6,847	–	22,297
Effect of permanent differences	–	(765)	–	(2,494)
Impact of tax incentive	–	(46,330)	–	(150,953)
Impact of tax losses	1,591	–	4,421	
Education tax	–	900	–	2,933
Total tax credit in statement of profit or loss	**–**	**13,484**	**–**	**43,934**

15.3 Current tax liabilities/(assets)

The movement in the current tax liabilities is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
As at 1 January	4,882	(723)	15,901	(2,356)
Tax charge	–	6,641	–	21,637
Transfer to Seplat West	(4,882)		(15,901)	
Tax paid	–	(1,036)	–	(3,380)
As 31 December	**–**	**4,882**	**–**	**15,901**

15.4 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Deferred tax asset to be recovered after more than 12 months	–	147,513	–	481,634
	–	147,513	–	481,634

Deferred tax liabilities	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Deferred tax liabilities to be recovered after more than 12 months	–	(109,904)	–	(359,126)
Net deferred tax (liabilities)/assets	**–**	**37,609**	**–**	**122,508**

15.5 Deferred tax assets

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

	Balance at 1 January 2020 ₦ million	Transfer to Seplat West ₦ million	(Charged)/ credited to profit or loss ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	–	–	–	–
Other cumulative timing differences:	–	–	–	–
Unutilised capital allowance	122,647	(122,647)	–	–
Provision for decommissioning obligation	(3)	3	–	–
Provision for defined benefit plan	2,725	(2,725)	–	–
Share-based payment reserve	5,670	(5,670)	–	–
Unrealised foreign exchange (gain)/loss on trade and other receivables	1,046	(1,046)	–	–
Overlift/(underlift)	11,219	(11,219)	–	–
Impairment provision on trade and other receivables	4,021	(4,021)	–	–
	147,325	(147,325)	–	–
Effect of exchange differences	188	(188)	–	–
	147,513	**(147,513)**	**–**	**–**

	Balance at 1 January 2020 $'000	Transfer to Seplat West $'000	(Charged)/ credited to profit or loss $'000	Balance at 31 December 2020 $'000
Tax losses	–	–	–	–
Other cumulative timing differences:				
Unutilised capital allowance	401,027	(401,027)	–	–
Defined benefit plan	–	–	–	–
Share-based payment	8,896	(8,896)	–	–
Unrealised foreign exchange (gain)/loss on trade and other receivables	18,519	(18,519)	–	–
Overlift/(underlift)	3,433	(3,433)	–	–
Impairment provision on trade and other receivables	36,622	(36,622)	–	–
Total charged to profit or loss	13,137	(13,137)	–	–
	481,634	**(481,634)**	**–**	**–**

15. Taxation continued

15.5 Deferred tax assets continued

	Balance at 1 January 2019 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Balance at 31 December 2019 ₦ million
Tax losses	–	–	–	–
Other cumulative timing differences:				
Unutilised capital allowance	116,068	6,579	–	122,647
Provision for decommissioning obligation	818	(821)	–	(3)
Provision for defined benefit plan	1,540	1,014	171	2,725
Share-based payment reserve	3,294	2,376	–	5,670
Unrealised foreign exchange (gain)/loss on trade and other receivables	1,258	(212)	–	1,046
Overlift/(underlift)	5,246	5,973	–	11,219
Impairment provision on trade and other receivables	3,863	158	–	4,021
	132,087	15,067	171	147,325
Effect of exchange differences	188	–		188
	132,275	**15,067**	**171**	**147,513**

	Balance at 1 January 2019 $'000	(Charged)/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Balance at 31 December 2019 $'000
Tax losses	–	–	–	–
Other cumulative timing differences:				
Unutilised capital allowance	379,592	21,435	–	401,027
Provision for decommissioning obligation	2,674	(2,674)	–	–
Defined benefit plan	5,035	3,303	558	8,896
Share-based payment	10,778	7,741	–	18,519
Unrealised foreign exchange (gain)/loss on trade and other receivables	4,123	(690)	–	3,433
Overlift/(underlift)	17,159	19,463	–	36,622
Impairment provision on trade and other receivables	12,623	514	–	13,137
Total charged to profit or loss	**431,984**	**49,092**	**558**	**481,634**

15.6 Deferred tax liabilities

Deferred tax liabilities are recognised for amounts of income taxes payable in future periods in respect of taxable temporary differences.

	Balance at 1 January 2020 ₦ million	Transfer to Seplat West ₦ million	(Charged)/ credited to profit or loss ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	–	–	–	–
Other cumulative timing differences:				
Fixed assets	113,546	(113,546)	–	–
Effect of exchange difference	(6)	6	–	–
	113,540	**(113,540)**	–	–

	Balance at 1 January 2019 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Balance at 31 December 2019 ₦ million
Tax losses	–	–	–	–
Other cumulative timing differences:				
Fixed assets	85,706	27,840	–	113,546
Derivative financial instruments	2,282	(2,282)	–	–
	87,988	25,558	–	113,546
Effect of exchange difference	(9)	3	–	(6)
	87,979	**25,561**	**–**	**113,540**

	Balance at 1 January 2020 $'000	Transfer to Seplat West $'000	(Charged)/ credited to profit or loss $'000	Balance at 31 December 2020 $'000
Tax loss	–	–	–	–
Other cumulative timing differences:				
Fixed assets	370,993	(370,993)	–	–
	370,993	**(370,993)**	**–**	**–**

	Balance at 1 January 2019 $'000	Charged/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Balance at 31 December 2019 $'000
Tax loss	–	–	–	–
Other cumulative timing differences:				
Fixed assets	280,282	90,711	–	370,993
Derivative financial instruments	7,456	(7,456)	–	–
	287,738	**83,255**	**–**	**370,993**

15.7 Deferred tax recognised in profit or loss

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Credited to profit or loss;				
Unutilised capital allowance	–	6,579	–	21,435
Provision for defined benefit	–	1,014	–	3,303
Share-based payment plan	–	2,376	–	7,741
Overlift	–	5,973	–	19,463
Tax losses	–	–	–	–
Charged to profit or loss:				
Provision for decommissioning obligation	–	(821)	–	(2,674)
Unrealised foreign exchange loss/(gain) on trade and other receivables	–	(212)	–	(690)
Fixed assets	–	(21,910)	–	(71,388)
Impairment provision on trade and other receivables	–	158	–	514
Exchange difference	–	–	–	–
	–	**(6,843)**	**–**	**(22,296)**
Charged to other comprehensive income				
Deferred tax credit/(expense) on remeasurement	–	171	–	558
	–	**171**	**–**	**558**

16. Computation of cash generated from operations

	Notes	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
(Loss)/profit before tax		(7,160)	79,613	(19,897)	259,411
Adjusted for:					
Depletion, depreciation and amortization		1	27,821	3	90,647
Depreciation of right-of-use assets		–	907	–	2,955
Impairment of losses on financial assets		–	12,784	–	41,652
Interest income		(277)	(4,702)	(770)	(15,321)
Interest expense on bank loans		–	8,890	–	28,966
Interest on lease liabilities		–	164	–	534
Unwinding of discount on provision for decommissioning		–	1,075	–	3,501
Fair value loss on derivative financial instruments		–	2,385	–	7,770
Unrealised foreign exchange gain		2,383	(588)	6,621	(1,916)
Share-based payment expenses		1,856	2,864	5,157	9,223
Defined benefit expenses		–	309	–	1,005
Gain on disposal of oil and gas properties		–	(9,462)	–	(30,830)
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		172,668	(113,396)	479,749	(369,472)
Inventories		–	6,083	–	19,817
Prepayments		(2)	(11,478)	(5)	(37,396)
Contract assets		–	(2,199)	–	(7,163)
Trade and other payables		(62,412)	73,668	(173,410)	240,029
Contract liabilities		–	5,003	–	16,301
Restricted cash		(7,696)	(1,007)	(21,383)	(3,280)
Net cash from operating activities		**99,361**	**78,734**	**276,065**	**256,433**

17. Property, plant and equipment

17.1 Oil and gas properties

Cost	Production and field facilities ₦ million	Assets under construction ₦ million	Total ₦ million	Production and field facilities $'000	Assets under construction $'000	Total $'000
At 1 January 2019	371,722	41,612	413,334	1,210,820	135,544	1,346,364
Additions	28,406	961	29,367	92,553	3,132	95,685
Transfers	19,567	(19,567)	–	63,755	(63,755)	–
Disposal of producing assets	(28,126)	–	(28,126)	(91,643)	–	(91,643)
Changes in decommissioning	(3,745)	–	(3,745)	(12,199)	–	(12,199)
Interest capitalised	–	6,308	6,308	–	20,554	20,554
Exchange differences	5	(3)	2	–	–	–
At 31 December 2019	**387,829**	**29,311**	**417,140**	**1,263,286**	**95,475**	**1,358,761**
Depreciation						
At 1 January 2019	147,243	–	147,243	479,621	–	479,621
Charge for the year	26,523	–	26,523	86,417	–	86,417
Disposal of producing assets	(6,522)	–	(6,522)	(21,244)	–	(21,244)
Exchange differences	8	–	8	–	–	–
At 31 December 2019	**167,252**	**–**	**167,252**	**544,794**	**–**	**544,794**
NBV						
At 31 December 2019	**220,577**	**29,311**	**249,888**	**718,492**	**95,475**	**813,967**

Cost	Production and field facilities ₦ million	Assets under construction ₦ million	Total ₦ million	Production and field facilities $'000	Assets under construction $'000	Total $'000
At 1 January 2020	387,829	29,311	417,140	1,263,286	95,475	1,358,761
Transfers to Seplat West Ltd	(387,829)	(29,311)	(417,140)	(1,263,286)	(95,475)	(1,358,761)
At 31 December 2020	–	–	–	–	–	–
Depreciation						
At 1 January 2020	167,252	–	167,252	544,794	–	544,794
Transfers to Seplat West Ltd	(167,252)	–	(167,252)	(544,794)	–	(544,794)
At 31 December 2020	**–**	**–**	**–**	**–**	**–**	**–**
NBV						
At 31 December 2020	**–**	**–**	**–**	**–**	**–**	**–**

17.2 Disposal of oil and gas properties

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Purchase consideration for disposal of oil and gas assets				
Net book value of Production and Field Facilities:				
Cost	–	28,126	–	91,643
Depreciation	–	(6,522)	–	(21,244)

17.3 Purchase consideration

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Cash received	–	15,532	–	50,614
Purchase consideration outstanding	–	15,534	–	50,615
	–	31,066	–	101,229

*Approximately 50% of the proceeds expected from the disposal of oil and gas assets have been paid, the other 50% is recognised within the receivables. Assets under construction represent costs capitalised in connection with the development of the Company's oil fields and other property, plant and equipment not yet ready for their intended use. Some of which are qualifying assets which take a substantial period of time to get ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings denominated in dollars during the year was nil (2019: 12.3%).

Borrowing costs capitalised during the year was nil (2019: ₦8 billion, $26 million).

17.4 Other property, plant and equipment

Cost	Plant & machinery ₦ million	Motor vehicle ₦ million	Office furniture & IT equipment ₦ million	Leasehold improvements ₦ million	Land ₦ million	Buildings ₦ million	Total ₦ million
At 1 January 2020	1,518	2,979	5,725	1,200	21	1,194	12,637
Additions	15	274	–	–	–	–	289
Transfer to Seplat West Ltd	(1,518)	(2,979)	(5,725)	(1,200)	(21)	(1,194)	(12,637)
Exchange difference	1	15	–	–	–	–	16
At 31 December 2020	**16**	**289**	**–**	**–**	**–**	**–**	**305**
Depreciation							
At 1 January 2020	1,391	2,187	4,562	895	–	20	9,055
Transfer to Seplat West Ltd	(1,391)	(2,187)	(4,562)	(895)	–	(20)	(9,055)
Charge for the year	1	–	–	–	–	–	1
At 31 December 2020	**1**	**–**	**–**	**–**	**–**	**–**	**1**
NBV							
At 31 December 2020	**15**	**289**	**–**	**–**	**–**	**–**	**304**
Cost							
At 1 January 2019	1,490	2,610	4,470	913			9,483
Addition	29	369	1,254	287	21	1,194	3,154
Disposal	–	–	–	–	–	–	–
Exchange differences	(1)	–	1	–	–	–	–
At 31 December 2019	**1,518**	**2,979**	**5,725**	**1,200**	**21**	**1,194**	**12,637**
Depreciation							
At 1 January 2019	1,243	1,950	4,220	785	–	–	8,198
Disposals	–	–	–	–	–	–	–
Charge for the year	149	236	342	110	–	20	857
Exchange differences	(1)	1	–	–	–	–	–
31 December 2020	**1,391**	**2,187**	**4,562**	**895**	**–**	**20**	**9,055**
NBV							
31 December 2019	**127**	**792**	**1,163**	**305**	**21**	**1,174**	**3,582**

Cost	Plant & machinery $'000	Motor vehicle $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land	Buildings $'000	Total $'000
At 1 January 2020	4,945	9,704	18,647	3,908	68	3,890	41,162
Additions	41	761	–	–	–	–	802
Transfer to Seplat West Ltd	(4,945)	(9,704)	(18,647)	(3,908)	(68)	(3,890)	(41,162)
At 31 December 2020	**41**	**761**	**–**	**–**	**–**	**–**	**802**
Depreciation							
At 1 January 2020	4,532	7,124	14,858	2,916	–	66	29,496
Charge for the year	3	–	–	–	–	–	3
Transfer to Seplat West Ltd	(4,532)	(7,124)	(14,858)	(2,916)	–	(66)	(29,496)
At 31 December 2020	**3**	**–**	**–**	**–**	**–**	**–**	**3**
NBV							
At 31 December 2020	**38**	**761**	**–**	**–**	**–**	**–**	**799**
Cost							
At 1 January 2019	4,852	8,503	14,560	2,973	–	–	30,888
Addition	93	1,201	4,087	935	68	3,890	10,274
Disposal		–	–	–	–	–	–
At 31 December 2019	**4,945**	**9,704**	**18,647**	**3,908**	**68**	**3,890**	**41,162**
Depreciation							
At 1 January 2019	4,048	6,356	13,745	2,556	–	–	26,705
Charge for the year	484	768	1,113	360	–	66	2,791
Disposal	–	–	–	–	–	–	–
At 31 December 2019	**4,532**	**7,124**	**14,858**	**2,916**	**–**	**66**	**29,496**
NBV							
At 31 December 2019	**413**	**2,580**	**3,789**	**992**	**68**	**3,824**	**11,666**

17. Property, plant and equipment continued

17.5 Depletion, depreciation and amortisation

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Oil and gas properties	–	26,523	–	86,417
Amortisation of intangible asset	–	441	–	1,439
Charged to cost of sales	–	26,964	–	87,856
Charged to general and administrative expense	–	857	–	2,791
Total depletion, depreciation and amortisation	**–**	**27,821**	**–**	**90,647**

18. Intangible assets

Cost	₦ million	$'000
At 1 January 2020	9,070	29,543
Transfer to Seplat West Ltd	(9,070)	(29,543)
At 31 December 2020	**–**	**–**
Amortisation charge		
At 1 January 2020	517	1,685
Transfer to Seplat West Ltd	(517)	(1,685)
At 31 December 2020	**–**	**–**
NBV		
At 31 December 2020	**–**	**–**

Cost		
At 1 January 2019	9,070	29,543
Additions	–	–
At 31 December 2019	**9,070**	**29,543**
Amortisation charge		
At 1 January 2019	76	246
Charge for the year	441	1,439
At 31 December 2019	**517**	**1,685**
NBV		
At 31 December 2019	**8,553**	**27,858**

19. Right-of-use asset

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
As at 1 January	3,397	4,216	11,064	13,734
Additions during the year	–	88	–	285
Less: depreciation for the period	–	(907)	–	(2,955)
Transfer to Seplat West Ltd	(3,397)	–	(11,064)	–
As at 31 December	**–**	**3,397**	**–**	**11,064**

20. Prepayments

Non-current	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Rent	–	301	–	979
Advances to suppliers	–	18,927	–	61,654
	–	19,228	–	62,633
Current				
Rent	–	283	–	921
Crude oil hedge	–	839	–	2,730
Other prepayments	2	357	5	1,163
	2	1,479	5	4,814
	2	**20,707**	**5**	**67,447**

20.1 Advances to suppliers
Advances to suppliers relate to a milestone payment made to finance the construction of the Amukpe Escravos Pipeline Project and other related facilities. At the end of the reporting period, there was no advance paid to suppliers (2019: ₦18.9 billion, $61.6 million).

20.2 Other prepayments
Included in other prepayments are prepaid service charge expenses for office buildings, health insurance, software licence maintenance, motor insurance premium and crude oil handling fees.

21. Investment in subsidiaries

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Newton Energy Limited	290	290	950	950
Seplat Petroleum Development Company UK Limited	15	15	50	50
Seplat East Onshore Limited	10	10	32	32
Seplat East Swamp Company Limited	10	10	32	32
Seplat Gas Company Limited	10	10	32	32
Eland Oil and Gas Limited	149,719	149,719	487,683	487,683
Seplat West Limited	443,371	–	1,444,204	–
	593,425	**150,054**	**1,932,983**	**488,779**

21.1 Interest in other entities

		As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
		Percentage of ownership interest		Carrying amount			
Name of entity	Country of incorporation & place of business	%	%	₦'million	₦'million	$'000	$'000
Newton Energy Limited	Nigeria	100	100	290	290	950	950
Seplat Petroleum Development Company UK Limited	United Kingdom	100	100	15	15	50	50
Seplat East Onshore Limited	Nigeria	100	100	10	10	32	32
Seplat East Swamp Company Limited	Nigeria	100	100	10	10	32	32
Seplat Gas Company Limited	Nigeria	100	100	10	10	32	32
Eland Oil and Gas Limited	United Kingdom	100	100	149,719	149,719	487,683	487,683
Seplat West Limited	Nigeria	100	–	443,371	–	1,444,204	–

21.2 Reconciliation of investment in subsidiary

	2020 ₦ million	2020 $'000
At 1 January 2020	150,054	488,779
Increase in Investment (Seplat West)	10	33
Capital contribution (Note 31)	443,361	1,444,171
At 31 December 2020	**593,425**	**1,932,983**

	2019 ₦ million	2019 $'000
At 1 January 2019	345	1,129
Acquisition of subsidiary (Eland Oil and Gas Limited)	149,719	487,683
Deconsolidation of subsidiary (Anoh Gas Limited)	(10)	(33)
At 31 December 2019	**150,054**	**488,779**

21.3 Purchase consideration – cash outflow

	2019 ₦ million	2019 $'000
Purchase consideration	149,719	487,683
Less: Liabilities assumed		
Fair value of outstanding payment	(1,549)	(5,046)
Exchange difference	(43)	–
Net outflow of cash – investing activities	148,127	482,637

22. Investment in joint ventures

	31 December 2020 ₦ million	31 December 2019 ₦ million	31 December 2020 $'000	31 December 2019 $'000
Cost	79,806	46,055	210,016	150,016

22.1 Reconciliation of investment in joint venture

	31 December 2020 ₦ million	31 December 2019 ₦ million	31 December 2020 $'000	31 December 2019 $'000
As 1 January	46,055	–	150,016	–
Reclassified from investment in subsidiary (Anoh Gas Processing Limited)	–	10	–	33
Loss on disposal of investment in subsidiary (AGPC)	–	(5)	–	(17)
Additional investment in joint venture (AGPC)	21,595	46,051	60,000	150,000
Exchange difference	12,156	(1)	–	–
At 31 December	**79,806**	**46,055**	**210,016**	**150,016**

22.2 Reconciliation of additional investment in joint venture

	As at 31 Dec 2020 ₦'million	As at 31 Dec 2019 ₦'million	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Cash paid in the current period	21,595	31,627	60,000	103,050
Amount reclassified from other receivables	–	14,424	–	46,950
	21,595	**46,051**	**60,000**	**150,000**

		Percentage of ownership interest		Carrying amount			
		As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
Name of entity	Country of incorporation and place of business	%	%	₦'million	₦'million	$'000	$'000
ANOH Gas Processing Company Limited	Nigeria	**50**	**50**	**79,806**	**46,055**	**210,016**	**150,016**

23. Inventories

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Tubulars, casings and wellheads	–	24,315	–	79,205

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Inventory charged to profit or loss and included in cost of sales during the year was nil (2019: ₦0.9 billion, $3 million). There was no write down or reversal of previously recognised write down of inventory for the year ended 31 December 2020.

24. Trade and other receivables

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Trade receivables	–	32,555	–	106,043
Nigerian Petroleum Development Company (NPDC) receivables	–	52,189	–	169,997
Intercompany receivables	313	311,903	824	1,015,971
Advances on investments	–	12,512	–	40,757
Advances to related parties	–	–	–	–
Advances to suppliers	–	4,347	–	14,160
Receivables from joint venture (Anoh)	178	3,848	469	12,536
Other receivables	10	6,121	27	19,940
	501	**423,475**	**1,320**	**1,379,404**

Other receivables are transactions outside the usual operating activities of the Company.

24.1 Reconciliation of trade receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	32,555	27,203	106,043	88,608
Additions during the year	–	8,787	–	28,620
Receipts for the year	–	(3,025)	–	(9,856)
Transfer to Seplat West	(32,555)	–	(106,043)	–
Exchange differences	–	(2)	–	–
Gross carrying amount	–	32,963	–	107,372
Less: impairment allowance	–	(408)	–	(1,329)
Balance as at 31 December	**–**	**32,555**	**–**	**106,043**

24.2 Reconciliation of impairment allowance trade receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	408	122	1,329	396
Increase/(decrease) in loss allowance during the period	–	287	–	933
Transfer to Seplat West	(408)		(1,329)	
Exchange difference	–	(1)	–	–
Loss allowance as at 31 December	**–**	**408**	**–**	**1,329**

Increase in expected credit loss on trade receivables to due to increase in the receivable balance at the end of the period.

24.3 Reconciliation of NPDC receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	52,189	–	169,997	–
Additions during the year	–	339,930	–	1,107,587
Receipts for the year	–	(287,308)	–	(936,130)
Transfer to Seplat West	(52,189)		(169,997)	–
Exchange difference	–	15	–	–
Gross carrying amount	–	52,637	–	171,457
Less: impairment allowance	–	(448)	–	(1,460)
Balance as at 31 December	**–**	**52,189**	**–**	**169,997**

24.4 Reconciliation of impairment allowance NPDC receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Loss allowance as at 1 January	448	2,475	1,460	8,086
Increase in loss allowance during the period	–	12,836	–	41,813
Transfer to Seplat West Ltd	(448)	–	(1,460)	–
Receivables written off during the year as uncollectible	–	(14,871)	–	(48,439)
Exchange difference	–	8	–	–
Loss allowance as at 31 December	**–**	**448**	**–**	**1,460**

24.5 Reconciliation of intercompany receivables

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Balance as at 1 January	311,903	256,874	1,015,971	836,723
Additions during the year	297	350,120	824	1,140,782
Receipts for the year	(153,135)	(293,501)	(425,478)	(956,311)
Transfer to Seplat West Ltd	(181,281)	–	(590,493)	–
Exchange difference	22,529	15	–	–
Gross carrying amount	313	313,508	824	1,021,194
Less: impairment allowance	–	(1,605)	–	(5,223)
Balance as at 31 December	**313**	**311,903**	**824**	**1,015,971**

25. Contract assets

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Revenue on gas sales (Note 25.1)	**–**	**6,527**	**–**	**21,259**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Company has recognised an asset in relation to a contract with NGMC for the delivery of Gas supplies which NGMC has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30-45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallises. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

25.1 Reconciliation of contract assets

The movement in the Company's contract assets is as detailed below:

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
As at 1 January	6,527	4,327	21,259	14,096
Additions during the year	–	52,275	–	170,327
Receipts for the year	–	(50,077)	–	(163,164)
Transfer to Seplat West Ltd	(6,527)	–	(21,259)	–
Exchange difference	–	2	–	–
As at 31 December	**–**	**6,527**	**–**	**21,259**

26. Derivative financial instruments

The Company uses its derivatives for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss. They are presented as current assets to the extent they are expected to be settled within 12 months after the reporting period.

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Crude oil hedges	–	308	–	1,002

27. Cash and bank balances

Cash and bank balances in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less and restricted cash balances.

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Cash on hand	–	2	–	8
Short-term fixed deposits	151	7,304	397	23,794
Cash at bank	61,799	73,972	162,627	240,949
Gross cash and cash equivalent	61,950	81,278	163,024	264,751
Loss allowance	–	(15)	–	(51)
Net cash and cash equivalents per statement of cash flow	61,950	81,263	163,024	264,700
Restricted cash	10,671	2,056	28,081	6,698
Cash and bank balance	**72,621**	**83,319**	**191,105**	**271,398**

Included in restricted cash, is a balance of $7.2 million (₦2.7 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC). The amounts are restricted for a period of three (3) years, which is the contractual period of the RCF. These amounts are subject to legal restrictions and are therefore not available for general use by the Company. These amounts have therefore been excluded from cash and bank balances for the purposes of cash flow.

An additional $20.8 million, ₦7.9 billion, of funds deposited in Access bank Plc bank accounts in the ordinary course of business are being unilaterally restricted by Access bank Plc in connection with the court case between Seplat Petroleum Development Company Plc and Access Bank Plc.

28. Share capital

28.1 Authorised and issued share capital

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Authorised ordinary share capital				
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
581,840,856 (2019: 575,321,598) issued shares denominated in Naira of 50 kobo per share	293	289	1,855	1,845

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Company's share capital.

28.2 Movement in share capital and other reserves

	Number of shares	Issued share capital ₦'million	Share premium ₦'million	Share-based payment reserve ₦'million	Total ₦'million
Opening balance as at 1 January 2020	575,321,598	289	84,045	8,194	92,528
Share-based payments	–	–	–	1,856	1,856
Vested shares	6,519,258	4	2,872	(2,876)	–
Closing balance as at 31 December 2020	**581,840,856**	**293**	**86,917**	**7,174**	**94,384**

	Number of shares	Issued share capital $'000	Share premium $'000	Share-based payment reserve $'000	Total $'000
Opening balance as at 1 January 2020	575,321,598	1,845	503,742	30,426	536,013
Share-based payments	–	–	–	5,157	5,157
Vested shares	6,519,258	10	7,981	(7,991)	–
Closing balance as at 31 December 2020	**581,840,856**	**1,855**	**511,723**	**27,592**	**541,170**

28.3 Share premium

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Share premium	86,917	84,045	511,723	503,742

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 6,519,258 shares vested with a fair value of $7.99 million. The excess of $7.98 million above the nominal value of ordinary shares have been recognised in share premium.

28.4 Employee share-based payment scheme

As at 31 December 2020, the Company had awarded 60,487,999 shares (2019: 48,400,563 shares) to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes are two additional schemes (2019 Deferred Bonus and 2020 LTIP Scheme) awarded during the reporting period. During the reporting period, 4,700,028 shares had vested out of which 381,117 shares were forfeited in relation to participants whose employment was terminated during the vesting period. Also, the reserves growth underpins (non-market performance condition) which was partially achieved (at 81.4%) resulted in a further reduction in the number of shares vested by 1,379,283. The total number of shares forfeited during the period amount to 1,760,400. The number of shares that eventually vested during the year after the forfeiture and conditions above is 6,519,258 (Dec 2019: 6,824,573 shares were vested).

i. Description of the awards valued

The Company has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2019 deferred bonus awards and 2020 Long-Term Incentive Plan (LTIP) awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017, 2018 and 2019 conditional on the Nigerian Stock Exchange (NSE) approving the share delivery mechanism proposed by the Company. A number of these awards have fully vested.

Seplat Deferred Bonus Award

25% of each Executive Director's 2019 bonus (paid in 2020) has been deferred into shares and released on 1 June 2017, 1 June 2018, 20 April 2019 respectively subject to continued employment over the vesting period. The 2018 bonus is expected to be released on 31 December 2020. No performance criteria are attached to this award. As a result, the fair value of these awards is calculated using a Black Scholes model.

Long-Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after three years) based on the following conditions:

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- If the Company outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

ii. Share-based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Expense arising from equity-settled share-based payment transactions	1,856	2,864	5,157	9,223

There were no cancellations to the awards in 2020. The share awards granted to Executive Directors and confirmed employees are summarised below:

Scheme	Deemed grant date	Start of service period	End of service period	Vesting status	Number of awards
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138
Non-Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long-Term Incentive Plan	14 December 2015	14 December 2015	9 April 2017	Fully	2,173,259
2015 Long-Term Incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long-Term Incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long-Term Incentive Plan	24 November 2017	24 November 2017	20 April 2020	Partially	7,938,589
2017 Deferred Bonus	29 December 2017	29 December 2017	31 December 2019	Fully	193,830
2018 Long-Term Incentive Plan	2 May 2018	2 May 2018	1 May 2021	Partially	6,519,022
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Partially	341,069
2019 Long-Term Incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Partially	214,499
2020 Long-Term Incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,762,880
2020 Long-Term Incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
					60,487,999

28. Share capital continued

iii. Determination of share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares as at 31 December 2020.

Share award scheme (all awards)	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	12,386,617	474	12,350,871	310
Granted during the year	4,700,028	395	10,802,067	387
Exercise during the year	(6,519,258)	–	(6,824,573)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**8,806,987**	**843**	**12,386,617**	**474**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

Share award scheme (all awards)	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	12,386,617	1.54	12,350,871	1.01
Granted during the year	4,700,028	1.04	10,802,067	1.26
Exercised during the year	(6,519,258)	–	(6,824,573)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**8,806,987**	**2.22**	**12,386,617**	**1.54**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred Bonus Scheme	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	136,091	572	315,603	451
Granted during the year	291,129	525	292,509	522
Forfeited during the year	–	–	–	–
Exercised during the year	(341,069)	–	(472,021)	–
Outstanding at 31 December	**86,151**	**236**	**136,092**	**572**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

Deferred Bonus Scheme	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	136,091	1.86	315,603	1.47
Granted during the year	291,129	1.38	292,509	1.70
Forfeited during the year	–	–	–	–
Exercised during the year	(341,069)	–	(472,021)	–
Outstanding at 31 December	**86,151**	**0.62**	**136,092**	**1.86**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long-Term Incentive Plan (LTIP)	2020 Number	2020 WAEP ₦	2019 Number	2019 WAEP ₦
Outstanding at 1 January	12,250,525	209	12,035,268	361
Granted during the year	4,700,028	390	10,509,557	362
Exercised during the year	(6,178,189)	–	(6,352,552)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**12,478,836**	**509**	**12,250,525**	**209**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

Long-Term Incentive Plan (LTIP)	2020 Number	2020 WAEP $	2019 Number	2019 WAEP $
Outstanding at 1 January	12,250,525	0.68	12,035,268	1.18
Granted during the year	4,700,028	1.03	10,509,557	1.18
Exercised during the year	(6,178,189)	–	(6,352,552)	–
Forfeited during the year	(1,760,400)	–	(3,941,748)	–
Outstanding at 31 December	**12,478,836**	**1.34**	**12,250,525**	**0.68**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2020 range from 0.3 to 3 years (2019: 0.3 to 2.3 years).

The weighted average fair value of awards granted during the year range from ₦142.8 to ₦235.98, (2019: ₦362.26 to ₦521.9), $0.32 to $0.68 (2019: $1.18 to $1.70).

The fair value at grant date is independently determined using the Monte Carlo Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

iv. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2020:

	2018 LTIP	2019 LTIP	2019 Deferred Bonus	2020 LTIP
Weighted average fair values at the measurement date				
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	41%	35%	56%	43%
Risk-free interest rate (%)	0.83%	0.76%	0.63%	0.44%
Expected life of share options	3.00	3.00	1.67	3.00
Share price at grant date ($)	1.93	1.7	0.62	0.44
Share price at grant date (₦)	521.51	521.9	190.15	135.38
Model used	Monte Carlo	Monte Carlo	Black Scholes	Monte Carlo

29. Capital contribution

This represents M&P additional cash contribution to the Company. In accordance with the Shareholders' Agreement, the amount was used by the Company for working capital as was required at the commencement of operations.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Capital contribution	5,932	5,932	40,000	40,000

30. Foreign currency translation reserve

Cumulative exchange difference arising from translation of the Company's results and financial position into the presentation currency and from translation of foreign subsidiary is taken to foreign currency translation reserve through other comprehensive income.

31. Summary of net assets transferred

During the year, Seplat Plc transferred the assets and liabilities of OML 4, OML 38 and OML 41 to Seplat West Limited (see Note 2 significant changes in the current accounting period) resulting in a net transfer of $1.4 billion (₦443 billion), which was recognised as an additional investment in subsidiary (Note 21).

Summary of net assets transferred from Seplat Plc to Seplat West Ltd

Assets	At 1 January 2020 ₦ million	At 1 January 2020 $'000
Non-current assets		
Oil & Gas properties	249,888	813,967
Other property, plant and equipment	3,581	11,666
Right-of-use assets	3,397	11,064
Intangible assets	8,552	27,858
Prepayment	19,228	62,633
Deferred tax asset	37,610	122,508
	322,256	**1,049,696**
Current assets		
Inventories	24,316	79,205
Trade and other receivables	275,789	898,335
Prepayments	1,478	4,814
Contract assets	6,527	21,259
Derivative financial instruments	308	1,002
Cash and bank balances	77,583	252,713
	386,001	**1,257,328**
Total assets	**708,257**	**2,307,024**
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	193,349	629,800
Lease liabilities	2,367	7,709
Provision for decommissioning	34,988	113,968
Defined benefit plan	3,011	9,808
	233,715	**761,285**
Current liabilities		
Interest-bearing loans and borrowings	21,295	69,366
Contract liabilities	5,004	16,301
Current tax liabilities	4,882	15,901
	31,181	101,568
Total liabilities	**264,896**	**862,853**
Net assets transferred	**443,361**	**1,444,171**

32. Interest-bearing loans and borrowings

32.1 Net debt reconciliation

During the year, the Company became a holding Company and transferred the interest-bearing loans and borrowings to Seplat West Limited (see significant changes on page 8).

Below is the net debt reconciliation on non-current and current interest-bearing loans and borrowings for 2019:

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2019	3,031	133,799	136,830	9,872	435,827	445,699
Principal repayment	(3,029)	(27,662)	(30,691)	(9,872)	(90,128)	(100,000)
Interest repayment	(10,364)	–	(10,364)	(33,770)	–	(33,770)
Interest accrued	15,198	–	15,198	49,520	–	49,520
Other financing charges	(2,696)	–	(2,696)	(8,783)	–	(8,783)
Proceeds from loan financing	19,151	87,195	106,346	62,399	284,101	346,500
Exchange difference	4	17	21	–	–	–
Carrying amount as at 31 December 2019	**21,295**	**193,349**	**214,644**	**69,366**	**629,800**	**699,166**

32.2 Amortised cost of borrowings

	2020 ₦'million	2019 ₦'million	2020 $'000	2019 $'000
Senior loan notes	–	107,237	–	349,278
Revolving loan facilities	–	107,407	–	349,888
	–	**214,644**	**–**	**699,166**

$350 million Senior notes – March 2018

Interest-bearing loans and borrowings include senior notes. In March 2018 the Company issued ₦107 billion ($350 million) senior notes at a contractual interest rate of 9.25% with interest payable each year on 1 April and 1 October, and principal repayable as a bullet at maturity. The notes are scheduled to mature in June 2023. The interest accrued up at the reporting date is ₦12.5 billion ($34.7 million) using an effective interest rate of 10.3%. Transaction costs of ₦2.1 billion ($7 million) have been included in the amortised cost balance at the end of the reporting period. The amortised cost for the senior notes at the reporting period is nil (December 2019: ₦107.2 billion, $349.3 million).

$200 million Revolving credit facility – March 2018

The Company entered into a four-year revolving loan agreement with interest payable semi-annually and principal repayable on 31 December of each year. The revolving loan has an initial contractual interest rate of 6% +LIBOR (7.7%) and a settlement date of June 2022.

The interest rate of the facility is variable. The Company made a drawdown of ₦61 billion, $199 million in March 2018. The interest accrued at the reporting period is ₦0.2 billion (Sept 2018: ₦2.89 billion) using an effective interest rate of 9.8% (Sept 2018: 9.4%). The interest paid was determined using three-month LIBOR rate + 6% on the last business day of the reporting period.

In October 2018, the Company made principal repayments on the four-year revolving facility for a lump sum of ₦30.7 billion, $100 million. The repayment was accounted for as a prepayment of the outstanding loan facility. The gross carrying amount of the facility was recalculated as the present value of the estimated future contractual cash flows that are discounted using the effective interest rate at the last reporting period. Gain or loss on modifications are recognised immediately as part of interest accrued on the facility.

$350 million Revolving credit facility – December 2019

The Company on 20 December 2019 also entered into a four-year revolving loan agreement with interest payable semi-annually. There is a two-year moratorium on the principal which ends on 31 December 2021. The revolving loan has an initial contractual interest rate of 6% +LIBOR (7.9%) and a settlement date of 31 December 2023.

The interest rate of the facility is variable. The Company made a drawdown of ₦107.45 billion, $350 million as at year end. The interest accrued at the reporting period is ₦3.58 billion, $1.1 million using an effective interest rate of 10.2%. The interest paid was determined using three-month LIBOR rate + 6% on the last business day of the reporting period.

32.3 Outstanding principal exposures

The following is the analysis of the principal outstanding showing the lenders of the facility as at the year end:

31 December 2019	Interest	Current ₦ million	Non-current ₦ million	Total ₦ million	Current $'000	Non-current $'000	Total $'000
Fixed interest rate							
Senior notes:	9.25		107,450	107,450		350,000	350,000
Variable interest rate							
Corporate loan:							
Citibank, N.A., London Branch	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
Nedbank Limited London	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
Stanbic IBTC Bank Plc	6.0% +LIBOR	–	6,140	6,140	–	20,000	20,000
The Standard Bank of South Africa Limited	6.0% +LIBOR	–	6,140	6,140	–	20,000	20,000
RMB International (Mauritius) Limited	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
The Mauritius Commercial Bank Ltd	6.0% +LIBOR	–	12,280	12,280	–	40,000	40,000
JPMorgan Chase Bank, N.A., London Branch	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Standard Chartered Bank	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Natixis	6.0% +LIBOR	–	9,210	9,210	–	30,000	30,000
Société Générale, London Branch	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
Zenith Bank Plc	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
United Bank for Africa Plc	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
First City Monument Bank Limited	6.0% +LIBOR	–	4,605	4,605	–	15,000	15,000
Total variable cost			**107,450**	**107,450**	**–**	**350,000**	**350,000**
			214,900	**214,900**	**–**	**700,000**	**700,000**

33. Provision for decommissioning obligation

	₦ million	$ '000
At 1 January 2020	34,988	113,968
Transfer to Seplat West Ltd	(34,988)	(113,968)
At 31 December 2020	–	–
At 1 January 2019	37,658	122,666
Unwinding of discount due to passage of time	1,075	3,501
Change in estimate	(3,745)	(12,199)
At 31 December 2019	34,988	113,968

The Company makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. This relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation", and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred as highlighted in the table below which is the current expectation as to when the producing facilities are expected to cease operations. Management engaged a third party to assist with an estimate of the expenditure to be incurred. These provisions were based on estimations carried out by Ryder Scott based on current assumptions on the economic environment which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

	Current estimated life span of reserves	
	2020 In years	2019 In years
Seplat Petroleum Development Company:		
OML 4	–	2027 – 2037
OML 38	–	2027 – 2034
OML 41	–	2037

34. Employee benefit obligation

34.1 Defined contribution plan

The Company contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions to an approved Pension Fund Administrator (PFA) – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronised by employees of the Company. The Company's contributions are charged to the profit and loss account in the year to which they relate.

34.2 Defined benefit plan

i. Investment management strategy and policy

The Company operates a funded defined benefit pension plan in Nigeria under the regulation of National Pension Commission. The plan provides benefits to all the employees (excluding Directors holding salaried employment in the Company) who have been employed by the Company for a continuous period of five years and whose employment have been confirmed. The employee's entitlement to the accrued benefits occurs on retirement from the Company. The level of benefits provided on severance depends on members' length of service and salary at retirement age.

The overall investment philosophy of the defined benefit plan fund is to ensure safety, optimum returns and liquidity in line with the regulation and guidelines of the Pension Reform Act 2014 or guidelines that may be issued from time to time by National Pension Commission.

Plan assets are held in trust. Responsibility for supervision of the plan assets (including investment decisions and contributions schedules) lies jointly with the trustees and the pension fund managers. The trustees are made up of members of the Company's senior management appointed by the Chief Executive Officer. The Company does not have an investment strategy of matching match plan assets with the defined obligations as they fall due, however, the Company has an obligation to settle shortfalls in the plan asset upon annual actuarial valuations.

The provision for the defined benefit plan is based on an independent actuarial valuation performed by Logic Professional Services (LPS) using the projected unit credit method. The provision is adjusted for inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries.

34.2 Defined benefit plan continued

i. Investment management strategy and policy continued

The following tables summaries the components of net defined benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position for the respective plans:

ii. Liability recognised in the financial position

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Defined benefit obligation	–	3,594	–	11,707
Fair value of plan assets	–	(583)	–	(1,899)
	–	3,011	–	9,808

iii. Amount recognised in profit or loss

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Current service cost	–	602	–	1,961
Interest cost on defined benefit obligation	–	364	–	1,186
	–	966	–	3,147
Return on plan assets	–	(129)	–	(420)
	–	837	–	2,727

The Company recognises a part of its defined benefit expenses in profit or loss and recharges the other part to its joint operations partners, this is recognised as a receivable from the partners. Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Charged to profit or loss	–	309	–	1,005
Charged to receivables	–	528	–	1,722
Balance as at 31 December	**–**	**837**	**–**	**2,727**

iv. Remeasurement (gains)/losses in other comprehensive income

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Remeasurement losses due to changes in financial and demographic assumptions	–	(508)	–	(1,655)
Remeasurement gains due to experience adjustment	–	111	–	362
Remeasurement gain on plan assets	–	(51)	–	(166)
	–	(448)	–	(1,459)
Deferred tax credit/(expense) on remeasurement losses	–	381	–	1,240
	–	67	–	219

The Company recognises a part of the remeasurement losses in other comprehensive income and recharges the other part to its joint operations partners. Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Recharged to receivables	–	(247)	–	(803)
(Charged)/credited to other comprehensive income	–	(201)	–	(656)
Remeasurement (losses)/gain due to changes in financial and demographic assumptions	–	(448)	–	(1,459)

v. Deferred tax (expense)/credit on Remeasurement (gains)/losses

The Company recognises deferred tax (credit on a part of the remeasurement (gain)/losses in other comprehensive income/(loss). Below is the breakdown:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Credited/(charged) to other comprehensive income	–	171	–	558
Charged to receivables	–	210	–	682
Deferred tax on remeasurement losses	–	381	–	1,240

34. Employee benefit obligation continued

vi. Changes in the present value of the defined benefit obligation are as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Defined benefit obligation as at 1 January	3,594	2,324	11,707	7,568
Current service cost	–	602	–	1,961
Interest cost on benefit obligation	–	364	–	1,186
Remeasurement losses due to changes in financial and demographic assumptions	–	508	–	1,655
Transfer to Seplat West Limited	(3,594)	–	(11,707)	–
Remeasurement gains due to experience adjustment	–	(111)	–	(362)
Benefits paid by the employer	–	(86)	–	(280)
Exchange differences	–	(7)	–	(21)
Defined benefit obligation at 31 December	**–**	**3,594**	**–**	**11,707**

vii. The changes in the fair value of plan assets is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Balance as at 1 January	(583)	(505)	(1,899)	(1,645)
Return on plan assets	–	(129)	–	(420)
Transfer to Seplat West Limited	583	–	1,899	–
Remeasurement loss on plan assets	–	51	–	166
Balance as at 31 December	**–**	**(583)**	**–**	**(1,899)**

The net liability disclosed above relates to funded plans as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Present value of funded obligations	–	3,594	–	11,707
Fair value of plan assets	–	(583)	–	(1,899)
Deficit of funded plans	**–**	**3,011**	**–**	**9,808**

The fair value of the plan asset of the Company at the end of the reporting period was determined using the market values of the comprising assets as shown below:

			2019			2019
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Money market	–	136	136	–	442	442
Equity instrument	12	–	12	40	–	40
Treasury bills	50	–	50	163	–	163
Bonds	386	–	386	1,258	–	1,258
Cash at bank	–	2	2	–	6	6
Other current asset	–	(3)	(3)	–	(10)	(10)
Total plan asset as at 31 December	**448**	**135**	**583**	**1,461**	**438**	**1,899**

viii. The principal assumptions used in determining defined benefit obligations for the Company's plans are shown below:

	2020 %	2019 %
Discount rate	–	14.00
Average future pay increase	–	12.00
Average future rate of inflation	–	12.00

ix. Mortality in service

	Number of deaths in year out of 10,000 lives	
Sample age	2020	2019
25	–	7
30	–	7
35	–	9
40	–	14
45	–	26

x. Withdrawal from service

	Rates	
Age band	2020	2019
Less than or equal to 30	–	1.0%
31 – 39	–	1.5%
40 – 44	–	1.5%
45 – 55	–	1.0%
56 – 60	–	0.0%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Base	Discount rate 1% increase ₦ million	Discount rate 1% decrease ₦ million	Salary increases 1% increase ₦ million	Salary increases 1% decrease ₦ million	Mortality 1% increase ₦ million	Mortality 1% decrease ₦ million
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2019	3,595	(225)	262	280	(243)	3	(3)

Assumptions	Base	Discount rate 1% increase \$'000	Discount rate 1% decrease \$'000	Salary increases 1% increase \$'000	Salary increases 1% decrease \$'000	Mortality 1% increase \$'000	Mortality 1% decrease \$'000
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2019	11,707	(733)	854	912	(792)	10	(10)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The methods and assumptions used in preparing the sensitivity analysis did not change compared to prior period.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The expected maturity analysis of the undiscounted defined benefit plan obligation is as follows:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Within the next 12 months (next annual reporting period)	–	198	–	646
Between 2 and 5 years	–	1,403	–	4,569
Between 5 and 10 years	–	5,421	–	17,658
Beyond 10 years	–	127,029	–	413,775
	–	**134,051**	**–**	**436,648**

The weighted average liability duration for the plan is 11.35 years.

h. Risk exposure

Through its defined benefit pension plans, the Company is exposed to a number of risks. The most significant of which are detailed below:

i. Liquidity risk

The plan liabilities are not fully funded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

ii. Inflation risk

This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long-term asset values and a rise in liability values.

iii. Asset volatility

The Company hold significant proportion of its plan assets in equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

iv. Life expectancy

Most of the the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

35. Trade and other payables

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Trade payable	177	16,282	466	53,034
Accruals and other payables	939	61,242	2,474	199,490
Pension payable	–	(14)	–	(48)
NDDC levy	–	6	–	21
Royalties	–	5,813	–	18,936
Overlift	–	13,227	–	43,085
Intercompany payable	199,941	119,113	526,160	387,992
	201,057	**215,669**	**529,100**	**702,510**

36. Contract liabilities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Contract liabilities	–	5,005	–	16,301

36.1 Reconciliation of contract liabilities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Opening balance	5,005	–	16,301	–
Transfer to Seplat West Ltd	(5,005)	–	(16,301)	–
Addition during the year	–	5,005	–	16,301
	–	**5,005**	**–**	**16,301**

Contract liabilities represents take or pay volumes contracted with Azura for 2018 which is yet to be utilised. In line with contract, Azura can make a demand on the makeup gas but only after they have taken and paid for the take or pay quantity for the current year. The contract liability is accrued for two years after which the ability to take the makeup gas expires and any outstanding balances are recognised as revenue.

37. (Loss)/Earnings per share (LPS)/EPS

Basic
Basic (LPS)/EPS is calculated on the Company's profit after taxation attributable to the company and based on weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted
Diluted (LPS)/EPS is calculated by dividing the profit after taxation attributable to the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
(Loss)/Profit for the year	(7,160)	66,129	(19,896)	215,477
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	579,638	569,228	579,638	569,228
Outstanding share-based payment (shares)	8,807	12,387	8,807	12,387
Weighted average number of ordinary shares adjusted for the effect of dilution	588,445	581,615	588,445	581,615
	₦	₦	$	$
Basic (loss)/earnings per share	(12.35)	116.17	(0.03)	0.38
Diluted (loss)/earnings per share	(12.17)	113.70	(0.03)	0.37

The shares were weighted for the proportion of the number of months they were in issue during the reporting period.

38. Dividends paid and proposed

As at 31 December 2020, the final proposed dividend for the Company is ₦19 ($0.05), 2019: ₦15.35 ($0.05).

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2020: ₦37.32 ($0.10) per share 583,260,187 shares in issue (2019: ₦30.7 ($0.10) per share, 575,321,598 shares in issue)	20,998	18,019	58,342	58,708
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2020: ₦19 ($0.05) (2019: ₦15.35 ($0.05) per share	11,082	8,831	29,163	28,766

As at 31 December 2020, ₦10.61 billion, ($29.4 million) (2019: ₦9 billion, $29.4 million) of interim dividend was paid at ₦18.03 ($0.05) per share as at 30 June 2020 and the remaining dividend ₦10.61 billion ($29.3 million) was paid at ₦19.29 ($0.05) per share as at 30 November 2020. Final Naira dividend payments will be based on the Naira/dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2020 Annual General Meeting.

39. Related party relationships and transactions

The Company is owned 6.43% either directly or by entities controlled by A.B.C. Orjiako (SPDCL(BVI)) and members of his family and 10.21% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

1. Shareholders of the parent Company

Shebah Petroleum Development Company Limited SPDCL (BVI):

The Chairman of Seplat is a director and shareholder of SPDCL (BVI). The Company provided consulting services to Seplat. Services provided to the Group during the period amounted to $900 thousand, ₦342 million (2019: $1.05 million, ₦322 million).

2. Entities controlled by key management personnel (Contracts>$1 million in 2020)

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited):

Company is owned by common shareholders with the parent Company. The Company provides drilling rigs and drilling services to Seplat. Transactions with this related party amounted to $5.7 million, ₦2.1 billion (2019: $9.44 million, ₦2.89 billion). Payables amounted to $591 thousand, ₦225 million in the current period (2019: Receivable: Nil).

3. Entities controlled by key management personnel (Contracts<$1 million in 2020)

Abbeycourt Trading Company Limited:

The Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat's rig operations. This amounted to $296 thousand, ₦106 million during the period (2019: $0.93 million, ₦286 million). Payables amounted to $15,273, ₦5.8 million (2019: Nil).

Stage leasing (Ndosumili Ventures Limited):

A subsidiary of Platform Petroleum Limited (an entity in which Austin Avuru has an equity interest). The Company provides transportation services to Seplat. This amounted to $714 thousand, ₦257 million (2019: $1.45 million, ₦445 million). Payables amounted to $23,572, ₦8.9 million (2019: Nil).

40. Information relating to employees

40.1 Key management compensation

Key management includes executive and members of the leadership team. The compensation paid or payable to key management for employee services is shown below:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Salaries and other short-term employee benefits	–	728	–	2,373
Post-employment benefits	–	95	–	308
Share-based payment expenses	–	166	–	540
	–	**989**	**–**	**3,221**

40.2 Chairman and Directors' emoluments

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Chairman (Non-executive)	–	354	–	1,155
Chief Executive Officer	–	763	–	2,486
Executive Directors	–	800	–	2,606
Non-Executive Directors	–	702	–	2,287
Total	**–**	**2,619**	**–**	**8,535**

2019 Executive Director emoluments includes 2018 bonus paid in 2019.

40.3 Highest paid Director

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Highest paid Director	–	440	–	1,434

Emoluments are inclusive of income taxes.

40.4 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2020 Number	2019 Number
Zero – ₦19,896,500	–	–
₦19,896,501 – ₦115,705,800	–	–
₦115,705,801 – ₦157,947,600	–	–
Above ₦157,947,600	4	3
	4	**3**

	2020 Number	2019 Number
Zero – $65,000	–	–
$65,001 – $378,000	–	–
$378,001 – $516,000	–	–
Above $516,000	4	3
	4	**3**

40. Information relating to employees continued

40.5 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,650 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2020 Number	2019 Number
₦1,989,650 – ₦4,897,600	9	9
₦4,897,601– ₦9,795,200	121	142
₦9,795,201 – ₦14,692,800	156	132
Above ₦14,692,800	172	180
	458	**463**

	2020 Number	2019 Number
$6,500 – $16,000	9	9
$16,001 – $32,000	121	142
$32,001 – $48,000	156	132
Above $48,000	172	180
	458	**463**

40.6 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2020 Number	2019 Number
Senior management	27	19
Managers	101	100
Senior staff	209	200
Junior staff	121	144
	458	**463**

40.7 Employee cost

Seplat's staff costs (excluding pension contribution) in respect of the above employees amounted to the following:

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Salaries & wages	–	7,015	–	22,851
	–	**7,015**	**–**	**22,851**

41. Commitments and contingencies

41.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2020 is ₦23.2million, $61,194 (2019: ₦11 billion, $35.5 million). The contingent liability for the year is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

41.2 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	31 Dec 2020 ₦ million	31 Dec 2019 ₦ million	31 Dec 2020 $'000	31 Dec 2019 $'000
Property, plant and equipment	–	31,022	–	101,050

42. Events after the reporting period

On 1 February 2021, ANOH Gas Processing Company Limited, a joint venture of the Company, successfully raised $260 million (₦98.8 billion) in debt to fund completion of its ANOH Gas Processing Plant.

Separate statement of value added

For the year ended 31 December 2020

	2020 ₦ million	%	2019 ₦ million	%	2020 $'000	%	2019 $'000	%
Revenue from contracts with customers	–		200,733		–		654,037	
Other income – net	(2,383)		4,096		(6,621)		13,346	
Finance income	277		4,702		770		15,321	
Cost of goods and other services:								
Local	(1,918)		(50,773)		(5,332)		(165,422)	
Foreign	(1,279)		(33,848)		(3,554)		(110,282)	
Valued added	**(5,303)**	**100%**	**124,910**	**100%**	**(14,737)**	**100%**	**407,000**	**100%**

Applied as follows:

	2020 ₦ million	%	2019 ₦ million	%	2020 $'000	%	2019 $'000	%
To employees: – as salaries and labour related expenses	1,856	(35%)	7,347	6%	5,157	(35%)	23,941	6%
To external providers of capital: – as interest	–	–	10,129	8%	–	–	33,001	8%
To Government: as Company taxes	–	–	6,641	5%	–	–	21,637	5%
Retained for the Company's future: – For asset replacement, depreciation, depletion & amortisation	1	–	27,821	22%	3	–	90,647	22%
Deferred tax (charges)/credit	–	–	6,843	5%	–	–	22,297	5%
Profit for the year	(7,160)	135%	66,129	53%	(19,897)	135%	215,477	53%
Valued added	**(5,303)**	**100%**	**124,910**	**100%**	**(14,737)**	**100%**	**407,000**	**100%**

The value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Separate five-year financial summary

As at 31 December 2020

	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million	2016 ₦ million
Revenue from contracts with customers	–	200,733	217,174	127,655	51,995
(Loss)/profit before taxation	(7,160)	79,613	85,429	28,759	(29,261)
Income tax (expense)/credit	–	(13,484)	(35,748)	67,657	4,421
(loss)/profit for the year	**(7,160)**	**66,129**	**49,681**	**96,416**	**(24,840)**

	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million	2016 ₦ million
Capital employed:					
Issued share capital	293	289	286	283	283
Share premium	86,917	84,045	82,080	82,080	82,080
Share-based payment reserve	7,174	8,194	7,298	4,332	2,597
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	254,070	282,228	234,148	194,526	193,499
Foreign translation reserve	191,216	196,535	196,552	203,072	106,670
Total equity	**545,602**	**577,223**	**526,296**	**490,225**	**391,061**
Represented by:					
Non-current assets	673,535	518,366	328,870	359,097	277,618
Current assets	73,124	539,423	514,131	474,837	404,274
Non-current liabilities	–	(233,715)	(173,276)	(125,880)	(137,722)
Current liabilities	(201,057)	(246,851)	(143,429)	(217,829)	(153,109)
Net assets	**545,602**	**577,223**	**526,296**	**490,225**	**391,061**

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Revenue from contracts with customers	–	654,037	709,493	417,428	202,446
(Loss)/profit before taxation	(19,897)	259,411	279,093	94,056	(138,911)
Income tax (expense)/credit	–	(43,934)	(116,788)	221,233	14,499
(Loss)/profit for the year	**(19,897)**	**215,477**	**162,305**	**315,289**	**(124,412)**

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Capital employed:					
Issued share capital	1,855	1,845	1,834	1,826	1,826
Share premium	511,723	503,742	497,457	497,457	497,457
Share-based payment reserve	27,592	30,426	27,499	17,809	12,135
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,225,958	1,304,197	1,147,526	1,045,985	730,740
Total equity	**1,807,128**	**1,880,210**	**1,714,316**	**1,603,077**	**1,282,158**
Represented by:					
Non-current assets	2,143,798	1,688,491	1,071,233	1,174,286	910,221
Current assets	192,430	1,757,082	1,674,694	1,552,758	1,325,488
Non-current liabilities	–	(761,285)	(564,416)	(411,642)	(451,549)
Current liabilities	(529,100)	(804,078)	(467,195)	(712,325)	(502,002)
Net assets	**1,807,128**	**1,880,210**	**1,714,316**	**1,603,077**	**1,282,158**

43. Capitalised costs related to oil producing activities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Capitalised costs:				
Unproved properties	–	–	–	–
Proved properties	–	417,140	–	1,358,761
Total capitalised costs	–	417,140	–	1,358,761
Accumulated depreciation	–	(167,252)	–	(544,794)
Net capitalised costs	–	249,888	–	813,967

Capitalised costs include the cost of equipment and facilities for oil producing activities. Unproved properties include capitalised costs for oil leaseholds under exploration, and uncompleted exploratory well costs, including exploratory wells under evaluation. Proved properties include capitalised costs for oil leaseholds holding proved reserves, development wells and related equipment and facilities (including uncompleted development well costs) and support equipment.

44. Results of operations for oil producing activities

	2020 ₦ million	2019 ₦ million	2020 $'000	2019 $'000
Revenue from contracts with customers	–	138,530	–	451,364
Other income – net	–	4,096	–	13,346
Production and administrative expenses	–	(96,032)	–	(301,574)
Depreciation and amortisation	–	(21,328)	–	(80,806)
Profit before taxation	–	25,266	–	82,330
Taxation	–	(13,484)	–	(43,934)
Profit after taxation	**–**	**11,782**	**–**	**38,396**

45. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

46. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira.

	Basis	31 December 2020	31 December 2019
Fixed assets – opening balances	Historical rate	Historical	Historical
Fixed assets – additions	Average rate	359.91	306.91
Fixed assets – closing balances	Closing rate	380	307
Current assets	Closing rate	380	307
Current liabilities	Closing rate	380	307
Equity	Historical rate	Historical	Historical
Income and expenses	Overall average rate	359.91	306.91

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ADDITIONAL INFORMATION

Report on Payments to Governments for the Year 2020

Introduction

The following information is included to comply with the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom and it is prepared in accordance with Directive 2013/34/EU (the EU Accounting Directive (2013).

BASIS FOR PREPARATION – REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR 2020

Reporting entities

This Report includes payments to governments made by Seplat Petroleum Development Company and its subsidiaries (Seplat). All payments to governments arise from operations within Nigeria.

Activities

Payments made by Seplat to governments arising from activities involving the exploration, prospection, discovery, development and extraction of minerals, gas processing, 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, license, lease, concession or similar legal agreement, and form the basis for payment to government. However, if multiple of 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 a 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.

Corporate taxes

Corporate taxes are charges based on taxable profit which are payable to the government. Examples of corporate taxes in Nigeria include Petroleum Profit Tax (PPT), corporate income tax (CIT) and education tax.

Corporate income tax (CIT) is a tax imposed on profit of a company from all sources. Gas operations are liable to CIT.

Petroleum profit tax (PPT) is a tax applicable to upstream operations in the oil industry in lieu of corporate income tax. Oil operations such as oil mining, prospecting and exploration leases are liable to PPT.

Education tax is tax applicable to both oil and gas operations based on assessable profit. Assessable profit is the profit derived after deducting all the allowable expenses.

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

- Dividends
- Signature, discovery and production bonuses
- Infrastructure improvements

However, for the year ended 31 December 2020, there were no such reportable payments made by Seplat to government that were above the materiality threshold as determined below.

Materiality

For each payment type, total payments below £89,934 (€100,000, $122,760) whether made as a single payment or as a series of related payments, to a government agency are excluded from this Report.

Reporting currency

Payments 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.

Government and Expense Report (In USD)

	Production Entitlement	Royalties	Fees	Taxes	$'000
GOVERNMENTS					
Nigerian National Petroleum Corporation	389,575,992	–	–	–	389,575,992
Department of Petroleum Resources	–	111,632,919	18,376,189	–	130,009,108
Nigeria Export Supervision Scheme	–	–	579,361	–	579,361
Niger Delta Development Commission	–	–	17,934,968	–	17,934,968
Nigerian Content Development and Monitoring Board	–	–	4,826,290	–	4,826,290
Federal Inland Revenue Service	–	–	–	21,239,383	21,239,383
Total	**389,575,992**	**111,632,919**	**41,716,808**	**21,239,383**	**564,165,102**

Project and Expense Report (In USD)

	Production Entitlement	Royalties	Fees	Taxes	$'000
PROJECTS					
OML 4, 38 and 41	326,107,787	75,617,803	35,400,094	9,551,123	446,676,808
OML 17	–	–	1,002,000	39,645.77	1,041,646
OML 40	–	29,915,648	736,144	10,589,779	41,241,571
OML 53	63,468,205	5,750,039	4,292,293	–	73,510,536
OML 56	–	349,429	286,277	1,058,835	1,694,541
Total	**389,575,992**	**111,632,919**	**41,716,808**	**21,239,383**	**564,165,102**

Notice of 8th Annual General Meeting of Seplat Petroleum Development Company Plc.

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of SEPLAT Petroleum Development Company Plc (the "Company") will hold at 16A Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria on Thursday, 20 May 2021 at 11:00am to transact the following business:

Ordinary business:

1. To receive the Audited Financial Statements of the Company for the year ended 31st December 2020, together with the Reports of the Directors, Auditors and the Statutory Audit Committee thereon.
2. To declare a final dividend recommended by the Board of Directors of the Company in respect of the financial year ended 31 December 2020.
3. To re-appoint PriceWaterhouseCoopers ("PWC") as Auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company's Annual Accounts are laid.
4. To authorize the Board of Directors of the Company to determine the Auditors' remuneration.
5. To elect/re-elect the following Directors[1]:
   a. To approve the appointment of the following Directors:
      i. Mr. Emeka Onwuka, as an Executive Director of the Company;
      ii. Ms. Arunma Oteh, OON as an Independent Non-Executive Director of the Company; and
      iii. Mr. Xavier R. Rolet, KBE as an Independent Non-Executive Director of the Company.
   b. To re-elect the following Directors who are eligible for retirement by rotation:
      i. Lord Mark Malloch-Brown (Independent Non-Executive Director); and
      ii. Mr. Damian Dodo, SAN (Independent Non-Executive Director).
6. To disclose the Remuneration of Managers of the Company[2]
7. To elect the Shareholder Representatives of the Statutory Audit Committee.

Special business:

To consider and, if thought fit, to transact the following Special Business, which will be proposed and passed as Ordinary Resolutions:

8. To approve the Remuneration Section of the Directors' Remuneration Report set out in the Annual Report and Accounts for the year ended 31 December 2020. (including the forward-looking Remuneration Policy).[3]
9. **THAT** in view of the Company's strategy of transitioning into an energy Company promoting renewable energy and sustainability, that the name of the Company be changed from SEPLAT Petroleum Development Company Plc to "**SEPLAT Energy Plc.**" and the Memorandum and Articles of the Company be amended to reflect the change of name.
10. **THAT** in view of the newly enacted Companies and Allied Matters Act ("CAMA") 2020 and in accordance with section 53 of CAMA, that the Company's Memorandum and Articles of Association ("Memart") be amended by aligning all references to the sections of the Companies and Allied Matters Act, 2004 with the corresponding sections in CAMA 2020 and the successive Articles be renumbered serially.
11. **THAT** a new **Article 26** be and is hereby included to read as follows:

    (26.1) "Subject to the provisions of the Act, the Company shall be entitled to purchase its own shares, including redeemable shares, provided that: (a) the shareholders shall, by special resolution, approve the acquisition by the Company of the shares that it intends to purchase; (b) only fully paid up shares of the Company may be purchased by the Company, and the terms of purchase shall provide for payment for the purchase; and (c) within seven (7) days after the passing of the special resolution referred to above, the Company shall publish in two (2) national newspapers, a notice of the proposed purchase by the Company of its own shares.

    (26.2) Where the Company buys back its shares, payment for the share buyback shall be made from the distributable profits of the Company.

    (26.3) The Company may buy back its shares: (a) from the existing shareholders or security holders on a proportionate basis; (b) from the existing shareholders in a manner permitted pursuant to a scheme of arrangement sanctioned by the court; from the open market; and (c) by purchasing the securities issued to employees of the Company pursuant to a scheme of stock option or any other similar scheme.
12. **THAT** the Company Secretary be and is hereby authorised to take all necessary steps to give effect to the above resolutions.

Copies of the Annual Report and Accounts for SEPLAT Petroleum Development Company Plc for the financial year ended 31 December 2020 will be mailed to the shareholders and will be available on the Company's website: www.seplatpetroleum.com. Printed versions can also be obtained by contacting DataMax Registrars in Nigeria at 2C Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada, Lagos/+ 234 1 7120012; or Computershare in the UK on +44 (0) 370 703 6101.

BY ORDER OF THE BOARD.

MRS. EDITH ONWUCHEKWA
FRC/2013/NBA/00000003660
Company Secretary
Dated 7 April 2021

1 The Profiles of the Directors are set out on pages 82 to 86.
2 The Remuneration of the Managers of the Company is set out on page 130.
3 The Directors' Remuneration Policy is set out on page 118.

Notes:

1. PROXY:

In line with the guidelines of the Corporate Affairs Commission (CAC) on the conduct of the Annual General Meeting (AGM) of Public Companies by Proxies and taking advantage of Section 254 of the Companies and Allied Matters Act, 2020, the Company has obtained the approval of CAC to hold the AGM with attendance by proxies. Further, in the interest of public safety and having regard to the Nigeria Centre for Disease Control (NCDC) COVID-19 Guidance for Safe Mass Gatherings in Nigeria and the restrictions on public gatherings by the Lagos State Government, only persons indicated to be selected as proxies on the Proxy Form shall attend the meeting physically while the other members may participate online through a live streaming of the AGM.

In compliance with the above guidelines, members who are entitled to attend and vote at the AGM of the Company are hereby advised to select a proxy from the following selected proxies to attend and vote in their place:

(a) Dr. A. B. C. Orjiako (Chairman, Board of Directors)
(b) Mr. Roger Brown (Chief Executive Officer)
(c) Sir Sunny Nwosu
(d) Dr. Faruk Umar
(e) Mr. Amatare Oki
(f) Mrs. Ngozi Osuzoka
(g) Mr. Boniface Okezie
(h) Mr. Matthew Akinlade
(i) Mr. Samuel Esan Ogunleye
(j) Dr. Anthony Omoniyi Omojola
(k) Mrs. Adebisi Oluwayemisi Bakare
(l) Alhaja Ayodele Sarat Kudaisi

For the appointment to be valid for the purposes of the meeting, the Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, DataMax Registrars Limited, 2C Gbagada Express Way, by Beko Ransom Kuti Park, Gbagada, Lagos or at the head office of the Company, marked for the attention of the “Company Secretary” or by email to proxy@seplatpetroleum.com, not less than 48 hours before the time fixed for the meeting. For convenience purposes, a blank proxy form is attached to the 2020 Annual Report & Accounts, both of which are available at the Company’s website: www.seplatpetroleum.com and at the Company’s head office: 16a Temple Road (Olu Holloway), Ikoyi, Lagos.

2. CLOSURE OF REGISTER:

The Register of Members and Transfer Books of the Company (Nigeria & UK) will be closed on 5 May 2021 in accordance with the provisions of section 114 of the Companies and Allied Matters Act, 2020, to enable the Registrars to prepare for the Annual General Meeting.

3. PAYMENT OF DIVIDENDS:

If the Dividend recommended by the Directors is approved by members at the Annual General Meeting, dividend will be paid on or around 28 May 2021, to shareholders whose names appear in the Company’s Register of Members at the close of business on 4 May 2021.

4. E-DIVIDEND MANDATE:

Shareholders are kindly requested to advise DataMax Registrars Limited of their updated records and relevant bank accounts, by completing the e-mandate form. The e-mandate form can be downloaded from DataMax Registrars Limited’s website at http://www.datamaxregistrars.com. The duly completed form(s) should be returned to DataMax Registrars Limited, at No. 2c Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada Phase 1, Lagos.

5. UNCLAIMED DIVIDEND:

Shareholders are hereby informed that a number of dividends still remains unclaimed. The list of all unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call the office of the Company's Registrar, DataMax Registrars Limited, at No. 2c Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada Phase 1, Lagos or through any of these numbers: 07064000751, 07064000752, 07064000758, 0700DATAMAX. The list of unclaimed dividends can be accessed at the Registrars' office or via the Company's website: www.seplatpetroleum.com.

6. NOMINATION FOR THE STATUTORY AUDIT COMMITTEE:

In accordance with section 404(3) of the Companies and Allied Matters Act 2020, the Audit Committee shall consist of five (5) members comprising of two (2) Non-Executive Directors and three (3) representatives of the Shareholders of the Company. Any shareholder may nominate a shareholder as a member of the Audit Committee. In accordance with 404(6) of the Companies and Allied Matters Act 2020, such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting and any nomination not received prior to the meeting as stipulated is invalid. The Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018 stipulates that members of the Audit Committee should be financially literate and at least one member must be a member of a professional accounting body in Nigeria established by the Act of the National Assembly and be knowledgeable in internal control processes. Thus, a detailed Curriculum Vitae confirming the nominee’s qualification should be submitted with each nomination to the Statutory Audit Committee.

7. E-REPORT:

In order to improve efficiency and delivery of the Annual Report, Shareholders who wish to receive the Annual Report of SEPLAT Petroleum Development Company Plc in an electronic format should provide their email addresses to the Registrars for processing. In addition, Annual Reports are available online for viewing and download from the Company’s website at www.seplatpetroleum.com.

8. RIGHT OF MEMBERS TO ASK QUESTIONS:

In line with Rule 19.12(c) of the Listing Rules of the Nigerian Stock Exchange, Shareholders have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the Meeting. Questions submitted prior to the Meeting should be addressed to the Company Secretary and must reach the head office of the Company no later than seven (7) days before the date of the Meeting (being 13 May 2021) or by email at AGMQuestions@seplatpetroleum.com.

9. VIEWING OF THE PROCEEDINGS OF THE MEETING:

The Meeting will be streamed live online to enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the live streaming of the Meeting will be made available on the Company’s website at www.seplatpetroleum.com and will be streamed live on the YouTube social media channel.

Unclaimed dividend list

S/No	Beneficiary
1	30TH JUNE CONCEPT LTD
2	ABUBAKAR SHEHU
3	AAYINDE RAHMON, ISIAKA
4	ABDUL ADENIYI, OMOTAYO
5	ABDUL OLUWASOLA, HAMMED
6	ABDULAZEEZ AYOMIDE, ABDUSSALAAM
7	ABDULLAHI TAMBARI, KABIRU A.T.
8	ABEJIDE KEHINDE, DAVID
9	ABIDOYE TAOFIK, OWOLABI
10	ABILAWON VICTORIA, IYANUOLUWA
11	ABIMBOLA ATINUKE, DEBORAH
12	ABIMBOLA OLUBUNMI, EUNICE
13	ABIODUN SYLVESTER, OLUSANMI
14	ABIOLA VICTORIA, ABOSEDE
15	ABIOYE VICTORIA, FEYISIKEMI
16	ABODERIN OLAJUMOKE,
17	ABOD-REUBENS NIG LTD
18	ABOLUDE OLANIKE, OMOYIOLA
19	ABRAHAM KEHINDE, P
20	ABUBAKAR MUHAMMAD, BASHIR
21	ABUJA INVESTMENTS COMPANY LIMITED
22	ABURIME SYLVANUS, STEPHEN
23	ADAMS BODE, THOMAS
24	ADAMU ISMAIL,
25	ADDAX STAFF COOPERATIVE
26	ADEAKIN FOLAYEMI, DIDANLOLA
27	ADEBAMIRO OLUWATOYIN, OLUBUNMI
28	ADEBANJO ADENIKE, ADERONKE
29	ADEBAYO ABOSEDE, JOSEPHINE
30	ADEBAYO ADEBOLA, ADEREMI
31	ADEBAYO ADEDAYO, OLUWASEUN
32	ADEBAYO OLALEKAN, OLASUNKANMI
33	ADEBAYO OLUWAFEMI, ABAYOMI
34	ADEBAYO OLUWASEYI, OLUWAFEMI
35	ADEBAYO RAHEEM, ADEWALE
36	ADEBAYO RAMONI, AKANO
37	ADEBISI ADENIYI, ARAUNSI
38	ADEBIYI ADEOLA, KATE
39	ADEBIYI BABAJIDE, ADESOLA
40	ADEBIYI OLUDARE, EMMANUEL
41	ADEBOWALE AYISAT, ADEDOLAPO
42	ADEBOWALE ISLAMIAH, IDOWU
43	ADEDAPO FOLASHADE, AKINTOLA
44	ADEDEJI NOSIRU, ADIGUN
45	ADEDINSEWO ADEDEJI, FREDERICK
46	ADEDIRAN OKIKIADE, ISAAC
47	ADEDOYIN ADEKIITE, OLUTOYIN
48	ADEDOYIN ADEKIITE, OLUTOYIN
49	ADEDOYIN ADENIKE, FLORENCE
50	ADEDOYIN BUSOLA, ELIZABETH
51	ADEDOYIN PAUL, TIMILEHIN
52	ADEDUNMOLA ANDREW, ADEGBEMIRO
53	ADEEKO RACHAEL, OLULAYO
54	ADEFARASIN EMMANUEL, ADEMOLA
55	ADEFARASIN HERBERT, A.
56	ADEFEHINTI OLUWAFOLAKEMI,
57	ADEFUYE MICHAEL, OLORUNTELE
58	ADEGBAMIYE JOHNSON, ADEKUNLE
59	ADEGBITE -, AYODELE SAMSON GBADEBO
60	ADEGBITE CHRISTIANAH, ADEBUKOLA
61	ADEGBITE ISAAC, ADEREMI
62	ADEGBITE WAHEED, BABATUNDE
63	ADEGBULUGBE OLUFEMI, ADELEYE
64	ADEGOKE O.S., PROF. & DR (MRS)
65	ADEGOROYE MONISADE, OLUKEMI
66	ADEJARE ABIDEEN, ABIODUN
67	ADEKOLA ABOSEDE, ADERONKE
68	ADEKUNLE MIKAIL, ODUNAYO
69	ADELAKUN RILWAN, ABIODUN
70	ADELANWA KUBURAT, AYOKA
71	ADELE-AKINTAYO ADEROJU, WASILAT
72	ADELEKE ADEBAYO, ADETUNJI
73	ADELEKE ADEBISI, SHOLA
74	ADELEKE IDRIS, OLAWUNMI
75	ADELEKE JUSTUS, ADEBANJO
76	ADELEYE ADEREMI,
77	ADELUOLA OLOYEDE, RILWAN
78	ADENIJI LATEEF, ADEJARE
79	ADENIKINJU HANNAH,
80	ADENIRAN ADEKUNLE, AMOS
81	ADENIRAN ADEKUNLE, AMOS
82	ADENIRAN BABATUNDE, VICTOR (DR)
83	ADENIYI OLATUNDE, OLADEJI
84	ADENOLA BAMIDELE, ABAYOMI
85	ADENRELE AL-CUDUZ, ADEFOWOPE ABIODUN
86	ADENRELE SHERIFAT, ADEBOLA
87	ADENRELE SULAIMON, BABATUNDE
88	ADENUGA OLUFEMI, S. TRUST ACCOUNT
89	ADENUGA OLUSOLA, ESTHER
90	ADENUGA OLUSOLA, ESTHER
91	ADENUSI OLUWATOSIN,
92	ADEOGUN ODUNLAMI, ABIODUN
93	ADEOYE DANIEL,
94	ADEOYE OLUBUNMI, BABATUNDE
95	ADEPOJU IBITOMI, MOWANUOLA
96	ADEPOJU JAMIU, ALADE
97	ADERIBIGBE ZAINAB, YETUNDE
98	ADESANYA OLUKAYODE, PATRICK
99	ADESERI TOLUWANI, OLUFEMI
100	ADESINA AYOTUNDE, EMMANUEL
101	ADESINA OLALEKAN, OLADEPO
102	ADESINA OLUWADARE, BABATUNDE
103	ADESOGAN SAMUEL, ADEDAYO
104	ADESOLA SELIMOT, NIYIOLA
105	ADESUA DOZIE
106	ADETIBA ADEREMI, AKABA
107	ADEUSI ILUYOMADE, STEPHEN
108	ADEYEGBE OLUWOLE,
109	ADEYEMI ADEKUNLE,
110	ADEYEMI FUNSHO, ADEDIRAN
111	ADEYEMI KAFAYAT, TEMITOPE
112	ADEYEMI MOTUNRAYO, RAMOTA
113	ADEYEMO ADETOKUNBO, OLUMIDE
114	ADEYEMO TITI, LATIFAT
115	ADEYEYE ADESHINA, TOSIN
116	ADEYEYE SHAKIRAT, KIKELOMO
117	ADEYINKA AJAYI,
118	ADIO ADEMOLA, ALEXANDER
119	ADISA GANIYU, DAMILARE
120	ADU AYODELE,
121	ADUBA JUDE, AND SAMAILA SULEIMAN
122	ADUNMO KEHINDE, MOSES
123	AFINJU TAIWO, ANUOLUWA
124	AFOLABI AKINWALE, IBRAHIM
125	AFOLABI OLAYINKA,
126	AFOLABI OLORODE TRUST(FBN TRUSTEES)
127	AGADA CHIDINMA, EVIDENCE
128	AGADA MATHIAS, USMAN
129	AGBAJE OLUWATOBI, OLUWATOKI
130	AGBEDE OLAYINKA, FOLAYEMI
131	AGBOOLA FATIMAT, BINTU
132	AGORO AFOLABI,
133	AGU MADUKA, OGBONNAYA
134	AGUNBIADE OLUFUNMILAYO, JULIUS
135	AGWUIBE NNEKA, ROSEYMARY D
136	AGWUNCHA IFEYINWA, EVELYN
137	AHARANWA IKECHUKWU, BRIGHT
138	AHMAD SALIHIJO, BILIKISU
139	AIBONI SAM, AMAIZE
140	AIKHOMU ANITA, OTIBHOR
141	AIKHOMU EKANEM, BASSEY
142	AIKHOMU WILLIAMS, EHIZOGIE
143	AIKHOMU WILSON, OMOGBALE
144	AINA BABATUNDE, OLASOJI
145	AIYEBIWO OLUBUNMI, MOTUNRAYO
146	AIYEDENU EBUNOLUWA, OMOTAYO
147	AJA UKPA, NNAEMEKA
148	AJADI YEKINNI, OLANREWAJU
149	AJAERO KINGSLEY, UCHECHUKWU
150	AJAGUN ADEDEJI, OLATUNDE
151	AJANI MUSA, ADEKOLA
152	AJANI RASHEED, OLALEKAN
153	AJANI TUNDE, OLUWOLE
154	AJANI WAHAB, ABIDOYE
155	AJAO ADEFUNSHO, ADEYI
156	AJAO AJIBADE, OLADAPO
157	AJAO JOHNNY, ADELAKUN
158	AJAYI ADENIYI, MUHIDEEN
159	AJAYI EDWARD, OLADELE
160	AJAYI IBUKU, OLUWASEUN
161	AJAYI LATIFAT, DAMILOLA
162	AJAYI OLATUNDE, ADEWUYI
163	AJAYI OLUSOJI,
164	AJAYI OMOLARA, SHOLA
165	AJAYI OPEYEMI, AANU
166	AJAYI RAMOTA, TOWOBOLA
167	AJIBOLA SAMSON, GBADEBO
168	AJIBOYE ADETAYO, OKUNOLA
169	AJIROBA TOFUNMI, BUSAYO
170	AJITENA DENIKE,
171	AJOSE-ADEOGUN OLUREMI, MAJEOLAGBE
172	AJUMOBI GRACE, OMONIYI
173	AJUMOBI OLUYEMI, JOSEPH (EST OF)

S/No	Beneficiary
174	AJUMOGOBIA AWUNEBA SOTONYE
175	AKANBI MOSES, ADENIYI
176	AKANMI PIUS, KAYODE
177	AKANMU MARY, TEMILADE
178	AKANMU OLUWASEYI, OYEYEMI
179	AKANNI PIUS, KAYODE
180	AKEEM-SHADARE KAAMIL, IFEOLUWAPO
181	AKEEM-SHADARE OMAR, OLUWAJUWON
182	AKENDE CLARA, TEMILADE
183	AKHIGBE OKHIRIA, TOM
184	AKHIMIEN EHIAVBI, FESTUS
185	AKINBO OLAYIWOLA, ADIO
186	AKINBOLA PHILLIP, OLADIRAN
187	AKINJIDE ABAYOMI,
188	AKINJOBI TEMITOPE, ANUOLUWAPO
189	AKINLADE TITILOLA, OLUSOLA
190	AKINLAJA MICHEAL, ADEBOWALE
191	AKINLOTAN AYINDE, BABATUNDE
192	AKINLUYI TOLULOPE, STEPHEN
193	AKINOLA AKINMAYOWA, OLUWASEYI
194	AKINOLA KAYODE, ADEFEMI
195	AKINOLA OLUDOTUN, OLUFEMI
196	AKINOLA OLUWASEUN,
197	AKINRINWALE OLUSEGUN, AMOBI
198	AKINSANYA FOLASHADE, OMOLAYO
199	AKINSANYA LATEEF, AYINDE
200	AKINSANYA OLABISI, TOLU
201	AKINSANYA,O.ADEYEMI &, BALOGUN,O.OLUFUNMI
202	AKINTUNDE MARY, ADEOLA
203	AKINTUNDE MOHAMMED, SABITU
204	AKINWUNMI OMOLAJA, ADISA
205	AKINYEMI ABIOLA, ADEYINKA
206	AKINYEMI MONSURAT, MOPELOLA
207	AKINYERA OLUWASANMI, AKINTOYINBO
208	AKINYODE OLAYINKA, SHAKIRAT
209	AKINYODE RAFIAT,
210	AKINYOMI JANET, OLA
211	AKIODE OLATUNJI,
212	AKOREDE MOROUNMUBO,
213	AKPAN SAMUEL, FELIX
214	AKPORE GOODLUCK,
215	AKPOTOBOR GOD, SPOWER OMONIGHO
216	AKPOVBOVBO HELEN, OGHENEYOUWE
217	AKWIWU ADANNAYA, CHINEMEREM
218	AKWIWU NDUKWE, NNADOZIE
219	ALABI DAMILARE,
220	ALADEGBEINGBE FRANCIS, OLUFEMI
221	ALADESUYI OLAKITAN,
222	ALAGA KOLAWOLE, MUFTAU
223	ALAGBE ADEYINKA, (PRINCE)
224	ALAKWE FAUSTINUS, IZUCHUKWU
225	ALATIRON NIGERIA LIMITED
226	ALAYAKI FAHEEM, OLADIPUPO
227	ALAYAKI FAKHTAH, OLAOLUWA
228	ALAYAKI FAROUQ, OLAWALE
229	ALAYAKI FATIMAH, OLAMIDE

S/No	Beneficiary
230	ALAYAKI IDOWU, MOSIDAT
231	ALIU GABRIEL, TOBA
232	ALIYU KAYAUKI, SGT ABBA ABUBAKAR
233	ALLI OLALEKAN, JAMIU
234	ALLI-BALOGUN AMINAT,
235	ALLISON-OGURU EDMUND, ANIENKEDIGIRI
236	ALPHA VC PREMIER PARTNERS
237	ALUKO TEMILOLUWA, OMOLOLU
238	ALUKWU CHIBUIKE,
239	AMA OKORE, OKEREKE
240	AMADI CHARITY, CHIKWADOM
241	AMADI CHIMA, EMEKA
242	AMAECHI MOSHE, CHIJINDU
243	AMANFO LILIAN, UGONNA
244	AMEGUNU VICTOR, RAYMOND
245	AMUDA FUNKE, IYABO
246	ANAGBOGU MICHAEL, MATHEW
247	ANAGBOGU MICHAEL, MATTHEW
248	ANEGBU JOSEPH, IKECHI
249	ANIGIORO AMOS, OLADAPO
250	ANOSIKE SUNNY,
251	ANTHONY EBERE, MERCYMERIT
252	ANYA EUGENE, UCHECHUKWU
253	ANYABUIKE NKECHI, RONNIE
254	ANYANWU CHRISTOPHER, CHIBUZOR
255	ANYIBUOFU CHRISTOPHER,
256	APEL ASSET LTD - NOMINEES
257	APU OKEOGHENE, ANIEFIOK
258	APU SUNDAY, ERUOHWO SAMUEL
259	AREGBESOLA ABRAHAM, ABIODUN
260	AREMU JOSEPHINE, MOJISOLA
261	AREMU JOSHUA, O & JOSEPHINE REV & MRS
262	AREMU OLUSEGUN, ABIDEEN
263	AREMU RASHIDAT, KEHINDE
264	ARIGBABOWO ENIOLA,
265	ARIGBABOWO OLUWATOSIN,
266	ARIKAWE OLUTAYO, MORADEKE
267	ARM NOM: ESTATE OF CLEMENT ISONG
268	ARM NOM: HAJIA AISHA KATAGUN
269	ARM SECURITIES LTD/ TROVE TECHNOLOGIES
270	AROLEOWO GANIAT, ABIODUN
271	ARUM IFEANYICHUKWU, IGNATIUS
272	ARUM JOHN, YMAR .C.M
273	ASANGANSI EFFIONG, OKWONG
274	ASANGANSI EFFIONG, OKWONG
275	ASEDEKO HENRY, ABIODUN
276	ASOBARA IFEYINWA, M.
277	ATLAS INT ENGINEERING SERVICES NIG LTD
278	ATOBATELE TAOREED, ABIODUN
279	ATOYEBI MUFUTAU, ADEBAYO
280	ATRUISM VENTURES NIG. LTD
281	ATTAH EMMANUEL, OGEBE
282	ATTAH ENEYE, DANIEL
283	ATURAMU TOLULOPE,
284	ATUWO DAVID, HYELHIRRA
285	AUDU MATTHEW, ABU ESTATE OF

S/No	Beneficiary
286	AUDU YUSUF, BUBA
287	AUGUSTINE ESTHER, FUNKE
288	AWE BABALOLA, BABAJIDE
289	AWEDA FELICIA, OLUWAKEMI
290	AWERE GODWIN, AJIROGHENE
291	AWOBIMPE KAYODE, CAMALDEEN K
292	AWODERO MICHAEL, OLUSEGUN
293	AWOJUYIGBE OLUMUYIWA, OLUDARE
294	AWONAIKE ESTHER, OLADUNNI
295	AWONAIKE RACHAEL, MOSEBOLATAN
296	AWONIYI OLUFEMI,
297	AXHOLME NOMINEES LTD 'IZ' A/C
298	AYADIUNO CHRISTOPHER, BELUCHUKWU
299	AYALOGU OBIANUJU, JENNIFER
300	AYANDA TITILAYO,
301	AYANRUOH ELIZABETH, DORA D.
302	AYIDA OMATSEYIN, AKENE
303	AYODEJI NURUDEEN,
304	AYODEJI OLAWALE, T
305	AYODELE OLAJIDE, ABAYOMI
306	AYODELE OLUSHOLA, OMOTAYO
307	AYO-VAUGHAN DANIEL,
308	AZEEZ AL-AMEEN, ISHOLA
309	AZEEZ JIMOH, OGUNBANWO
310	AZEEZ LUKMAN, ADEKUNLE
311	AZEEZ RASAKI, KOLAWOLE
312	AZEEZ SULAIMAN, AKINADE
313	BABALOLA ADEWALE,
314	BABATUNDE ADEWUNMI, TAIBAT
315	BABATUNDE MOSES, SUNDAY
316	BABATUNDE SAHEED-OLADIMEJI,
317	BAIYEWU OLUSEGUN(DR),
318	BAKARE ABDULAZEEZ, TOMISIN
319	BAKARE ADEBISI, OLUWAYEMISI
320	BAKARE OLAYEMI, KAFILU
321	BAKARE SHERIFAT,
322	BALOGUN ALAKE, LOLA
323	BALOGUN DEJI,
324	BALOGUN MUSA, (ALHAJI)
325	BALOGUN OLUWATOYIN, OLUWABUNMI
326	BALOGUN SEKINAT, MOPELOLA
327	BALOGUN SIKIRU, BOLARINWA
328	BALOGUN TOLULOPE,
329	BAMGBOSE ADERINOLA, ELIZABETH
330	BAMIGBOLA HABEEB, OLAKUNLE
331	BAMIGBOYE OLUWADARE, OLAYIWOLA
332	BANJOKO ABIODUN, OLUBUSOLA
333	BANJOKO OLASOJI, OLAKUNLE
334	BANKOLE JOSEPH, OLUMAYOKUN ADEFOLARIN
335	BANKOLE MOTUNRAYO,
336	BANKOLE OLUMUYIWA, JACOB
337	BANKOLE OLUWAKEMI, EKUNDAYO
338	BARANGO KENNEDY, S.
339	BAREEK GENERAL ENTERPRISES NIG LTD
340	BATHANNA STEPHEN, JALVA
341	BATULA ADISA, BOONYAMIN ALHAJI

S/No	Beneficiary
342	BATULA HAKEEM,
343	BAYOKO EBI, REGINALD
344	BEECROFT JOHN, OLUWAFEMI
345	BELLO ADISA, SULE
346	BELLO AUGUSTINE, OLUSANYA
347	BELLO ITOPA, PAUL
348	BELLO KOKO, MOHAMMED ATP
349	BELLO MUIBAT, AINA
350	BENEDICT ALBERT, AJIBOLA
351	BENSON AYODELE, BABATUNDE
352	BINITIE EBOSENOBUWATALE, ADEOLUWA
353	BISAMI NIGERIA LTD - ACCOUNT 2
354	BODE ADEOLU GLOBAL ASSOCIATES
355	BOLARINWA TOSIN, LUQMAN
356	BUKO ADESHOLA, AKINLOLU
357	CALEB CHRISTINE LTD
358	CAPITAL SHAREHOLODERS ASSOCIATION
359	CELLCORE LTD
360	CHIALIKA FESTUS, SUNDAY
361	CHIDUME NWANNEAMAKA, JACINTA
362	CHIKEKA VIVIAN, ADANMA
363	CHRIS-ASOLUKA SOMACHI, CHIDUMEBI
364	CHUKWU EUCHARIA, NWAKAEGO
365	CHUKWU JULIET, NNENNA
366	CHUKWU NWAKAEGO, CHRISTANA
367	CHUKWUDI FRANCIS, CHIDERA
368	CHUKWUEMEKA ANTHONY, AZUKA
369	CHUKWUMA OFEBI,
370	CONNAL STUART
371	CORNERSTONE STAFF COOPERATIVE SOCIETY
372	CSL NOMINEE ACCOUNT 'CX'
373	CSL NOMINEES A/C 'BR'
374	CYRIACUS CHUKWUDI, MAXIMILIAN
375	CYRIACUS IFEANYI, VALENTINE
376	DA SILVA, TEKOA TIAGO
377	DADA AKINLOLUWA, JOHN
378	DAIRO SEGUN, DAYO
379	DAN -, JUMBO TAMUNOALA M
380	DANIEL-IYOGUN CHUKWUBUIKEM, ODENOSE
381	DANJUMA KAMORUDEEN, AJAO
382	DARA ADEOLUWA, EMMANUEL
383	DARAMOLA AWOYINKA,
384	DARAMOLA KOLAWOLE, DANIEL
385	DAUKORU EDMUND, MADUABEBE
386	DAWODU OMOLARA, ADIAT
387	DAYO OLAGUNJU, OLUBUNMI
388	DAYO-OLAGUNJU OLUBUNMI, ONAJITE
389	D-BEST ACHIEVERS SHAREHOLDERS ASS
390	DEKE OGENAGWE, VICTOR
391	DELANO OLUFISOYE,
392	DENG ANDREW, JADEN
393	DENNI-FIBERESIMA DAMIEBI,
394	DIEKOLOLA LATEEF, KUNLE
395	DIKE EVA, CHIJIOKE
396	DIKKO AISHA, IBRAHIM

S/No	Beneficiary
397	DOKUBO IGONIBO, WILFRED
398	DONNA OBASEKI-OGUNNAIKE, OLOHI
399	DREAMBEAUTY VENTURES LIMITED
400	DUROJAIYE ADEDOYIN,
401	DUROJAIYE ANTHONIA, OLAIDE
402	DUROJAIYE KOLAWOLE, OLALEKAN
403	DUROWAIYE ADEWUNMI, AFUSAT
404	DUROWAIYE IYABO, YETUNDE
405	DURU P., NGOZI
406	EBELECHUKWU UBAKA,
407	EBIEFIE ANTE, OKON
408	EBOH ERIC, CHIEDUM
409	ECOMARK INVESTMENT LIMITED
410	EDAFE OGHENERUKEWE, ALEXANDER
411	EDDO MARK,
412	EDE MODINAT, ADEDOYIN
413	EDEVBIE DAVID,
414	EFFIONG ODUOBIT,
415	EFUNTADE ALANI, OLUSEGUN
416	EFUWAPE JOSHUA, AFOLABI
417	EGBAGBE AUGUSTINE, SUNDAY
418	EGBUCHELEM NNAMDI, JACOB
419	EGEIN MUNAFA, MOSES
420	EGIARHUOYI PAUL, IYAEZERE
421	EGWU OLUWAYEMISI, ADEDOYIN
422	EGWUENU CHIDI I. & ROSALINE O.
423	EHINMOWO AFOLABI, OLUSEGUN
424	EHUWA OLUWATOBI, BLESSING
425	EHUWA SUNDAY, VICTOR
426	EJALONIBU IBRAHEEM, ADEGBOYEGA
427	EJEMBI PATRICK, OKO
428	EJISHE OPI, JUSTIN
429	EKANEM EMA-EKOP, SAMPSON
430	EKANEM JOE, & CAROLINE
431	EKANEM SAMPSON, EKANEM
432	EKE CHIBUZOR, EMMANUEL
433	EKE CHIDIUTO, CHIDERA
434	EKE CHIKAMSO, NWAYINMA
435	EKE KELECHI, PASCHAL
436	EKE THELMA, IJEOMA
437	EKEBI KENNETH, IDO
438	EKEGHE OGBONNAYA, NDUKA
439	EKERE CHUKWUEMEKA, IHEANACHO
440	EKHOIYAYI AGHAHOWA,
441	EKONG EBONG, UDO
442	EKPE CYRIL, EZIEFULE & KARIN CHINYERE
443	EKPEKI OMOWHARE, WILLIAM
444	EKWELI EMMANUEL, CHUKWUNYEAKA
445	EKWERIKE KENNEDY, OGBONNA
446	ELEKEDE BABATUNDE, SULAY ENIOLA
447	ELF COOP OMESURU UMEJURU AKE
448	ELLA VINCENT,
449	EMENUWA &, IJEOMA JAJA-WACHUKU
450	EMHIOBOH I, MICHAEL
451	EMMANUEL NANPAN, JAMES

S/No	Beneficiary
452	ENE LEO, CHINEDU
453	ENEH PEARL, NKECHI
454	ENE-ITA ANNE, NKESE
455	ENI CHUKWUEMEKE, JOHNNIE
456	ENIAFE MUJIDAT, TEMITOPE
457	ENLIL INVESTMENT LTD
458	ENTERPRISE TRUST INSURANCE BROKERS LTD
459	EPHRAIM ANIEFIOK, DANIEL
460	ERETAN OLUWOLE, RICHMOND
461	ERINFOLAMI BOSERECALEB, IJAODOLATIOLUWA
462	ERINFOLAMI SALEMSON, ADEMOLA TEMILOLUWA
463	ERINOLA MATTHEW, KOLAWOLE AKEEM
464	ERUKAKPOMREN CHRISTOPHER, OKOTETE
465	ERUVBETINE OBOR, ENAEME
466	ERUVBETINE PREM, ENAEME
467	ESSIEN PETER, SIMON
468	ESTHER OMIKUNLE,
469	ETIKO ASIMIU, MONINUOLA
470	ETIM EMMANUEL, EDET
471	ETIM NATHANIEL, OTO-OBONG
472	ETOMI DAMINABO, DENNIS OSAGIE
473	EVBOTA HARRIET, ADEKUNBI
474	EWHRUDJAKPOR OBIKU,
475	EYETSEMITAN TOJU, PHILIP
476	EZE SOBECHUKWU, FRANCIS
477	EZEANI IGNATIUS, MAJESTY
478	EZECHUKWU AUGUSTINE, NNAEMEKA
479	EZEIGBO OBINALI, G
480	EZEKWEM CHIDUBEM, IKENNA WILLIAM
481	EZENDIOKWERE BENJAMIN, J.E.
482	EZENMA CHUKWUKA, COSMAS
483	EZENWAJIAKU THEOPHILUS,
484	EZEOKE ROSEMARY, AMARACHUKWU
485	EZEOKEKE AUGUSTUS, AMECHI CHUKWUDUM
486	EZIKE RAPHAEL, EMEKA
487	EZUGWU EMILIA, CHISOM
488	EZULIKE CHIJIOKE, DENNIS
489	EZULIKE CHIKA, VICTORIA
490	FABUDAH SEGUN, RAPHAELS
491	FABYAN FLORA,
492	FAGBAYIDE OLUKAYODE, OLUWOLE
493	FAGBOHUNGBE AYOMIDE,
494	FAJOYE OGUNYEMI,
495	FAJUSIGBE SONIA, ONOVUGHAKPO
496	FALADE OLUMUYIWA, TEMITOPE
497	FALESE TEMITOPE,
498	FALORE OLUWASIKEMI, AYONITEMI
499	FAMOUS AKEEM,
500	FANIYI GRACE, OLUWATOYIN
501	FARODOYE OLAYEMI, JAMES
502	FAROMBI OLUSHOLA, ABIOLA
503	FASASI ADEOLA, SARIYU
504	FASHINA AJIBADE, TAOFEEK
505	FATOLA JOSEPH, OLUFUNMILADE

S/No	Beneficiary
506	FATUNBI RUTH, BOSEDE
507	FAWOLE TAIWO, GANIYU
508	FAWUNMI ABIODUN, BAMIDELE
509	FBNQAM/ MR ROTIMI ASHLEY-DEJO & MRS
510	FEYIDE OLUFEMI, ADEOLA
511	FEYIDE OLUFEMI, ADEOLA
512	FIDELIS EJIMAMU, OKEHIE
513	FIN INSURANCE CO. LIMITED
514	FOLAMI & ASSOCIATES
515	FOLAYAN OLUWAROTIMI, CHRISTOPHER
516	FOSUG NIG LTD
517	FOWOKAN MACLEAN, AKANBI
518	FOWOWE MICHAEL, OLASUPO ABIOLA
519	FRANCIS OLAMIDE, LOLA ABOSEDE
520	GAFAR RASHEED,
521	GANIYU WASIU, AYINDE
522	GARUBA SAIDU, KEWUYEMI
523	GBADAMOSI MOJISOLA, MULIKAT ADEOLA
524	GBADAMOSI MUDASHIRU, ATANDA
525	GBADEGESIN SUNDAY, AJIBOLA
526	GBADERO MICHAEL, KAYODE
527	GEM ASSETS MANAGEMENT LIMITED
528	GESUNDHEIT & REICHTUM LIMITED
529	GOFWEN NENGAK,
530	GOFWEN NENPINMWA,
531	GREEN LEAF PHARMACY -
532	HAFSATU NASIRU, ABOKI
533	HAMILTON RACHAEL, OLUFUNKE
534	HAMZA RIDHWAN, BOLADALE
535	HASSAN FEYISAYO, AISHAT
536	HASSAN TITILAYO, AZEEZAT
537	HENSHAW BASSEY, EWA
538	HOUNTON CHRISTIANA,
539	HUSSAINI IBRAHIM,
540	IBE LEO,
541	IBITOYE EMMANUEL, KOLAWOLE
542	IBIWOYE JOSEPH, TAYE
543	IBRAHEEM MOSES, GBOLAHAN
544	IBRAHIM DIKKO,
545	IBRAHIM ISSA, LEKAN
546	IBRAHIM IYANUOLUWA, DAVID
547	IBRAHIM MURITALA, IYANDA
548	IBRAHIM NANA, HAUWA
549	IDEAL GLOBAL INVEST RESOURCES LTD
550	IDOWU BOLAJI, AFOLABI
551	IDRIS MUSA, ISA
552	IDUMA JOHN, JENNIFER
553	IFABUA AHMED, OHIORENUWAN
554	IFEANYI OKEY, FESTUS
555	IFEDIORA EMMANUEL, EBERE
556	IFEOBU MMELICHUKWU,
557	IGBASANMI BUKOLA, AKINRINBIDO
558	IGBASANMI OLATOMIDE, JOHN (ALLEGED DECEASED PHC NO.1759L/2015)
559	IGBINOVIA MARYANN, HUNONYEMESI
560	IGBRUDE MOSES, OKE
561	IGE GABRIEL, BABASOLA
562	IGE YUSUF, AMUDA
563	IGHODARO KUDI, YEMI
564	IGWEZE FELIX, NNAEMEKA
565	IHEANACHO STEPHEN, CHINONSO
566	IHEGBU CHIDIEBERE, MACLAWRENCE
567	IHEJIENE NGOZI, AUGUSTINA
568	IHUOMA BENJAMIN, TOCHUKWU
569	IJOMA FIDELIS.OPIA.ODILI,
570	IKOKU ALVAN, ENYINNAYA
571	IKOTUN OLALEKAN, KAYODE
572	ILESANMI OLUDOLAPO,
573	ILUFOYE OYELOLA, ALLI
574	IMAGELINKS ROYAL PROPERTIES LTD
575	IMAGELINKS TRAVEL AND TOURS LIMITED
576	IMEH GODWIN, GBOTA
577	IMO OBUMNEME, EZE
578	IMOLEOLU ADESOLA, FLORENCE
579	IMORU CLEMENT, AYODELE
580	INDI THOMAS,
581	INENEMO ABDULWAHAB, USMAN
582	INNIH IYOBO,
583	INVEST.ONE/AXA MANSARD EQUITY INC.FUND-T
584	I-ONE E-PORTFOLIO AC - 188
585	I-ONE E-PORTFOLIO AC - 195
586	I-ONE E-PORTFOLIO AC - 197
587	IOU INVESTMENT, ADVISERS LTD
588	ISAH LUCKY, IMOBE
589	ISAIAH EMEKA, PHILIP
590	ISAIAH PRINCE, JOSHUA
591	ISAIAH ROSELINE, NGOZI
592	ISHAKU ISRAEL, MALLAM
593	ISIAKA MARZUQ, OLADIPUPO
594	ISIAKA YUSUFF, ORIYOMI
595	ISIJOLA AYOKA, OLUWARANTI
596	ISMAILA ZUBAIRU,
597	ISOKRARI NENGI,
598	ISSA NIMOTA, BOLANLE
599	ITAUMA MERCY, ETEAKAMBA
600	ITONYO EBITARI, CHIMA
601	ITSUOKOR CHARLES,
602	IWU ELIZABETH, ADA
603	IWU GABRIEL, CHINEYE
604	IYANIWURA MODINAT, KOFOWOROLA
605	IYEIMO ILAMINA,
606	JAIYE-GBENLE BOLUWATIFE,
607	JAJA-WACHUKU CHUKWUEMEKA,
608	JAMES AKINTOMIDE,
609	JAMES AYODELE, MORAYO
610	JAMES DANIEL, ONUCHE
611	JAMES EMMANUEL, EDET
612	JIMOH AUGUSTINE, A & JIMOH IYABO O
613	JIMOH BISIRIYU, AYINLA
614	JIMOH MOHAMMED, OLUWAFEMI
615	JIMOH-KUKU ISMAIL, OLANIRAN
616	JINADU LAMIDI, OLANIRAN
617	JINADU MUSTAPHA, ISHOLA
618	JINADU RASAK, ADISA (ALHAJI)
619	JINADU WASIU, OLABISI
620	JIWUMETO ADEBISI, AJOKE
621	JOHNSON ADEOLA,
622	JOHNSON FRANCIS, IKWUE
623	JOSEPH OLUWASEGUFUNMI, ELIZABETH
624	JOSHUA SEUN, OSHUNOLALE
625	JOWOSIMI ADEMOLU, MATTEW
626	JOWOSIMI OLUBUNMI, TEMITOPE
627	KADIRI ABAYOMI, SHEWU
628	KALU-ANYA CHRISTIAN,
629	KAREEM OLADIMEJI, OLOLADE
630	KAREEM TAWA, JUMOKE
631	KASIM FAUZIYYAH KIKELOMO
632	KASIM JOSHUA, TIWATAYO
633	KASIM JOTHAM, TIWATOPE
634	KATSINA STATE INVESTMENT & PROPERTY DEVELOPMENT COMPANY LIMITED
635	KAYODE OLUWASEUN, MARY
636	KAZEEM ABIBOLA, MUSILI
637	KAZEEM MUSINO, IYABO
638	KESANDU-UCHENYI ONYENWE, IFEUDE
639	KEYSTONE GLOBAL SYNERGY LTD
640	KLUB SUPREMOS
641	KOLAWOLE IBRAHIM, INUMIDUN
642	KOLAWOLE YEKINNI, ALABI
643	KOLAWOLE-YUSUF OLAMIDE, BUNMI
644	KOLEOSO HIKMOT, ADUNOLA
645	KOLEOSO KAZEEM, ADEWALE
646	KRAGHA CHRISTOPHER, OGHENERUME
647	KRUGER HOTEL & SUITES LTD
648	KRUKRUBO AYEBADOMO, IKIOMOYE
649	KUKU ABIMBOLA, ALAMI
650	KUMOEI LIMITED,
651	KUPOLOKUN MOSES, FUNSHO
652	KUYORO DANIEL, AYODEJI
653	KWAKPOVWE VERONICA,
654	LAIYENBI KARIMO, MOPELOLA O
655	LAIYENBI KASSIM, ADEWALE
656	LAMINA SIKIRU, TAIWO
657	LANIYAN JONATHAN, OLADEJO SUNDAY
658	LATEEF MUFUTAU, (MR.)
659	LATEEF YAHAYA, FUNSHO
660	LATINWO TOLANI,
661	LAWAL ADEREMI, KOKUMO DUROJAIYE
662	LAWAL BOSE, ADENIKE
663	LAWAL FALILAT, OLAWUNMI
664	LAWAL GANIYAT, OMOTOLANI
665	LAWAL LATEEFU, ATANDA
666	LAWAL MORUF, OLANREWAJU
667	LAWAL MUFUTAU, ASHERU
668	LAWAL NOJEEM, OLAWALE
669	LAWAL OLAYINKA, ISMAIL
670	LAWAL RASAQ, OLANREWAJU
671	LAWAL RASHEED, OLASUNKANMI
672	LAWAL RISIKAT, JOKE
673	LAWAL TIMILEHIN, ANU-OLUWAPO

S/No	Beneficiary
674	LAWAL WAHAB, OLATUNJI
675	LAWANSON GANIAT, OLAYEMI
676	LAWSON BERNARD,
677	LAYADE OLUWABUSAYOMI,
678	LESLIE ASARE,
679	LIASU TOYIN, RACHEAL
680	LINKAGE ASSURANCE PLC - TRADING
681	LOTUS CAPITAL LIMITED -
682	LUFADEJU OLUGBENGA, ADERINOLA
683	LUKMON OLADAYO, BULIAMEEN
684	MACAULAY AYOKUNLE, OMOTOLA
685	MACAULAY KAREEM, ABIODUN
686	MACGREGOR JOSEPH, OLUSOLA
687	MADUEKE UGONNA, ALISON
688	MADUFORO GOLDEN, C.
689	MADUFORO GOLDEN, CLEMENT
690	MADUKO FIDELIS, OGBOGU
691	MAJARO AKINWALE, & ADEBUKUNOLA
692	MAJEKODUNMI ADEWUNMI, EDMUND
693	MAJEKODUNMI OLUTOBILOBA, ABIOLA
694	MAKANJUOLA OLADAYO, ABDUL YEKINI
695	MAKINDE ADEMOLA, STEPHEN KAYODE
696	MAKINDE OLABISI, AINA
697	MAKINDE TOMIWA, MATTHEW
698	MARAYESA OLUWADUROTIMI, OLUWASEUN
699	MARTINS TOYIN, TOLULOPE
700	MAYOWA-PATRICK BAMIDELE, ODUNAYO (MRS)
701	MBAEGBU INNOCENT, CHUKWUDI
702	MBAEGBU INNOCENT, CHUKWUDI
703	MBAH LAWRENCE, KWENDE
704	MBAM ALFRED, EZE
705	MBC SECURITIES, NOMINEE OBUM
706	MEGGISON TITILOLA,
707	MENSAH NICHOLAS, TAWIAH
708	MGBEAHURIKE ONYEBUCHI, IGBOKWE
709	MGBENU IFEANYICHUKWU, CHIKAODILI
710	MOMOH DOYINSOLA, ABDULQUAYUM
711	MORADEYO DAVID, ADEMOLA
712	MORDI ANTHONIA, EKENE
713	MORGAN CAPITAL SEC-TRADED-STCK-AC
714	MOROCCO-CLARKE SUSAN, AYODELE
715	MOSHOOD ISIAKA, TUNDE
716	MOSURO YAKUBU, TITILAYO
717	MOT OLAYIWOLA, TOBUN
718	MOTOLATOB NIG. LIMITED
719	MOUNT ZION HOLY TOURS LTD
720	MPAMAUGO EDITH, NWANWEREUCHE
721	MPAMAUGO SAMUEL, CHINENYE
722	MR&MRS CHRISTOPHER, & ROSALIND OYENEKAN

S/No	Beneficiary
723	MR&MRS IKPONMWOSA, JAMES ODIASE
724	MR&MRS NATHANIEL, OLADAYO OYATOGUN
725	MUDASHIRU USMAN, AKANBI
726	MUFUTAU OMOLOLA, BUKOLA
727	MUHAMMED ABDULLAHI, ADESHINA
728	MUHAMMED IBRAHIM,
729	MUKAILA KAFILAT, AJOKE
730	MUKAILA-LAWAL KENECHUKWU, LAURA
731	MUKHTAR ABDULBASIT, TENIOLA
732	MULTRACTS INVESTMENT LTD
733	MUNADAS MULTI CONCEPT LIMITED
734	MURITALA IDAYAT, TEMITOPE
735	MUSA SHITTU, ABOKI
736	MUSTAFA MUHAMMED, HAMISU
737	MUSTAPHA WASILAT, AYOBAMI
738	MWML NOMINEES LTD-MAO ACCOUNT
739	NAJEEM SALAWA, OLUWAKEMI
740	NARDAU INVESTMENT CO. LTD
741	NDUBUISI EKENEDIRICHUKWU, CHIOMA
742	NEM INSURANCE PLC
743	NGWUOCHA CHIKE, CHARLES
744	NIGERIAN INTER., SEC-TRADED-STOCK-A/C
745	NISL INVESTMENT NOMINEE
746	NISL VENTURES LIMITED
747	NJEMANZE JULIET, CHINYERENGOZI
748	NJOKU CHRISTIAN, CHINONYEREM
749	NJOKU REMIGIUS, NWACHUKWU
750	NNAETO ONYINYE, UZOAMAKA
751	NNAJI DANIEL,
752	NNAMDI JOHN, OKONKWO
753	NNAMNO C, NWOSU
754	NNOROM HARISON, U
755	NOJEEM ISMAILA, SEGUN
756	NORTH WEST PETROLEUM & GAS LTD
757	NORTHWEST PETROLEUM & GAS
758	NURUDEEN ABOLORE, MODINAT
759	NURUDEEN OLUSEGUN, OYELEYE
760	NWABUEZE KINSLEY, KENECHUKWU
761	NWABUGHOGU BRIGHT,
762	NWABUIHE OLIVER, SIL
763	NWABUNIKE HARRISON, CHIAGOZIE
764	NWACHUKWU AKOWUNDU,
765	NWACHUKWU JOHN, IFESINACHI
766	NWACHUKWU OGBONNAYA, OBI
767	NWAGBOM CONSTANTINA, ONYEKACHI
768	NWAGURU CHRISTOPHER, OKECHUKWU
769	NWAIGBO CHILEZIEMANYA, K.
770	NWAKANMA N, KINGSLEY
771	NWANKPA EJIKE, C.
772	NWOGU PRECIOUS, ONYEDIKACHI
773	NWOKEH OMENUKOR-AKU,
774	NWOKO EDWIN, ONUWA CHIKWEKWEM
775	NWOKORIE EUGENE, MADU

S/No	Beneficiary
776	NWOSU HYGINUS, EMEKA JP
777	NWOSU PEACE, CHIDI
778	NWOSU SUNDAY, NNAMDI
779	NWOSU SYLVESTER, ETEKWUTE
780	NYONG OKON, ABRAHAM
781	OBA KAFILAT, MOJISOLA
782	OBADEMI JOSHUA, OLUYEMI
783	OBAFEMI ADENIYI, ESURUOSO
784	OBARINDE ISAAC, OBATOSHO
785	OBASI CHRISTIAN, ANELECHI
786	OBATAYO JOHN, OLUWAFEMI
787	OBAYEMI FEYISARA, JANET
788	OBAYOMI IDOWU,
789	OBI AZUBUIKE, EMMANUEL
790	OBI EJIOFOR, ANTHONY
791	OBI FIDELIS, CHUKS
792	OBI OKEZIE, PRINCE
793	OBIANYOR EMEKA, TOBENNA
794	OBIDEYI ASEPENISEOLUWA, VINCENT
795	OBIDEYI EFUNYEMI, OLATUNDE
796	OBIDEYI ITEOLUWAKIISHI, JOAN MORENIKE
797	OBIDIKE ANTHONY, IKECHUKWU
798	OBIERI CHUKWUEBUKA, OBIORA
799	OBIERI CHUKWUEBUKA, OBIORA
800	OBINNAYA SOLOMON, OLUWATOBI
801	OBISESAN AKINWALE, TAIWO & JOY
802	OBISESAN OLUGBENGA,
803	OBODOZIE CONSTANCE, ONYEKA
804	OCHEI DENNIS, OSADEBAY
805	OCHOGU EMMANUEL, CHIBUEZE
806	ODARANILE MOHAMMED,
807	ODE COMFORT, OLUWASEYI
808	ODELEYE OLUWASESAN, JAMES
809	ODEYEMI JOSHUA, OLALEKAN
810	ODITA CHARLES, CHIEDU
811	ODOI-OLUDEMILADE PAUL, NII PRINCE
812	ODOZI UCHE,
813	ODU CYRIL,
814	ODUGBEMI REGINA, AITUAJE
815	ODUKALE ABIMBOLA, ADEBOYE
816	ODUMADE PETER, AFOLABI OLAREWAJU
817	ODUME FESTUS, AZUBUIKE
818	ODUNAIYA ABIOLA, OLUBUNMI
819	ODUNGIDE IMA,
820	ODUNSI TOLULOPE, JOSHUA
821	ODUNTAN GANIYU, ADE
822	ODUNTAN OMOTAYO, MORENIKE
823	ODUNUGA SAMIAT, ADEBANKE
824	ODUSANYA OPE, ANIKE
825	ODUSOLA BABAJIDE,
826	ODUSOTE OLATUNBOSUN, ANIKE
827	ODUWOLE OLADAYO,
828	OFFOR KINGSLEY, ONYEMAENCHI
829	OFFOZOR MATTHEW,
830	OFILI OGHENEFEGO,
831	OFILI VICTOR, NNABUNDO
832	OFOHA IKENNA, KENNETH
833	OFOYELA ENOR,

S/No	Beneficiary
834	OGBE DAVID,
835	OGBE TASHEGBONE, KOKOGHO
836	OGBU CHUKWUMA,
837	OGBUDJA OSCAR,
838	OGBUMMAH WOGWUGWU, THEOPHILUS U.
839	OGHENERUKEVWE AKPORE,
840	OGIDI ANTHONIA, OMOLOLA
841	OGINNI JOSHUA, OLUWOLE
842	OGINNI SUNDAY, PATRICK
843	OGUIKE-OLERU FABIAN, NNAMDI
844	OGUJIUBA GRACE, IFEYINWA
845	OGUNADE TAIWO, ADEBIYI
846	OGUNBESAN SHOLA, JAMIU
847	OGUNBIYI YUSUF, GBENGA
848	OGUNBOR RISI, E.
849	OGUNDAHUNSI OLUMIDE, & OMOBOLA
850	OGUNDARE AKINNIYI, MOSES
851	OGUNDEJI MOSES, AYODELE
852	OGUNDELE ADETUTU, OLUREMI
853	OGUNEKUN ADEBOYE, LAPEKUN O
854	OGUNKANMBI SAMUEL, OLANREWAJU
855	OGUNKENU OLUSOLA, (MRS)
856	OGUNLEYE AFOLARIN, AFOLABI
857	OGUNLEYE AYODELE, (DR)
858	OGUNMODEDE GABRIEL,
859	OGUNNAIKE OLUBUKOLA, OMOLARA
860	OGUNNIYI TUNBOSUN, OLUFEMI
861	OGUNSOLA ADEDAYO, OLUWASEGUN
862	OGUNTOYE OLUWATOPE, LAWRENCE
863	OGUNYEMI OLUSEGUN,
864	OHADOMERE OSINACHI, EMMANUEL
865	OHAEGBULAM NESHMET, CHIKE
866	OHIFUEMEH OLAYINKA, ANUOLUWAPO
867	OHUABUNWA NNAMDI, GODFREY
868	OJISUA MOYO,
869	OJO ADELEKE, ISEOLUWA
870	OJO JOSHUA, AKINDELE
871	OJO STEPHEN, ADETUNJI
872	OJOLOWO HAMMED, OLAYIWOLA
873	OJUKOTOLA RAHAMON, OLUWOLE
874	OJUMU ROLAND,
875	OKAFOR ANWULI,
876	OKAFOR AUGUSTINE, AZUBUIKE
877	OKAFOR BLESSING, NKEONYERE
878	OKAFOR CHRISTIAN, CHUKWUEMEKA
879	OKAFOR CHUKWUDERA, SAMUEL
880	OKAFOR CHUKWUEMEKA, ADRIAN
881	OKAFOR EMMANUEL, NKWACHUKWU
882	OKAFOR EMMANUEL, NKWACHUKWU MR & MRS
883	OKAFOR RUTH, ESOHE
884	OKANLAWON SAMUEL, ADEGOKE
885	OKEKE M, JOHN
886	OKELEYE ADENIKE, ELIZABETH
887	OKELEYE DAMILOLA,
888	OKELEYE ENOCH, ANJOLA-OLUWA
889	OKELEYE ISRAEL, AYODAMOPE

S/No	Beneficiary
890	OKELEYE RACHAEL, OREOLUWA
891	OKENWA EBUKA, SAMUEL
892	OKEOLA SALIU, BAYO (MR)
893	OKESOOTO IPADEOLA, JONATHAN
894	OKETE PETER, OSUBU
895	OKOAHABA INNOCENT, BOLUM
896	OKODO IFEANYI, CORNELIUS
897	OKOH EMMANUEL, ODE
898	OKOH PETER, KNIGHT
899	OKOLIE HUMPHREY, EZE
900	OKOLO UMUNALI,
901	OKON EMMANUEL, E.
902	OKORIE RICHARD,
903	OKORO IBEKWE, APOLLOS
904	OKOROAFOR CHIKE, SOPURUCHI
905	OKOROAFOR IGNATIUS, EJILUGWU
906	OKOROIGWE ESTHER, ONYEKACHI
907	OKOYE LEONARD, CHUKWUEMEKA
908	OKOYE NNENNA, CHIOMA
909	OKOYE VICTOR,
910	OKPADILE LESLIE,
911	OKPARA CHUKWUMAIHE,
912	OKPARA CHUKWUMAIHE, G.
913	OKPO UNO, EDET
914	OKUNGBURE BABATUNDE, OLUWAYOMI
915	OKUNRIBIDO OLADIPUPO, OLUFOLARANMI
916	OKUNROBO MARY, ABIEYUWA
917	OKWUADA SAMUEL, KESSINGTON
918	OKWUSA CHUKWUEBUKA, CHIDIEBERE
919	OLABISI ADEDAYO,
920	OLABODE FELICIA, OLURANTI
921	OLABODE JEREMIAH,
922	OLABODE OLUSEGUN, VICTOR
923	OLABODE SHADIAT, OLABISI
924	OLADAPO LATIFAT, KEMI
925	OLADELE SEGUN,
926	OLADIJI OLAYIMIKA, OLUWAFEMI
927	OLADOKE SUNDAY, ISAAC
928	OLADOSU ISLAMIYAT, ADETUTU
929	OLAGBAIYE OLAMILEKAN, TOBI
930	OLAGBAJU NIMOTA, ADEPEJU
931	OLAGUNJU GABRIEL ADEWALE
932	OLAITAN OLAOLU,
933	OLAJIDE ADEBAYO, BAMIDELE
934	OLAJIDE OLUKAYODE,
935	OLAJIGA OLUFEMI, AYODEJI
936	OLAJOSAGBE JOHN, OLUBUNMI
937	OLAJOSAGBE JOHN, OLUBUNMI
938	OLAJUWON ENIOLA, OLAKUNLE
939	OLALEKAN LIADI, RASAKI
940	OLALEKAN PEDRO,
941	OLALEYE ADEYEMI, ELIJAH
942	OLALEYE OLAKUNLE, MICHAEL
943	OLANIYAN RAMOTA, OLUWABUNMI
944	OLANREWAJU FILANI OLADAPO
945	OLANREWAJU KAZEEM, ADIO
946	OLASEHINDE ADENIKE, KEMI
947	OLASEHINDE FESTUS, OLUWASEUN

S/No	Beneficiary
948	OLASEHINDE OLUWATOSIN, BENJAMIN
949	OLASUPO SHITTU, KAZEEM
950	OLATONA REBECCA, OPEYEMI
951	OLATUNDUN RASHEED, OLABISI
952	OLAWUMI JOSEPH, OLALEKAN
953	OLAYEYE RAOLAT, TOLANI
954	OLAYIWOLA MARIAM, OLAIDE
955	OLEKA JOHNBOSCO, CHIGOZIE
956	OLEKA SIXTUS, UCHE
957	OLIVE COURT CHARITY FOUNDATION
958	OLIVER IKE ORJIAKO
959	OLIYIDE TITILOLA,
960	OLOAPUPO RAHMAT, ADEOLA
961	OLOKPA DAROCHA, JOHNSON
962	OLOKPA FIDELIA,
963	OLOTU OLUSOJI, OLABODE
964	OLOWOOKERE ENIOLA, ABOSEDE
965	OLOWOOKERE SULAIMON, AYINDE
966	OLOWOSALE AYOMIDE, BASIT
967	OLOWU ABIODUN, ABODUNRIN
968	OLUBIYI ROTIMI, ALFRED
969	OLUGBOSUN ARIYO, AYO
970	OLUGBOSUN BANJI,
971	OLUJITAN ABAYOMI, TOLULOPE
972	OLUKEMI ESAN ADEWONUOLA
973	OLUKOJU AYODEJI, ABAYOMI
974	OLUSANYA OLUREMI, OLUKUNLE
975	OLUSEGUN OLUFEMI, DANIEL
976	OLUSOLA OLUSEYI, OLABIYI
977	OLU-TIMA OLUMIDE, TAMUNO
978	OLUWAJEMISIN FAVOUR, OLUWASEUN
979	OLUWANIYI JEREMIAH, OLUGBENGA
980	OLUWASEUN OMOTOSHO,
981	OLUWOLE GABRIEL, AKANBI
982	OMARUAYE FRANCES,
983	OMIPITAN OMOTAYO, JONAH
984	OMOGBEHIN SOLA, ZACH
985	OMOGBEYISOLA ADEMOLA, MARTINS
986	OMOGIAFO OWEN, DIANA
987	OMOJOLA JOSHUA, DAMILOLA
988	OMOLE ABRAHAM, OLAMILEKAN
989	OMOLE DEBORAH, MORADEKE
990	OMOLE JOSEPH, ADEDEJO
991	OMONIYI KIKEYEMI, ELIZABET
992	OMOSHEBI STEPHEN, EKUNDAYO
993	OMOTESO ADEBAYO, OPEYEMI
994	OMOTOLA ADURALERE, ADEOLUWA
995	OMOTOLANI ADETOUN, LAIYENBI MUTIAT
996	OMOTOYE ADEWALE,
997	OMOYA OLANREWAJU, AYOBAMI
998	OMOYELE ADESOJI, BODUNDE
999	ONABANJO OLUROTIMI, OLUGBUYI
1000	ONADEKO SAMUEL, IMOLEAYO
1001	ONAKPOVHIE ONAGITE, EMMANUEL
1002	ONASANYA BAKIU, ADENIYI
1003	ONASANYA OMOLOLA, ARIBIKE
1004	ONEKUTU EMMANUEL, AKAGU
1005	ONIFADE MUYIWA, WAHEED

S/No	Beneficiary
1006	ONIKOYI BABATUNDE, YEKEEN
1007	ONIOVOSA SAMUEL
1008	ONITIRI ADESUNBO, ADENIJI DAVID
1009	ONIWINDE OMOLARA, ADEBISI
1010	ONOKA NNENNA,
1011	ONOKURHEFE BENSON, IRHIKEVWIE
1012	ONOKURHEFE BENSON, IRHIKEVWIE
1013	ONU BERNARD, OKECHUKWU
1014	ONUCHE JAMES, DANIEL
1015	ONUIGWE JOHNSON, CHIMA
1016	ONUOHA CHIDI, CHIKWENDU
1017	ONWELUZO UZOAMAKA, SOPHIA
1018	ONWUJI JOHN, CHUKWUEMEKA
1019	ONWUKA LAZARUS, NNADOZIE
1020	ONWULIRI CHUKWUEMEKA, ONYEMAUCHE
1021	ONWUNYI LOTANNA,
1022	ONYEANUNA CHINEDU, KENNETH
1023	ONYEBUAGU IJEOYIBO, JENNIFER
1024	ONYEBUCHI HYCIENTH, ONYEAHIALAM
1025	ONYEBUCHI NNAEMEKA, CALEB
1026	ONYECHI IKECHUKWU, TAGBO
1027	ONYEJI UCHE, LILIAN
1028	ONYEKELU EMMANUEL, ONYEKACHI
1029	ONYEKELU EMMANUEL, ONYEKACHI
1030	ONYEKWELU NNAEMEKA, CHIJINDU
1031	ONYEMAEKE CHINWENDU, MATILDA
1032	ONYENOBI IJEOMA,
1033	ONYIA EMEKA, JUDE
1034	ONYIA ISRAEL, CHUKWUKA
1035	ONYIA UCHENNA, CHINYERE
1036	OPARA CLEMENT, ANAELE CHUKWUDI
1037	OPATOLA JOSEPH, OGUNDEYI
1038	OPATOLA JOSEPH, OGUNDEYI
1039	OPEGBUYI OKANLAWON, TAJUDEEN
1040	OPURUM EMMANUEL, THOMAS
1041	ORAGWU ALUBA, I. & PETER O.
1042	ORAH CHINEDU, JEROME
1043	OREFUWA BABATUNDE, ADEMOLA
1044	OREFUWA OLUWAGBENGA, GABRIEL
1045	OREFUWA OLUWASEYIFUNMI, D
1046	OREFUWA TEMITOPE, M
1047	ORENIYI TEMITOPE, LEKE
1048	ORIADE ABIODUN, JOB
1049	ORIOWO MARGARET, MAYOWA
1050	ORIVOH VICTOR,
1051	ORUADE OGHENEKOME,
1052	OSABUOHIEN KINGSLEY, OSARODION
1053	OSAMO DARE, OLUWASEGUN
1054	OSAYIMWEN OSASUMWEN, OSAYANDE
1055	OSHEWA FRANCISCA, AINA
1056	OSHIN ADESEGUN,
1057	OSHINFADE BOLA, TAYO
1058	OSHO ALEX, ABIOLA
1059	OSIKALU LUCIA, FUNMILAYO
1060	OSILEYEOLUGBENGA AFOLABI,
1061	OSOBA ADEYEMI, SOLOMON
1062	OSONDU JULIAN, IKECHUKWU

S/No	Beneficiary
1063	OSOTA OBAFUNMILAYO, OLABOYE
1064	OSUJI UGOCHUKWU,
1065	OSUNDINA ADEDEJI, AKINKUNMI
1066	OSUNKOYA SUNDAY, AFOLABI
1067	OSUNKWO EBERE, WALTER
1068	OSUNYOMI OLUMIDE, YETUNDE
1069	OSUOHA A, CHIMA
1070	OTENIYA THERESA, OMOPONMILE
1071	OTOROLEHI-OKEZIE VICTORIA,
1072	OTSEMOBOR ENETOMHE,
1073	OTTIH CHIMAMANDA, CLAIRE
1074	OTUNLA DAPO,
1075	OTUONYE MERCY, NKECHI
1076	OVIAWE NOSAMUDIANA, ABIGAIL
1077	OWIEADOLOR OSARIEMEN, SIMON
1078	OWIEADOLOR OSARIEMEN, SIMON
1079	OWO FAUSAT, ABIODUN
1080	OWOLABI ALONWONLE, NURUDEED ADEKUNLE
1081	OWOLABI TAWAKALITU,
1082	OWOPETU OLUFEMI,
1083	OWOYEMI OLAWALE,
1084	OWUMI ANTHONY, AGHOGHO
1085	OYAKHILOME MOMODU, KABIR
1086	OYATOGUN NATHANIEL O. O.
1087	OYEBANJI GRACE, ABIMBOLA
1088	OYEDELE ABDULAZEEZ, ADEMOLA TAIWO
1089	OYEDELE NURAT, ADENIKE EJIDE
1090	OYELAKIN OMOSHALEWA, SHERIFAT
1091	OYELUDE BABATUNDE., S.
1092	OYENUGA FOLASHADE, MARY
1093	OYEOKA JOY, NJIDEKA
1094	OYEOKA ONYINYE,
1095	OYESOLA FIYINFOLUWA, OYEBISI
1096	OYETIMEIN OLUWAPELUMI, MICHAEL
1097	OYEWOLE ISAIAH, OLUWATOSIN
1098	PASADENA ENERGY CORPORATION (FUTUREVIEW) -
1099	PATIENCE TUBOLAIFA, DORGU
1100	PATRICK AKINWUNTAN, MR & MRS
1101	PATRICK CHINELO, FAVOUR
1102	PATRICK UGOCHUKWU, NNAMDI
1103	PAUL AUGUSTINE, IDEYE
1104	PAUL SUNDAY, KINGSLEY
1105	PEARL TRADING & INVESTMENT LTD
1106	PEREIRA THEODORE, SHOBOWALE
1107	PESACH CAPITALS LIMITED
1108	PETER TAIWO, RACHEAL
1109	PETERS ADENIKE, MODUPE
1110	PHILIP IKECHUKWU,
1111	PHILLIPS BOLAJI, OLUFUYI
1112	PIUS UGHAKPOTENI, O.
1113	POPOOLA FUNKE, ANIKE
1114	POPOOLA SHERIFAT, BOLA
1115	POUSSE CAPITAL LIMITED
1116	PREYE JERRY, NYENYE
1117	PROF CHRIS EKONG FOUNDATION
1118	QADIR LATEEF, OLAMILEKAN
1119	QUADRI SULAIMON,
1120	RABIU SULE, ADEYEMO
1121	RAHMAN ADAM, TOLULOPE

S/No	Beneficiary
1122	RAIMI RAMONI, ADEMOLA
1123	RAMON ADIJAT, KUBURA
1124	RASAQ OLALEKAN, MUMUNI
1125	RENCAP SECURITIES, NIG LTD-MM TRADING
1126	REUBEN VICTORIA, KEHINDE
1127	RIBIAX INVESTEMENT SERVICES LIMITED
1128	RIMDAP ABDUL, BIN
1129	ROBBINS LINWOOD, LADELL
1130	ROBSON SAMUEL,
1131	ROSGATE NIGERIA LIMITED
1132	RUFAI ADEMOLA, ELIAS
1133	RUNSEWE OLAOLUWA, OLUWOLE
1134	SAADU FALILAT, BOLANLE
1135	SADA VICTOR, OGHOGHO MR
1136	SAGOE KWEKU-MENSAH, OLAKUNLE
1137	SAKA HAKEEM, OLORUNTOYIN
1138	SAKA KOLAWOLE, ADAMS
1139	SAKA NUSIRAT, OMOBOLANLE
1140	SAKARIYAHU SHUAIB, TOYIN
1141	SALABIU WASIU, ROTIMI
1142	SALAMI JUSTIINA, SOBALOJU
1143	SALAMI OLASUNKANMI, TIRIMISIYO
1144	SALAMI RASHEEDAT, ABOSEDE
1145	SALAMI SILIFAT, ADEBOLA
1146	SALAMI SULAIMON, ABIODUN
1147	SALAMI YUSUFU, BISI
1148	SALAMI ZACHAEUS, OTITOJU
1149	SALAU MOHAMMED, ADEBANJO
1150	SALAU NURUDEEN, BABATUNDE
1151	SALAWU OMOLARA, WAKILAT
1152	SALEMSON SHAREHOLDERS ASSO OF NIGERIA
1153	SALISU SHUIBU, RAKIYA
1154	SALIU FAUSAT, REMILEKUN
1155	SANGUDI GENEVIEVE
1156	SANNI ABIODUN, CHRISTIANA
1157	SANNI TOYIN, FOLASHADE
1158	SANUSI IBRAHEEM, BUKUNLE
1159	SANUSI ISMAIL, FOLAWIYO
1160	SANUSI ISMAIL, OLASUKANMI
1161	SANYAOLU JONATHAN, AYO
1162	SARKI -, UMAR ALIA FEYISAYO ASAKE
1163	SARUMI TUNDE, KABIR
1164	SAVAGE ADEBUKOLA, ARIKE
1165	SCHLUMBERGER SEP INDEM FUND-CONS-TRADING
1166	SCOTT GABRIELLA, OYINKA
1167	SHAREMAN LIMITED
1168	SHITTA MORUFAT, ABIOLA
1169	SHITTA-BEY DHIKRULLAHI, OLAWALE
1170	SHITTA-BEY OMOWUNMI,
1171	SHITTU SULAIMON, AYINLA
1172	SHOBANDE COMFORT, OLUSHOLA
1173	SHODEINDE OLUWATOBI, EMMANUEL
1174	SHODEKE OMOLARA, DORCAS
1175	SHOFOLAHAN ANTHONIA, OLUWATOYIN
1176	SHOFOLAHAN CHARLES, OLUSEGUN

S/No	Beneficiary
1177	SHOFOLAHAN ELIZABETH, OLUBUKONLA
1178	SHOFOLAHAN FRANCISCA, BOLATITO
1179	SHOFOLAHAN SUNDAY, O.
1180	SHOKUNBI KHADIJAT, OLASUMBO
1181	SHOMORIN OLUWAKEMI, SEUN
1182	SHOPEJU EFUNBOSEDE, AYOTUNDE
1183	SHOTUNDE BABATUNDE, SUNDAY
1184	SHYLON OLATUNBOSUN,
1185	SIAML/TY HOLDING LIMITED
1186	SIFFRE DADA, BIOLA
1187	SIMAN LARAI,
1188	SIMPSON ADETUNDE, OPEYEMI
1189	SIMPSON ADETUNDE, OPEYEMI
1190	SMARTT FUTURES RESOURCES LTD -
1191	SMITH BUKOLA,
1192	SOARES AKINOLA, (EVANG)
1193	SOBANDE RAPHAEL, OLUDARE
1194	SOBODU ADESOLA, OLUWAWEMIMO
1195	SOBOWALE SESAN, OLUFUNMILADE
1196	SOFOWORA SHAMSONDEEN, AINA
1197	SOKARE BEULAH, EFEOGHENE KARINATE
1198	SONIBARE WAHEED, AKANNI
1199	SORINOLA SAMUEL, OLUDARE
1200	SOSANWO REUBEN, SINA
1201	SOWEMIMO BASIRU, SOLA
1202	SOWEMIMO OLUSOLA, OLABISI
1203	SOYE BRIGGS,
1204	STERLING ASSURANCE NIGERIA LIMITED
1205	STERLING REGISTRARS LTD
1206	SULE ABIOLA, SEKINAT
1207	SULE ABIOLA, SEKINAT
1208	SULE ANARUGU, SHEHU
1209	SUNDAY YUSUF, GAJERE
1210	SURAKAT KAZEEM-IDOWU,
1211	TAIRU TAIWO, KAMALIDEEN
1212	TAIWO ADEMOLA, SIMEON
1213	TAIWO ATINUKE, ADUKE
1214	TAJUDEEN KABIR, BANKOLE
1215	TAJUDEEN TAIWO, JAMIU
1216	TAJUDEEN TINUBU, TEMILOLUWA
1217	TATIN TRUE CONCEPTS LIMITED
1218	TAYO MOJISOLA, OLUFUNSO
1219	TEBI CAPITAL INVESTMENT LIMITED
1220	TEDEYE OMAJUWA, J.
1221	THOMAS AKINBAYO, OLAWALE
1222	THOMAS AKINBAYO, OLAWALE
1223	THOMSON ISRAEL,
1224	TIAMIYU MUSTAPHA, OLADELE
1225	TIJANI AJIMOTU, MONYENI
1226	TIJANI OLUWANISOLA, M.
1227	TIJANI SHUKURAT, EBUNDOLA
1228	TIJANI, ADIJATU-KUBURA, OLUWATOSIN
1229	TIJANI, QUZEEM, AYOMIDE OLUWADUROTIMI
1230	TIJANI, SODIQ, OLUWAGBEMIGA
1231	TIJANI, SUKURAT, EBUDOLA
1232	TIJANI, SULEIMAN, OLUWASEUN
1233	TITUS UCHE,
1234	TRUSTHOUSE INV. LTD.-TRADED-STOCK-A/C
1235	TRW STOCKBROKERS, LTD- T+2 ACCOUNT NOMINE
1236	TRW STOCKBROKERS, LTD- T+2 ACCOUNT NOMINE
1237	TRW STOCKBROKERS LTD- T+2 ACCOUNT NOMINE
1238	TUEDOR FRANCIS,
1239	TWO EDGE PARTNERS GLOBAL LIMITED
1240	UBAH IRENE, NNABUOGO
1241	UBAKA CHIAGOZIE, ONYEKACHI
1242	UBOGU FELIX, NKWAONYE & OLUFUNMILAYO ITUN
1243	UCHENYI CHIOMA, CHIDUBEM
1244	UCHENYI KESANDU, CHUKWUBUEZE E
1245	UCHENYI KESANDU, ONYIMGBA MELVYN
1246	UCHENYI UZOAMAKA, UCHECHI
1247	UDOFIA NKO,
1248	UDOFIA WILLIAMS, ETUK
1249	UDOH INEMESIT, BRIAN EZEKIEL
1250	UGBALA CHIGOZIE, CHRISTIAN MONDALE
1251	UGBOR ULODIAKU, PETER
1252	UGWUEDE BENEDICT, CHIDEBERE
1253	UKEGBU AZUBUIKE
1254	UKONGA FLORENTINA, ADENIKE
1255	UKPONG CHRISTIANA, LUCKY
1256	UKPONG UKPONG, S.
1257	UMAR FARUK, (DR.)
1258	UMEH IFY,
1259	UMEOKORO IFEANYICHUKWU, JUDE
1260	UMEZE NZE, INNOCENT
1261	UMOH OTOBONG, ISAIAH
1262	UMUKORO EMMANUEL, FRANKLIN
1263	USIAPHRE PATRICK,
1264	USIAPHRE PATRICK, ONOME
1265	USMAN HAMMED, OLUWASHOLA
1266	VETIVA NOMINEES A/C OGE PETERS
1267	VETIVA TRUSTEES LIMITED-CLIENTS CSCS
1268	VICTOR &, BRIDGET DANIA
1269	VICTOR EFFIOM, OROK
1270	VINCENT CHRISTIE, OTUOSOROCHUKWU
1271	VINSTAR CONSULTING
1272	VISTA INVESTMENT PROPERTY LIMITED -
1273	WASIU ADEWALE, AZEEZ
1274	WASIU ADEWALE, AZEEZ
1275	WEWE MARY, IMADE
1276	WILLIAMS ESTHER, FOLASHADE
1277	WILLIAMS GRACE, NWAKEGO
1278	WILLIAMS OLUWASEYI,
1279	WILLIAMS RUTH, OLAMIDE
1280	WILLIAMS SERAH, QUEEN
1281	WOODCOTE LIMITED
1282	WOODGREEN GLOBAL RESOURCES LIMITED
1283	YARROW ALIMOT, SHADIAT
1284	YINKA ADETUBERU, DAVID
1285	YINUSA NOIMOT, OMOLOLA
1286	YINUSA RIDWAN, ADESHINA
1287	YUSSUF ZAINAB, ADESHINA
1288	YUSUF BASHIR, AHMED
1289	YUSUF IBRAHEEM, MUHAMMAD
1290	YUSUF NURUDEEN,
1291	YUSUF RIDWAN, OLALEKAN
1292	YUSUFF FEMI, LATEEF
1293	ZAMBLERA MAURO,
1294	ZARMUNEN ANFISA, GOFWEN
1295	ZARMUNEN ANFISA, GOFWEN
1296	OKONORHO LIZ, OGHENEKEVWE
1297	ZIRA MAURICE,

General information

Board of Directors

Ambrosie Bryant Chukwueloka Orjiako	Chairman	Nigerian
Roger Thompson Brown	Managing Director and Chief Executive Officer	British
Emeka Onwuka	Chief Financial Officer (Executive Director)	Nigerian
Effiong Okon	Operations Director (Executive Director)	Nigerian
Ojunekwu Augustine Avuru	Non-Executive Director	Nigerian
Madame Nathalie Delapalme	Non-Executive Director	French
Olivier Cleret De Langavant	Non-Executive Director	French
Basil Omiyi	Senior Independent Non-Executive Director	Nigerian
Xavier R. Rolet, KBE	Independent Non-Executive Director	French
Arunma Oteh, OON	Independent Non-Executive Director	Nigerian
Charles Okeahalam	Independent Non-Executive Director	Nigerian
Lord Mark Malloch-Brown	Independent Non-Executive Director	British
Damian Dinshiya Dodo, SAN	Independent Non-Executive Director	Nigerian

Company Secretary
Edith Onwuchekwa

Registered office and +.business address of Directors
16a Temple Road (Olu Holloway),
Ikoyi
Lagos
Nigeria

Registered number
RC No. 824838

FRC number
FRC/2013/NBA/00000003660

Auditor
PriceWaterhouseCoopers
Landmark Towers
5b Water Corporation Road
Victoria Island
Lagos
PWC

Registrar
DataMax Registrars Limited
2c Gbagada Expressway
Gbagada Phase 1
Lagos
Nigeria

Solicitors
Olaniwun Ajayi LP
Adepetun Caxton-Martins Agbor & Segun (“ACAS-Law”)
White & Case LLP
Whitehall Solicitors
Chief J.A. Ororho & Co.
Ogaga Ovrawah & Co.
Consolex LP
Mike Igbokwe & Co.
V.E. Akpoguma & Co.
Thompson Okpoko & Partners
G.C. Arubayi & Co.
Streamsowers & Kohn
Tonbofa Law Practice
Chris E Anokam & Co
Adebiyi Tax & Legal
Tsedaqah Attorneys
J.E. Okodaso & Company

Bankers
First Bank of Nigeria Limited
Stanbic IBTC Bank Plc
United Bank for Africa Plc
Zenith Bank Plc
Citibank Nigeria Limited
Standard Chartered Bank
HSBC Bank
FirstRand Bank Limited Acting
Natixis
Nedbank Limited
Nomura International Plc
The Standard Bank of South Africa
The Mauritius Commercial Bank

Glossary of terms

AEPS
Amukpe Escravos Pipeline System

AG
Associated Gas

AGPC
ANOH Gas Processing Company

ALR
Amended Listing Rules

ANOH
Assa North Ohaji South

BTU
British Thermal Unit

CAMA
Companies and Allied Matters Act

CBI
Convention on Business Integrity

CBN
Central Bank of Nigeria

CGRS
Corporate Governance Rating System

DD&A
Depreciation, Depletion & Amortization

DSO
Domestic Supply Obligation

E&A
Exploration and Appraisal

EBIT
Earnings Before Interest Tax

EPF
Early Production Facility

EPS
Earnings Per Share

ERGP
Economic Recovery & Growth Plan

ERM
Enterprise Risk Management

ESIA
Environmental Social Impact Assessment

FID
Final Investment Decision

FTSE
Financial Times Stock Exchange Index

GDP
Gross Domestic Product

GGFR
Global Gas Flaring Reduction

GHDI
Global Human Development Initiative

GMOU
Global Memorandum of Understanding

GMP
Gas Master Plan

GSA
Gas Supply Agreement

GTL
Gas To Liquids

GW
Giga Watt

IEFX
Investors, Exporters Foreign Exchange window

IOC
International Oil Company

IOGP
International Association of Oil & Gas Producers

IPP
Independent Power Plants

ISO
International Standards Organisation

KPI
Key Performance Indicator

KWH
KiloWatt Hour

LNG
Liquefied Natural Gas

LPS
Loss Per Share

LTF
Liquid Treatment Facility

LTIF
Lost Time Incident Frequency

LTIP
Long Term Incentive Plan

MCP
Multiple Currency Practices

MOPU
Mobile Offshore Production Unit

NAPIMS
National Petroleum Investment Management Service

NBS
National Bureau of Statistics

NED
Non Executive Director

NGC
Nigerian Gas Company

NGMC
Nigerian Gas Marketing Company

NGMP
Nigeria Gas Master Plan

NGO
Non Governmental Organisation

NGPTC
Nigerian Gas Processing and Transportation Company

NIIMP
Nigerian Integrated Infrastructure Master Plan

NNPC
Nigerian National Petroleum Company

NOGICD
Nigeria Oil and Gas Industry Content Development

NPC
National Population Commission

NPDC
Nigerian Petroleum Development Company

O&G
Oil & Gas

OB3
Obiafu-Obrikom-Oben gas pipeline

OPEC
Organisation of Petroleum Exporting Countries

PIB
Petroleum Industry Bill

PIFB
Petroleum Industry Fiscal Bill

PIGB
Petroleum Industry Governance Bill

PPP
Public Private Partnership

PSC
Production Sharing Contracts

RCF
Revolving Credit Facility

SDG
Sustainable Development Goals

SEC
Securities Exchange Commission

SID
Senior Independent Director

SPDC
Shell Petroleum Development Company

TRIR
Total Recordable Incident Rate

TSR
Total Shareholder Return

WEF
World Economic Forum

WRPC
Warri Refinery Petrochemical Company

Notes

Forward-looking statements

This document may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth, strategies and the oil and gas business. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance.

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