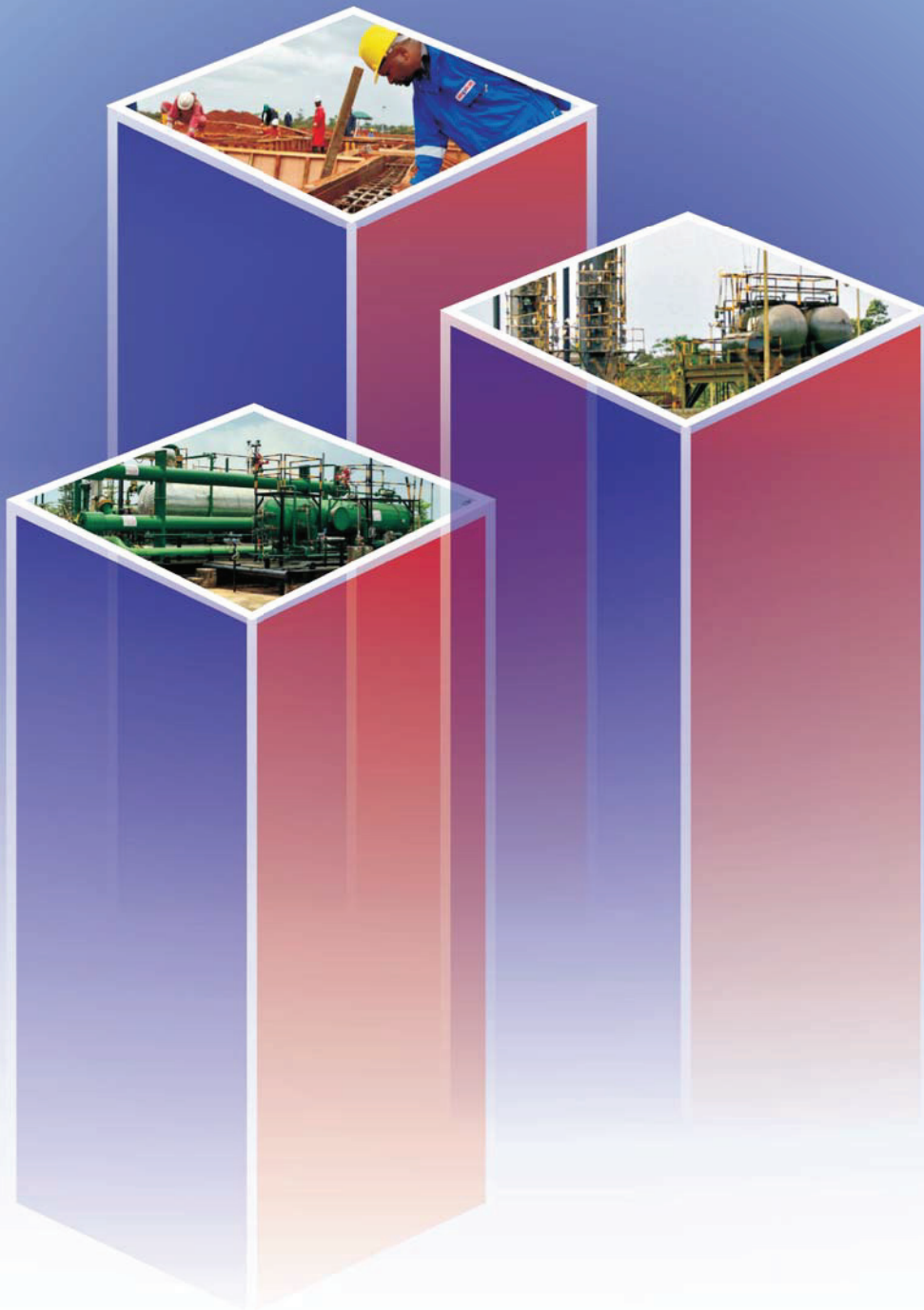


seplat Annual Report & Financial Statements 2013



seplat

Seplat Petroleum Development Company Plc

SEPLAT Facilities



Amukpe Flow Station



Oben Gas Plant



Rapele LACT-UNIT



Aerial View of Liquid Treatment Facility



Aerial View of Facilities



Oben Flow Station



SEPLAT Base Office, Sapele



Sapele Field Logistics Base

Heralding a new era.

Growing stakeholder value.



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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“Sound corporate governance is at the foundation of our corporate existence. It is essential to the sustainability of our corporate strategy.”

“Our management and people are our greatest assets. We cherish, support and encourage them today and always.”

PART 1

CHAIRMAN’S STATEMENT

“We remain committed to the full implementation of our “Seplat Model” of pro-active community engagement. We have created the platform for economic prosperity in the communities, a “win-win” strategy.”

Ambrosie Bryant Chukwueloka Orjiako
(Chairman)





Seplat Petroleum Development Company Plc

INTRODUCTION

Distinguished Shareholders,
Fellow Directors,
Representatives of the NSE, SEC, CAC,
Gentlemen & Ladies of the Press,
Ladies & Gentlemen,

It is with great pleasure that I welcome you to this AGM of our Company. This is our first AGM since we became a public company. Our Company recently recorded a landmark pioneer accomplishment with the dual listing of our shares for trading on the Nigerian Stock Exchange and the London Stock Exchange following our US\$535 Million (₦88 Billion) IPO in April 2014. This report will highlight events in the business environment during the financial year 2013 that impacted our operations.

BUSINESS ENVIRONMENT

The Global Economy

According to the IMF, the global economy strengthened in the second half of 2013 with an average GDP growth of 3.5%, compared to 2.66% recorded in the first half of 2013. Average global GDP is projected to grow by 3.6% in 2014.

This growth during 2013 was attributed to recoveries in the advanced economies, particularly the United States, where unemployment has continued to decline. The GDP performance of the emerging market economies did not show appreciable growth in 2013 but they contributed over 60% of the global GDP growth in 2013. The IMF projection for GDP growth in 2014 is 2.2% and 4.9%-5% for the advanced economies and emerging market economies respectively.

The Nigerian Economy

The GDP of Nigeria grew by 7.41% in 2013 compared to 6.66% in 2012 according to the Nigeria Bureau of Statistics (NBS). Noting the ongoing structural reforms under the Transformation Agenda, the IMF projected further growth in the Nigerian economy in 2014 driven by agriculture, trade and service industries.

Despite the predicted continued growth and the current rebasing of GDP, the Company operates and conducts business in an emerging market economy experiencing a considerable level of criminal activity, violent crime (particularly the Boko Haram insurgency), high unemployment rate and corruption.

In the oil and gas sector, growing oil discoveries in African countries, the advancement of shale oil and gas in the United States and increasing development of non-conventional oil have created significant additional supply in the global market. However, the supply/demand fundamentals still maintained an oil price above U\$100/barrel during 2013.

In Nigeria, the uncertainties about the passage of the Petroleum Industry Bill, persistent oil theft, huge exposure to subsidies and reduced demand for Nigerian crude oil blends, in the United States, among other things, continue to hinder the development of the industry.

On a positive note, the divestment and asset rationalisation by international oil companies and the gas reform with approximate price parity of domestic and export prices have encouraged the emergence of indigenous independent operators, led by SEPLAT. The recent rebasing of the Nigerian economy to emerge as the largest in Africa is a testament to the huge investment potential of the domestic Nigerian environment.

BUSINESS REVIEW

Overview

SEPLAT has continued to deliver growth holistically since inception in line with our strategy. Operated crude oil production has grown significantly over a 3-year period (2011-2013), from 11.5 million barrels in 2011 to 18.8 million barrels in 2013, with an exit gross production rate at 31 December 2013 of 61.7 thousand barrels per day.

Operated average daily production for 2013 was 51.4 thousand barrels per day, with total annual operated production of 18.8 million barrels. SEPLAT recorded total revenues of US\$880.2 million for the year ended 31 December 2013, representing growth of 41% over the 2012 figure. Profit for the year increased by US\$441.2 million to US\$550.3 million, representing earnings per share of US\$1.38.

Acquisitions

As a major part of our growth strategy, the Company engaged in 2013 in a number of bidding processes for the acquisition of oil and gas assets. We were successful in two of the bids; the acquisition of a 40% participating interest in the Umuseti /Igbuku fields (located within OPL 283), with 9,723 Mbbbl of working interest 2P Reserves, and a 40% participating interest in OML 53, which is yet to be completed due to legal proceedings brought by an unsuccessful bidder. We also are currently working on a number of other acquisition targets to grow our reserves on an ongoing basis.

Gas commercialisation

Under President Goodluck Jonathan's administration, Nigeria's domestic gas market is currently undergoing significant changes with improving pricing dynamics and increased demand. This development underpins our commitment to develop a robust gas business supplying the power, agriculture and manufacturing sectors of the domestic economy.

CORPORATE GOVERNANCE AND BEST PRACTICES

Overview

SEPLAT has adopted a comprehensive set of corporate governance policies and procedures which are consistent with the UK and Nigerian corporate governance codes. Sound corporate governance is at the foundation of our corporate existence. We believe that adherence to high corporate governance standards is pivotal to our performance, track record and future growth. It is essential to the sustainability of our corporate strategy.

Consequently, our Board has been restructured with the addition of a number of Independent Non-Executive Directors. The senior management has been further strengthened by the appointment of two new Directors. A number of Board committees have been established, including an audit committee, finance committee, risk management committee, remuneration committee and a corporate social responsibility committee.

We have put in place robust corporate governance practices and policies to provide the framework for a world-class corporate entity. Transparency and high business integrity are practiced across the board through the ongoing development and implementation of anti-corruption and whistleblowing policies, among others.

Pre-eminent management team

As one of the leading indigenous independent hydrocarbon producing companies in Nigeria, we pride ourselves in having a strong, efficient and highly professional management team. Our management team has a wealth of local knowledge, relationships in the oil and gas industry in Nigeria and long industry experience. Our management and people are our greatest assets. We cherish, support and encourage them today and always.

Corporate social responsibility

Our host community engagement has been at the foundation of our success from inception. We remain committed to full implementation of our “SEPLAT model” of proactive community engagement in the Niger Delta and wherever we operate. An example of this is our Global Memorandum of Understanding with the host communities. We have created the platform for economic prosperity in the communities, a “win-win” strategy. In addition, we are driving various other CSR programmes in our areas of operation, to encourage capacity building and economic empowerment, especially among women and the youth.

We have implemented far-reaching health and educational programs in our communities. In the health sector, since starting our Safe Motherhood Programme, we have provided pre-natal care to over 7,000 pregnant mothers to reduce maternal and infant mortality and morbidity rates. Our “Eye Can See” programme has been instrumental in treating over 27,700 eye patients since its inception.

In education, in 2013 alone, we offered full scholarships for study at recognised educational institutions in Nigeria to 722 students at a cost of ₦19.3 million. The Company has also provided skills acquisition training to qualified members of the host communities and donated computers to the University of Benin, Department of Petroleum Engineering. The Company also initiated a state-wide educational programme known as SEPLAT PEARLS Quiz, designed to raise awareness of, and interest in, academic excellence in private and public schools in the Delta and Edo states.

To help empower and build strong relationships with the local communities, we have also employed various community contractors to provide oil and gas services. In all, we have strived to create a platform for economic prosperity in the communities.

Environmental stewardship

Protection of the environment is one of our core values. We take a preventive approach towards the environment in our hydrocarbon footprint. We are investing actively in gas development to be free of gas flares in our current area of operations, ahead of the government mandated deadline of 2020. In respect of oil spills, we have reduced incidences to a minimum and if incidents occur, we embark on restoration of the environment as soon as possible.

Dividend

The Board approved and paid a dividend of US\$0.10 (N16) per share for the year ended 31 December 2013. Going forward, the Company intends to establish a core ordinary dividend based on conservative assumptions regarding production and long-term oil prices, which should allow the Company to progressively increase dividends, in the absence of adverse macroeconomic conditions. In addition, the Company also intends to pay special dividends when it considers these appropriate after taking into account the level of profits earned by SEPLAT in the period under review, the then-existing cash position of SEPLAT and significant known or expected funding commitments of SEPLAT.

For the year ending 31 December 2014, the core dividend is expected to be not less than US\$0.10 (N16) per share, reflecting our strong growth and cash flow prospects of SEPLAT. From the year ending 31 December 2014 onwards, the core dividend will comprise an interim dividend, expected to be paid in November, and a final dividend, expected to be paid in June following approval by shareholders at the annual general meeting.

FUTURE BUSINESS OUTLOOK

The future of our company is very bright. We shall strive to maintain our leadership position in the indigenous E & P industry in Nigeria and our focus in following our growth strategy to seek to ensure delivery of our commitment not only to capital growth but also to remain profitable and dividend paying. We shall seek to deliver tangible rewards to all stakeholders.

CONCLUSION

Your company has become a global brand in the oil and gas industry.

We are committed to meeting the expectations of our stakeholders. We intend to “lead from the front” and herald a new era in the Nigerian oil and gas history.

Distinguished shareholders, Ladies and Gentlemen, on behalf of my Board colleagues, I thank you for attending this AGM and look forward to your full participation and a fruitful outcome.

God bless you all.

A.B.C. Orjiako

Chairman of the Board

PART 2

2013 BUSINESS REVIEW

Ojunekwu Augustine (Austin) Avuru
(Chief Executive Officer)



PART 2 – 2013 BUSINESS REVIEW

Overview

SEPLAT is an independent oil and gas company, incorporated and operating in Nigeria, with a strategic focus on Nigeria. In July 2010, it acquired a 45 per cent. participating interest in, and was appointed operator of, a portfolio of three onshore producing oil and gas leases located in the Niger Delta (OMLs 4, 38 and 41), which include the Oben, Ovhor, Sapele, Okporhuru and Amukpe fields.

SEPLAT is one of the leading indigenous oil and gas operators in Nigeria with gross operated oil production from OMLs 4, 38 and 41 of 11.5 MMbbl for the year ended 31 December 2011, 12.1 MMbbl for the year ended 31 December 2012 and 18.8 MMbbl for the year ended 31 December 2013, equivalent to an average daily production of 31.4 Mbd for 2011, 33.1 Mbd for 2012 and 51.4 Mbd for 2013, of which its 45 per cent. working interest share was 5.2 MMbbl for 2011, 5.4 MMbbl for 2012 and 8.4 MMbbl for 2013. Gross gas production from OMLs 4, 38 and 41 was 41.9 bcf for the year ended 31 December 2011, 36.3 bcf for the year ended 31 December 2012 and 36.2 bcf for the year ended 31 December 2013, equivalent to an average daily production of 114.8 MMscfd for 2011, 99.3 MMscfd for 2012 and 99.0 MMscfd for 2013, of which SEPLAT's working interest share was 18.9 bcf for 2011, 16.3 bcf for 2012 and 16.3 bcf for 2013.

SEPLAT's estimated working interest proved plus probable (2P) reserves from OMLs 4, 38 and 41 amounted to 101,756 Mbbl of oil and condensate and 573,469 MMcf of gas as at 31 October 2013. It is also estimated that the Company had working interest (2C) contingent resources from OMLs 4, 38 and 41 of 60,467 Mbbl of oil and condensate and 104,693 MMcf of gas as of 31 October 2013.

For the year ended 31 December 2011, which was SEPLAT's first full year of operations, SEPLAT's revenues were US\$451.3 million and its net cash flows from operating activities were US\$218.0 million. For the year ended 31 December 2012, these figures were US\$624.5 million and US\$51.0 million respectively. For the year ended 31 December 2013, these figures were US\$880.2 million and US\$291.2 million respectively.

The Niger Delta is one of the most prolific hydrocarbon basins in Africa. Nigeria accounted for approximately 28 per cent. of Africa's oil reserves and 26 per cent. of Africa's total oil production in the year to 31 December 2012. Over recent years a trend has developed in Nigeria for international oil companies to divest their non-material onshore oil and gas assets in the region. SEPLAT was the first indigenous oil company to acquire such assets and be awarded operatorship as part of this ongoing development and, since its acquisition of a 45 per cent. participating interest in OMLs 4, 38 and 41, it has increased oil and gas production in each year of operations.

SEPLAT intends to continue development of its existing properties by improving operational efficiencies, investing in facilities and infrastructure to increase oil production and positioning itself to further monetise natural gas resources. New developments for recent discoveries and the completion of identified development projects will also ensure that the Company is well-positioned to grow both reserves and production by converting contingent and prospective resources into commercial reserves.

As a Nigerian company with highly skilled local management, proven technical know-how, strong local ties and commitment to community relationships, SEPLAT is strategically positioned to successfully bid for further oil and gas assets in Nigeria. On 1 June 2013, Newton Energy Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Pillar Oil Limited to acquire (subject to the consent of the Minister of Petroleum Resources of Nigeria) a 40 per cent. participating interest in the Umuseti/Igbuku fields (located within OPL 283), and in doing so added approximately 10 MMbbl to SEPLAT's 2P oil and condensate reserves and 90 Bcf of 2P gas reserves.

On 29 November 2013, SEPLAT (together with the other members of a consortium) entered into a sale and purchase agreement with Chevron Nigeria Limited to acquire a 40 per cent. participating interest in OMLs 52, 53 and 55 for a total cash consideration of US\$800 million. It is estimated that, as at 31 October 2013, OML 53 had the working interest contingent resources (2C) of 33.0 MMbbl of oil and condensate and 222.6 Bcf of gas. The completion of this transaction is conditional and remains delayed by litigation initiated by an unsuccessful bidder.

Reserves

SEPLAT's 45 per cent. working interest 2P and 2C reserves in OMLs 4, 38, 41 as at 31 October 2013 were estimated as follows:

	Oil & Condensate (MMbbl)		Gas (Bcf)	
	2P	2C	2P	2C
OML 4				
Oben	30.7	5.7	413.5	28.6
OML 38				
Amukpe	0.5	1.2	0.6	20.9
Ovhor (50%)	15.9	0.3	3.6	—
Okporhuru	19.2	—	22.4	—
OML 41				
Ovhor (50%)	15.9	0.3	3.6	—
Sapele	18.5	36.5	129.6	19.1
Others	1.1	3.8	0.2	0.4
Total	<u>101.7</u>	<u>60.5</u>	<u>573.4</u>	<u>104.7</u>

SEPLAT's 40 per cent. working interest 2P and 2C reserves in the Umuseti/Igbuku fields (held through its wholly-owned subsidiary Newton Energy Limited) as at 31 October 2013 were estimated as follows:

	Oil & Condensate (MMbbl)		Gas (Bcf)	
	2P	2C	2P	2C
	<u>9.7</u>	<u>0.3</u>	<u>89.8</u>	<u>0.6</u>

SEPLAT has a record of converting its contingent oil resources to reserves to further its goal of replacing its oil reserves base on a 1:1 basis going forward. Between August 2012 and April

2013, the Company added 43 MMbbl (gross) of reserves through its field development programme at the Okporhuru field, and it achieved first oil at the Okporhuru field in May 2013. The Company also achieved first oil at the Orogho field in December 2013 and the Company estimates that this added 22 MMbbl (gross) of reserves.

SEPLAT's exploration strategy includes pursuing identified exploration prospects on existing properties and the acquisition of seismic data where necessary for prospect identification and evaluation. To date, the Company has identified numerous prospects and leads across OMLs 4, 38 and 41, of which nine have been selected for further maturation in accordance with the Company's five-year plan. As at 31 October 2013, the working interest (statistical aggregate of best estimate) unrisks prospective resources of crude oil from these nine prospects was 19.7 MMbbl. In December 2013 the Company spudded its first exploration well, on the Ogegere prospect in OML 38 and is targeting the drilling of one exploration well per year after that.

Oil production

Since its acquisition of a 45 per cent. participating interest in OMLs 4, 38 and 41, the Company's management team has achieved a consistent increase in production from approximately 13.9 Mbbbl/d gross operated oil production in August 2010 to 61.7 Mbbbl/d at 31 December 2013. The Company has historically increased production by drilling additional wells on its existing acreage and by employing advanced and proven technologies to increase production in mature fields.

Liquids Production

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Average gross daily production (Mbbbl/d)	51.4	33.1	31.4
Total gross production for year (MMbbl)	18.8	12.1	11.5

OMLs 4, 38, 41 Liquids Production – 45 per cent. Working Interest

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operated Production			
Production for the period (MMbbl)	8.4	5.4	5.2
Average daily production for the period (Mbbbl/d)	23.1	14.9	14.1
Reconciled Production			
Production for the period (MMbbl)	7.6	4.8	4.2
Average daily production for the period (Mbbpd)	20.8	13.2	11.6

Notes:

- (1) "Operated Production" means production volumes measured at the flow station for the period from 1 January 2011 to 31 October 2011 and production volumes measured at the LACT unit described on page 15 for the period from 1 November 2011 to 31 December 2013, following the installation of the LACT unit at the Rapele injection point into the Trans-Forcados Pipeline.
- (2) "Reconciled Production" means production volumes recognised by Shell Petroleum Development Company of Nigeria Limited ("SPDC") as crude oil received at the Forcados

Terminal after processing, which accounts for losses occurring during transportation along the Trans-Forcados Pipeline due to vandalism, theft and sabotage.

SEPLAT's working interest production from the Umuseti/Igbuku fields (located within OPL 283) for the period 1 June to 31 December 2013 was 0.1 MMbbl of oil, equivalent to an average daily rate of 325 bbl/d.

In the short term, the Company is targeting gross production from its current producing fields to grow to approximately 73 Mbbbl/d by the end of 2014 and approximately 85 Mbbbl/d by end of 2016. To achieve this production growth, the Company has established a short-term work programme with an emphasis on performing infill drilling and drilling of new fields. In this respect, the Company has contracted the use of four rigs, which are currently in use, and plans to engage two additional rigs in Q1 2014. In 2014, the Company plans to drill additional infill wells at Oben, Sapele, Ovhor and Okporhuru, further appraise Orogho and continue studies on Okoporo and Ubaleme.

Gas business

Natural gas production from the four producing fields during 2011 was 41.9 bcf, equivalent to an average daily production rate of 114.8 MMscfd, and during 2012 was 36.3 bcf, equivalent to an average daily production rate of 99.3 MMscfd. For the year ended 31 December 2013, gross production from OMLs 4, 38 and 41 was 36.2 bcf, equivalent to an average daily production rate of 99.0 MMscfd.

OMLs 4, 38, 41 Gas Production – 45 per cent. Working Interest

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Production for the period (bcf)	16.3	16.3	18.9
Average daily production for the period (MMscf/d)	45	45	52

Natural gas production has been sold into the local gas market in accordance with a domestic supply obligation. For the years ended 31 December 2011 and 2012, the Company was paid a weighted average of US\$0.84/Mscf for its domestic supply obligation. For the year ended 31 December 2013, the Company was paid a weighted average of US\$0.91/Mscf for its domestic supply obligation.

SEPLAT plans to invest approximately US\$350-400 million (part of which will be borne by its JV partner for OMLs 4, 38 and 41, the Nigerian National Petroleum Development Company) over the next four years to increase its gross capacity to deliver approximately 300 MMscfd of sales gas to the domestic market by the end of 2017. The Company has acquired a new build gas plant with a phase one capacity of 150 MMscfd for approximately US\$30 million. The gas plant is currently located in Abu Dhabi, United Arab Emirates, and is in the process of being reconfigured to meet Nigerian gas specifications. The gas plant's capacity can also be increased in two further phases by the addition of a 150 MMscfd capacity module and a 75 MMscfd capacity module respectively. The Company intends to operate the new gas plant through its subsidiary, Seplat Gas Company Limited, and aims to achieve first commercial gas from the new gas plant by Q1 2015. The Company will also consider additional development of its gas production capacity in the long term when justified by economic conditions.

Transportation

The oil extracted by the Company, in its capacity as operator on behalf of the OMLs 4, 38 and 41 JV, from the producing fields within OMLs 4, 38 and 41 is currently routed to the Forcados Terminal through the Rapele and Amukpe manifold. The Company uses its own pipelines to transport the oil through OMLs 4 and 41 to OML 38. The Oben—Amukpe pipeline transports the oil from the Oben field in OML 4, whilst the Sapele—Amuke pipeline transports the oil from the Sapele field in OML 41. From the centralised Amukpe manifold in OML 38, all oil is delivered to the pipeline manifold at Rapele via the 24" Amukpe Rapele Trunk line. From this point, under the terms of the crude handling agreement, SPDC is currently responsible for the transportation of the oil to the Forcados Terminal via its Trans-Forcados Pipeline.

SPDC applies a reconciliation factor to amounts of crude oil injected by the Company at the Rapele injection point into the Trans-Forcados Pipeline, in order to account for discrepancies between numerous third-party injectors' own production estimates (which are affected by vandalism and theft occurring along the pipeline following injection) and the amounts of crude oil actually received by SPDC after processing at the Forcados Terminal. The monthly reconciliation factor averaged approximately 10.1 per cent. of the Company's aggregate crude oil production for 2013, reduced from 18.0 per cent. in 2011, which was mostly due to the Company's investment in the installation of a LACT unit to identify crude oil injected by the Company into the Trans-Forcados Pipeline.

PART 3

2013 FINANCIAL REVIEW

PART 3 – 2013 FINANCIAL REVIEW

Revenue

Total revenues increased by US\$255.7 million (41 per cent.) to US\$880.2 million in the year ended 31 December 2013 from US\$624.5 million in the year ended 31 December 2012, principally due to a US\$263.8 million increase in crude oil revenues that was partially offset by a US\$8.2 million decrease in natural gas revenues, the reasons for which are set out below.

Crude oil revenues increased by US\$263.8 million (44 per cent.) to US\$862.1 million in the year ended 31 December 2013 from US\$598.3 million in the year ended 31 December 2012, principally due to a 41 per cent. increase in crude oil volumes sold and the recognition in revenue for 2013 of a US\$46.8 million change in lifting position. This increase was partially offset by a US\$1.79 per barrel decrease in the average realised price of crude oil in the year ended 31 December 2013 compared to the year ended 31 December 2012. Working interest Reconciled Production increased by 57 per cent. to 7.6 MMbbl in the year ended 31 December 2013 from 4.8 MMbbl in the year ended 31 December 2012. Five production wells, including two in OML 41 and three in OML 38, were drilled and completed during 2013. Four of these wells, along with two wells previously completed in a prior year, were brought into production during the year ended 31 December 2013. Work continued throughout 2013 to optimise production from existing wells by performing workovers on two natural gas wells, one crude oil well in OML 4 and two crude oil wells in the Ovhor field, which straddles OML 38 and OML 41. SEPLAT's share of average daily crude oil Reconciled Production increased by 57 per cent. to 20.8 Mbd for the year ended 31 December 2013, compared to 13.2 Mbd for the year ended 31 December 2012.

The number of barrels sold increased by 41 per cent. to 7.3 MMbbl in the year ended 31 December 2013 from 5.2 MMbbl in the year ended 31 December 2012. The average realised oil price for the year ended 31 December 2013 decreased to US\$111.10 per barrel from US\$112.89 per barrel for the year ended 31 December 2012.

Natural gas revenues decreased by US\$8.2 million (31 per cent.) to US\$18.1 million in the year ended 31 December 2013 from US\$26.2 million in the year ended 31 December 2012, largely due to a 36 per cent. decline in natural gas volumes sold.

Cost of Sales

Cost of sales increased by US\$80.6 million (32 per cent.) to US\$330.9 million in the year ended 31 December 2013 from US\$250.3 million in the year ended 31 December 2012. The change is primarily due to: (i) an increase in royalties of US\$83.4 million that corresponds to the rise in oil production in 2013; (ii) an increase in crude handling fees of US\$8.4 million due to improved production volumes; (iii) an increase in the levy imposed by the Niger Delta Development Commission of US\$6.6 million due to higher budgeted capital expenditures associated with ongoing field development; and (iv) an increase in other field expenses of US\$4.9 million, partially offset by a decrease in rig expenditures of US\$17.8 million.

Direct operating costs are those relating to crude handling fees, rig related costs (including payments to Cardinal Drilling Services Limited, a related party) and other field expenses. The direct operating cost per barrel of working interest Operated Production decreased to US\$11.66 per barrel in the year ended 31 December 2013 from US\$18.90 per barrel in the

year ended 31 December 2012, principally due to reduced work over activity and a development programme targeting new production wells during 2013.

Depreciation on producing assets decreased by US\$4.9 million (15 per cent.) to US\$27.9 million in the year ended 31 December 2013 from US\$32.8 million in the year ended 31 December 2012. Depreciation expense per barrel of working interest Operated Production decreased to US\$3.30 per barrel in the year ended 31 December 2013 from US\$6.02 per barrel in the year ended 31 December 2012.

General and administrative expenses

General and administrative expenses increased by US\$23.7 million (49 per cent.) to US\$72.0 million in the year ended 31 December 2013 from US\$48.3 million in the year ended 31 December 2012. The change is principally due to an increase in professional fees of US\$14.6 million principally related to the Company's preparation for its listing on the Nigerian Stock Exchange and the London Stock Exchange, an increase in directors' emoluments of US\$3.5 million and an increase in other general expenses of US\$4.4 million relating to miscellaneous costs including office maintenance, telecommunications and logistics.

Finance income and finance charges

In 2013, the Company's finance charges decreased by US\$14.2 million (39 per cent.) to US\$21.8 million from US\$36.0 million in 2012. In 2013, interest charges on the bank loan decreased by US\$15.2 million compared to 2012, largely due to lower financing fees payable under the Company's credit facility with the African Export-Import Bank since the outstanding debt under the facility was lower in 2013 compared to 2012.

Operating Profit

Operating profit increased by US\$148.8 million (45 per cent.) to US\$478.7 million for the year ended 31 December 2013 from US\$329.9 million for the year ended 31 December 2012 as revenues outpaced the costs of production.

Net Profit

Profit for the year increased by US\$441.2 million to US\$550.3 million for the year ended 31 December 2013 from US\$109.1 million for the year ended 31 December 2012.

Tax

Current tax charge for the year decreased by US\$95.4 million to nil in 2013 from US\$95.4 million in 2012 as the Company was granted the pioneer status incentive by the Nigerian Investment Promotion Commission for a five year period effective 1 January 2013, whereby the Company is exempt from petroleum profits tax on crude oil profits, corporate income tax on natural gas profits and education tax. Newton Energy Limited was also granted pioneer tax status for a five year period from 1 June 2013. Adjustment in respect of prior year of US\$0.6 million relates to a supplemental provision for income taxes relating to 2012.

Origination and reversal of temporary differences changed by US\$184.5 million to a US\$93.4 million deferred tax credit in 2013 from a US\$91.1 million deferred tax expense in 2012. The deferred tax assets and liabilities were remeasured to reflect SEPLAT's new tax status effective 1 January 2013. This remeasurement has resulted in a nil deferred tax position

in the consolidated statement of financial position and a US\$93.4 million deferred tax credit in the consolidated statement of comprehensive income.

Capital expenditures

Total capital expenditures in 2013 were US\$230.3 million, including US\$57.7 million for the acquisition of a 40 per cent. participating interest in the Umuseti/Igbuku fields (located within OPL 283), partially offset by a US\$2.9 million change in estimate on the decommissioning expenditure. Capital expenditures included drilling costs of US\$98.0 million, largely due to US\$61.1 million for the drilling of six appraisal and development wells, two water injection wells and one exploration well on OML 38 and US\$34.0 million for the drilling of three appraisal and development wells on OML 41. Facilities costs were US\$65.1 million, which included US\$38.4 million for the assembly of natural gas facilities, US\$19.7 million for manifold construction and the installation of new flow lines and US\$6.9 million relating to the construction of a liquid treatment facility to extract water from the crude oil produced by the Company.

PART 4

YOUR BOARD
OF DIRECTORS



1.



2.



3.



4.



5.



6.



7.



8.



9.



10.



11.

- 1. **A.B.C. Orjiako**—Chairman
- 2. **Mr. Austin Avuru**—Chief Executive Officer
- 3. **Mr. William Stuart Connal**—Chief Operating Officer
- 4. **Mr. Roger Thompson Brown**—Chief Financial Officer

- 5. **Mr. Michel Hochard**
- 6. **Mr. Macaulay Agbada Ofurhie**
- 7. **Mr. Michael Richard Alexander**
- 8. **Mrs. Ifueko Omoigui-Okauru**

- 9. **Mr. Basil Omiyi**
- 10. **Dr. Charles Okeahalam**
- 11. **Lord Mark Malloch-Brown**

Your Board of Directors

Your Board of Directors consists of the following persons:

Chairman

Ambrosie Bryant Chukwueloka (A.B.C.) Orjiako *(Chairman) (53 years old)*

A.B.C. Orjiako, a co-founder of SEPLAT, was appointed as a director on 14 December 2009 and as Chairman on 3 March 2010.

After obtaining an M.B.B.Ch. degree in 1985 from the College of Medical Sciences, University of Calabar, Nigeria, he trained as a General Surgeon at the Lagos University Teaching Hospital, Lagos, and later sub-specialised in orthopaedic and trauma surgery and became a fellow of the West African College of Surgeons in 1996.

Whilst still practicing at the National Orthopaedic Hospital, Igbobi, Lagos, he established and managed various companies in the upstream, downstream and services sectors of the oil and gas industry in Nigeria. These include Abbeycourt Trading Company Limited (with which he traded crude oil and refined petroleum products with, amongst others, Glencore UK Limited), Abbeycourt Energy Services Limited, Zebbra Energy Limited and Shebah Exploration and Production Company Limited.

He also has other business interests in construction, real estate development, pharmaceuticals and shipping.

He went into full-time business in 1996 after eleven years of active medical practice. He co-founded SEPLAT in 2009 and became the Chairman, spearheading new business development and fundraising as well as providing leadership on strategy and stakeholder relationships.

He is also the chairman of Neimeth Pharmaceutical International plc, which is listed on the NSE, and a director of MPI, which is listed on NYSE Euronext Paris.

Consolidating his firm commitment to philanthropy, he founded the Daniel Orjiako Memorial Foundation (“DOMF”) in 1996 in honour of his late father, Chief Daniel O. Orjiako. The DOMF is committed to breaking the poverty cycle in rural Nigerian communities through education, healthcare services and economic empowerment through agriculture. The DOMF runs scholarship schemes for indigent students across the spectrum of education in Nigeria and has to date assisted towards the education of over 10,000 pupils in primary schools, over 200 in science education in post-primary schools and over 200 university graduates especially in medicine, engineering, pharmacy and geology. The DOMF also provides free care services to the elderly and micro-credits to rural farmers, especially rural women. He further supports education and medical research through an endowment of a professorial chair in orthopaedics and trauma at the University of Calabar, Nigeria.

Between 2004 and 2006, he attended Harvard Business School’s Owner’s and President’s Management Course and obtained a Certificate in Business Management in 2006.

In recognition of his services to humanity and the Roman Catholic church, Pope John Paul II in 2003 bestowed on him a Knighthood of the Order of St. Gregory the Great (KSGG), an award which earned him the title “Sir”. In addition to receiving a KSGG from Pope John Paul II in

2003, he has also received numerous other awards including Paul Harris Fellow of Rotary International for Philanthropy, Distinguished Alumnus Award and Doctor of Sciences (D.Sc. Honoris Causa) by the University of Calabar, Nigeria (2001), Doctor of Business Administration (DBA Honoris Causa) for entrepreneurship, Anambra State University, Nigeria (2006), Life Member National Association of Resident Doctors of Nigeria which he led in 1994/95 and Platinum Award of the West African College of Surgeons for Support of Medical Research and Training. In 2012, the President of Nigeria conferred on him National Honours as an Officer of the Federal Republic (“OFR”).

Executive Directors

(a) Ojunekwu Augustine (Austin) Avuru *(Chief Executive Officer) (55 years old)*

Austin Avuru, a co-founder of SEPLAT, was appointed Chief Executive Officer on 1 May 2010. He obtained a Geology degree from the University of Nigeria, Nsukka in 1980 and a post-graduate diploma in Petroleum Engineering from the University of Ibadan, Nigeria in 1992.

Prior to joining SEPLAT, Mr. Avuru spent twelve years at NNPC beginning in 1980, where he held various positions including wellsite geologist, production seismologist and reservoir engineer. In 1992, he joined Allied Energy Resources in Nigeria, a pioneer deepwater operator, where he worked for the next ten years as exploration manager and technical manager. In 2002, Mr. Avuru established Platform Petroleum Limited and held the role of managing director until 2010, when he left to take up the CEO position at SEPLAT. He is also a director of MPI, which is listed on NYSE Euronext Paris.

Mr. Avuru has served the oil and gas industry in various capacities including his work as the technical co-ordinator for the review of the industry’s memorandum of understanding, membership of the ministerial committee on the restructuring of the DPR and his role as a consultant to the Senate committee on petroleum resources between 2000 and 2003. He also chaired the technical subcommittee that drafted the policy blueprint that formed the basis of the Nigerian Content Act of 2010.

(b) William Stuart Connal *(Chief Operating Officer) (58 years old)*

Mr. Connal was appointed Chief Operating Officer in August 2010 and as an Executive Director of the Company in March 2013. He is a chartered engineer with over 30 years’ experience in major oil and gas companies in the United Kingdom and Nigeria. Prior to joining SEPLAT, he spent 10 years at Centrica Energy where he held various positions including project manager for a number of offshore gas field developments and the Langeled gas receiving and conditioning terminal, for pipeline gas from Norway to the UK. In 2006, he was one of the founders of Centrica Resources’ first ever international office in Nigeria where he held the position of managing director of Centrica Resources Nigeria for four years between 2006 and 2010 and was a member of Centrica Energy’s upstream leadership team in London.

Prior to joining Centrica, from 1980 to 2006, Mr. Connal held a number of senior positions including engineering and construction manager for the Deutag Drilling Group in Norway, working on new field developments for Norsk Hydro, Statoil and Esso Norge. Prior to this, he worked with Shell on the implementation of the long-term field development strategy for the Brent field. His early engineering experience was gained working with some of the major engineering companies including Aker, Kvaerner, Amec, Brown and Root and McDermott.

Mr. Connal graduated from Glasgow College of Technology (now Glasgow Caledonian University) with an HNC in Civil/Structural Engineering in 1978. He became a chartered engineer of the Institution of Marine Engineers and the Institution of Structural Engineers in 1995 and 1996 respectively.

(c) Roger Thompson Brown (*Chief Financial Officer*) (44 years old)

Mr. Brown joined SEPLAT on 22 July 2013 as the Chief Financial Officer and as an Executive Director.

Mr. Brown has over eighteen years' experience in the energy industry primarily focused on emerging markets with extensive experience in structuring 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.

During his time at Standard Bank he originated and closed a number of large transactions in the emerging markets working across the entire oil value chain from upstream oil companies to midstream infrastructure and downstream refining and distribution. His client base was made up of national oil companies, super majors, independents, indigenous oil companies and trading companies. In particular he was heavily focused on the Nigerian oil sector where under his leadership the bank led and completed over US\$1 billion of investment in the acquisition of on-shore oil blocks from the super majors, in particular Shell.

Between 2001 and 2005, he was also a director of the power, infrastructure and utilities teams at Standard Bank.

Prior to joining Standard Bank, Mr. Brown held positions in the corporate finance and business assurance departments of PricewaterhouseCoopers, focusing on providing advice to governments and private sector developers in the UK and the Middle East.

Mr. Brown graduated from the University of Dundee with a B.Sc. in Finance in 1992 and an M.Sc. in Finance from the University of Ulster in 1993. He is also a qualified Chartered Accountant with the Institute of Chartered Accountants in Scotland.

Non-Executive Directors

(a) Michel Hochard (*Non-Executive Director*) (64 years old)

M. Hochard was appointed as a Non-Executive Director on 14 December 2009 as a nominee of MPI. M. Hochard is the chief executive officer of MPI and has held the position of administrative and finance manager of Etablissements Maurel et Prom since September 2007. He is a chartered accountant whose experience includes serving as the internal auditor for the Department of Finance of ELF Aquitaine; head of the finance division for Africa and the Middle East; and director of finance of the SNEAP, then of ELF Aquitaine production. He was also appointed a director of operations at PricewaterhouseCoopers.

M. Hochard was a member of the management committee of GEOS, a leading international provider of risk prevention and management in Europe.

M. Hochard graduated from the Commercial Institute of Nancy, France with an ICN Diploma in 1977. In 1985, he graduated as a certified public accountant.

(b) Macaulay Agbada Ofurhie (*Non-Executive Director*) (68 years old)

Chief Ofurhie was appointed as a Non-Executive Director on 14 December 2009 as a nominee of Shebah. He has worked in the oil and gas industry for over three decades and retired after 34 years of an extensive career at NNPC and the DPR where he served in various executive positions.

During his time at NNPC, Chief Ofurhie was the managing director of NPDC and NGC, both subsidiaries of NNPC. Prior to his retirement, he held the position of director at the DPR.

Chief Ofurhie graduated with a B.Sc. in geology in 1971 from the University of Ibadan, Nigeria and in 1973 he obtained a diploma in petroleum technology from the Centre Formation Boussons in France.

Senior Independent Non-Executive Director

Michael Richard Alexander (*Senior Independent Non-Executive Director*) (66 years old)

Mr. Alexander was appointed as Senior Independent Non-Executive Director on 1 June 2013.

He currently holds a number of senior board positions including the position of independent non-executive director at the Payments Council Limited and senior board advisor at EGS Limited. He is also a member of the European Advisory Board of Landis & Gyr Limited.

From 2007 until 31 March 2014, Mr. Alexander served on the board of directors of Costain Plc, where he held the position of independent non-executive director and chairman of the remuneration committee. He also served as a non-executive independent director of The Energy Savings Trust Ltd and Associated British Foods Plc and as senior independent non-executive director and chairman of the remuneration committee at Russian Platinum Plc. Mr. Alexander's previous chairmanships include executive chairman of ATOC Ltd and non-executive chairman at TGE AG, GT Solar Limited and Goldfish Bank Limited.

He held the position of chief executive officer of British Energy Group Plc between 2003 and 2005 and executive director of Centrica Plc prior to that, having held a number of senior positions within British Gas Plc including managing director of British Gas Trading and commercial director of British Gas Exploration & Production. Before joining British Gas Plc in 1991, he spent 25 years at BP Plc in various roles.

He also served as a non-executive independent director of The Energy Savings Trust Ltd and Associated British Foods Plc, while his previous chairmanships include executive chairman of ATOC Ltd and non-executive chairman at TGE AG, GT Solar Limited and Goldfish Bank Limited.

Mr. Alexander graduated from the University of Manchester, UK, with a B.Sc. in Chemical Engineering in 1969 and an M.Sc. in Computer Control of Process Plants in 1970. In the UK, he is a fellow of the Institution of Engineering and Technology, the Institution of Chemical Engineers, the Institution of Gas Engineers and Managers and the Institute of Directors.

Independent Non-Executive Directors

(a) Lord Mark Malloch-Brown *(Independent Non-Executive Director) (60 years old)*

Lord Malloch-Brown was appointed as an Independent Non-Executive Director on 19 February 2014.

Lord Malloch-Brown served as a minister of the UK government under Prime Minister Gordon Brown from 2007 to 2009 where he had particular responsibility for strengthening relationships with Africa and Asia. He served as the Chief of Staff of the United Nations and then as the Deputy Secretary General under Kofi Annan from 2005 to 2006. During the six years prior to that, he was an administrator of the United Nations Development Programme. Between 1994 and 1999, he was Vice-President for External Affairs at the World Bank and, during the early years of his career, he worked as a journalist for *The Economist*. Lord Malloch-Brown joined FTI Consulting in September 2010 and currently serves in the role of chairman of EMEA.

Lord Malloch-Brown is chair of the Royal Africa Society and sits on a number of non-profit and advisory boards, including the International Crisis Group and the Open Society Foundation. His Honours include being made a Life Peer and Privy Counsellor when he joined the UK Cabinet in 2007. He is a member of the House of Lords and was knighted by Queen Elizabeth II for his international service in January 2007. Lord Malloch-Brown has honorary degrees from Michigan State University, Pace University and Walden University in the United States and the Catholic University in Lima, Peru and he is an Honorary Fellow of Magdalene College, Cambridge.

Lord Malloch-Brown graduated in 1975 with a B.A. and a subsequent M.A. in history from Magdalene College, Cambridge University. He also holds an M.A. in political science from the University of Michigan, USA, which he received in 1977.

(b) Dr. Charles Okeahalam *(Independent Non-Executive Director) (51 years old)*

Dr. Charles Okeahalam was appointed as an Independent Non-Executive Director on 22 March 2013.

Dr. Okeahalam is the co-founder of AGH Capital Group, a private equity and diversified investment holding company based in Johannesburg, with assets in several African countries.

He has significant expertise and strategic and operational experience in a number of areas of banking, central banking, development finance and financial sector reform.

Dr. Okeahalam has extensive board experience. Previous board appointments include Cadiz Holdings (1999 - 2001), ABSA Corporate and Merchant Bank (2001 - 2006), the Bond Exchange of South Africa (2003 - 2009), Sun International South Africa (2003 - 2005), National Discount House, Zimbabwe (2001 - 2004), and South African Airways, where he was the chairman of the audit committee and chairman of the investment committee (2003 - 2006). In 2004, he served as the project director for a major review of the operations of the African Development Bank. From 2006 to 2007, he served as chairman of the steering committee establishing the Pan-African Infrastructure Development Bank. His other roles include advising a number of African central banks and government ministries, the World Bank and the United Nations. Dr. Okeahalam has recently completed a two-year term as the non-executive chairman of Société Générale Bank Nigeria (now called Heritage Bank). Dr. Okeahalam has previously

served as a member of the council of the University of Cape Town and the governing council of the United Nations Institute for Development, Economics and Planning in Dakar, Senegal. He was awarded a senior fellowship of the Bank of England in 2000 and a future leader fellowship of the United Nations Leadership Academy in 1997.

Prior to co-founding AGH Capital Group in 2002, he was a Professor of Financial Economics and Banking at the University of the Witwatersrand in Johannesburg. He obtained a PhD in Econometrics from the University of London in 1991 and a higher doctorate (D.Sc. in Financial Economics) from the University of Exeter in 2010 for contributions to banking and finance in Africa. His qualifications also include an M.Sc. in International Shipping from the Plymouth Polytechnic/University of Plymouth in 1986, an M.A. in Manpower Studies from the Polytechnic of Central London/University of Westminster in 1985 and a Higher National Diploma in Business and Finance from Hammersmith and West London College in 1984.

(c) Basil Omiyi (*Independent Non-Executive Director*) (68 years old)

Mr. Omiyi was appointed as an Independent Non-Executive Director on 22 March 2013.

He has held the position of chairman and managing director of Michael-Philips Nigeria Limited since 2011. Most of his career was at Royal Dutch Shell where he spend 40 years in various roles both in Nigeria and Europe, including Head of Production Technology, Chief Petroleum Engineer, managing director of Shell Petroleum Development Company of Nigeria Limited, and ultimately country chairman of Shell Companies, Nigeria.

Mr. Omiyi has held a number of board memberships and senior advisory positions including as chairman of Greenacres Energy Limited, chairman of the Nigerian Upstream Industry Group, board member of the Nigerian Business Group of New Partnership for Africa's Development (NEPAD), board member of the Nigerian Extractive Industry Transparency Initiative (NEITI), chairman of the Oil and Gas Commission of the Nigerian Economic Summit Group (NESG), and member of the Presidential Advisory Council, amongst others.

In 2011, Mr. Omiyi 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.

Mr. Omiyi graduated with a B.Sc. in Chemistry in 1969 and a post-graduate diploma in Petroleum Technology in 1970 from the University of Ibadan.

(d) Mrs. Ifueko M. Omoigui-Okauru (*Independent Non-Executive Director*) (51 years old)

Mrs. Ifueko M. Omoigui-Okauru was appointed as an Independent Non-Executive Director on 22 March 2013. She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), 2001 and a Fellow of the Chartered Institute of Taxation of Nigeria (FCTI), 2007, having been awarded a Master of Science, Management Science from Imperial College, University of London in 1986 and a Bachelor of Science (First Class), Accounting from the University of Lagos in 1983.

Mrs. Omoigui-Okauru is the managing partner of Compliance Professionals Plc., a management consulting firm; non-executive director on the boards of ReStraL Ltd (which she founded in 1996) and Nigerian Breweries Plc.; independent non-executive director on the boards of Diamond Bank Plc. And Central Securities Clearing System Plc.; a member of the Executive Council of Women in Management, Business and Public Service (WIMBIZ), a non-governmental organisation; and a founding member of the Board of Trustees of DAGOMO

Foundation Nigeria, a family-based non-governmental organisation geared to community development.

Between 2009 and 2013, Mrs. Omoigui-Okauru served as a part-time member of the United Nations Committee of Experts on International Cooperation in Tax Matters. Between 2004 and 2012, Mrs. Omoigui-Okauru held several positions within the Nigerian Federal Inland Revenue Service, including appointments as the first female Executive Chairman of the Federal Inland Revenue Service of Nigeria, the first female Chairman of the Joint Tax Board, and member of the Nigerian President's Economic Management Team charged with responsibility for tax reform in Nigeria. Before that she was Chief Responsibility Officer of ReStraL Ltd (1996 - 2004) and left the services of Arthur Andersen & Co. in 1996 as National Partner of the firm's strategy practice after having spent twelve years in the firm.

Mrs. Omoigui-Okauru has won numerous awards in Nigeria, including recognition as a Member of the Order of the Niger (2000), a Global Leader for Tomorrow by the World Economic Forum, Davos, Switzerland (2000) and a Member of the Nigerian Federal Republic (MFR) (2006).

(e) Damian D. Dodo S.A.N. (Independent Non-Executive Director) (48 years old)

Mr Dodo was appointed by the Board as an Independent Non-Executive Director on 22 May 2014. His appointment is subject to the approval of the Company's shareholders at the annual general meeting scheduled to be held on 30 June 2014.

He graduated in 1985 with a law degree from Ahmadu Bello University in Nigeria. He was admitted to the Nigerian Bar in 1986. In 2001, he became the youngest lawyer in Nigeria to be 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. Mr Dodo has also recently been awarded fellowship by the Nigerian Institute for Advanced Legal Studies.

Mr Dodo has acted 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. He currently chairs the National Lottery Regulatory Commission in Nigeria and has previously chaired the Nigerian National Petroleum Corporation Commission of Inquiry, Chairman of the Membership Committee of the Nigerian Bar Association and the Governing Board of the National Agency for the Prohibition of Traffic in Persons. He is also an associate of the Chartered Institute of Arbitrators in London.

PART 5

CORPORATE GOVERNANCE

PART 5 – CORPORATE GOVERNANCE

Overview

SEPLAT's Board of Directors is committed to high standards of corporate governance and to upholding sound and effective corporate governance practices and policies.

The Board of Directors comprises members with a good blend of skills, extensive experience and includes members with deep knowledge of both local and international oil and gas industry.

The Board has the responsibility for the overall strategy and management of the Company, the corporate structure, capital structure, establishing and maintaining the Company's system of internal control procedures and reviewing their effectiveness, amongst others. These procedures, which include financial, operational, risk management and compliance matters, are reviewed on an ongoing basis. In addition, the policies, rules, processes, practices and programmes deployed in administering, directing and controlling the operations of the organisation constitute the critical elements and instruments of our corporate governance system.

The Company encourages an open operating environment, which promotes business ethics and integrity and requires adherence to the Company's code of business conduct by all employees. SEPLAT considers that companies with sound corporate governance systems have a competitive advantage which makes them more attractive to customers, investors, suppliers and all other stakeholders.

The Board has established guidelines requiring specific matters to be subject to decision by the full Board, including material acquisitions and disposals, investment and capital projects. SEPLAT has a technical operations committee and an establishment committee which oversees SEPLAT's human capital development policy and the recruitment, promotion or disciplinary measures affecting its senior staff and management.

In addition, the Board has established the following committees: Audit Committee, Finance Committee, Nomination and Establishment Committee, Remuneration Committee, Risk Management and HSE Committee and CSR Committee, with formally delegated duties and responsibilities within written terms of reference. If the need should arise, the Board may set up additional committees as appropriate. SEPLAT has also adopted a code of business conduct and policies covering anti-corruption and bribery, community relations, share dealing, whistleblowing, conflicts of interest and related party transactions.

The Company intends to observe the requirements of the UK Corporate Governance Code as applicable to a company outside of the FTSE-350, save as set out below. Compliance with the UK Corporate Governance Code is being undertaken on a voluntary basis. Presently, the Company intends to maintain compliance with the UK Corporate Governance Code with the exception of the following:

- The Chairman, upon appointment, did not meet the independence criteria set out in the UK Corporate Governance Code (UK Corporate Governance Code provision A.3.1);
- The Executive Directors or any director appointed by any of the founder shareholders will not be subject to retirement by rotation or taken into account in determining the number of directors to retire each year (UK Corporate Governance Code provision B.7.1);

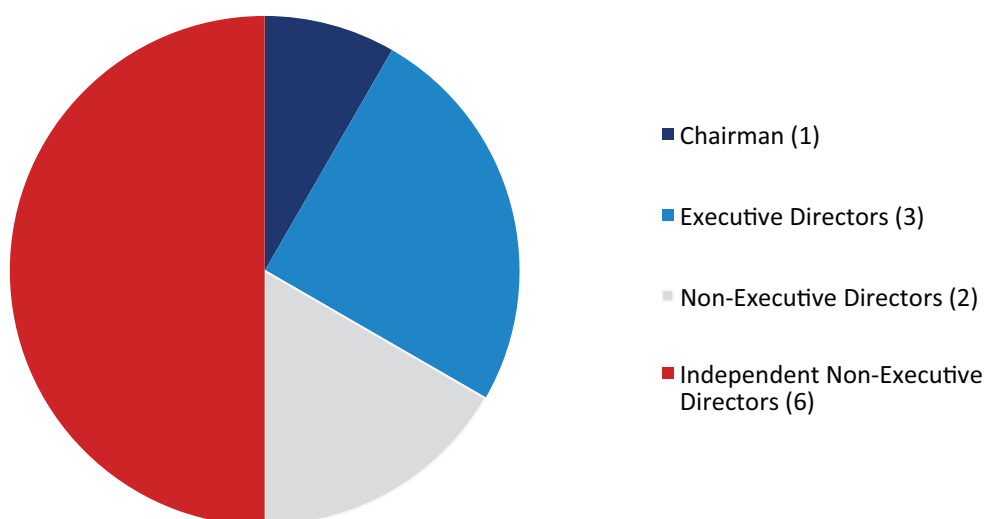
- Remuneration for certain Non-Executive Directors may include performance-related elements (UK Corporate Governance Code provision D.1.3); and
- Certain Executive Directors' service contracts may include an initial fixed term of more than one year (UK Corporate Governance Code provision D.1.5).

As referred to above, the Company has established guidelines requiring Board approvals for material acquisitions or disposals. Consistent with the rules applicable to companies with a standard listing on the London Stock Exchange, shareholder approval is not required for the Company to complete an acquisition of or a disposal of assets or shares and the Company does not voluntarily intend to apply these requirements.

The Board has decided to adopt the Model Code for directors' dealings contained in the UKLA Listing Rules (the "Model Code"). The Board will be responsible for taking appropriate steps to ensure compliance with the Model Code by the Directors. Compliance with the Model Code is being undertaken on a voluntary basis and the UK Financial Conduct Authority will not have the authority to monitor the Company's voluntary compliance with the UK Model Code or to impose sanctions in respect of any breaches.

Board of Directors

As at the date of this report, the Board comprised:



Board committees

The Board has established the following committees:

- The Audit Committee,
- The Finance Committee,
- The Nominations and Establishment Committee,
- The Remuneration Committee,
- The Risk Management Health, Safety and Environment and Communities Committee, and
- The Corporate Social Responsibility Committee.

The details on the roles of these committees are contained below. The terms of reference of these committees are available upon request or can be found on SEPLAT's website. In addition, SEPLAT has recently implemented new internal controls and reporting mechanisms to protect our assets and operations and provide the Board with unbiased and accurate information.

Constitution and duties of the committees

Audit Committee

The purpose of the Audit Committee is to monitor the integrity of the financial statements of the Company and any formal announcements relating to the financial performance, by reviewing significant financial reports and the auditor’s report. The Audit Committee is established in accordance with Section 359(3) and (4) of CAMA. Its composition is consistent with Nigerian law, which requires it to comprise not more than six members with an even representation of shareholders and the Board. At least half of the members are shareholder representatives and two of the members are Independent Non-Executive Directors in line with the requirements of both the Nigerian Code of Corporate Governance and consistent with the UK Corporate Governance Code.

The Audit Committee meets at least four times a year at appropriate times in the reporting and audit cycle. The senior management, including the Chief Financial Officer, may be invited to attend for all or part of the meetings. The external auditors of the Company are invited to attend the meetings on a regular basis. The Audit Committee’s members are the Independent Non-Executive Directors and three shareholder representatives (to be selected) at the annual general meeting. The current Independent Non-Executive Directors are:

- Charles Okeahalam - Chairman
- Ifueko M. Omoigui-Okauru - Member

Finance Committee

Finance Committee was established by the Board to assist it in overseeing financial strategy policy and treasury matters, and in reviewing and approving major capital expenditures. In addition, the Committee is responsible for overseeing and evaluating the Company’s corporate governance policies, conflicts of interest and related-party transactions and compliance.

It is required to comprise at least three directors, two of whom shall be Independent Non-Executive Directors. The Finance Committee meets at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required. In 2013, the Committee met three with all the members in attendance. The Committee members are:

- Charles Okeahalam - Chairman
- Michael Alexander - Member
- Lord Mark Malloch-Brown - Member
- Ifueko M. Omoigui-Okauru - Member

Nomination and Establishment Committee

The Nomination and Establishment Committee has responsibility for considering the size, composition and balance of the Board and its committees, retirement and appointment of additional and replacement of Directors and making appropriate recommendations to the Board. It is also responsible for preparing a description of the role and capabilities required for a particular appointment and ascertaining that nominees for the position of director are fit and proper and are not disqualified from being directors. The Committee is also responsible for overseeing management’s implementation of human capital development policies and procedures and management’s recommendations for the recruitment, promotion, training,

development, succession planning or disciplinary measures affecting the Chief Executive Officer, Executive Directors and general managers of SEPLAT. The Committee also oversees the implementation of the Company’s Code of Business Conduct and is responsible for reporting lapses and recommending appropriate review to the Board from time to time.

In accordance with the Nigerian Code of Corporate Governance and the UK Corporate Governance Code, the majority of members of the Nomination and Establishment Committee are Independent Non-Executive Directors. The Committee meets at least twice per year and otherwise as may be necessary from time to time and following any resignation or removal of a Director. Other senior management and external advisers may be invited to attend meetings as the Committee considers appropriate. In 2013, the Committee met three times with all the members in attendance. The Committee members are:

- A.B.C. Orjiako - Chairman
- Michael Alexander - Member
- Basil Omiyi - Member

Remuneration Committee

The Remuneration Committee is responsible for considering and ensuring that remuneration arrangements for the Company’s Chairman, Executive Directors and senior management support the strategic aims of the business and enable the recruitment, motivation and retention of relevant skilled labour while satisfying the expectations of shareholders. The Chairman of the Board may attend meetings of the Committee and will support the Committee and provide such information, advice and guidance as may from time to time be requested by the Committee. In 2013, the Committee met three times with all the members in attendance.

The Committee consists of three Non-Executive Directors, at least two of whom are independent (including the Chairman of the Remuneration Committee). They are:

- Michael Alexander - Chairman
- Basil Omiyi - Member
- Charles Okeahalam - Member

Risk Management and HSE Committee

The Risk Management and HSE Committee includes two Independent Non-Executive Directors. The Chairman, the Chief Executive Officer, the Chief Financial Officer, the Executive Directors and the head of the internal audit unit may attend the meetings of the Committee. Specialists with appropriate technical expertise may also be invited to attend meetings of the Risk Management and HSE Committee. Specialists with appropriate technical expertise may also be invited to attend meetings of the Committee when necessary.

The Committee assists the Board and has oversight over the Company’s risk management framework, profile and the risk-reward strategy determined by the Board. Its responsibilities also include evaluating the effectiveness of the Company’s HSE policy and overseeing all health, safety and environmental issues. The Committee meets at least four times each year. In 2013, the Committee met twice with all the members in attendance.

The Committee comprises the following members:

Basil Omiyi,	- Chairman
Ifueko M. Omoigui-Okauru	- Member
Austin Avuru	- Member
Macaulay Ofurhie	- Member
Stuart Connal	- Member

The Corporate Social Responsibility Committee

The CSR Committee is chaired by Lord Mark Malloch-Brown (Independent Non-Executive Director) and its other current members are Ifueko Omoigui-Okauru (Independent Non-Executive Director) and Macaulay Agbada Ofurhie (Non-Executive Director). Its responsibilities include advising the Board on community and broader societal related matters, implementing the Company's Community Relations policy and assessing the Company's performance with regard to the impact of CSR decisions upon employees, communities and other third parties.

Summary of Directors' training

In furtherance of our commitment to corporate governance and compliance, a few training programmes have been initiated for the Board annually. These include a training in Lausanne for all the Directors as a Board in line with the Corporate Governance Codes of Nigeria and the United Kingdom, wherein the Chairman is mandated to ensure there is regular and updated training for the Directors.

There are also industry-specific training programmes for the Directors depending on their particular industry. As such, a Director from an energy background would be updated with a finance training and vice versa to ensure a cogent participation in the various committees of the Board.

The training programme consists of:

- "Effective Boards" by High Performance Boards at the IMD, Lausanne.
- "Oxford Finance Programme for Senior Executives" at the Said Business School, Oxford University.
- "Overview of the international upstream oil and gas company" at the Energy Institute, London.

Relationship Agreement

The Company has entered into a relationship agreement with the founding shareholders to regulate their degree of control over the Company.

Anti-Corruption

The Company has adopted an anti-corruption and bribery policy. The policy specifically addresses facilitation payments or "kickbacks", gifts and hospitality, dealing with public officials, political donations, lobbying and advocacy and charitable donations, and includes notification and whistle-blowing provisions, as well as provisions regarding disciplinary action following a breach of the policy. The policy requires that new and existing staff be trained and

that the Company's approach to anti-bribery and corruption is communicated to business partners.

Further, in order to prevent bribery, fraud and corruption, the Company has implemented due diligence procedures across SEPLAT when entering into agreements with third parties for ensuring compliance with applicable anti-corruption legislation.

Board Charter

The Board has formally adopted a board charter to assist Directors in fulfilling their responsibilities. It details the functions and responsibilities of the Board and the Board Committees and the matters specifically reserved for the Board. It covers the scope of the Board's authority, strategy and management. Other matters covered include the structure, capital and financial reporting and controls of the Company.

PART 6

FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2013



Seplat Petroleum Development Company Plc

Consolidated Financial Statements

For the year ended 31 December 2013

(Expressed in US Dollars)

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

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SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC (the “Company”)

GENERAL INFORMATION

BOARD OF DIRECTORS:

Ambrosie Bryant Chukwueloka Orjiako	Chairman
Ojunekwu Augustine Avuru	Chief Executive Officer
William Stuart Connal	Chief Operating Officer (Executive Director)
Roger Thompson Brown	Chief Financial Officer (Executive Director)
Alhaji Nasir Ado Bayero	Non-Executive Director (Resigned 21 October 2013)
Jean-François Hénin	Non-Executive Director (French) (Resigned 27 November 2013)
Michel Hochard	Non-Executive Director (French)
Macaulay Agbada Ofurhie	Non-Executive Director
Michael Richard Alexander	Senior Independent Non-Executive Director (British)
Ifueko Omoigui-Okauru	Independent Non-Executive Director
Basil Omiyi	Independent Non-Executive Director
Charles Okeahalam	Independent Non-Executive Director

COMPANY SECRETARY

Isaiah Adesola Odeleye

REGISTERED OFFICE AND BUSINESS ADDRESS OF DIRECTORS

25a Lugard Avenue
Ikoyi
Lagos
Nigeria

REGISTERED NUMBER

RC No. 824838

FRC NUMBER

FRC/2014/00000002714

AUDITORS

Ernst & Young
2A, Bayo Kuku Road,
Off Alfred Rewane Road
Ikoyi, Lagos

SOLICITORS

Abhulimen & Co.
Anaka Ezeoke & Co.
D. D. Dodo & Co.
Jakpa, Edoge & Co.
Ogaga Ovwah & Co.
Streamsowers & Kohn
Thompson Okpoko & Partners
Winston & Strawn London LLP

BANKERS

Access Bank Plc
Afrexim Bank
BNP Paribas
Diamond Bank Plc
First Bank Plc
GTBank Plc
Skye Bank Plc
Stanbic IBTC
Standard Chartered Bank
United Bank of Africa Plc
Zenith Bank Plc

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors are pleased to present to the members of the Company their report with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The Company is principally engaged in oil and gas exploration and production. The Company's registered office address is 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

CORPORATE STRUCTURE AND BUSINESS

Seplat Petroleum Development Company Plc was incorporated on 17 June 2009 as a private limited liability company, under the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and commenced operations on 1 August 2010. On 3 October 2013, SEPLAT Petroleum Development Company Limited re-registered as a public limited company and changed its name to Seplat Petroleum Development Company Plc ("SEPLAT").

The Company acquired, in July 2010, a 45 per cent. 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 \$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of \$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 \$80 per barrel. This additional consideration of \$33 million was paid by SEPLAT on 22 October 2012.

\$358.6 million was allocated to the producing assets including \$18.6 million as the fair value of the contingent consideration as calculated on acquisition date. No goodwill arose from the transaction.

GROUP STRUCTURE AND COMPOSITION

During 2013, the Company incorporated four new subsidiaries, Seplat Petroleum Development Company UK Limited ("Seplat UK"), which was incorporated on 21 August 2013, Seplat East Onshore Limited ("Seplat East"), which was incorporated on 12 December 2013, Seplat East Swamp Company Limited ("Seplat Swamp"), which was incorporated on 12 December 2013 and Seplat Gas Company Limited ("Seplat Gas") which was incorporated on 12 December 2013, these entities are wholly owned subsidiaries of SEPLAT. On 1 June 2013, Newton Energy Limited ("Newton Energy") a wholly owned subsidiary of SEPLAT, incorporated on 8 November 2010 acquired from Pillar Oil Limited ("Pillar Oil") a 40 per cent. participant interest in producing assets, the Umuseti and Igbuku marginal field area located in OML 56. The total purchase price for these assets was \$50 million paid at the completion of the acquisition in June 2013 and a contingent payment of \$10 million payable upon reaching certain production milestones.

\$57.7 million was allocated to the producing assets including \$7.7 million as the fair value of the contingent consideration as calculated on acquisition date.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

The Company together with its subsidiaries, Newton Energy, Seplat UK, SEPLAT East, Seplat Swamp and Seplat Gas and are referred to as the "Group". Seplat Petroleum Development Company Plc ("the Company") is the parent of the Group.

Except for Newton Energy and Seplat UK, the other three entities had not started operations as at year end.

RESULTS:

	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>
Profit before taxation	457,523	295,655	154,458
Tax expense	92,745	(186,556)	(101,034)
Profit after taxation	550,268	109,099	53,424
Dividend declared for the year	—	(20,000)	(12,600)
Retained profit for the year	<u>550,268</u>	<u>89,099</u>	<u>40,824</u>

DIVIDEND:

The Directors are recommending to members the payment of a dividend of \$0.10 per 50kobo share amounting to \$40 million (2012: \$20 million (\$0.20 per share)).

If the recommended dividend is approved, it will be paid to members, whose names appeared in the Company's register of members as at close of business on 31 December 2013.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment and significant additions thereto are shown in note 11 to the financial statements.

BOARD OF DIRECTORS

The names of the Directors are shown on page 39.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

The Board has the following Committees:

- 1. Audit Committee - To be inaugurated at the next AGM**
Charles Okeahalam
Ifueko M. Omoigui-Okauru
Alhaji Nasir Ado Bayero (Resigned on 21 October 2013)
Three representatives to be selected at a general meeting of shareholders
- 2. Finance Committee**
Charles Okeahalam (Chairman)
Michael Alexander
Ifueko M. Omoigui-Okauru
- 3. Nomination and Establishment Committee**
A.B.C. Orjiako (Chairman)
Michael Alexander
Basil Omiyi
- 4. Remuneration Committee**
Michael Alexander (Chairman)
Basil Omiyi
Charles Okeahalam
- 5. Risk Management, HSE and Communities Committee**
Basil Omiyi (Chairman)
Ifueko M. Omoigui-Okauru
Macaulay Ofurhie

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

RECORD OF ATTENDANCE OF BOARD AND COMMITTEE MEETINGS:

In accordance with Section 258 Subsection 2 of the Companies and Allied Matters Act, CAP20 LFN, 2004 the record of attendance of Directors at Board Meetings and that of its Committees in the year under review is published herewith:

<u>S/N</u>	<u>Name</u>	<u>No. of Meetings in the year</u>	<u>No. of times in Attendance</u>
Board of Directors:			
1	A.B.C. Orjiako (Chairman)	6	6
2	Ojunekwu Augustine Avuru	6	6
3	William Stuart Connal	6	5
4	Roger Thompson Brown	6	4
5	Alhaji Nasir Ado Bayero	6	2
6	Jean-Fran Çois Hénin	6	5
7	Michel Hochard	6	5
8	Macaulay Agbada Ofurhie	6	6
9	Michael Richard Alexander	6	4
10	Charles Okeahalam	6	5
11	Basil Omiyi	6	5
12	Ifueko Omoigui Okauru	6	4
Finance Committee			
1.	Charles Okeahalam (Chairman)	3	3
2.	Michael Alexander	3	3
3.	Ifueko M. Omoigui-Okauru	3	3

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

<u>S/N</u>	<u>Name</u>	<u>No. of Meetings in the year</u>	<u>No. of times in Attendance</u>
Nomination and Establishment Committee			
1.	A.B.C. Orjiako (Chairman)	3	3
2.	Michael Alexander	3	3
3.	Basil Omiyi	3	3
Remuneration Committee			
1.	Michael Alexander (Chairman)	3	3
2.	Basil Omiyi	3	3
3.	Charles Okeahalam	3	3
Risk Management, HSE and Communities Committee			
1.	Basil Omiyi (Chairman)	2	2
2.	Ifueko M. Omoigui-Okauru	2	2
3.	Macaulay Ofurhie	2	2

DIRECTORS' INTEREST IN SHARES

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) as at 31 December 2013, are as follows:

	<u>No. of Ordinary Shares</u>	<u>As a percentage of Ordinary Shares in issue</u>
A.B.C. Orjiako(1)	85,137,200	21.28
Ojunekwu Augustine Avuru(2)	73,137,913	18.28
William Stuart Connal	—	—
Roger Thompson Brown	—	—
Michel Hochard	—	—
Macaulay Agbada Ofurhie	4,806,373	1.20
Michael Richard Alexander	—	—
Charles Okeahalam	—	—
Basil Omiyi	400,000	0.10
Ifueko Omoigui-Okauru	—	—

(1) 72,737,200 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family and 12,400,000 Ordinary Shares are held directly by Mr. Orjiako's siblings.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

- (2) 19,200,000 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Austin Avuru has a 23 per cent. equity interest.

DIRECTORS' INTERESTS IN CONTRACTS

The Chairman and the Managing Director have disclosable indirect interests in contracts with which the Company was involved as at 31 December 2013 for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

SUBSTANTIAL INTEREST IN SHARES

The issued and fully paid share capital of the Company as at 31 December 2013 is beneficially owned as follows:

<u>Shareholder</u>	<u>Number</u>	<u>%</u>
MPI S.A.	120,400,000	30.10
Shebah Petroleum Development Company Limited	85,137,200	21.28
Austin Avuru and Platform Petroleum Limited	73,137,913	18.28
Mercuria Capital Partners Limited	24,000,000	6.00
Quantum Power International Holdings Limited	19,600,000	4.90
Quantum Capital Partners Fund I LP	19,996,000	4.99
The Blakeney Group	16,000,000	4.00
Others	41,728,887	10.43
	<u>400,000,000</u>	<u>100</u>

- (1) 72,737,200 Ordinary Shares are held by Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family, and 12,400,000 Ordinary Shares are held directly by Mr. Orjiako's siblings.
- (2) 19,200,000 Ordinary Shares are held by Professional Support Limited and 1,920,000 Ordinary Shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 Ordinary Shares, are held by Platform Petroleum Limited, which is an entity in which Austin Avuru has a 23 per cent. equity interest.

ACQUISITION OF OWN SHARES:

The Company did not acquire any of its shares during the year.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

CORPORATE GOVERNANCE

The Board of Directors of the Company is aware of the Code of Corporate Governance issued by the Securities and Exchange Commission of Nigeria in the administration of the Company and is ensuring that the Company complies with it.

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 and detection of fraud and other irregularities.

The Board has a Remuneration Committee made up of three of its members, other committees are:

- Finance Committee
- Nomination and Establishment Committee
- Risk Management, HSE and Communities Committee

The report of the committee and details of its membership are set out on page 2.

DONATIONS

The following donations were made by the Company during the year (2012: \$255,000).

<u>Name of beneficiary</u>	<u>\$</u>
Victorine Home for Children	1,932
Nigeria Society of Chemical Engineers	12,878
Widow Empowerment	7,350
	<u>22,160</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2013

EMPLOYMENT AND EMPLOYEES

a) **EMPLOYEES INVOLVEMENT AND TRAINING:**

The Company continues to observe industrial relations practices such as a 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 will provide appropriate HSE training to all staff, and Personal Protective Equipment (PPE) to the appropriate staff.

b) **HEALTH, SAFETY AND WELFARE OF EMPLOYEES:**

The Company continues to enforce strict health and safety rules and practices in 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 are 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.

c) **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.

AUDITORS

The Auditors, Ernst and Young, have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990. A resolution will be proposed authorising the Directors to fix their remuneration.

By Order of the Board

Isaiah Adesola Odeleye
FRC/2014/NBA/00000006683
Company Secretary,
Seplat Petroleum Development Company Plc
25a Lugard Avenue
Ikoyi
Lagos
Nigeria

Date: 19 March 2014

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES - Continued

FOR THE YEAR ENDED 31 DECEMBER 2013

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments 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 judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. 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 Company will not remain a going concern for at least twelve months from the date of this statement.

Signed On Behalf Of the Directors By

Ambrosie Bryant Chukwueloka Orjiako
Chairman
FRC/2013/IODN/00000003161.

Ojunekwu Augustine Avuru
Group Managing Director & CEO
FRC/2013/IODN/00000003100

19 March 2014



Ernst & Young
10th Floor, UBA House
57, Marina
Lagos, Nigeria

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Email: services@ng.ey.com
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

We have audited the accompanying financial statements of Seplat Petroleum Development Company Plc and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Seplat Petroleum Development Company Plc as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC - Continued**

Report on other legal and regulatory requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, 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 purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the Company's statement of financial position and profit or loss and other comprehensive income are in agreement with the books of account.

A handwritten signature in black ink that reads 'Odutola'.

Yemi Odutola
For Ernst & Young
Lagos, Nigeria
FRC/2012/ICAN/00000000141

19 March 2014

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	The Group	The Company		
		2013 \$000	2013 \$000	2012 \$000	2011 \$000
Revenue	3	880,227	869,982	624,546	451,320
Cost of sales	4	(330,943)	(328,368)	(250,302)	(206,356)
Gross profit		549,284	541,614	374,244	244,964
Other operating income	5	404	404	2,183	—
Other general and administrative expenses	6	(71,977)	(67,580)	(48,326)	(56,857)
Gain on foreign exchange		1,473	1,469	1,894	(165)
Fair value movements in contingent consideration	22	(514)	—	(142)	(8,618)
Operating profit		478,670	475,907	329,853	179,324
Finance income	7a	658	3,375	1,788	—
Finance costs	7b	(21,805)	(21,805)	(35,986)	(24,866)
Profit before taxation		457,523	457,477	295,655	154,458
Taxation	8a	92,745	92,745	(186,556)	(101,034)
Profit for the year		<u>550,268</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>
Other Comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in the subsequent periods					
Foreign translation difference	20	58	—	—	—
Total comprehensive income net of tax		<u>550,326</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>
Basic and diluted earnings per share	26	1.38	1.38	0.27	0.13

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	The Group		The Company		
		31-Dec 2013 \$'000	31-Dec 2013 \$'000	31-Dec 2012 \$'000	31-Dec 2011 \$'000	1-Jan 2011 \$'000
ASSETS						
Non-current assets						
Oil & gas properties	11a	577,954	512,737	379,931	301,334	351,540
Other property, plant & equipment	11b	7,553	6,605	6,184	3,411	5,016
Intangible assets	12	141	141	234	324	414
Deferred tax asset	9a	—	—	26,042	52,298	29,382
Prepayments	13	108,910	108,910	14,208	1,000	314
Investment in Subsidiaries	14	—	1,000	—	—	—
Total non-current assets		<u>694,558</u>	<u>629,393</u>	<u>426,599</u>	<u>358,367</u>	<u>386,666</u>
Current assets						
Inventories	15	43,112	39,508	24,949	10,903	—
Trade and other receivables	16	410,430	471,792	294,302	100,136	112,521
Cash & short term deposits	17	169,461	150,172	154,332	201,777	30,368
Total current Assets		<u>623,003</u>	<u>661,472</u>	<u>473,583</u>	<u>312,816</u>	<u>142,889</u>
Total assets		<u>1,317,561</u>	<u>1,290,865</u>	<u>900,182</u>	<u>671,183</u>	<u>529,555</u>
Equity and liabilities						
Equity						
Issued share capital	18	1,334	1,334	690	690	690
Capital contribution	19	40,000	40,000	40,000	40,000	40,000
Retained earnings		690,807	690,761	141,183	66,084	12,660
Foreign translation reserve	20	58	—	—	—	—
Total shareholders' equity		<u>732,199</u>	<u>732,095</u>	<u>181,873</u>	<u>106,774</u>	<u>53,350</u>
Non-current liabilities						
Interest bearing loans & borrowings	21a	120,850	120,850	146,358	247,281	47,979
Contingent consideration	22	8,245	—	—	—	24,240
Provision for decommissioning	23	15,176	14,578	15,727	10,112	8,793
Deferred tax liabilities	9a	—	—	119,404	54,521	—
Total non-current liabilities		<u>144,271</u>	<u>135,428</u>	<u>281,489</u>	<u>311,914</u>	<u>81,012</u>
Current liabilities						
Short term borrowings	21b	189,753	189,753	101,247	54,250	272,096
Contingent consideration	22	—	—	—	32,858	—
Trade and other payables	24	251,338	233,589	258,355	102,386	97,268
Tax Payable	25	—	—	77,218	63,001	25,829
Total current liabilities		<u>441,091</u>	<u>423,342</u>	<u>436,820</u>	<u>252,495</u>	<u>395,193</u>
Total liabilities		<u>585,362</u>	<u>558,770</u>	<u>718,309</u>	<u>564,409</u>	<u>476,205</u>
Total shareholder equity & liabilities		<u>1,317,561</u>	<u>1,290,865</u>	<u>900,182</u>	<u>671,183</u>	<u>529,555</u>

Notes 1-33 are an integral part of the financial statements

The consolidated financial statements of Seplat Petroleum Development Company Plc for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 12 March 2014 and were signed on its behalf by:

A. B. C. Orjiako
FRC/2013/IODN/00000003161
Chairman
19 March 2014

A. O. Avuru
FRC/2013/IODN/00000003100
Group Managing Director/ CEO
19 March 2014

N.E. Skene
FRC/2013/IODN/00000002930
Vice President Finance
19 March 2014

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group				The Company				
	Issued Share Capital \$000	Capital Contribution \$000	Retained Earnings \$000	Foreign Translation Reserve	Total \$000	Issued Share Capital \$000	Capital Contribution \$000	Retained Earnings \$000	Total \$000
At 1 January 2011	—	—	—	—	—	690	40,000	12,660	53,350
Total comprehensive income for the year	—	—	—	—	—	—	—	53,424	53,424
At 31 December 2011	—	—	—	—	—	690	40,000	66,084	106,774
At 1 January 2012	—	—	—	—	—	690	40,000	66,084	106,774
Profit for the year	—	—	—	—	—	—	—	109,099	109,099
Other Comprehensive Income	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	(34,000)	(34,000)
At 31 December 2012	—	—	—	—	—	690	40,000	141,183	181,873
At 1 January 2013	690	40,000	141,183	—	181,873	690	40,000	141,183	181,873
Profit for the year	—	—	550,268	—	550,268	—	—	550,222	550,222
Other Comprehensive Income	—	—	—	58	58	—	—	—	—
Bonus Issue	644	—	(644)	—	—	644	—	(644)	—
At 31 December 2013	1,334	40,000	690,807	58	732,199	1,334	40,000	690,761	732,095

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 to pay off acquisition costs and for working capital as was required at the commencement of operations. Subsequently, the interest held by M&P was transferred to MPI. All terms and conditions previously held by M&P were re-assigned to MPI.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Notes	THE GROUP	THE COMPANY		
		2013 \$000	2013 \$000	2012 \$000	2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	10	397,793	319,696	165,165	250,300
Income taxes paid	8	(106,584)	(106,584)	(81,199)	(32,258)
Payment of contingent consideration		—	—	(33,000)	—
Net cash flows from operating activities		291,209	213,112	50,966	218,042
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in oil and gas properties		(216,200)	(100,732)	(72,680)	(1,888)
Investment in other property, plant and equipment		(4,503)	(3,530)	(4,931)	(2,652)
Acquisition of subsidiary		—	—	—	—
Proceeds from sale of assets		85	85	72	—
Interest received		658	3,375	1,568	—
Net cash flows from investing activities		(219,960)	(100,802)	(75,971)	(4,540)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank financing		129,000	129,000	—	275,000
Repayments of bank financing		(68,096)	(68,096)	(54,250)	(184,313)
Loan to subsidiary undertaking		—	(60,000)	—	—
Repayment of Shareholder Financing		—	—	—	(105,960)
Dividends paid		(—)	(—)	(34,000)	—
Interest paid		(18,776)	(18,776)	(31,894)	(26,983)
Net cash inflows/(outflows) from financing activities		42,128	(17,872)	(120,144)	(42,256)
Net decrease in cash and cash equivalents		113,377	94,439	(145,149)	171,246
Cash and cash equivalents at beginning of year		56,332	56,332	201,777	30,368
Foreign translation reserve		(248)	(599)	(296)	163
Cash and cash equivalents at end of year		169,461	150,172	56,332	201,777

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND BUSINESS

The Company was incorporated on 17 June 2009 as a private limited liability company, under the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and commenced operations on 1 August 2010. The Company was re-registered as a public limited company, SEPLAT Petroleum Development Company Plc on 3 October 2013. The Company is principally engaged in oil and gas exploration and production.

GROUP STRUCTURE AND COMPOSITION

During 2013, the Company incorporated four new subsidiaries, Seplat Petroleum Development Company UK Limited (“Seplat UK”), which was incorporated on 21 August 2013, Seplat East Onshore Limited (“Seplat East”), which was incorporated on 12 December 2013, Seplat East Swamp Company Limited (“Seplat Swamp”), which was incorporated on 12 December 2013 and Seplat Gas Company Limited (“Seplat Gas”) which was incorporated on 12 December 2013, these entities are wholly owned subsidiaries of SEPLAT. On 1 June 2013, Newton Energy Limited (“Newton Energy”) a wholly owned subsidiary of SEPLAT, incorporated on 8 November 2010 acquired from Pillar Oil Limited (“Pillar Oil”) a 40 per cent. participant interest in producing assets: the Umuseti and Igbuku marginal field area located in OML 56. The total purchase price for these assets was \$50 million paid at the completion of the acquisition in June 2013 and a contingent payment of \$10 million payable upon reaching certain production milestones.

\$57.7 million was allocated to the producing assets including \$7.7 million as the fair value of the contingent consideration as calculated on acquisition date.

The Company together with its subsidiaries, Newton Energy, Seplat UK, Seplat East, Seplat Swamp and Seplat Gas and are referred to as the “Group”. The Company is the parent of the Group.

Except for Newton Energy and Seplat UK, the other three entities had not started operations as at year end.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2012, the Company prepared its financial statements in accordance with Nigerian generally accepted accounting principles (Nigerian GAAP). These financial statements for the year ended 31 December 2013 are the first the Group has prepared in accordance with IFRS.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The consolidated financial statements have been prepared on a historical cost basis, except for contingent consideration that has been measured at fair value.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013.

Control is achieved when the investor 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 all of the following:

- 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
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting, or similar, rights of an investee, it 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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

- Derecognises the carrying amount of any non-controlling interest
- 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
- Reclassifies the parent's share of components previously recognised in other comprehensive income 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

The comparative financial information for the group as at 31 December 2012, 31 December 2011 and 1 January 2011 is the same with those of the Company for the same period because two of the subsidiaries commenced operations in 2013. As a result only the Group figures for 2013 have been shown in the financial statements.

2.3 Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements.

2.3.1 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in US dollars, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

arising on translation of non-monetary measured at fair value is treated in line with the recognition gain or loss on change in fair value in the item (i.e. the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Share Capital in foreign currencies is translated to the functional and presentation currency at historical rate.

Prior to 1 January 2011, the date of transition to IFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the Parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

Group companies

The assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2.3.2 Oil and gas exploration, evaluation and development expenditure

i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

ii) Exploration licence costs

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 on establishing development plans and timing.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

If no future activity is planned or the license has been relinquished or has expired, the carrying value of the license is written off through profit or loss.

iii) Acquisition of producing assets

Upon acquisition of producing assets, where the Group does not have control, 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.

If the acquisition results in control over the assets and includes processes and personnel, then the acquisition is treated as an acquisition of a business. In this case, the excess of purchase price over fair value of the assets is recorded as goodwill.

iv) Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged against income 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 against income. 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; and
- 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 are continuing.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above is written off. In the event that an area is subsequently abandoned or exploration activities do not lead to the discovery of proved or probable

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

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 expenditure*

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 out of revenue to be derived from the sale of production from the relevant development property.

vi) *Interest in joint operations*

SEPLAT is the operator of the assets relating to OML 4, OML 38 and OML 41. Nigeria Petroleum Development Company ("NPDC"), a subsidiary of the Nigeria National Petroleum Corporation ("NNPC") is the other operator. SEPLAT holds a 45 per cent. interest, while NPDC holds a 55 per cent. interest in the joint operations.

Newton Energy is a joint operator of OML 56 with Pillar Oil. Newton Energy has a 40 per cent. interest, while Pillar Oil, the operator, holds a 60 per cent. interest in the joint operations.

The Group in relation to its interest in joint operations recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Reimbursement of costs of the operator of the joint arrangement

The Company, acting as an operator, receives reimbursement of direct costs recharged to the joint arrangement; such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

2.3.3 Revenue recognition

Revenue arises from the sale of crude oil and gas. Revenue comprises the realised value of crude oil lifted by customers. Revenue is recognised when crude products are lifted by a third party (buyer) Free on Board (FOB) at the Group's designated loading facility or lifting terminals. At the point of lifting, all risks and rewards are transferred to the buyer. Gas revenue is recognised when gas passes through the custody transfer point.

Overlift and underlift

The excess of the product sold during the period over the participant's ownership share of production is termed as an overlift and is accrued for as a liability and not as revenue. Conversely, an underlift is recognised as an asset and the corresponding revenue is also reported.

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.

2.3.4 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 that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

2.3.5 Oil and Gas Properties and Other 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

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/amortised on a unit-of-production basis over the estimated proved developed reserves. Other property, plant and equipment is 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:

<u>Leasehold improvements</u>	<u>Over the unexpired portion of the lease</u>
Plant and machinery	20%
Office furniture and equipment	33.33%
Motor vehicles	25%
Computer equipment	33.33%

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.

2.3.6 Impairment of non-financial assets

The entity assesses assets or group of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset 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. 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.

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 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.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss after such a reversal and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.3.7 Cash and cash equivalents for the statement of cash flows

Cash and cash equivalents 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, but exclude any restricted cash which is not available for use by the Group and therefore is not considered highly liquid.

2.3.8 Inventories

Inventories represent the value of tubulars, casing 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 first in first out basis.

2.3.9 Financial instruments

(i) Financial assets

Financial assets initial recognition and measurement

Financial assets in the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through the statement of profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the statement of profit or loss which do not include transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables and loan and other receivables.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Trade receivables, loans and other receivables

Trade receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in the current assets, except for maturities greater than 12 months after the reporting date. The Group's loan and receivables comprise trade and other receivables in the consolidated historical financial information.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method net of any impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered as indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss. When a trade is uncollectable, it is written off against the allowance account for trade receivables.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

(ii) **Financial liabilities**

Financial liabilities in the scope of IAS 39 are classified as financial liabilities at fair value through the statement of profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

Trade payables, loans and borrowings

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost while any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of borrowings using the effective interest method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial liabilities

A financial liability is derecognised when the associated obligation 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 in the statement of profit or loss & other comprehensive income.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

2.3.10 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.3.11 Contingent consideration

A contingent consideration is recognised where payment is dependent on future events. On initial recognition, the fair value of the contingent consideration is calculated. The fair value is recognised as a liability and also capitalised to the producing facilities. Subsequently, the liability is tested for changes in fair value and the differences recorded in liability and in the statement profit or loss and other comprehensive income.

2.3.12 Earnings and dividends per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

2.3.13 Employee 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 2004. 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 schemes are charged to the profit and loss account in the year to which they relate.

A defined contribution plan is a pension plan under which the Group pays fixed contributions. Contribution to the scheme is 15 per cent. of each employee's annual basic salary, housing and transport allowances which is paid wholly by the employer. The contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate.

2.3.14 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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

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;
- when discounting is used, the increase of the provision over time is recognised as an 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 possible 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 fair value of the expenditures expected to be required to settle the obligation using a pre-tax rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. 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 charges.

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.

2.3.15 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 judgment regarding the outcome of future events.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

2.3.16 Income taxation

Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Taxation on crude oil activities is provided in accordance with the Petroleum Profits Tax Act (PPTA) CAP. P13 Vol. 13 LFN 2004 and on gas operations in accordance with the Companies Income Tax Act (CITA) CAP. C21 Vol. 3 LFN 2004. Education tax is assessed at 2 per cent. of the assessable profits.

Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated historical financial information and the corresponding tax bases used in the computation of taxable profit.

A deferred income tax charge is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

2.3.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments and capitalised prepaid operating leases are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

2.3.18 New Tax Regime

During 2013, applications were made by SEPLAT and its wholly owned subsidiary, Newton Energy, for the tax incentives available under the provisions of the Industrial Development (Income Tax Relief) Act. In February 2014, SEPLAT was granted the incentives in respect of the tax treatment of OMLs 4, 38 and 41. Newton Energy was also granted similar incentives in respect of the tax treatment of OML 56. Accordingly, the new incentives form the basis of our current and deferred taxation in the financial statements.

2.3.19 Fair value measurement

The Group measures financial instruments such as contingent considerations within the scope of IAS 39 at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 FIRST-TIME ADOPTION OF IFRS

The historical financial information herein is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2012, the Company prepared its financial statements in accordance with standards issued by the Nigerian Accounting Standards Board (Nigerian GAAP).

In preparing this historical financial information, the Company's opening statement of financial position was prepared as at 1 January 2011, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Nigerian GAAP financial statements, including the statements of financial position as at 1 January 2011 and the historical financial information as at and for the years ended 31 December 2011 and 31 December 2012.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS; however, the Group has not applied any exemptions allowed.

Estimates

The estimates as at 1 January 2011, 31 December 2011 and 31 December 2012 are consistent with those made for the same dates in accordance with Nigerian GAAP (after adjustments to reflect any differences in accounting policies) and reflect conditions at those dates.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Reconciliation of equity as at 1 January 2011 (for the Group and the Company, the consolidated figures being the same for both)

Assets	\$000 Nigerian GAAP		\$000 Remeasurements	\$000 Reclassifications	\$000 IFRS
Non-current assets					
Property, plant and equipment	214,836	C,D	20,573	121,147	356,556
Goodwill	121,147		—	(121,147)	—
Intangible assets	6,764	A	(3,792)	(2,558)	414
Deferred tax assets	—	B	29,382	—	29,382
Prepayments	—		—	314	314
Total non-current assets	342,747		46,163	(2,244)	386,666
Current assets					
Trade and other receivables	112,835		—	(314)	112,521
Cash and cash at banks	30,368		—	—	30,368
Total current assets	143,203		—	(314)	142,889
Total assets	485,950		46,163	(2,558)	529,555
Equity and liabilities					
Equity attributable to shareholders					
Share capital	690		—	—	690
Capital contribution	40,000		—	—	40,000
Retained earnings	7,114		5,546	—	12,660
Total equity	47,804		5,546	—	53,350
Non-current liabilities					
Borrowings	—		—	47,979	47,979
Deferred tax liabilities	3,519	B	—	(3,519)	—
Contingent consideration	—	C	24,240	—	24,240
Asset retirement obligation / Provision for decommissioning	—	D	8,793	—	8,793
Total non-current liabilities	3,519		33,033	44,460	81,012
Current liabilities					
Trade and other payables	417,412		—	(320,144)	97,268
Borrowings	—		—	272,096	272,096
Current taxation	17,215	B	7,584	1,030	25,829
Total current liabilities	434,627		7,584	(47,018)	395,193
Total liabilities	438,146		40,617	(2,558)	476,205
Total equity and liabilities	485,950		46,163	(2,558)	529,555

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Reconciliation of equity as at 31 December 2011 (for the Group and the Company, the consolidated figures being the same for both)

	Nigerian GAAP \$000		Remeasurements \$000	Reclassifications \$000	IFRS as at 1 January 2012 \$000
Assets					
Non-current assets					
Property, plant and equipment	182,163	C,D	1,435	121,147	304,745
Goodwill	121,147		—	(121,147)	—
Intangible assets	5,086	A	(4,762)	—	324
Deferred tax assets	—	B	52,298	—	52,298
Prepayments	686		—	314	1,000
Total non-current assets	309,082		48,971	314	358,367
Current assets					
Inventories	10,903		—	—	10,903
Trade and other receivables	100,450		—	(314)	100,136
Cash and short term deposits	201,777		—	—	201,777
Total non-current assets	313,130		—	(314)	312,816
Total assets	622,212		48,971	—	671,183
Equity and liabilities					
Equity attributable to shareholders					
Share capital	690		—	—	690
Capital contribution	40,000		—	—	40,000
Retained earnings	70,271		(4,187)	—	66,084
Total equity	110,961		(4,187)	—	106,774
Non-current liabilities					
Borrowings	161,438		—	85,843	247,281
Deferred tax liabilities	6,980	B	47,541	—	54,521
Provision for decommissioning	2,792	D	7,320	—	10,112
Total non-current liabilities	171,210		54,861	85,843	311,914
Current liabilities					
Trade and other payables	243,011	E	(532)	(140,093)	102,386
Borrowings	—		—	54,250	54,250
Contingent consideration	—	C	32,858	—	32,858
Current taxation	97,030	B	(34,029)	—	63,001
Total current liabilities	340,041		(1,703)	(85,843)	252,495
Total liabilities	511,251		53,158	—	564,409
Total equity and liabilities	622,212		48,971	—	671,183

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Reconciliation of equity as at 31 December 2012 (for the Group and the Company, the consolidated figures being the same for both)

Assets	Nigerian GAAP \$000		Remeasurements \$000	Reclassifications \$000	IFRS \$000
Non-current assets					
Property, plant and equipment	282,599	C,D	(49,701)	153,217	386,115
Goodwill	153,217			(153,217)	—
Intangible assets	3,391	A	(3,157)		234
Deferred tax assets	—	B	6,140	19,902	26,042
Prepayments	18,212		—	(4,004)	14,208
Total non-current assets	457,419		(46,718)	15,898	426,599
Current assets					
Inventories	24,949		—	—	24,949
Trade and other receivables	290,297		—	4,004	294,301
Cash and short term deposits	154,332		—	—	154,332
Total non-current assets	469,579		—	4,004	473,582
Total assets	926,997		(46,718)	19,903	900,182
Equity and liabilities					
Equity attributable to shareholders					
Share capital	690		—	—	690
Capital contribution	40,000		—	—	40,000
Retained earnings	150,789		(9,606)	—	141,183
Total equity	191,479		(9,606)	—	181,873
Non-current liabilities					
Borrowings	149,188		(796)	(2,034)	146,358
Deferred tax liabilities	103,426		(3,925)	19,903	119,404
Contingent consideration	—				—
Provision for decommissioning	15,727				15,727
Total non-current liabilities	268,341		(4,721)	17,869	281,489
Current liabilities					
Trade and other payables	356,139		2,027	(99,812)	258,354
Borrowings	—		(599)	101,846	101,247
Contingent consideration	—				—
Taxes & Royalties	111,038		(33,820)		77,218
Total current liabilities	467,177		(32,392)	2,035	436,819
Total liabilities	735,518		(37,113)	19,904	718,309
Total equity and liabilities	926,997		(46,719)	19,904	900,181

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Reconciliation of total comprehensive income for the year ended 1 January 2011

	\$000 Nigerian GAAP		\$000 Remeasurements	\$000 Reclassifications	\$000 IFRS
Revenue	83,935		—	—	83,935
Cost of sales	—		—	(46,152)	(46,152)
Gross profit	83,935		—	(46,152)	37,783
General and administrative expenses	(45,668)	A	(4,448)	44,367	(5,749)
Other operating expenses	—		—	(2,417)	(2,417)
(Loss)/gain on foreign exchange	—		—	460	460
Fair value movement in contingent consideration	—	C	(5,675)	—	(5,675)
Operating profit	38,267		(10,123)	(3,742)	24,402
Finance charges	(10,387)	D,E	(8,291)	3,742	(14,936)
Profit before taxation	27,880		(18,414)	—	9,466
Taxation	(20,734)	B	24,286	—	3,552
Profit for the year	7,146		5,872	—	13,018

Reconciliation of total comprehensive income for the year ended 31 December 2011

	\$000 Nigerian GAAP		\$000 Remeasurements	\$000 Reclassifications	\$000 IFRS
Revenue	452,596		(1,276)	—	451,320
Cost of sales	—		—	(206,356)	(206,356)
Gross profit	452,596		(1,276)	(206,356)	244,964
General and administrative expenses	(249,294)	A	(12,816)	209,142	(52,968)
Other operating expenses	—		—	(3,889)	(3,889)
(Loss)/gain on foreign exchange	—		—	(165)	(165)
Fair value movement in contingent consideration	—	C	(8,618)	—	(8,618)
Operating profit	203,302		(22,710)	(1,268)	179,324
Finance charges	(24,646)	D,E	(1,488)	1,268	(24,866)
Profit before taxation	178,656		(24,198)	—	154,458
Taxation	(115,500)	B	14,566	—	(101,034)
Profit for the year	63,156		(9,632)	—	53,424

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

**Reconciliation of profit or loss and other comprehensive income for the year ended
31 December 2012**

	\$000 Nigerian GAAP \$'000	\$000 Remeasurements \$'000	\$000 Reclassifications \$'000	\$000 IFRS \$'000
Revenue	623,270	1,276		624,546
Cost of sales	(285,299)	(11,216)	46,213	(250,302)
Gross profit	337,971	(9,940)	46,213	374,244
General and administrative expenses	—	—	(48,326)	(48,326)
Other income	3,752	—	(1,569)	2,183
(Loss)/gain on foreign exchange	—	—	1,894	1,894
Fair value movement in contingent consideration	—	(142)	—	(142)
Operating profit	341,723	(10,082)	(1,788)	329,853
Finance income	—	—	1,788	1,788
Finance charges	(36,171)	185	—	(35,986)
Profit before taxation	305,552	(9,897)	—	295,655
Taxation	(191,034)	4,478		(186,556)
Profit for the year	114,518	(5,419)	—	109,099
Other comprehensive income	—	—	—	—
Total comprehensive Income	114,518	(5,419)	—	109,099

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Notes to the reconciliations of equity as at 1 January 2011, 31 December 2011 and 31 December 2012 and profit or loss and other comprehensive income for the years ended 31 December 2011 and 31 December 2012

A. Intangible assets

Under Nigerian GAAP, the Group capitalised pre-operational expenditure and depreciated these on a straight-line basis over five years from the date of initial production. The pre-operational expenditure consists of licence costs, prepaid transaction costs related to borrowings and other costs which do not meet the asset recognition criteria under IFRS.

IFRS requirement

IAS 38 defines Intangible Assets as identifiable non-monetary assets without physical substance. IAS 38 requires recognition of an intangible asset if:

1. Intangible Asset is identifiable
2. It is probable that future economic benefit will flow to the entity
3. The cost of the asset can be measured reliably.

As the date of transition to IFRS, the carrying amount of pre-operational expenditure which did not qualify for asset recognition was derecognised against retained earnings.

Intangible assets are measured at costs less accumulated amortisation and impairment, hence licence costs are amortised over the useful life on a straight line basis.

Under Nigerian GAAP, the Group capitalised pre-operational expenditure and depreciated these on a straight-line basis over five years from the date of initial production. The pre-operational expenditure consists of licence costs, prepaid transaction costs related to borrowings and other costs which do not meet the asset recognition criteria under IFRS.

Under IFRS, licence costs are amortised on a straight line basis over the life of the period.

Borrowings

Under Nigerian GAAP transaction costs on loans were expensed.

Under IFRS, IAS 39 requires borrowings to be initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost while any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of borrowings using the effective interest method.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

As the date of transition to IFRS, the carrying amount of transaction costs related to loans payable was \$7,676k which were reclassified to prepayments.

As at 1 January 2011, the carrying amount of unamortised transaction costs which were reclassified to borrowings was \$2,558k (31 December 2011: Nil; 31 December 2012: Nil).

As the date of transition to IFRS, the carrying amount of pre-operational expenditure which did not qualify for asset recognition and which was derecognised against retained earnings was \$328k (1 January 2011: \$262k; 31 December 2011: \$196k; 31 December 2012: \$130k).

B. Taxation

This difference in income tax is as a result of over accrual under Nigerian GAAP as at the transition date while deferred tax is as a result of the impact of Nigerian GAAP to IFRS conversion.

C. Property, plant and equipment and contingent consideration

Under Nigerian GAAP, the Group did not recognise contingent consideration upon its acquisition of 45 per cent. interest in OML 4, 38 and 41. Under IFRS, the Group has recognised as the fair value of the contingent consideration on acquisition and recognised any movements in the fair value of the contingent consideration in profit or loss. As the acquisition was not a business combination as defined under IFRS 3, *Business combinations*, the initial amount of the contingent consideration liability is recognised against property, plant and equipment. At the acquisition date (July 2010), the fair value of the contingent consideration was \$18,595k (1 January 2011: \$24,240k; 31 December 2011: \$32,858k; 31 December 2012: Nil)

D. Decommissioning provision

IAS 37 requires a provision to be recognised when there is a present obligation, legal or constructive as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made.

Under IFRS, the recognition criteria for the decommissioning provision were met when the Company acquired the interest in the OMLs. Under both Nigerian GAAP and IFRS, the discount rate is a discount rate that reflects the current market assumptions of the time value of money and risks associated with the liability; however, the estimate of settlement of the liability under Nigerian GAAP reflected the end of licence term whereas under IFRS the estimate of settlement of the liability reflects the expected cessation of production, a date later than the expiration of the licence. Increases to the asset retirement obligation/decommissioning provision related to the time value of money are recognised as finance costs under both Nigerian GAAP and IFRS. All other changes would have been recognised as an increase or decrease to the property, plant and equipment to which they relate.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

At the acquisition date (July 2010), the net present value under IFRS of expected decommissioning costs was \$8,108k (1 January 2011: \$8,793k; 31 December 2011: \$10,112k; 31 December 2012: \$15,727k). As at 31 December 2011, the remeasurement adjustment related to the decommissioning liability is net of \$2,399k (31 December 2012: Nil) being the derecognition of the initial recognition or change in estimate of the asset retirement obligation under Nigerian GAAP which was derecognised against property, plant and equipment.

E. Trade and other payables

Under Nigerian GAAP, borrowings were recognised as part of trade and other payables. Due to the re-measurements on initial recognition of borrowings with regard to transaction costs, the Company has adjusted the subsequent carrying amounts of borrowings. At the date of transition to IFRS, the difference between the carrying amount of loans under Nigerian GAAP and IFRS was Nil (31 December 2010: \$(2,558)k; 31 December 2011: \$(532)k; 31 December 2012: \$(599)k).

2.5. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated historical financial information requires the use of certain critical accounting estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities, at the balance sheet date, and revenues and expenses reported during the period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Due to uncertainties in the estimation process, the Company regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated historical financial information are disclosed below.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Income taxes (note 8)

The Group is subject to income taxes only by the Nigerian tax authority, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the 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.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

(ii) Capital Contribution (note 19)

Pursuit to the shareholders agreement in respect of the Company dated 22 December 2009 (the "Shareholders Agreement"), Etablissement Maurel & Prom ("M&P") was to pay the Group \$40 million for acquisition-related sunk costs. This was separate from the payments received for shares in the Group. The absence of other terms and conditions attached to the funds is an indication that SEPLAT does not have a contractual obligation to pay back the amount received from M&P in cash or with another financial asset since the terms and conditions which exist in the Shareholders Agreement do not have repayment terms.

By applying the expanded definition of an equity instrument, it can be concluded that the transfer of funds is an equity instrument because:

- a) The Group does not have a contractual obligation to deliver cash or another financial asset to M&P to settle the amount received from it. The Group also does not have a contractual obligation to exchange financial assets or financial liabilities with M&P under conditions that are potentially unfavourable.
- b) The Group does not have a contractual obligation to settle the amount received from M&P by issuing equity instruments.

Furthermore, the Group has not issued shares to M&P after receiving the funds, and therefore this cannot be classified as share capital or share premium. As a result, treatment as a capital contribution was deemed most appropriate.

(iii) Acquisition of participating interest in producing assets

The acquisition of a 45 per cent. participating interest in OMLs 4, 38 and 41 included an acquisition of assets and certain processes, which would imply that the acquisition is that of a business. However, based on the fact that NNPC has a 55 per cent. interest in the acquired assets, the Group does not have control. As a result, the Group has determined that the most appropriate accounting treatment is to adopt the principles of IFRS 11, joint arrangements, with the exception of adopting IFRS 3, *Business combinations*, when accounting for the contingent consideration. All parties to the joint arrangement jointly take both financial and operational decisions.

Estimates and assumptions

(i) Recoverability of assets carrying amount

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. 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.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

- (ii) 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, 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.

Oil and Gas Reserves

Proved and developed 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 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.

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.

- (iii) *Contingent consideration (note 22)*

A consideration of \$33 million was paid by SEPLAT on October 22, 2012 in connection with the acquisition agreement relating to OMLs 4, 38 and 41, which stated that if Brent price per barrel was greater than or equal to the average price of \$80, as calculated over a period of 731 consecutive calendar days starting 30 July 2010, such additional consideration would become payable to the assignor.

At inception, the amount was capitalised to the cost of the asset and a corresponding liability was recorded based on the probability of the oil price being above \$80 per barrel. A swap of \$79.80 per barrel, which reflects the average price of Brent dated on the period from 26/08/2010 to 26/08/2012 was used in the calculation of the fair value of the liability and benchmarked against prices used by other industry experts.

In 2013, the Group entered into an agreement with Pillar Oil to acquire a 40 per cent. participating interest in the Umuseti/Isbuku marginal field area in OML 56. The total consideration payable is \$50 million upon signing of the agreement and \$10 million payable upon reaching certain production milestones (\$5 million when average daily production of 10,500 bopd of liquid hydrocarbon sustained over a period of one (1) month is achieved and another \$5 million when cumulative production of 10 million barrels of liquid hydrocarbons from all fields within OML 56 is achieved). The

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

fair value of \$7.731 million was capitalised to the cost of the asset and a corresponding liability recorded based on the probability.

(iv) *Provision for decommissioning (note 23)*

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.

(v) *Contingencies (note 29)*

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

2.6 Standards Issued but not effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. This will not have any significant impact on the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This will have no impact because the Group does not have investment entities.

3. Revenue

	The Group	The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000
Crude Oil Sales	815,354	801,636	585,612	475,470
Changes in lifting	46,795	50,268	12,689	(25,910)
	862,149	851,904	598,301	449,560
Gas Sales	18,078	18,078	26,245	1,760
	880,227	869,982	624,546	451,320

Included in Crude oil sales for 2013 for the Group and Company are 741,000 barrels (\$82m) being Shell MOU volumes returned during the reporting year. 543,000 barrels were returned in June 2013, whilst the balances of 198,000 barrels were returned in December 2013.

4. Cost of Sales

	The Group	The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000
Royalties	191,856	191,500	108,480	86,375
Depletion, Depreciation and Amortisation	27,898	26,990	32,788	62,550
Crude Handling Fees	31,968	31,968	21,380	23,605
Ness Fees	952	952	1,137	—
Niger Delta Development Commission levy	12,690	12,690	6,086	3,888
Rig related costs	27,037	27,037	44,788	9,081
Other field expenses	38,542	37,231	35,643	20,857
	330,943	328,368	250,302	206,356

Other field expenses includes costs of inventory charged to profit & loss, cost relating to operational expenditures that do not specifically relate to rigs such as minor clean-up costs, repair and maintenance of field equipment and field insurance.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

5. Other Operating Income

	The Group	The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000
Sale of scraps (Note 5a)	320	320	—	—
Royalty income	—	—	1,709	—
Gain on sale of property, plant & equipment	84	84	13	—
Crude transportation income	—	—	461	—
	404	404	2,183	—

5a. Sale of scraps

This represents the sale value of scrapped tubings from work-over wells.

6. Other General and Administrative expenses

	The Group	The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000
Depreciation and Amortisation	3,069	3,055	2,189	1,393
Professional and Consulting fees	25,469	25,319	10,852	822
Directors emoluments	7,518	5,798	4,037	2,121
Donations	10	10	255	59
Employee benefits (note 6b)	13,219	13,219	12,299	10,445
Business development	53	53	962	31,776
Other general expenses	22,639	20,126	17,732	10,241
	71,977	67,580	48,326	56,857

Other general expenses relate to costs such as office maintenance costs, rentals, telecommunication costs, and logistics costs.

6(b). Salaries and employee related costs include the following:

	The Group	The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000
Basic salary	5,718	5,718	4,662	3,959
Housing allowance	2,570	2,570	1,952	1,658
Other allowances	4,931	4,931	5,685	—
Total salaries and employee related costs	13,219	13,219	12,299	10,455

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

7. Finance income/cost

	<u>The Group</u>	<u>The Company</u>		
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>
7a. Interest Income	658	3,375	1,788	—
7b. Finance Cost				
Interest on Shareholders loan	4,206	4,206	3,398	7,615
Interest on bank loans	15,845	15,845	31,071	15,932
Unwinding of discount on provision for decommissioning (note 22)	1,754	1,754	1,517	1,319
	<u>21,805</u>	<u>21,805</u>	<u>35,986</u>	<u>24,866</u>

8. Income tax

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

8a. Tax expense per consolidated profit or loss and other comprehensive income

	<u>The Group</u>	<u>The Company</u>		
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>
Current tax	—	—	90,582	64,474
Education Tax	—	—	4,833	4,956
Under provision from prior year	617	617	—	—
	617	617	95,415	69,430
Net deferred tax in profit or loss	(93,362)	(93,362)	91,141	31,604
Total taxes recognised in statement of profit or loss	<u>(92,745)</u>	<u>(92,745)</u>	<u>186,556</u>	<u>101,034</u>

Under provision relates to additional tax paid arising from the 13th instalment payment of taxes.

8b. Current Tax payable

	<u>The Group</u>	<u>The Company</u>		
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>
As at 1 Jan	77,218	77,218	63,001	25,829
Charge for the year	—	—	95,415	69,430
Under provision from prior year	617	617	—	—
Tax paid	(106,584)	(106,584)	(81,198)	(32,258)
Tax (prepayment) / payable	<u>(28,749)</u>	<u>(28,749)</u>	<u>77,218</u>	<u>63,001</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

8c. Reconciliation of effective tax rate

	<u>The Group</u>	<u>The Company</u>		
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Reconciliation of effective tax rate				
Profit before taxation	457,523	457,477	295,655	154,458
Income tax using the domestic corporation tax rate	—	—	194,393	101,556
Non-deductible expenses:	—	—	(12,671)	(5,478)
Tax incentives:				
Capital allowances	—	—		
Education tax	—	—	4,834	4,956
Education tax levy	—	—	—	—
Under provision from prior year	617	617	—	—
Total income tax expense in the statement of comprehensive income	617	617	186,556	101,034
Temporary differences	<u>(93,362)</u>	<u>(93,362)</u>	<u> </u>	<u> </u>
Total tax	<u>(92,745)</u>	<u>(92,745)</u>	<u>186,556</u>	<u>101,034</u>
Effective tax rate	—	—	63%	65%

8d. Tax Status

During 2013, applications were made by the Company and its wholly owned subsidiary, Newton Energy, for the tax incentives available under the provisions of the Industrial Development (Income Tax Relief) Act. In February 2014, SEPLAT was granted the incentives in respect of the tax treatment of OMLs 4, 38 and 41 effective 1 January 2013. Newton Energy was also granted similar incentives in respect of the tax treatment of OML 56 effective 1 June 2013. Accordingly, the new incentives form the basis of our current and deferred taxation in the financial statements.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

9. Deferred Income Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	The Group		The Company		1 Jan 2011
	2013	2013	2012	2011	
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax asset to be recovered after more than 12 months	<u>13,605</u>	<u>12,392</u>	<u>26,042</u>	<u>52,298</u>	<u>29,382</u>
	<u>13,605</u>	<u>12,392</u>	<u>26,042</u>	<u>52,298</u>	<u>29,382</u>
Deferred tax liability to be recovered After more than 12 months	<u>(9,955)</u>	<u>(9,955)</u>	<u>(119,404)</u>	<u>(54,521)</u>	<u>—</u>
	<u>(9,955)</u>	<u>(9,955)</u>	<u>(119,404)</u>	<u>(54,521)</u>	<u>—</u>
Net deferred tax (liability)/asset	<u>3,650</u>	<u>2,437</u>	<u>(93,362)</u>	<u>(2,223)</u>	<u>29,382</u>

The Group has \$3.65million (the Company: \$2.43million) deferred tax asset as at 31 December 2013 in respect of unutilised losses and capital allowances. These deferred tax assets have not been included in these financial statements as the amount of losses and capital allowances that can be utilised is deferred to later date.

9b. Deferred tax Assets

The Group

	Fixed Asset	Overlift	Decommissioning	Contingent	Total
	\$000	\$000	provision	consideration	\$000
	\$000	\$000	\$000	\$000	\$000
At 1 January 2011	654	7,009	5,781	15,938	29,382
(Charged)/credited to profit or loss	(55,175)	17,036	868	5,666	(31,605)
At 31 December 2011	(54,521)	24,045	6,649	21,604	(2,223)
(Charged)/credited to profit or loss	(64,884)	(8,343)	3,691	(21,604)	(91,140)
At 31 December 2012	(119,405)	15,702	10,340	—	(93,363)
(Charged)/credited to profit or loss	110,155	(15,702)	2,560	—	97,013
At 31 December 2013	(9,250)	—	12,900	—	3,650

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The Company

<u>Deferred tax Assets</u>	<u>Fixed Asset \$000</u>	<u>Overlift \$000</u>	<u>Decommissioning provision \$000</u>	<u>Contingent consideration \$000</u>	<u>Total \$000</u>
At 1 January 2011	654	7,009	5,781	15,938	29,382
(Charged)/credited to profit or loss	(55,175)	17,036	868	5,666	(31,605)
At 31 December 2011	(54,521)	24,045	6,649	21,604	(2,223)
(Charged)/credited to profit or loss	(64,884)	(8,343)	3,691	(21,604)	(91,140)
At 31 December 2012	(119,405)	15,702	10,340	—	(93,363)
(Charged)/credited to profit or loss	109,450	(15,702)	2,052	—	95,800
At 31 December 2013	(9,955)	—	12,392	—	2,437

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

10.

	<u>Group</u>	<u>The Company</u>		
	<u>2013 \$000</u>	<u>2013 \$000</u>	<u>2012 \$000</u>	<u>2011 \$000</u>
Profit before tax	457,523	457,477	295,655	154,458
Adjusted for:				
Depreciation and amortisation	30,967	30,044	34,977	63,943
Finance Income	(658)	(3,375)	(1,788)	
Finance Cost	21,805	21,805	35,986	24,866
Fair value movement on contingent consideration	514	0	142	8,618
Gain on disposal of property, plant and equipment	(84)	(84)	(13)	—
Foreign exchange loss / (gain)	(1,473)	(1,470)	(1,599)	22
Changes in working capital:				
Trade and other receivables	(116,128)	(177,490)	(207,619)	11,699
Trade and other payable	20,441	10,934	23,470	(2,403)
Prepayments	3,047	(3,047)		
Inventories	(18,163)	(14,559)	(14,046)	(10,903)
	(59,731)	(137,781)	(130,490)	(1,607)
Net cash from operating activities	<u>397,793</u>	<u>319,696</u>	<u>165,165</u>	<u>250,300</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

11. Property, Plant and Equipment

11a. Oil and Gas Properties (the Group)

<u>COST / VALUATION</u>	<u>Production & Field Facilities \$000</u>	<u>Assets Under construction \$000</u>	<u>Total \$000</u>
At 1 January 2013	376,173	114,229	490,402
Addition	58,329	170,548	228,877
Write-off		(147)	(147)
Changes in Decommissioning Provision (Note 23)	(2,902)	—	(2,902)
Transfer from Asset under Construction	49,347	(49,347)	0
At 31 December 2013	<u>480,947</u>	<u>235,283</u>	<u>716,230</u>
DEPRECIATION			
At 1 January 2013	110,471	—	110,471
Disposal	—	—	—
Charged for the Year	27,805	—	27,805
At 31 December 2013	<u>138,276</u>	<u>—</u>	<u>138,276</u>
NBV at 31 December 2013	<u>342,671</u>	<u>235,283</u>	<u>577,954</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

11a. Oil and Gas Properties (the Company)

COST / VALUATION	Production & Field Facilities \$000	Assets Under construction \$000	Total \$000
BAL. (01/01/11)	366,673	—	366,673
Addition	1,821	7,569	9,390
Reclassification from Plant & Machinery	2,954	—	2,954
BAL (31/12/11)	371,448	7,569	379,017
Addition	4,725	106,660	111,385
Disposal	—	—	—
BAL (31/12/12)	376,173	114,229	490,402
Addition	—	162,845	162,845
Write-off	—	(147)	(147)
Changes in Decommissioning Provision	(2,902)	—	(2,902)
Transfer from Asset under Construction	49,347	(49,347)	0
BAL (31/12/13)	422,618	227,580	650,198
DEPRECIATION			
BAL. (01/01/11)	15,133	—	15,133
Disposal	—	—	—
Charged for the Year	62,550	—	62,550
BAL. (31/12/11)	77,683	—	77,683
Disposal	—	—	—
Charged for the Year	32,788	—	32,788
BAL (31/12/12)	110,471	—	110,471
Disposal	—	—	—
Charged for the Year	26,990	—	26,990
BAL (31/12/13)	137,461	—	137,461
NBV as at 1 January 2011	351,540	—	351,540
NBV as at 31 December 2011	293,765	7,569	301,334
NBV as at 31 December 2012	265,702	114,229	379,931
NBV as at 31 December 2013	285,157	227,580	512,737

The Group's present and future assets (except jointly owned with NNPC/NPDC) are pledged as security for the revolving credit facilities of \$100million from First Bank of Nigeria while all equipment, machinery and immovable property of the Group situated on the property to which the Oil Mining Leases relates are pledged as security for the Syndicate loan. (Note 21).

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other fixed assets not yet ready for their intended use. These are funded from the Group's operations; hence no borrowing cost was capitalized during the period.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

As of 31 December 2013, 2012 and 1 January 2012, the Group did not recognise any asset impairment and management believes that there are no indications of asset impairment.

11b. Property, Plant and Equipment (the Group)

COST / VALUATION	Plant & Machinery \$'000	Motor Vehicle \$'000	Office Furniture & IT Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
BAL (01/01/13)	1,263	2,206	5,250	1,063	9,782
Addition	752	752	2,902	86	4,492
Disposal	—	(142)	—	—	(142)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
BAL (31/12/13)	<u>2,015</u>	<u>2,816</u>	<u>8,152</u>	<u>1,149</u>	<u>14,132</u>
DEPRECIATION					
BAL (01/01/13)	136	848	2,353	261	3,598
Charged for the Year	382	583	1,920	184	3,069
Disposal	—	(88)	—	—	(88)
	<u>—</u>	<u>(88)</u>	<u>—</u>	<u>—</u>	<u>(88)</u>
BAL (31/12/13)	<u>518</u>	<u>1,343</u>	<u>4,273</u>	<u>445</u>	<u>6,579</u>
NBV					
As at 31 December 2013	<u>1,497</u>	<u>1,473</u>	<u>3,879</u>	<u>704</u>	<u>7,553</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

11b. Property, Plant and Equipment (the Company)

COST / VALUATION	Plant & Machinery \$'000	Motor Vehicle \$'000	Office Furniture & IT Equipment \$'000	Leasehold Improvement \$'000	Total \$'000
BAL. (01/01/11)	2,985	795	1,260	170	5,210
Addition	108	811	1,589	145	2,653
Reclassification to Oil & Gas Property	(2,954)	—	—	—	(2,954)
BAL. (31/12/11)	139	1,606	2,849	315	4,909
Addition	1,124	659	2,401	748	4,932
Disposal	—	(59)	—	—	(59)
BAL (31/12/12)	1,263	2,206	5,250	1,063	9,782
Addition	567	753	2,125	85	3,530
Disposal	—	(142)	—	—	(142)
	—	—	—	—	—
BAL (31/12/13)	1,830	2,817	7,375	1,148	13,170
DEPRECIATION					
BAL. (01/01/11)	1	50	143	—	194
Charged for the Year	14	352	874	64	1,304
Disposal	—	—	—	—	—
BAL. (31/11/11)	15	402	1,017	64	1,498
Charged for the Year	121	469	1,336	197	2,123
Disposal	—	(23)	—	—	(23)
BAL (31/12/12)	136	848	2,353	261	3,598
Charged for the Year	368	583	1,920	184	3,055
Disposal	—	(88)	—	—	(88)
BAL (31/12/13)	504	1,343	4,273	445	6,565
NBV as at 1st Jan 2011	2,984	745	1,117	170	5,016
NBV as at 31st Dec 2011	124	1,204	1,832	251	3,411
NBV as at 31st Dec 2012	1,127	1,452	2,795	810	6,184
NBV as at 31st Dec 2013	1,326	1,474	3,102	703	6,605

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

12. Intangible Assets

	<u>The Group</u> <u>\$000</u>	<u>The Company</u> <u>\$000</u>
Cost		
At January 2011	414	414
Additions	<u>—</u>	<u>—</u>
As at 31 December 2011	414	414
Additions	<u>—</u>	<u>—</u>
As at 31 December 2012	414	414
Additions	<u>—</u>	<u>—</u>
As at 31 December 2013	<u>414</u>	<u>414</u>
Accumulated Amortisation		
At January 2011	—	—
Charge for the year	<u>90</u>	<u>90</u>
As at 31 December 2011	90	90
Charge for the year	<u>90</u>	<u>90</u>
As at 31 December 2012	180	180
Charge for the year	<u>93</u>	<u>93</u>
As at 31 December 2013	<u>273</u>	<u>273</u>
NBV as at 1 January 2011	<u>414</u>	<u>414</u>
NBV as at 31 December 2011	<u>324</u>	<u>324</u>
NBV as at 31 December 2012	<u>234</u>	<u>234</u>
NBV as at 31 December 2013	<u>141</u>	<u>141</u>

This relates to an oil mining licence granted to the Company. It is expected to expire in 2019.

13. Prepayment

	<u>The Group</u>		<u>The Company</u>		
	<u>31-Dec</u> <u>2013</u> <u>\$000</u>	<u>31-Dec</u> <u>2013</u> <u>\$000</u>	<u>31-Dec</u> <u>2012</u> <u>\$000</u>	<u>31-Dec</u> <u>2011</u> <u>\$000</u>	<u>1-Jan</u> <u>2011</u> <u>\$000</u>
Deposit for oil mining licence (Note 29b)	69,000	69,000	—	—	—
Tax paid in advance	28,748	28,748	—	—	—
Rent Prepaid	1,829	1,829	875	1,000	314
Prepaid- Drilling services	<u>9,333</u>	<u>9,333</u>	<u>13,333</u>	<u>—</u>	<u>—</u>
	<u>108,910</u>	<u>108,910</u>	<u>14,208</u>	<u>1,000</u>	<u>314</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Included in prepayments are the following:

SEPLAT paid a total instalment sum of \$28million for 2013. This was accounted for as a tax credit under non-current prepayment until a future date when the Company will be expected to offset it against its tax liability.

As at 31 December, the Group has entered into two commercial leases in relation to the two buildings that it occupies in Lagos, one of which is with a related party (note 28). The Group has prepaid the rent. The two leases are non-cancellable and expire in 2014.

In 2012, SEPLAT signed an agreement with Cardinal Drilling Services Limited with respect to the exclusive use of 2 rigs for 5 years. SEPLAT agreed to pay a \$20m advance in relation to the exclusive use of these rigs. This \$20m has been recognised as a prepayment and amortised over the life of the agreement (5 years). The long term portion as at 31 December 2013 is \$9.3million.

14. Investment in Subsidiaries

	The Group		The Company	
	31 Dec 2013 \$000	31 Dec 2013 \$000	31 Dec 2012 \$000	1 Jan 2011 \$000
Newton Energy Limited	—	950	—	—
Seplat Petroleum Development Company UK Limited	—	50	—	—
	—	1,000	—	—
Subsidiary	Location		Shareholding %	
Newton Energy Limited	(Nigeria)		100	
Seplat Petroleum Development Company UK Limited	(UK)		100	
SEPLAT East Onshore Limited	(Nigeria)		100	
SEPLAT East Swamp Company Limited	(Nigeria)		100	
SEPLAT Gas Company Limited	(Nigeria)		100	

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

15. Inventories

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value.

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1 Jan 2011 \$000
Inventory	43,112	39,508	24,949	10,903	—
	43,112	39,508	24,949	10,903	—

Included in cost of sales is \$3,465,247 representing Inventory charged to profit and loss during the year.

16. Trade and other receivables

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1-Jan-11 \$000
Trade receivables	68,747	63,619	60,232	1,976	42,698
Trade receivables Nigerian Petroleum Development Company (NPDC)	283,628	283,628	202,772	32,527	27,375
Intercompany receivables	—	67,648	—	—	—
Advances to related parties	10,159	6,159	25,034	59,177	40,000
Prepayments	6,079	8,967	4,280	4,155	2,327
Underlift	26,387	26,387	—	0	—
Advances to Suppliers	14,917	14,917	—	—	—
Other receivables	513	467	1,984	2,301	121
	410,430	471,792	294,302	100,136	112,521

The amount due from NPDC includes \$251.79 million that is overdue as at 31 December 2013 (Dec 2012: \$153.9 million). The overdue cash calls are not considered impaired based on the credit worthiness of the counterparty and previous experience whereby certain amounts are paid but not in line with the terms as NPDC is required to follow due process.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The ageing analysis of these trade receivables is as follows:

The Group

	Total \$000	Neither past due nor impaired \$000	<30 days \$000	30-60 days \$000	60-90 days \$000	90-120 days \$000	>120 days \$000
Trade receivables							
1-Jan-11	42,698	42,698	—	—	—	—	—
31-Dec-11	1,976	1,976	—	—	—	—	—
31-Dec-12	60,232	51,553	70	1,864	6,745	—	—
31-Dec-13	68,747	51,670	6,983	1,247	903	1,283	6,661
NPDC Receivables							
-Jan-11	27,375	27,325	—	—	—	—	—
31-Dec-11	32,527	32,527	—	—	—	—	—
31-Dec-12	202,772	153,854	—	—	14,780	34,138	—
31-Dec-13	283,628	31,843	38,137	46,466	18,127	7,842	141,213

The Company

	Total \$000	Neither past due nor impaired \$000	<30 days \$000	30-60 days \$000	60-90 days \$000	90-120 days \$000	>120 days \$000
Trade receivables							
1-Jan-11	42,698	42,698	—	—	—	—	—
31-Dec-11	1,976	1,976	—	—	—	—	—
31-Dec-12	60,232	51,553	70	1,864	6,745	—	—
31-Dec-13	63,619	46,542	6,983	1,247	903	1,283	6,661
NPDC receivables							
1-Jan-11	27,375	27,325	—	—	—	—	—
31-Dec-11	32,527	32,527	—	—	—	—	—
31-Dec-12	202,772	153,854	—	—	14,780	34,138	—
31-Dec-13	283,628	31,843	38,137	46,466	18,127	7,842	141,213

Shell Western Supply has subsequently settled the outstanding balance of \$47,487,300 in January 2014. NPDC has paid a total of \$97 million as at 20 February 2014 from the outstanding balance and has also given an assurance letter on the payment of the 2011 and 2012 outstanding cash calls. This is expected to be fully paid by March 2014.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

17. Cash & Short term deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and in hand and short term deposits with a maturity of three months or less.

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1-Jan-11 \$000
Cash in hand	38	38	38	83	103
Cash at bank	97,085	77,796	32,063	201,694	30,265
Short-term deposits	50,000	50,000	6,636	—	—
Restricted Cash	22,338	22,338	115,595	—	—
	<u>169,461</u>	<u>150,172</u>	<u>154,332</u>	<u>201,777</u>	<u>30,368</u>

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. This includes restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid.

The restricted cash is the debt service reserve deposited in line the covenant with Afrexim Consortium loan. This is to ensure that at all times until the later of the date of the final payment of interest on any Loan or the final Principal Payment Date the balance standing to the credit of the Debt Service Reserve Account is at least equal to the Required Debt Service Reserve Account Balance at such time.

As at 31 December 2012, included in restricted cash includes \$98 million of restricted cash received from one of the Company's shareholders (MPI S.A.) to be used for the purposes of a potential acquisition. During January 2013, this amount has been returned to MPI as the transaction did not occur.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

18. Share capital

18a.

<u>VALUE</u>	<u>The Group</u>	<u>The Company</u>			
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>	<u>1-Jan-11</u> <u>\$000</u>
Authorised ordinary share capital					
100,000,000 ordinary shares Denominated in Nigerian Naira of N1per share	<u>—</u>	<u>—</u>	<u>690</u>	<u>690</u>	<u>690</u>
1,000,000,000 ordinary shares denominated in Naira of 50K per share Naira of 50K per share	<u>3,335</u>	<u>3,335</u>	<u>—</u>	<u>—</u>	<u>—</u>
Issued and fully paid					
100,000,000 issued shares Denominated in Nigerian Naira Of N1per share	<u>—</u>	<u>—</u>	<u>690</u>	<u>690</u>	<u>690</u>
400,000,000 issued shares Denominated in Nigerian Naira Of 50K per share	<u>1,334</u>	<u>1,334</u>	<u>690</u>	<u>690</u>	<u>690</u>

18b.

SHARES IN NUMBER	Authorised ordinary share capital	Issued & fully paid shares
	000	000
BAL. (01/01/11)	100,000	100,000
Movement	<u>—</u>	<u>—</u>
BAL (31/12/11)	100,000	100,000
Movement	<u>—</u>	<u>—</u>
BAL (31/12/12)	100,000	100,000
Share Split of nominal value from N1.00 to 0.50k	100,000	100,000
Bonus Issue (Increase from 200m to 400m shares)	200,000	200,000
Increase of Authorised share to 1billion	<u>600,000</u>	<u>—</u>
BAL (31/12/13)	<u>1,000,000</u>	<u>400,000</u>

During the year, the Company split its shares from N1 to 50k per share resulting to increase in number from 100 million to 200 million ordinary shares. On 31 July 2013, the number of ordinary share capital was increased to 400million by way of bonus issue to existing shareholder; these were issued from the revenue reserve.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Furthermore, in August 2013 the authorised share capital was increased from 400million to 1billion denominated in 50k per share.

19. Capital contribution

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1-Jan-11 \$000
Additional contribution	40,000	40,000	40,000	40,000	40,000

This represents M&P is 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. Subsequently, the interest held by M&P was transferred to MPI. All terms and conditions previously held by M&P were re-assigned to MPI.

20. Foreign translation reserve

Cumulative exchange difference arising from translation of foreign subsidiary is taken to foreign translation reserve through other comprehensive income. The Group's foreign subsidiary was incorporated in 2013.

21. Borrowings

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1-Jan-11 \$000
21a Non-Current					
Shareholder Loan	—	—	—	47,329	47,979
Bank borrowings	120,850	120,850	146,356	199,952	—
	120,850	120,850	146,356	247,281	47,979
21b Current					
Shareholder Loan	48,041	48,041	46,997	—	105,960
Bank borrowings	141,712	141,712	54,250	54,250	166,136
	189,753	189,753	101,247	54,250	272,096

Shareholder loan

The shareholders loan represents the remaining amount (principal plus interest less repayment) due on the \$153 million shareholder loan obtained from MPI. Interest accrues monthly on the principal amount outstanding at the higher of 5 per cent. above LIBOR or the interest rate incurred by MPI on its borrowings and is repayable from the oil revenues generated from OMLs 4, 38 and 41 after deductions of operational and capital expenditures. The principal is repayable at regular intervals and is required to be fully repaid by July 2014. Early repayment is permissible and management expects to fully repay the loan in 2014.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

BANK LOAN

Syndicate credit facility

The long-term bank loan represents a five-year senior, secured credit facility obtained from a syndicate of lenders led by Afrexim. SEPLAT has a facility to drawdown up to \$550 million until 2016. SEPLAT has drawn down \$335 million of this facility and has made principal repayments in 2011, 2012 and 2013. Interest accrues monthly on the principal amount outstanding at the LIBOR rate plus a margin ranging from 5 per cent. to 7.5 per cent. depending on the bank, subject to an interest rate floor of 8 per cent. with one of the banks. The Company has undrawn facilities of \$215 million as at 31 December 2013 (31 December 2012 and 1 January 2012: \$275 million). The loan is due to be fully repaid by August 2016.

BNP Paribas facility

The \$187 million loan obtained from BNP Paribas represents 55 per cent. of the acquisition cost. A \$20 million principal repayment and \$3.358 million in interest, at a rate of LIBOR plus 5 per cent., was paid during 2010 and the remaining balance was settled in 2011.

Revolving working capital facility

The short term bank borrowings includes \$69million drawn down from \$100million revolving facility obtained from First Bank of Nigeria. Interest accrues monthly at Libor rate plus 8 per cent. The Company has undrawn facilities of \$31million as at 31 December 2013.

22. Contingent Consideration

	The Group \$000	The Company \$000
Balance as at 1 January 2011	24,240	24,240
Fair value movement	8,618	8,618
Balance as at 31 December 2011	32,858	32,858
Fair value movement	142	142
Payment	(33,000)	(33,000)
Balance as at 31 December 2012	—	—
Additions	7,731	—
Fair value movement	514	—
Balance as at 31 December 2013	<u>8,245</u>	<u>—</u>

Contingent consideration

In 2013, the Group entered into an agreement with Pillar Oil to acquire a 40 per cent. participating interest in the Umuseti/Isbuku marginal field area in OML 56. The total consideration payable is \$50 million upon signing of the agreement and \$10 million payable upon reaching certain production milestones (\$5 million when average daily production of 10,500 bopd of liquid hydrocarbon sustained over a period of one

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

(1) month is achieved and another \$5 million when cumulative production of 10 million barrels of liquid hydrocarbons from all fields within OML 56 is achieved). The fair value of \$7.731 million was capitalised to the cost of the asset and a corresponding liability recorded based on the probability.

The Company, under its Shareholders Agreement, acquired a 45 per cent. 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 \$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of \$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 \$80 per barrel. This was paid in 2012. A consideration of \$33 million was paid by SEPLAT on 22 October 2012.

23. Decommissioning Obligation

	<u>The Group</u>	<u>The Company</u>
Balance as at 1 January 2011	8,793	8,793
Unwinding of discount due to passage of time	1,319	1,319
Balance as at 31 December 2011	10,112	10,112
Unwinding of discount due to passage of time	1,517	1,517
Change in estimate	4,098	4,098
Balance as at 31 December 2012	15,727	15,727
Arising during the year from acquisition of Interest in OML 56	598	—
Unwinding of discount due to passage of time	1,754	1,754
Change in estimate	(2,903)	(2,903)
Balance as at 31 December 2013	<u>15,176</u>	<u>14,578</u>

Decommissioning Obligation

The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. It 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 of \$71million to be incurred up to 2027 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 in 2027. These provisions were based on estimation carried out by Gaffney Cline & Associates based on current assumptions on the economic environment which management believe to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

However, actual decommissioning costs will ultimately depend upon future market prices for the 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.

The discount rate used in the calculation of unwinding of the provision as at 31 December 2013 was 12.4 per cent. (the year ended 31 December 2012: 15 per cent., the year ended 1 January 2012).

As of 31 December 2013, management has estimated decommissioning expenditure to incur in 2027 (2012: 2025, 1 January 2012: 2025). The change in estimate, a decrease, of \$2.9 million is included in the 2013 movement in 'production and field facilities'. Similarly, a change in estimate of discount rate to 12.4 per cent. from 15 per cent. in 2012 results in an increase of \$4.1 million has been included in additions to 'production and field facilities' in 2012.

24. TRADE AND OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>		
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>1-Jan-11</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Trade payable	68,924	70,860	1,722	256	6,633
Accruals & other payables	109,511	109,325	101,436	37,806	21,804
Overlift	3,473	—	23,881	36,570	7,111
Advance from related party	—	—	98,000	—	—
NDDC levy	9,328	9,328	4,730	8,662	1,525
Deferred revenue	1,420	1,420	1,420	1,976	—
Royalties	58,682	41,656	27,166	17,116	17,497
Intercompany payable	—	1,000	—	—	—
BNP Paribas short-term loan	—	—	—	—	42,698
	<u>251,338</u>	<u>233,589</u>	<u>258,355</u>	<u>102,386</u>	<u>97,268</u>

The \$98 million in 2012 was an advance from MPI to the Company, which was to be used to bid for additional OMLs. The bid was cancelled and the funds were returned in January 2013.

The BNP Paribas loan represented a short-term debt repaid during 2011 to cover short-term working capital needs. For that purpose the Company used, as collateral for the short-term borrowing, a receivable held with SPDC.

The accruals balance is mainly composed of other field-related accruals 2013: \$95.23m (2012: \$84.79m)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

25. TAX PAYABLES

	<u>The Group</u>		<u>The Company</u>		
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>	<u>1-Jan-11</u> <u>\$000</u>
Income Tax payable	<u>—</u>	<u>—</u>	<u>77,218</u>	<u>63,001</u>	<u>25,829</u>

26. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated on the Company's profit after taxation and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

	<u>The Group</u>		<u>The Company</u>	
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>
Profit for the year attributable to shareholders (\$000)	<u>550,326</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>
Weighted average number of ordinary shares in issue (in 000)	400,000	400,000	400,000	400,000
	\$	\$	\$	\$
Basic earnings per share (in \$)	1.38	1.38	0.27	0.13
Dividend per share (in \$)	—	—	0.34	
Earnings (\$000)				
Profit attributable to equity holders of the Group	<u>550,326</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>
	<u>550,326</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>
Profit used in determining diluted earnings per share	<u>550,326</u>	<u>550,222</u>	<u>109,099</u>	<u>53,424</u>

27. RELATED PARTY TRANSACTIONS

As at 31 December 2013, the shareholding of the Company was as follows:

	<u>Number</u>	<u>%</u>
MPI S.A.	120,400,000	30.10
Shebah Petroleum Development Company Limited	85,137,200	21.28
Austin Avuru and Platform Petroleum Limited	73,137,913	18.28
Mercuria Capital Partners Limited	24,000,000	6.00
Quantum Power International Holdings Limited	19,600,000	4.90
Quantum Capital Partners Fund I LP	19,996,000	4.99
The Blakeney Group	16,000,000	4.00
Others	41,728,887	10.43
	<u>400,000,000</u>	<u>100</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The following companies are common control entities as the companies are controlled by close family members:

- Abbeycourt Petroleum Company Limited
- Abbeycourt Trading Company Limited
- Caroil Drilling Services Limited
- Abtrust Integrated Services
- Charismond Nigeria Limited
- Keco Nigeria Enterprises
- Ndosumili Ventures Limited
- Oriental Catering Services Limited
- ResourcePro Inter Solutions Limited
- Berwick Nigeria Limited
- Montego Upstream Services Limited
- Neimeth International Pharmaceutical Plc
- Helko Nigeria Limited
- Nerine Support Services Limited
- Nabila Resources Investment Limited
- Shebah Exploration and Production Company Limited (“SEPCOL”)

Services provided by the related parties:

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.

Abbeycourt Petroleum Company Limited: the Chairman of SEPLAT is a director and shareholder. The company provided consultancy services to SEPLAT in relation to business development opportunities and new acquisitions.

Abtrust Integrated Services: The managing director of SEPLAT’s wife is shareholder and director. The company provides bespoke gift hampers to SEPLAT.

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited) is a company under common control. The company provides drilling rigs and drilling services to SEPLAT.

Charismond Nigeria Limited. The managing director’s sister works at Charismond as a general manager. The company provides bespoke gift hampers to SEPLAT.

Keco Nigeria Enterprises: The managing director’s sister is shareholder and director. The company provides diesel supplies to SEPLAT in respect of its rig operations.

Ndosumili Ventures Limited is a subsidiary of Platform Petroleum Limited. The company provides transportation services to SEPLAT.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Oriental Catering Services Limited: The managing director of SEPLAT's spouse is shareholder and director. The company provides catering services to SEPLAT at the staff canteen.

ResourcePro Inter Solutions Limited: The managing director of SEPLAT's in-law is its UK representative. The company supplies furniture to SEPLAT.

Berwick Nigeria Limited: The Chairman of SEPLAT is a shareholder and director. The company provides construction services to SEPLAT in relation to a field base station in Sapele.

Montego Upstream Services Limited: The Chairman's nephew is shareholder and director. The company provides drilling and engineering services to SEPLAT.

Neimeth International Pharmaceutical Plc: The Chairman of SEPLAT is also the chairman of this company. The company provides medical supplies and drugs to SEPLAT, which are used in connection with SEPLAT's corporate social responsibility and community healthcare programs.

Helko Nigeria Limited: The Chairman of SEPLAT is shareholder and director. The company owns the lease to SEPLAT's main office at 25A Lugard Avenue, Lagos, Nigeria.

Nerine Support Services Limited is a company under common control. The company provides agency and contract workers to SEPLAT.

Nabila Resources & Investment Ltd: The Chairman's in-law is a shareholder and director. The company provides lubricant to SEPLAT.

Shebah Exploration and Production Company Limited (SEPCOL): The Chairman of SEPLAT is a director and shareholder of SEPCOL. SEPCOL and SEPLAT entered into an agreement in 2010 as a commitment deposit to guarantee the Company an exclusive option to lease or purchase a floating production, storage and offloading unit, the 'Trinity Spirit' and as a result SEPLAT prepaid \$15 million. In 2012, the agreement was nullified and \$3million was paid in 2012 while the balance of \$12million was paid in 2013. In addition, SEPCOL seconds certain personnel to SEPLAT.

Platform Petroleum Limited: The managing director of SEPLAT is a director and shareholder of this company. The managing director, his secretary and driver were originally employees of Platform Petroleum Limited in 2010 when SEPLAT was formed. Their salaries are currently paid by Platform Petroleum Limited, with SEPLAT then wholly reimbursing Platform Petroleum Limited.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The following transactions were carried out by related parties on behalf of SEPLAT:

(a) *Transactions*

i) *Purchases of goods and services*

	The Group		The Company		
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	1 Jan 2011 \$000
Shareholders					
MPI	217	217	785	—	—
Shebah	1,174	1,174	—	—	—
Platform Petroleum Limited	1,222	1,221	1,077	575	—
	<u>2,613</u>	<u>2,613</u>	<u>1,862</u>	<u>575</u>	<u>—</u>
Entities under common control					
Abbeycourt Trading Company Limited	2,408	2,408	2,309	—	—
Abbeycourt Petroleum Company Limited	—	—	—	26,651	—
Abtrust Integrated Services	—	—	34	79	—
Charismond Nigeria Limited	161	161	56	94	—
Cardinal Drilling Services Limited	32,225	32,225	23,700	—	—
Keco Nigeria Enterprises	1,931	1,931	2,332	267	—
Ndosumili Ventures Limited	897	897	1,839	773	137
Oriental Catering Services Limited	629	629	489	240	—
ResourcePro Inter Solutions Limited	867	867	441	96	—
Berwick Nigeria Limited	870	870	1,052	—	—
Montego Upstream Services Limited	8,878	8,878	5,161	1,639	—
Neimeth International Pharmaceutical Plc	—	—	83	70	—
Nerine Support Services Limited	12,180	12,180	5,821	—	—
SEPCOL	—	—	750	—	—
Nabila Resources & Investment Ltd	377	377	141	—	—
Helko Nigeria Limited	255	255	2,036	220	1,683
	<u>61,678</u>	<u>61,678</u>	<u>46,244</u>	<u>30,129</u>	<u>1,820</u>

On 22 March 2010, the Company entered into a two-year agreement with Abbeycourt Petroleum Company Limited, a firm specialising in the oil and gas industry in Nigeria and elsewhere in West Africa and controlled by SEPLAT's Chairman, A.B.C. Orjiako, for the purpose of identifying, structuring and negotiating potential investments in the rights to operate oil and gas licences in Nigeria and in the rest of West Africa. Under the agreement, in consideration for: (i) Abbeycourt Petroleum Company Limited's services and the expenses incurred by it in identifying, analysing and reporting on certain investment prospects that were identified in the reports that were delivered by

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

Abbeycourt Petroleum Company Limited to the Company; and (ii) the forfeiture of rights held by Abbeycourt Petroleum Company Limited in favour of SEPLAT relating to certain potential investment opportunities in the Niger Delta which APCO had been exploring since 2005, the Company agreed to pay a fee to Abbeycourt Petroleum Company Limited of US\$25 million. Upon the direction of Abbeycourt Petroleum Company Limited, this fee was paid to Helko Nigeria Limited in two instalments (US\$14 million and US\$11 million, on 14 June 2010 and 1 July 2010, respectively) who mainly utilised these proceeds on instruction from Abbeycourt Petroleum Company Limited in a work program from SEPCOL's Ukpokiti oil field, which is located within OML 108 (a shallow water area in the Niger Delta). Both Helko Nigeria Limited and SEPCOL are entities controlled by A.B.C. Orjiako. In accordance with its terms, this agreement expired on 22 March 2012.

ii) Interest expense

	2013	2012
	\$000	\$000
Shareholders		
MPI	<u>4,206</u>	<u>3,398</u>
Royalty sales		
Shareholders		
Platform Petroleum Limited	<u>—</u>	<u>1,709</u>

Year-end balances arising from related party transactions

(i) Prepayments / receivables

	2013	2012
	\$000	\$000
Under common control		
SEPCOL	0	12,000
Cardinal Drilling Services Limited - current portion	10,159	9,034
Carding Drilling Services Limited - non - current portion	9,333	13,333
Abbeycourt Petroleum Company Limited	76	—
Newton Energy Limited (until 1 June 2013)	<u>—</u>	<u>365</u>
	<u>19,568</u>	<u>34,732</u>

(iii) Payables

	2013	2012
	\$000	\$000
Shareholders -		
Loan from MPI	47,040	46,997
Advance from MPI	—	98,000
Other payables to MPI	<u>1,000</u>	<u>—</u>
	<u>48,040</u>	<u>144,997</u>

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(c) *Key management compensation*

Key management includes executive and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	2013	2012	2011
	\$000	\$000	\$000
Salaries and other short-term employee benefits	3,347	4,802	3,423
	<u>3,347</u>	<u>4,802</u>	<u>3,423</u>

28. Employee Benefits - Defined Contribution

The Company contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2004. 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. The amount payable as at 31 December 2013 was \$406,026 (2012: 323,544, 2011: \$349,840).

29. COMMITMENTS AND CONTINGENCIES

a. COMMITMENTS - OPERATING LEASE (GROUP AS LESSEE)

Future minimum rentals payable under non-cancellable operating leases as at each reporting period are as follows:

	31 December	31 December	31 December
	2013	2012	2011
	\$000	\$000	\$000
Within one year	31,741	32,521	10,379
After one year but not more than five years	500	18,113	1,264
	<u>32,241</u>	<u>50,634</u>	<u>11,643</u>

b. CONTINGENT LIABILITIES / ASSET

During the year under review, SEPLAT entered into a competitive bid for one of the oil blocks/licences (OML 53) offered for sale by Chevron Nigeria Limited ("Chevron"). Part of the requirements of the bid was to put in place a letter of credit with a commercial bank which is equivalent to 23% (\$69m) of the bid price (\$300m). As part of the agreement with Chevron, SEPLAT shall be liable for all obligations as well as entitled to

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all benefits which relate to the period after the effective date of the sale of assets (1 July 2013).

The acquisition is currently the subject of legal proceedings brought about by another bidder and the parties are unable to proceed with the transaction.

As at December 2013, SEPLAT executed the sale and purchase (SPA) and paid the LC amount of \$69m leaving a contingent liability of \$231 million which is expected to be paid in the course of 2014 if the case is settled in the Company's favour.

Claims on outstanding litigation

The Group is involved in a number of legal suits as defendant. The possible liabilities arising from these court proceedings amount to \$650,200. No provision has been made for this potential liability in this consolidated historical financial information. Management and the Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

30. Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and 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.

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 sufficient 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 is a sufficient cash resource to meet operational needs. Cash flow projections take into consideration the Company's debt financing plans and covenant compliance.

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

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

	Effective interest rate %	Less than 1 year \$000	1 - 2 year \$000	2 - 3 years \$000	3 - 5 years \$000	After 5 years \$000	Total \$000
31 December 2013							
Variable interest rate borrowings:							
Shareholders loan	7.125%	48,041	—	—	—	—	48,041
Bank loans:							
Skye Bank Plc	8.0%	11,971	15,025	13,118	—	—	40,114
United Bank for Africa Plc	7.5%	14,310	17,965	16,271	—	—	48,546
First Bank of Nigeria Plc	7.5%	95,113	26,265	22,295	—	—	143,673
Africa Export-Import Bank	7.5%	16,857	21,600	19,339	—	—	57,796
Trade, other payables	—	136,934	—	—	—	—	136,934
Contingent Consideration		—	—	8,245	—	—	8,245
		<u>437,630</u>	<u>80,855</u>	<u>79,268</u>	<u>—</u>	<u>—</u>	<u>597,753</u>
31 December 2012							
Variable interest rate borrowings:							
Shareholders loan	7.125%	49,286	—	—	—	—	49,286
Bank loans:							
Skye Bank Plc	8.0%	12,700	11,900	11,100	7,800	—	43,500
United Bank for Africa Plc	7.5%	18,168	17,045	15,863	11,127	—	62,203
First Bank of Nigeria Plc	7.5%	19,162	17,946	16,710	11,716	—	65,534
Africa Export-Import Bank	7.5%	17,856	17,056	16,190	11,575	—	62,677
Trade, other payables	—	<u>258,355</u>	—	—	—	—	<u>258,355</u>
		<u>375,527</u>	<u>63,947</u>	<u>59,863</u>	<u>42,218</u>	<u>—</u>	<u>541,555</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

	Effective interest rate %	Less than 1 year \$000	1 - 2 years \$000	2 - 3 years \$000	3 - 5 years \$000	Total \$000
31 December 2011						
Variable interest rate borrowings:						
Shareholders loan	7.125%	3,729	49,286	—	—	53,015
Bank loans:						
Skye Bank Plc	8%	13,536	9,600	12,100	19,267	54,503
United Bank for Africa Plc	7.5%+ Libor	19,270	13,722	17,339	31,139	81,470
First Bank of Nigeria Plc	7.5%+ Libor	20,284	14,454	18,256	29,047	82,041
Africa Export-Import Bank	7.5%+ Libor	18,627	13,457	17,272	28,197	77,553
Contingent consideration		33,000	—	—	—	33,000
Trade and other payables and taxation		165,388	—	—	—	165,388
		<u>273,834</u>	<u>100,519</u>	<u>64,967</u>	<u>107,650</u>	<u>546,970</u>

Fair value estimation

Set out below is a comparison by category of carrying amounts and fair value of all the Company's financial instruments:

	Carrying amount			Fair value		
	2013 \$000	2012 \$000	2011 \$000	2013 \$000	2012 \$000	2011 \$000
Financial liabilities						
Borrowings - Shareholder loan	48,041	46,997	47,329	48,041	46,997	153,939
Borrowings - Bank loans	262,562	200,606	254,202	262,562	200,606	254,202
Contingent consideration	8,245	—	32,858	8,245	—	32,858
	<u>318,848</u>	<u>247,603</u>	<u>334,389</u>	<u>318,848</u>	<u>247,603</u>	<u>334,389</u>

The loans are all LIBOR loans which are re-priced on a pre-determined basis as defined in the loan agreement. As a result, the loans are always carried at market rate and there is no indication of credit spread change or change in credit risk for SEPLAT. The fair value equals the carrying amount of the loans using market rates without taking transaction.

Trade and other payables have not been included in the analysis as the carrying amount per the financial statements approximates fair values.

Sensitivity analysis

For financial assets and liabilities held by the Company, changing certain inputs to reasonably possible alternative assumptions may change the impact on the financial statements. Where significant, the effect of a change in the assumptions to a reasonably possible alternative assumption is outlined below. These sensitivities have been calculated by determining the impact on the financial statements as at 31 December for a change in each individual

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

assumption, whilst keeping all other assumptions consistent with those used to calculate fair values in the financial statements.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as commodity prices, interest rate and foreign exchange rates.

The Group is exposed to changes in commodity prices due to the volatility of crude prices. The effect of a change in crude prices by \$10 is shown below.

	2013		Effect on revenue and
	\$000		royalties
			\$000
Revenue	880,227	increase by \$10 decrease by \$10	88,023 (88,023)
Royalties	191,856	increase by \$10 decrease by \$10	19,186 (19,186)
	2012		\$000
	\$000		\$000
Revenue	624,546	increase by \$10 decrease by \$10	62,455 (62,455)
Royalties	108,480	increase by \$10 decrease by \$10	10,848 (10,848)
	2011		\$000
	\$000		\$000
Revenue	475,470	increase by \$10 decrease by \$10	47,547 (47,547)
Royalties	86,375	increase by \$10 decrease by \$10	8,638 (8,638)

Interest rate risk

The Company's exposure to interest rate risk relates primarily to long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates do not expose the Company to market interest rate risk. Most of the Company's borrowings 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 reductions in market interest rates would result in a decrease in the interest earned by the Company. A change of 100 basis points in the interest rate would have had an immaterial change in the interest earned both in the current or prior year.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The following table demonstrates the sensitivity to changes in LIBOR rate defined as the British Bankers' Association Interest Settlement Rate for dollars, with all other variables held constant, of the Company's profit before tax.

	<u>Change in interest rate</u>	<u>Effect on profit before tax / equity \$000</u>
2013	1%	<u>4,525</u>
2012	1%	<u>2,835</u>
2011	1%	<u>3,222</u>

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 Company holds the majority of its cash and cash equivalents in US dollars. However, the Company does maintain deposits in Naira in order to fund ongoing general and administrative activity and other expenditures incurred in this currency.

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 the Company's cash at banks and accounts receivable balances.

The Company's trade with Shell Western Supply and Trading Limited, is as specified within the terms of the crude off-take agreement and will run for 5 years until December 31, 2016 with 30 day payment terms. In addition, the Company is exposed to credit risk in relation to its trade with Nigerian Gas Company Limited, a subsidiary of NNPC, the sole customer during the period. The Company monitors receivable balances on an ongoing basis and there has been no significant history of late collections.

The credit risk on cash is limited because the majority of deposits are with a bank that has an acceptable credit rating assigned by an international credit agency. The Company's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The accounts receivable balance includes the following related party receivables:

Related Party	Payment Terms	Percentage of total receivables	
		2013	2012
NPDC	14 Days Receivables relates to Deposits that are expected to be	52%	66%
SEPCOL	utilised or refunded	0%	4%
Cardinal Drilling Services Limited		4%	8%

The maximum exposure to credit risk as at the reporting date is:

	December 2013 \$000	December 2012 \$000
Trade and other receivables	410,430	294,302
Cash and cash at bank	169,449	154,332
	<u>579,879</u>	<u>448,634</u>

(30b) Fair Value Hierchary as at 31 December 2013

Liabilities	Level 1 \$000	Level 2 \$000	Level 3 \$000
Contingent consideration	—	—	8,245

- 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

There were no transfers between fair value levels during the period.

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.

The following methods and assumptions were used to estimate the fair values:

- Fair values of the Group's interest-bearing loans and borrowings are determined by using discounted cash flow models that uses effective interest rates that reflect the borrowing rate as at the end of the reporting period.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

The fair value of the Group's contingent consideration is determined using the discounted cash flow model. The estimate future cash flow was discounted to present value.

Reconciliation of fair value measurements of Level 3 financial instruments

<u>Contingent consideration</u>	<u>\$000</u>
At 1 January 2013	—
Additions	7,731
Fair value movement (profit or loss)	<u>514</u>
At 31 December 2013	<u>8,245</u>

31. Capital 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. The net debt ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

	<u>\$000</u> <u>As at 31 December</u> <u>2013</u>	<u>\$000</u> <u>As at 31 December</u> <u>2012</u>	<u>\$000</u> <u>As at 31 December</u> <u>2011</u>
Borrowings:	312,383	251,516	301,531
Less: cash and cash equivalents	<u>(169,449)</u>	<u>(56,332)</u>	<u>(201,777)</u>
Net debt	<u>142,934</u>	<u>195,184</u>	<u>99,754</u>
Total equity	<u>638,752</u>	<u>181,873</u>	<u>106,774</u>
Total capital	<u>781,686</u>	<u>377,057</u>	<u>206,528</u>
Net debt (net debt / total capital) ratio	<u>18%</u>	<u>52%</u>	<u>48%</u>

As at 31 December 2013, the Company's net debt ratio was 18 per cent. in accordance with its policy of maintaining a debt to equity ratio of less than 1.2 to 1.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

32. Information relating to Employees

	2013	2012
	\$000	\$000
a. Chairman and Directors' emoluments:-		
Fees	774	343
Chairman (Executive)	2,280	1,821
Managing Director	1,971	1,592
Executive Directors	1,633	—
Non Executive Directors	98	130
JV Partner Share	(1,455)	(906)
	<u>5,301</u>	<u>2,980</u>
b. Highest paid Director	<u>2,280</u>	<u>1,821</u>

c. The number of directors (excluding the Chairman) whose emoluments fell within the following ranges was:-

	2013	2012
	Number	Number
Zero - \$65,000	5	4
\$65,001 - \$378,000	3	—
\$378,001 - \$516,000	—	1
\$516,000 and above	3	1
	<u>11</u>	<u>6</u>

d. Employees:

The number of employees of the Company (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over N1,000,000, received remuneration (excluding pension contributions) in the following ranges:

	2013	2012
	Number	Number
\$6,500 - \$16,000	—	1
\$16,001 - \$32,000	6	36
\$32,001 - \$48,000	75	29
Above \$48,000	216	155
	<u>297</u>	<u>221</u>

e. The average number of persons (excluding Directors) employed by the Company during the year was as follows:

Management	49	46
Senior Staff	91	92
Junior Staff	157	83
	<u>297</u>	<u>221</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

- f. Employee costs:
SEPLAT's staff costs (excluding pension contribution) in respect of the above employees amounted to \$13,219,680 (2012: \$12,299,318) as follows:

	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>
Salaries & Wages	<u>13,219</u>	<u>12,299</u>

33. Events after the reporting period

At the date of this report there have been no significant post balance sheet events, which would have a material effect on the financial statements.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

VALUE ADDED STATEMENT

AS AT 31 DECEMBER

	<u>The Group</u>		<u>The Company</u>					
	<u>2013</u> <u>\$000</u>	<u>2013</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>	<u>2012</u> <u>\$000</u>	<u>2011</u> <u>\$000</u>		
Revenue	880,227	869,982	624,546	451,320				
Cost of goods and other services:								
Local	(250,443)	(246,785)	(169,902)	(138,326)				
Foreign	(107,332)	(105,765)	(72,815)	(59,282)				
	522,452	517,432	381,829	253,712				
Other income	1,062	3,779	3,971	0				
Valued added	<u>523,514</u>	<u>521,211</u>	<u>385,800</u>	<u>253,712</u>				
Applied as follows:								
		<u>%</u>		<u>%</u>		<u>%</u>		
To employees:								
- as salaries and labour related expenses	13,219	3	11,884	2	19,182	5	10,445	4
To external providers of capital:								
- as interest	21,805	4	21,805	4	35,986	9	24,866	10
To Government:								
- as company taxes	617	0	617	0	95,415	25	69,430	27
Retained for the Company's future:								
- For assets replacement - Depreciation, Depletion & Amortisation	30,967	6	30,045	6	34,977	9	63,943	25
Deferred Tax	(93,362)	(18)	(93,362)	(18)	91,141	24	31,604	12
- Profit for the year	<u>550,268</u>	<u>105</u>	<u>550,222</u>	<u>106</u>	<u>109,099</u>	<u>28</u>	<u>53,424</u>	<u>21</u>
	<u>523,514</u>	<u>100</u>	<u>521,211</u>	<u>100</u>	<u>385,800</u>	<u>100</u>	<u>253,712</u>	<u>100</u>

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 future creation of more wealth.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

FOUR-YEAR FINANCIAL SUMMARY

	Notes	The Group		The Company		
		31-Dec 2013 \$000	31-Dec 2013 \$000	31-Dec 2012 \$000	31-Dec 2011 \$000	1-Jan 2011 \$000
ASSETS						
Non-current assets						
Oil & gas properties	11a	577,954	512,737	379,931	301,334	351,540
Other property, plant & equipment	11b	7,553	6,605	6,184	3,411	5,016
Intangible assets	12	141	141	234	324	414
Deferred tax asset	9a	—	—	26,042	52,298	29,382
Prepayments	13	108,910	108,910	14,208	1,000	314
Investment in Subsidiaries	14	—	1,000	—	—	—
Total non-current assets		<u>694,558</u>	<u>629,393</u>	<u>426,599</u>	<u>358,367</u>	<u>386,666</u>
Current assets						
Inventories	15	43,112	39,508	24,949	10,903	—
Trade and other receivables	16	410,430	471,792	294,302	100,136	112,521
Cash & short term deposits	17	169,461	150,172	154,332	201,777	30,368
Total current assets		<u>623,003</u>	<u>661,472</u>	<u>473,583</u>	<u>312,816</u>	<u>142,889</u>
Total assets		<u>1,317,561</u>	<u>1,290,865</u>	<u>900,182</u>	<u>671,183</u>	<u>529,555</u>
Equity and liabilities						
Equity						
Issued share capital	18	1,334	1,334	690	690	690
Capital contribution	19	40,000	40,000	40,000	40,000	40,000
Retained earnings		690,807	690,761	141,183	66,084	12,660
Foreign Translation reserve	20	58	—	—	—	—
Total shareholders' equity		<u>732,199</u>	<u>732,095</u>	<u>181,873</u>	<u>106,774</u>	<u>53,350</u>
Non-current liabilities						
Interest bearing loans & borrowings	21a	120,850	120,850	146,358	247,281	47,979
Contingent consideration	22	8,245	—	—	—	24,240
Provision for decommissioning	23	15,176	14,578	15,727	10,112	8,793
Deferred tax liabilities	9a	—	—	119,404	54,521	—
Total non-current liabilities		<u>144,271</u>	<u>135,428</u>	<u>281,489</u>	<u>311,914</u>	<u>81,012</u>
Current liabilities						
Short term borrowings	21b	189,753	189,753	101,247	54,250	272,096
Contingent consideration	22	—	—	—	32,858	—
Trade and other payables	24	251,338	233,589	258,355	102,386	97,268
Tax Payable	25	—	—	77,218	63,001	25,829
Total current liabilities		<u>441,091</u>	<u>423,342</u>	<u>436,820</u>	<u>252,495</u>	<u>395,193</u>
Total liabilities		<u>585,362</u>	<u>558,770</u>	<u>718,309</u>	<u>564,409</u>	<u>476,205</u>
Total shareholders' equity & liabilities		<u>1,317,561</u>	<u>1,290,865</u>	<u>900,182</u>	<u>671,183</u>	<u>529,555</u>

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

FOUR-YEAR FINANCIAL SUMMARY - Continued

	The Group	The Company			
	2013 \$000	2013 \$000	2012 \$000	2011 \$000	2010 \$000
Revenue	880,227	869,982	624,546	451,320	83,935
Cost of sales	(330,943)	(328,368)	(250,302)	(206,356)	(46,152)
Gross profit	549,284	541,614	374,244	244,964	37,783
Other operating income	404	404	2,183	—	—
Other general and administrative expenses	(71,977)	(67,580)	(48,326)	(56,857)	(8,166)
Gain on foreign exchange	1,473	1,469	1,894	(165)	460
Fair value movements in contingent consideration	(514)	—	(142)	(8,618)	(5,675)
Operating profit	478,670	475,907	329,853	179,324	24,402
Finance income	658	3,375	1,788	—	—
Finance costs	(21,805)	(21,805)	(35,986)	(24,866)	(14,936)
Profit before taxation	457,523	457,477	295,655	154,458	9,466
Taxation	92,745	92,745	(186,556)	(101,034)	3,552
Profit for the year	550,268	550,222	109,099	53,424	13,018
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in the subsequent periods					
Foreign translation difference	58	—	—	—	—
Total comprehensive income net of tax	550,326	550,222	109,099	53,424	13,018
Basic and diluted earnings per share	1.38	1.38	0.27	0.13	0.03

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2013

1. Estimated Quantities of Proved Reserves

	<u>The Group</u>	<u>The Company</u>	
	2013	2013	2012
	Barrel	Barrel	Barrel
	000	000	000
Crude Oil			
At beginning of the year	46,257	46,257	22,522
Revisions	63,456	54,557	29,295
Production	(9,999)	(9,864)	(5,560)
At end of the year	<u>99,714</u>	<u>90,950</u>	<u>46,257</u>

Proved reserves are those quantities of crude oil, natural gas and 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.

Developed reserves are those portions of proved reserves that are recoverable through existing well bores and production equipment and facilities.

As additional information becomes available or conditions change, estimates are revised.

2. Capitalised Costs Related to Oil Producing Activities

	<u>The Group</u>	<u>The Company</u>	
	2013	2013	2012
	\$000	\$000	\$000
Capitalised costs:			
Unproved properties	—	—	—
Proved properties	<u>716,230</u>	<u>650,199</u>	<u>490,255</u>
Total capitalised costs	716,230	650,199	490,255
Accumulated depreciation	(138,276)	(137,461)	(110,471)
Net capitalised costs	<u>577,954</u>	<u>512,738</u>	<u>379,784</u>

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.

SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2013

3. Concessions

The original, expired and unexpired terms of concessions granted the Group as at 31 December 2013 are:

		<u>Original</u>	<u>Term in Years Expired</u>	<u>Unexpired</u>
SEPLAT Petroleum Development Company Plc	OML 4, 38 & 41	10	4	6
Newton Energy Limited	OML 56	10	4	6

4. Results of Operations for Oil Producing Activities

	<u>The Group</u>	<u>The Company</u>	
	<u>2013 \$000</u>	<u>2013 \$000</u>	<u>2012 \$000</u>
Revenue	880,227	869,981	624,546
Other income	1,062	3,779	3,971
Production and administrative expenses	(392,799)	(386,238)	(297,885)
Depreciation & amortisation	(30,967)	(30,045)	(34,977)
	457,523	457,477	295,655
Taxation	92,745	92,745	(186,556)
Profit after taxation	<u>550,268</u>	<u>550,222</u>	<u>109,099</u>

PART 7

NOTICE OF ANNUAL
GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000. The whole text of this document should be read.

If you have sold or transferred all of your registered holding of ordinary shares of 50 kobo each in the share capital of SEPLAT Petroleum Development Company Plc (the "Ordinary Shares"), please forward this document, together with the accompanying Form of Proxy or Form of Instruction (as applicable) as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.



Seplat Petroleum Development Company Plc

(Registered with the Corporate Affairs Commission of Nigeria under number RC824838)

NOTICE OF ANNUAL GENERAL MEETING

An explanatory letter from the chairman of the Company is included in this document.

Notice of the Annual General Meeting of SEPLAT Petroleum Development Company Plc (the "**Company**") to be held at Civic Center, Ozumba Mbadiwe Road, Victoria Island, Lagos, Nigeria at 11 a.m. on Monday 30 June 2014 is set out on pages 9 to 10 of this document. The recommendation of the directors is set out on page 8.

Holders of Ordinary Shares will find enclosed a Form of Proxy for use at the Annual General Meeting. To be valid, any Form of Proxy must be received by DataMax Registrars Limited, 7 Anthony Village Road, Anthony, P.M.B. 10014, Lagos, Nigeria as soon as possible but in any event so as to arrive no later than 11 a.m. on Thursday 26 June 2014.

Holders of depositary interests issued by Computershare Investor Services PLC in respect of Ordinary Shares ("**Depositary Interests**") will find enclosed a Form of Instruction by which they can instruct Computershare Investor Services PLC to vote in respect of their interest. However, holders of Depositary Interests who are also members of CREST may also instruct Computershare Investor Services PLC by using the CREST electronic voting service. To be valid, any instruction must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible but in any event so as to arrive no later than 11 a.m. on Wednesday 25 June 2014.

Details on how to vote are provided on pages 14 to 15 and in the enclosed form of instruction for use by holders of depositary interests representing Ordinary Shares. Your attention is also drawn to the letter from the chairman of the Company, which is set out on pages 2 to 8 of this document, recommending that you vote in favour of the resolutions to be proposed at the Annual General Meeting.

Expected timetable of events:

Voting record date	6 p.m. on Monday 23 June 2014
Latest time for receipt of Form of Instruction	11 a.m. on Wednesday 25 June 2014
Latest time for receipt of Form of Proxy	11 a.m. on Thursday 26 June 2014
Annual General Meeting	11 a.m. on Monday 30 June 2014



LETTER FROM THE CHAIRMAN

OF

SEPLAT Petroleum Development Company Plc

(Registered with the Corporate Affairs Commission of Nigeria under number RC824838)



Directors

Ambrosie Bryant Chukwueloka Orjiako*
Ojunekwu Augustine Avuru
Michael Richard Alexander***
Roger Thompson Brown
William Stuart Connal
Michel Hochard**
Lord Mark Malloch-Brown***
Macaulay Agbada Ofurhie**
Basil Omiyi***
Ifueko Omoigui-Okauru***
Charles Okeahalam***
Damian Dodo SAN***

Registered Office

25a Lugard Avenue
Ikoyi
Lagos
Nigeria

- * non-executive Chairman
- ** non-executive Directors
- *** Independent non-executive Directors

30 May 2014

*To holders of ordinary shares of 50 kobo each in the Company (“**Shareholders**”) and for information only to holders of depositary interests issued by Computershare Investor Services PLC in respect of ordinary shares of 50 kobo each in the Company (“**Depositary Interests**”)*

Dear Shareholder,

The last few years have been very successful for SEPLAT. As you know, earlier this year the Company became the first Nigerian company to have its shares listed on both the Nigerian Stock Exchange and the London Stock Exchange. This is testament to the application and initiative of everyone in our company, including the Board of Directors, the Management team and our operations and administrative staff.

I am writing to you in connection with the Company's forthcoming Annual General Meeting which is to be held at The Civic Center, Ozumba Mbadiwe Road, Victoria Island, Lagos, Nigeria at 11 a.m. on Monday 30 June 2014. The notice of the Annual General Meeting is given on pages 9 to 10.

The purpose of this letter is to explain certain elements of the business to be considered at the meeting (which will be our first Annual General Meeting as a publicly quoted company), and to explain how we will address the differing legal, regulatory and governance requirements in Nigeria and the United Kingdom as a newly listed company.

Ordinary Business of the Annual General Meeting

The following resolutions are to be proposed as ordinary resolutions:

Resolution 1 – Company's financial statements for the year ended 31 December 2013

Nigerian company law requires the directors of the Company (the "**Directors**") to present to the Annual General Meeting the annual report and financial statements for the financial year ended 31 December 2013, together with the directors' report and the auditors' report on those financial statements. The short form financial statements for the period to 31 December 2013 were included in the prospectus issued by the Company in relation to the global offer of its securities and its listing on the Nigerian Stock Exchange and the London Stock Exchange. Copies of our Annual Report & Financial Statements for the financial year ended 31 December 2013 are available on our website: www.seplatpetroleum.com. Printed versions may be obtained by contacting Computershare in the UK on +44 (0) 906 999 000 or DataMax in Nigeria on + 234 1 2716090.

Resolutions 2 and 3 – Reappointment of auditors and determination of their remuneration

Company law in Nigeria requires the Company to appoint auditors at each annual general meeting at which accounts are presented and for the auditors to hold office until the conclusion of the next annual general meeting. The board of directors of the Company (the "**Board**") proposes the reappointment of Ernst & Young Nigeria as the auditors of the Company (Resolution 2).

Resolution 3 authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Finance Committee of the Board will consider the audit fees for recommendation to the Board.

Special Business of the Annual General Meeting

The following resolutions are to be proposed as ordinary resolutions:

Resolutions 4 to 7 – Election of Directors

The articles of association of the Company require that at the annual general meeting of the Company one third of the Directors shall retire from office each year, provided that no Director who is an executive Director or a Director appointed by one of the founder shareholders (Shebah Petroleum Development Company Limited, Platform Petroleum Joint Ventures Limited or MPI S.A.) shall be subject to retirement by rotation or taken into account in determining the number of directors to retire each year.

The Directors to retire are to be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Resolutions 4 and 5 propose the re-election of such Directors. The Company is aware that the UK Corporate Governance Code as applicable to premium listed companies in the FTSE 350 provides for re-election of directors on an annual basis. Although these provisions are not applicable to the Company, the Board will consider moving towards more frequent re-election of directors in future years.

The shareholders are also asked to elect Mr D. D. Dodo SAN as a Director of the Company (Resolution 6) and to approve Madame Nathalie Delapalme as alternate Director to Mr Michel Hochard (Resolution 7).

Biographies of the Directors proposed to be re-elected or elected above are set out at on pages 11 to 13 of this document and on the Company's website at: <http://www.seplatpetroleum.com/our-board>.

Resolution 8 – Election of members of the Audit Committee

The resolution asks shareholders to elect members of the Audit Committee. The Audit Committee is separate from the Company's Finance Committee, whose members are directors selected by the Board. In accordance with section 359(4) & (5) of the Companies and Allied Matters Act 2004, the Audit Committee shall consist of an equal number of directors and representatives of the shareholders of the Company (subject to a maximum number of six members) and any member may nominate a shareholder as a member of the Audit Committee. A notice in writing of such nomination should be forwarded to the secretary of the Company at least 48 hours before the Annual General Meeting.

Resolution 9 – Approval to establish an Employee Benefit Trust

As described in the IPO Prospectus the Board has authority to issue up to 10% of the Company's issued share capital in any ten year period to satisfy awards granted under the Long Term Incentive Plan ("LTIP") and the global offer IPO bonus award and any other employees' share adopted by the Company. No more than 5% of the Company's issued share capital may be issued under the LTIP and any other executive share scheme adopted by the Company.

It is standard practice for both Nigerian and UK publicly listed companies to satisfy share awards granted to directors and employees through the issuance of shares on the basis that aligning their interests with those of shareholders and the creation of long term shareholder

value is in the best interests of all stakeholders. The percentage of shares set aside for long term incentive plans for directors and employees is in line with the best practice corporate governance regulations on dilution limits recommended by the Association of British Insurers Principles of Remuneration. Consistent with the statements contained in the Prospectus regarding the company's long term incentive plans, the Remuneration Committee will respect the 10 per cent limit through having in place an annual equity incentive programme which spreads the issue of new shares over this ten year period and issuing shares if appropriate performance conditions attaching to those share awards are satisfied.

The purpose of the resolution is to inform shareholders that an employee benefit trust is to be established to which the Company can allot shares under the above authority or to acquire shares in the market to satisfy share awards.

Resolution 10 – Modification of the Global Offer Bonus and LTIP Awards

The Company's Long Term Incentive Plan for directors and employees consists of two elements — a one off IPO Global Offer Bonus Award (the "**IPO Award**") and a conventional share award ("**LTIP Award**") which vests in year three with an additional two year holding period in line with market practice. Resolution 10 requests confirmation of a modification to the IPO Award as described in the Prospectus, which has been proposed by the Remuneration Committee.

The IPO Award was designed to reward management for their dedication and effort in the period leading up to the successful IPO, and to retain executives in the immediate two year period post flotation, until the longer term performance related elements of the LTIP Award can vest. No separate long-term incentive plan existed prior to the flotation. As described in the prospectus, for executive directors the IPO Awards are share based awards based on their 2013 salary. The first tranche of 50% of the IPO Award could vest on the first anniversary of the IPO date based upon the satisfaction of share price and production targets with the second tranche of 50% potentially vesting on the second anniversary of the IPO date subject to similar performance conditions.

In order to reward key executives for the work done in achieving an excellent IPO launch — the first dual listing for a Nigerian company on the Nigerian and London main market — the Remuneration Committee has proposed to modify the IPO Award. The amendment is such that the first tranche effectively vests on IPO without any future performance conditions. The existing 12 month lock up and claw-back conditions remain to ensure that executives' interests are aligned with shareholders following IPO. This part of the IPO Award is viewed as compensation for historic performance (i.e. the delivery of the successful IPO).

The second tranche of the IPO Award will continue to vest on the second anniversary of the IPO subject to the satisfaction of performance conditions to ensure that executives are retained and focused on strategic delivery over the medium term. All aspects of the second tranche of the IPO Award remain unchanged. The Remuneration Committee considers that the proposed amendments more closely align with achievements to date whilst still retaining the second tranche of the IPO Award to motivate the executives to deliver the all-important future strategic growth.

Resolution 11 – Confirmation of final 2013 dividend

The resolution asks shareholders to confirm that the interim dividend paid in January 2014 for 2013 as the full and final dividend for 2013.

Voting and action to be taken

Shareholders

A Form of Proxy for use by Shareholders is enclosed. The completion and return of the Form of Proxy will not preclude Shareholders from attending the Annual General Meeting and voting in person should they so wish to do so. Whether or not such Shareholders propose to attend the Annual General Meeting, they are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to DataMax Registrars Limited, 7 Anthony Village Road, Anthony, P.M.B. 10014, Lagos, Nigeria as soon as possible but in any event so as to arrive no later than 11 a.m. on Thursday 26 June 2014.

Holders of Depositary Interests

Holders of Depositary Interests wishing to vote may do so by instructing Computershare Investor Services PLC to vote in respect of their interest by either:

1. completing the attached Form of Instruction and returning it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 11 a.m. on Wednesday 25 June 2014;
2. in the case of CREST members, by utilising the CREST electronic voting service in accordance with procedures set out below.

Electronic voting instructions via the CREST voting system

CREST members who wish to instruct Computershare Investor Services PLC by utilising the CREST electronic voting service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual, which can be found at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a voting instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent, ID 3RA50 by 11 a.m. on Wednesday 25 June 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in

relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

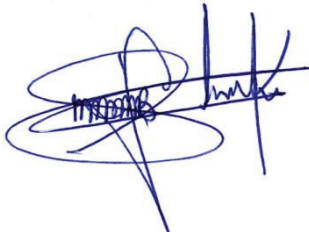
Record Date

Only shareholders entered on the register of members of the Company at 6 p.m. on Monday 23 June 2014 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name. Changes to entries on the register of members after 6 p.m. on Monday 23 June 2014 shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting. The length of time between the record date and Annual General Meeting is necessary to allow sufficient time to complete necessary voting checks.

Recommendation

The Board believes that the resolutions to be put to the Annual General Meeting are will help promote the success of the Company and are in the best interests of the Shareholders as a whole. Accordingly, your Directors unanimously recommend that the Shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own shareholdings in the Company.

Yours sincerely,



A. B. C. Orjiako
Chairman
SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

NOTICE OF ANNUAL GENERAL MEETING

SEPLAT Petroleum Development Company Plc (Registered with the Corporate Affairs Commission of Nigeria under number RC824838)

NOTICE is hereby given that the Annual General Meeting of SEPLAT Petroleum Development Company Plc (the “**Company**”) will be held at The Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos, Nigeria at 11 a.m. on Monday 30 June 2014 for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions, which will be proposed as ordinary resolutions:

1. To receive the Company’s annual financial statements for the financial year ended 31 December 2013, together with the directors’ report and the auditors’ report on those accounts.
2. To reappoint Ernst & Young Nigeria 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.
3. To authorise the directors of the Company (the “**Directors**”) to determine the auditors’ remuneration.
4. To re-elect Mr Basil Omiyi as a Director.
5. To re-elect Ms Ifueko Omoigui-Okauru as a Director.
6. To elect Mr Damian D. Dodo SAN as a Director.
7. To approve the appointment of Madame Nathalie Delapalme as an alternate Director to Mr Michel Hochard.
8. To elect members of the Audit Committee.
9. To approve the establishment of an Employee Benefit Trust in connection with the administration of and benefits provided under the long term incentive plan or any other share based incentive programmes as may be approved by the Remuneration Committee and the Board from time to time to which shares in the Company may be allotted under the authority granted to the Board or which may acquire shares in the market to satisfy share awards.
10. That the Board be authorised to modify the terms of the terms of the IPO Bonus (which rewards contribution to the Company in the period up to the initial listing of the Company’s shares) described in the Prospectus as approved by the Remuneration Committee.
11. To confirm the interim dividend paid for in January 2014 in respect of the financial year ended on 31st December 2013 as the full and final dividend for 2013.

Copies of the Annual Report & Financial Statements for SEPLAT Petroleum Development Company Plc for the financial year ended 31 December 2013 are available on our website: www.seplatpetroleum.com. Printed versions may be obtained by contacting Computershare in the UK on +44 (0) 906 999 000 or DataMax in Nigeria on + 234 1 2716090.

BY ORDER OF THE BOARD

I Odeleye

Secretary

SEPLAT Petroleum Development Company Plc

Registered Office: 25a Lugard Avenue, Ikoyi, Lagos, Nigeria

Date: 30 May 2014

BIOGRAPHIES OF NON-EXECUTIVE DIRECTORS SEEKING REELECTION/ELECTION

Basil Omiyi (Independent Non-Executive Director) (68 years old)

Mr. Omiyi was appointed as an Independent Non Executive Director on 22 March 2013. He is Chairman of the Risk Management Committee and a Member of both the Remuneration Committee and the Nomination and Establishment Committee.

He has held the position of chairman and managing director of Michael-Philips Nigeria Limited since 2011. Most of his career was at Royal Dutch Shell where he spend 40 years in various roles both in Nigeria and Europe, including Head of Production Technology, Chief Petroleum Engineer, managing director of Shell Petroleum Development Company of Nigeria Limited, and ultimately country chairman of Shell Companies, Nigeria.

Mr. Omiyi has held a number of board memberships and senior advisory positions including as chairman of Greenacres Energy Limited, chairman of the Nigerian Upstream Industry Group, board member of the Nigerian Business Group of New Partnership for Africa's Development (NEPAD), board member of the Nigerian Extractive Industry Transparency Initiative (NEITI), chairman of the Oil and Gas Commission of the Nigerian Economic Summit Group (NESG), and member of the Presidential Advisory Council, amongst others.

In 2011, Mr. Omiyi 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.

Mr. Omiyi graduated with a B.Sc. in Chemistry in 1969 and a post-graduate diploma in Petroleum Technology in 1970 from the University of Ibadan.

Mrs. Ifueko M. Omoigui-Okauru (Independent Non-Executive Director) (51 years old)

Mrs. Ifueko M. Omoigui-Okauru was appointed as an Independent Non-Executive Director on 22 March 2013. She is a member of the Audit Committee, the Risk Management Committee, and the CSR Committee.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), 2001 and a Fellow of the Chartered Institute of Taxation of Nigeria (FCTI), 2007, having been awarded a Master of Science, Management Science from Imperial College, University of London in 1986 and a Bachelor of Science (First Class), Accounting from the University of Lagos in 1983.

Mrs. Omoigui-Okauru is the managing partner of Compliance Professionals Plc., a management consulting firm; non-executive director on the boards of ReStraL Ltd (which she founded in 1996) and Nigerian Breweries Plc.; independent non-executive director on the boards of Diamond Bank Plc. and Central Securities Clearing System Plc.; a member of the Executive Council of Women in Management, Business and Public Service (WIMBIZ), a non-governmental organisation; and a founding member of the Board of Trustees of DAGOMO Foundation Nigeria, a family-based non-governmental organisation geared to community development.

Between 2009 and 2013, Mrs. Omoigui-Okauru served as a part-time member of the United Nations Committee of Experts on International Cooperation in Tax Matters. Between 2004 and 2012, Mrs. Omoigui-Okauru held several positions within the Nigerian Federal Inland Revenue Service, including appointments as the first female Executive Chairman of the Federal Inland Revenue Service of Nigeria, the first female Chairman of the Joint Tax Board, and member of

the Nigerian President's Economic Management Team charged with responsibility for tax reform in Nigeria. Before that she was Chief Responsibility Officer of ReStraL Ltd (1996 - 2004) and left the services of Arthur Andersen & Co. in 1996 as National Partner of the firm's strategy practice after having spent twelve years in the firm.

Mrs. Omoigui-Okauru has won numerous awards in Nigeria, including recognition as a Member of the Order of the Niger (2000), a Global Leader for Tomorrow by the World Economic Forum, Davos, Switzerland (2000) and a Member of the Nigerian Federal Republic (MFR) (2006).

Damian D. Dodo S.A.N. (Independent Non-Executive Director) (48 years old)

Mr Dodo graduated in 1985 with a law degree from Ahmadu Bello University in Nigeria. He was admitted to the Nigerian Bar in 1986. In 2001, he became the youngest lawyer in Nigeria to be 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. Mr Dodo has also recently been awarded fellowship by the Nigerian Institute for Advanced Legal Studies.

Mr Dodo has acted 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. He currently chairs the National Lottery Regulatory Commission in Nigeria and has previously chaired the Nigerian National Petroleum Corporation Commission of Inquiry, Chairman of the Membership Committee of the Nigerian Bar Association and the Governing Board of the National Agency for the Prohibition of Traffic in Persons. He is also an associate of the Chartered Institute of Arbitrators in London.

Mrs Nathalie Delapalme (Alternate Director for Michel Hochard (Non-Executive Director))

Mrs Delapalme graduated has a degree from the L'Institut d'études politiques in Paris and a post-graduate diploma in applied economics.

Mrs Delapalme began her career as a macroeconomic research analyst at the Fondation Nationale des Sciences Politiques (Foundation for Political Sciences). She then served as administrator (administrateur) at the French Senate from 1984 to 1995, first within the economics unit and then on the Finance Committee and was an advisor of the Senate from 1997 to 2002. She was also deputy chief of staff of the French Minister for Cooperation from 1995 to 1997, and advisor on Africa to the French Minister of Foreign Affairs from 2002 to 2007. She served as Inspector General of Finance for the French Ministry of Economy and Finance (May 2007 - May 2010).

Since June 2010, Mrs Delapalme has held the position of Director of Research and Public Policies at the Mo Ibrahim Foundation in London. She has also been a member of the Supervisory Board of the CFAO since May 2010.

In recent years, Mrs Delapalme has published several articles on Africa and relations between Europe and Africa, particularly in the publication Commentaire. She belongs to the editorial committee of the latter and is also a member of Le Siècle, a French debating club.

Notes:

- (i) **Holders of ordinary shares** — Holders of ordinary shares of 50 kobo each in the Company (“Shareholders”) are entitled to attend and vote at the Annual General Meeting convened by the above Notice of Annual General Meeting. A Shareholder entitled to attend and vote at the Annual General Meeting is also entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. Forms of Proxy need to be completed, signed and lodged with DataMax Registrars Limited, 7 Anthony Village Road, Anthony, P.M.B. 10014, Lagos, Nigeria as soon as possible but in any event so as to arrive no later than 11 a.m. on Wednesday 25 June 2014.
- (ii) **Holders of depositary interests** — If you hold depositary interests issued by Computershare Investor Services PLC in respect of ordinary shares of 50 kobo each in the Company then you may instruct Computershare Investor Services PLC to vote in respect of your interest by:
 - (a) completing the Form of Instruction enclosed with this Notice of Annual General Meeting. To be valid, the Form of Instruction, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive no later than 11 a.m. on Wednesday 25 June 2014; or
 - (b) if you are a CREST member, by instructing Computershare Investor Services PLC in accordance with procedures set out below.
- (iii) **Electronic voting instructions via the CREST voting system** — CREST members who wish to instruct Computershare Investor Services PLC by utilising the CREST electronic voting service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual, which can be found at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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- (iv) **Right to attend and vote** — Only Shareholders registered in the register of members of the Company as at 6 p.m. on Monday 23 June 2014 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Annual General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Annual General Meeting is 6 p.m. on the day prior to the day immediately before the date fixed for the adjourned meeting (excluding any part of a day that is not a business day). Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
- (v) **Joint holders** — In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vi) **Documents on display** — Copies of the terms and conditions of appointment of the Directors are available for inspection at the registered office of the Company, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice of Annual General Meeting until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Disclaimer

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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Community Development Projects



Students in a school block built by SEPLAT



Students in a school block built by SEPLAT



Oben Market Project



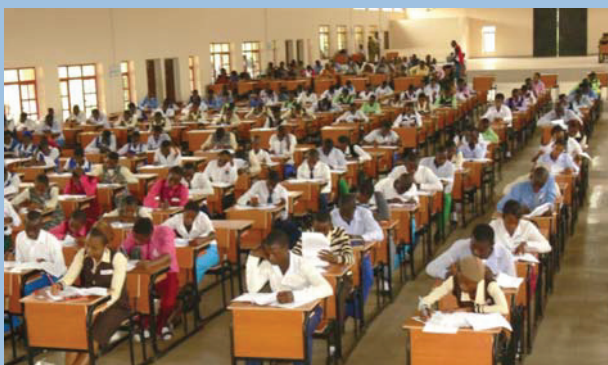
Safe Motherhood Programme



Skills Acquisition Project



Constructed Road



PEARLs Quiz Competition



Eye Can See Programme

Seplat Petroleum Development
Company Plc

Head Office

25A Lugard Avenue
Ikoyi Lagos Nigeria
Phone: +234 1277 0400

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50 Pall Mall
London SW1Y 5JH
Phone: +44 (0)20 3725 6500

info@seplatpetroleum.com
www.seplatpetroleum.com

Seplat Annual Report & Financial Statements **2013**

