



Gas: Where is the Growth and where is the Glut?

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Introduction



“When coal came into the picture, it took about 50 or 60 years to displace timber. Then, crude oil was found, and it took 60, 70 years, and then natural gas. So it takes 100 years or more for some new breakthrough in energy to become the dominant source.....”

Rex Tillerson, CEO Exxon Mobil

THE GLUT

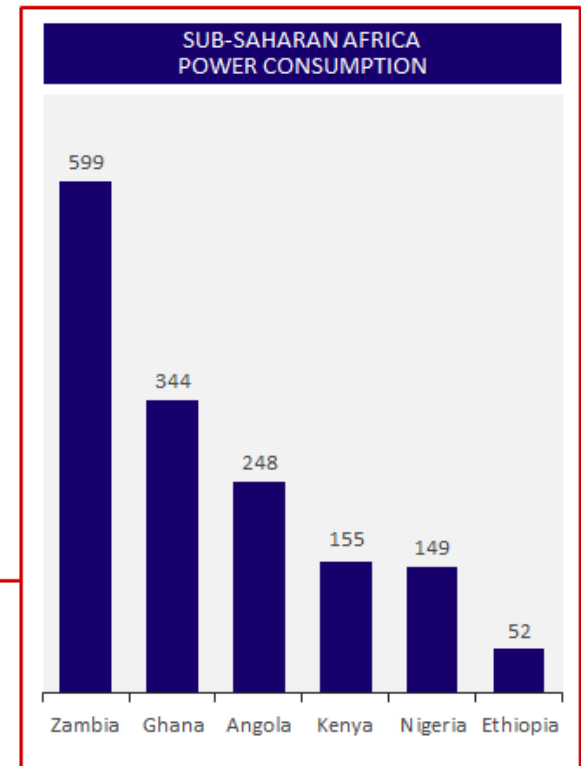
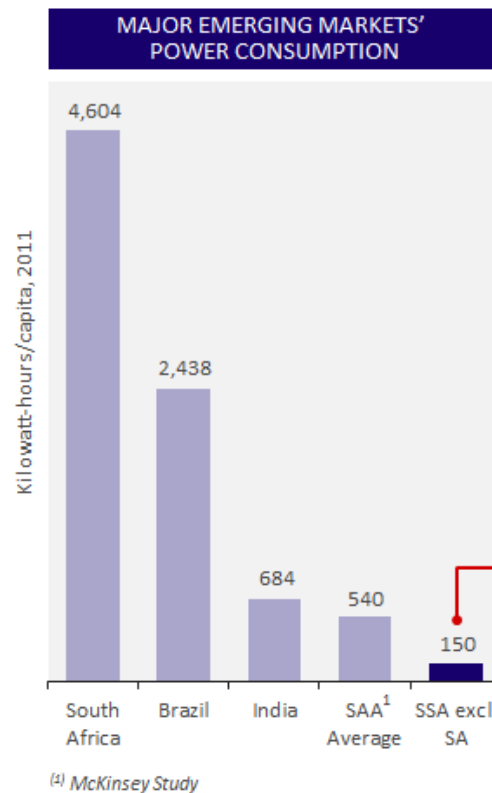
- The Energy gap between Africa and the rest of the world, despite repeated attempts to improve it, is widening
- Africa is the most underpowered continent on the planet, 6 out of 10 people in sub-Saharan Africa (SSA) don't have access to electricity
- Half of the world's population who don't have power - live in Africa
- Power is the key to economic and social development and is key to GDP growth. Africa's lags the rest of the world by some margin

And guess what....?

- The population in Africa is growing and the situation is getting worse – 1 billion expected to grow to 2.5 billion by 2050

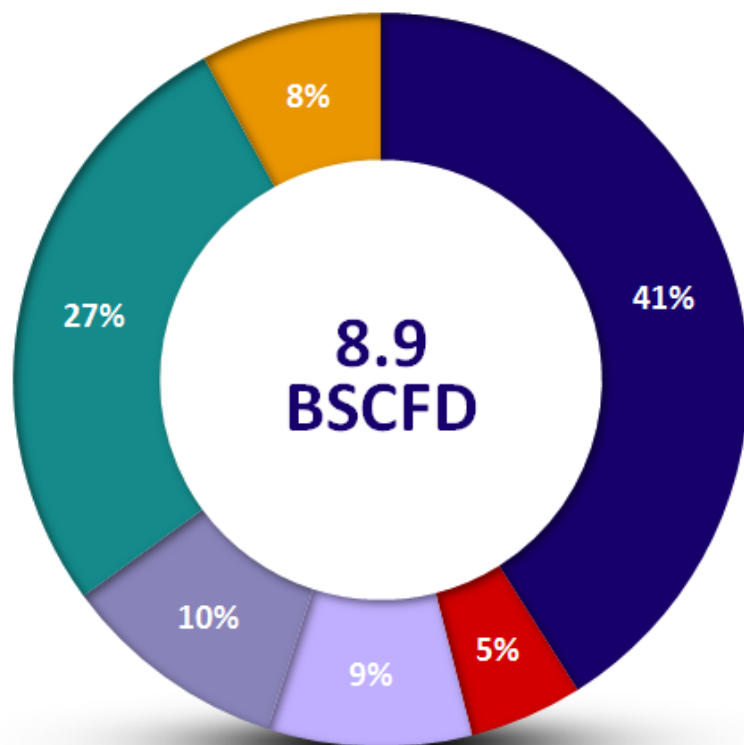
THE GLUT - HOW BAD IS IT

- Current electricity consumption in SSA (excluding SA) is around 150 kWh per capita
- The global average is 2,800 kWh, with the USA being the highest at 12,000kWh
- In Nigeria which has the biggest GDP in Africa, the consumption is slightly lower than the SSA around the average at 126kWh per person
- Putting this into context, less than half the population could power a single light bulb for 10 hours a day



- ... and the population is growing, predicted to be the 3rd most populous country on the planet behind India and China by 2050

NIGERIA GAS UTILISATION

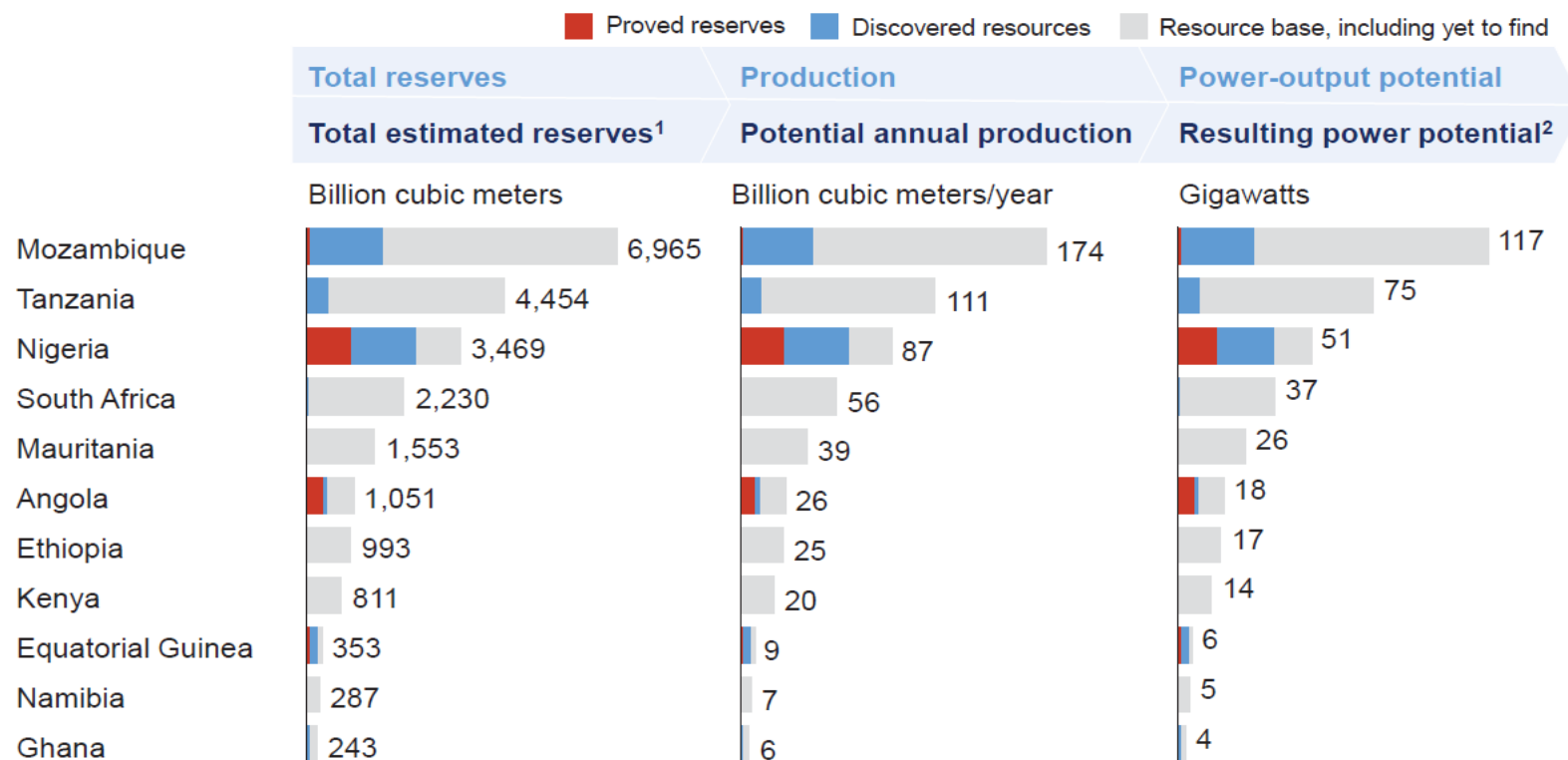


■ Exports ■ Industry ■ Power ■ Flared ■ Re-injected ■ Producer internal use

⁽⁴⁾ Advisory Power Team, Office of the Vice President, FGN

- Current Gas to Power usage is 0.8 BSCFD (9% of the gas usage – 4.5 times as much is exported)
- Current installed capacity is 12,522 MW, 85% of which is gas fired (22 plants)
- Actual operated power is less than 4,000 MW (2,000 MW not available due to gas constraints with the rest unavailable due to maintenance & repair issues)
- Nigeria has one of the largest gas potentials in SSA (estimated at 180 Tcf) so the resource is significantly under utilised

NIGERIA HAS THE LARGEST PROVEN RESERVES IN SSA, 9TH IN THE WORLD



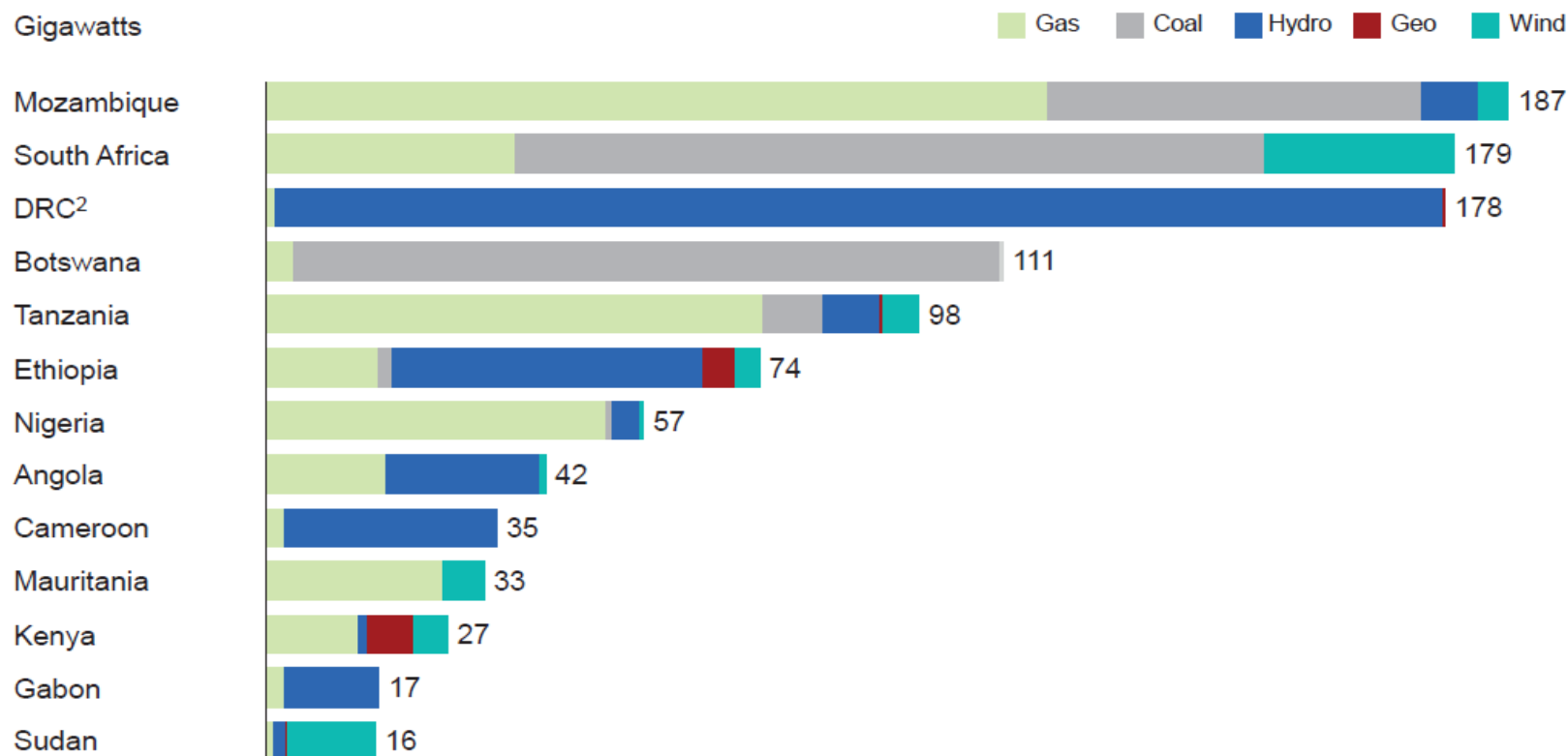
1 Proven reserves were confirmed using multiple sources, including BP and the US Energy Information Administration. The discovered and yet-to-be-found resources are Rystad Energy estimates.

2 Total resources should be able to operate for 40 years and generate at least 300MW at 90% load factors. Assumed no export and 100% of the reserve capacity be used for power production.

Source: International Energy Statistics, US Energy Information Administration, 2013, eia.gov; Natural Gas Statistical Database, Cedigaz, 2013, cedigaz.org; Statistical Review of World Energy, BP, 2012, bp.com; UCube Upstream Database, Rystad Energy, 2013, rystadenergy.com; UDI World Electric Power Plants Database, Platts McGraw Hill Financial, platts.com

POWER GENERATION POTENTIAL

POWER-GENERATION POTENTIAL FOR SELECT SUB-SAHARAN AFRICAN COUNTRIES BY TECHNOLOGY¹



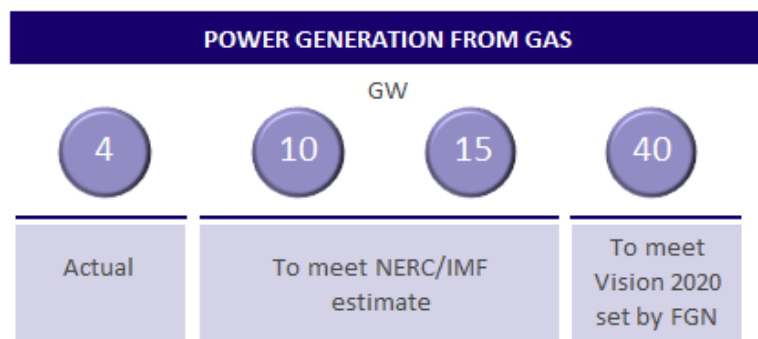
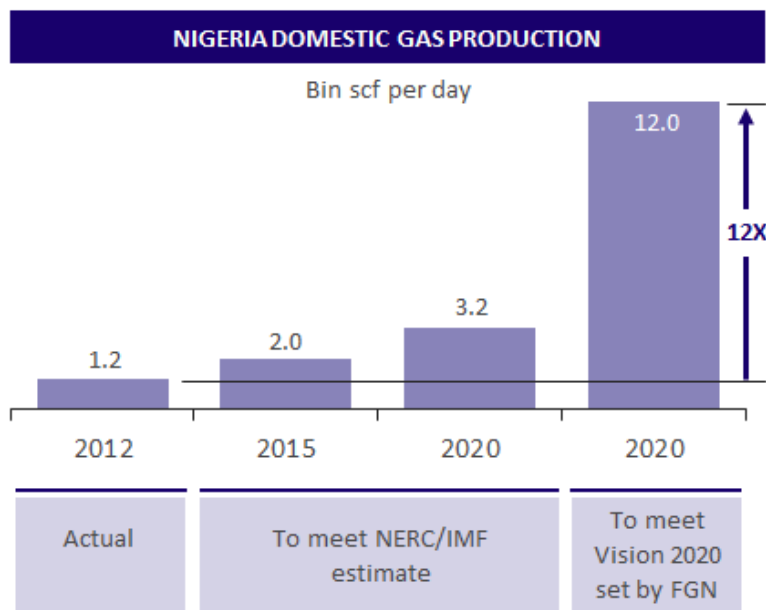
¹ Potential from domestic resources only; gas includes all conventional proven/speculative reserves, and hydro includes all technically exploitable potential.

² Democratic Republic of the Congo.

Source: *Geothermal: International Market Overview Report*, Geothermal Energy Association, May 2012, geo-energy.org; *International Energy Statistics*, US Energy Information Administration, 2013, eia.gov; *National-Scale Wind Resource Assessment for Power Generation*, National Renewable Energy Laboratory, June 2013, nrel.gov; Rystad Energy database, rystadenergy.com; *World Energy Resources: 2013 Survey*, World Energy Council, October 2013, worldenergy.org

THE GROWTH

SIGNIFICANT GROWTH POTENTIAL IN NIGERIA



¹ Projected power generation from gas,

* Power generation target of 40 GW no longer feasible

- Power generating capacity to increase by ten fold from current 4,000 MW level to 40,000 MW by 2020 (vision 20:2020)*
- 80% of the power generation requirement (approx. 32,000 MW) will come from gas fired plants
- Required increase in domestic gas supply to feed the plants of around 7 BCF/day
- Long-term domestic gas supply will likely come from Indigenous Companies
 - 1.7bcf/d split is currently; IOC JV @ 48% and NPDC/Indigenous JV at 52%;
 - Investment of over \$10 billion/annum required over the next 10 years in the power sector;
 - Local currency revenues have been a barrier to investment

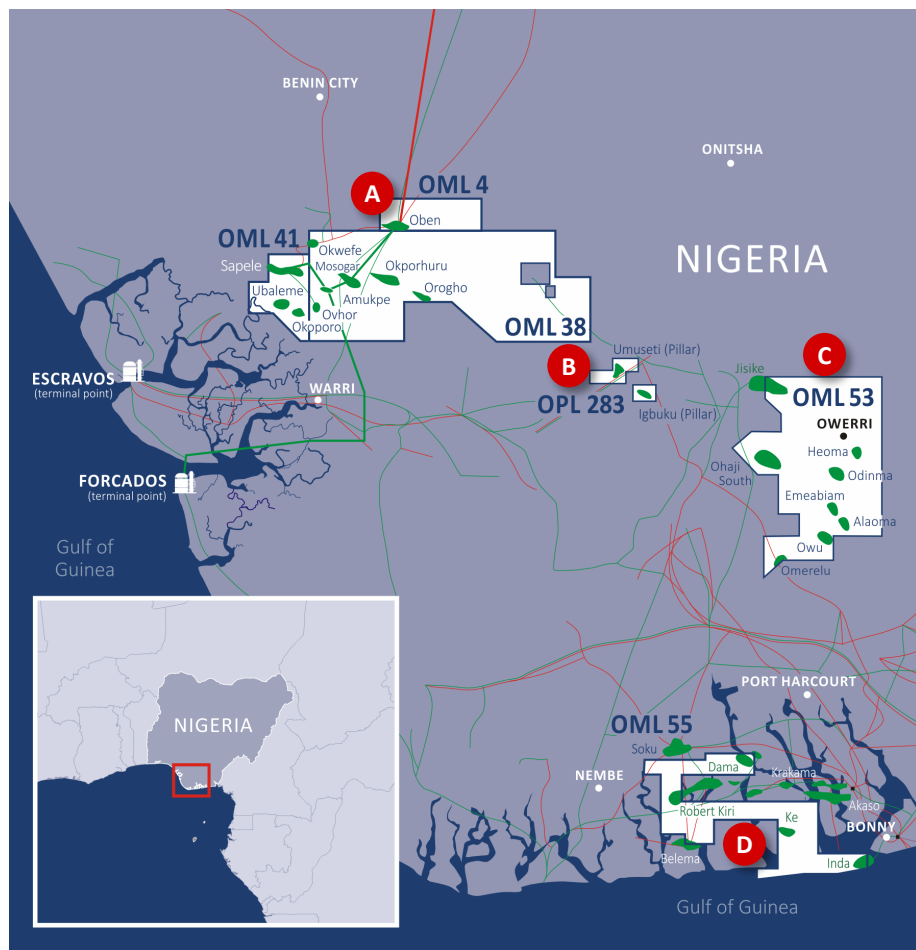


seplat

Company Overview

SEPLAT – AN INDEPENDENT NIGERIAN OIL AND GAS E&P COMPANY

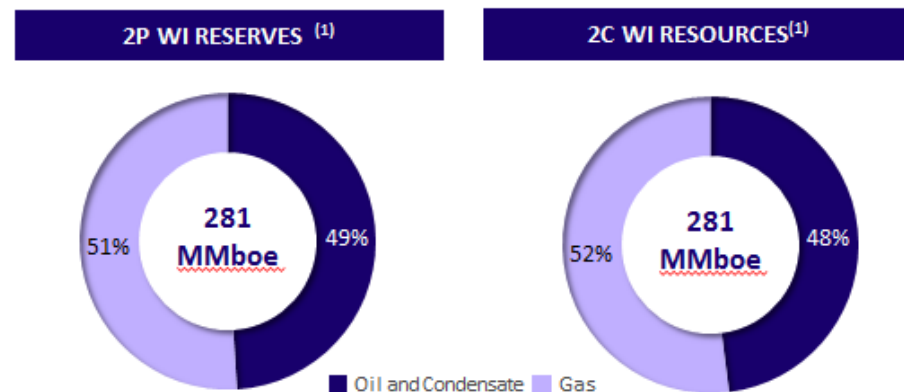
PORTFOLIO OF SIX OIL AND GAS BLOCKS IN THE NIGER DELTA AND A SIGNIFICANT RESERVES, RESOURCE AND PRODUCTION BASE



Note:

1) Volumes stated at 31/12/14 based on estimates from DeGolyer & MacNaughton; 2C volumes include management estimates for OML 53 and OML 55 at time of acquisition

2) Production as measured at the LACT unit and before reconciliation losses, preliminary FY 2015 compilations subject to final review and amendments

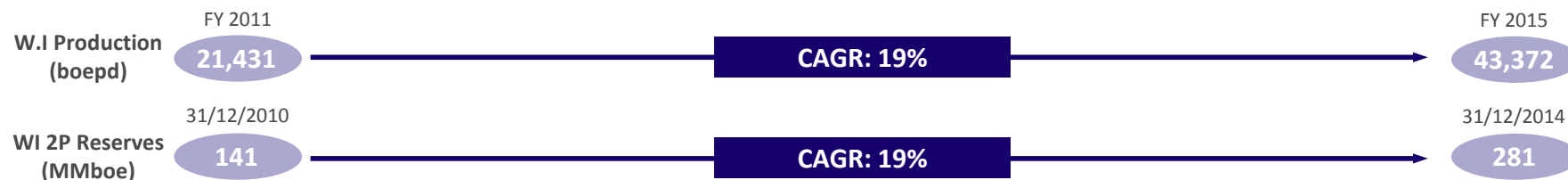
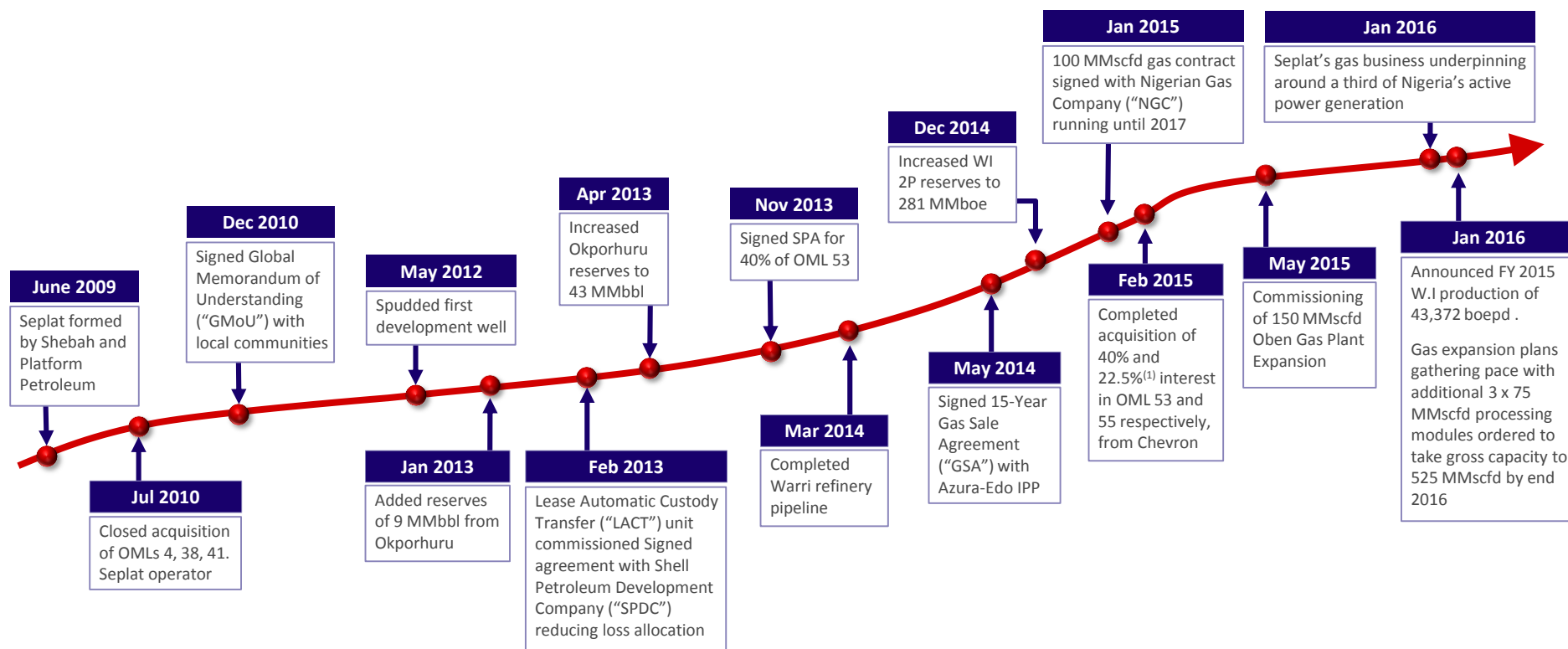


	BLOCK	OPERATOR	SURFACE AREA (km ²)	SEPLAT INTEREST	PARTNER'S INTEREST	WI PRODUCTION FY 2015 (boepd) ⁽²⁾
A	OMLs 4,38 and 41	Seplat	2,652	45.0%	NPDC (55%)	39,830
B	OPL 283	Pillar Oil	1,226	40.0%	Pillar Oil (60%)	1,113
C	OML 53	Seplat	1,585	40.0%	NNPC (60%)	686
D	OML 55	Seplat	840	22.5% ⁽²⁾	NNPC (60%); Belemaoil (17.5%)	1,743

seplat

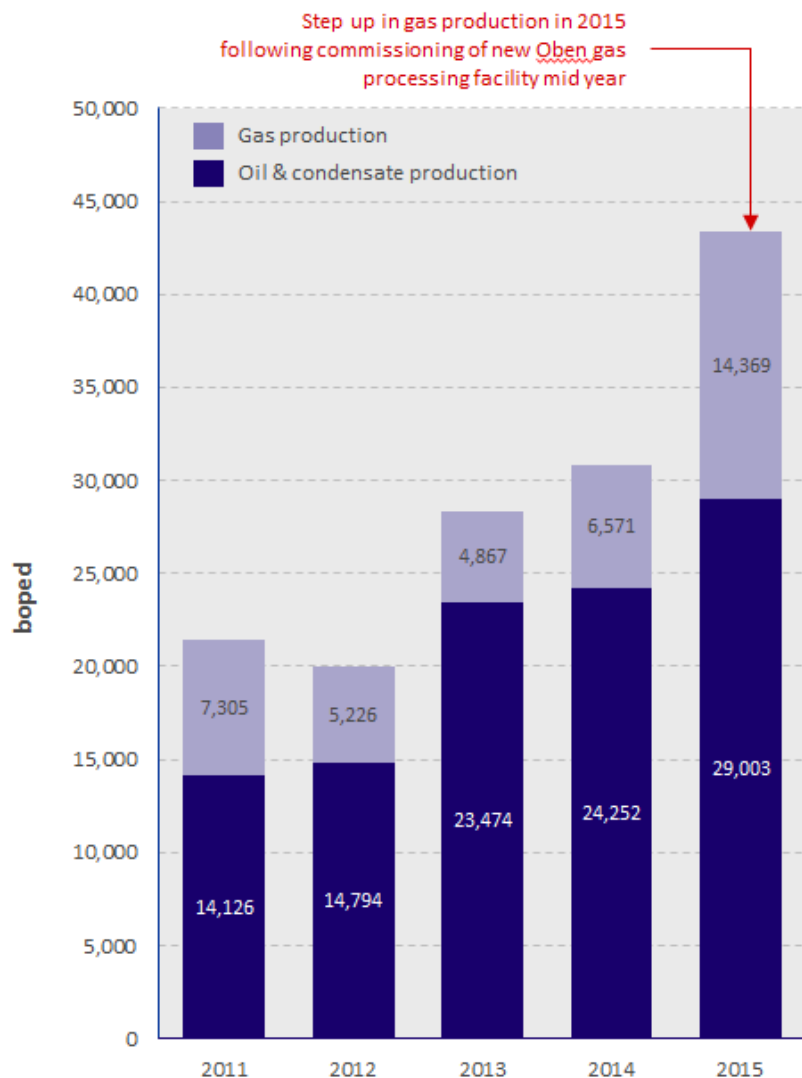
OPERATIONAL HISTORY AND KEY MILESTONES

STRONG TRACK RECORD OF DELIVERY



TRACK RECORD OF CONSISTENT PRODUCTION GROWTH...

UNDERPINNED BY A STRONG PLATFORM OF PRODUCING FIELDS



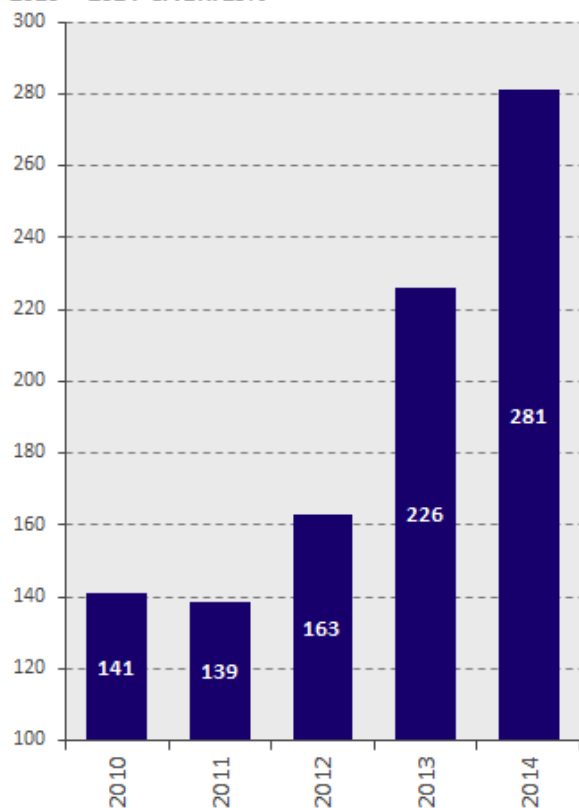
- Average working interest production in 2015 43,372 boepd (+41% year-on-year and ahead of guidance)
- 74% uptime level in 2015
 - H1 impacted by significant downtime (65% uptime)
 - Marked improvement in H2 (94% uptime)
- Excluding unbudgeted downtime, average working interest production was 47,537 boepd
- Reconciliation losses of ca. 12%
- Gross peak daily production at OMLs 4, 38 and 41 exceeded 84,000 bpd liquids and gas has consistently been at the 300 MMscfd level since the new Oben gas processing plant was commissioned
- Increase in condensate yields derived from gas production provide additional benefit

...AND CONSISTENT RESERVES GROWTH

SINCE 2010 SEPLAT HAS CONVERTED 83 MMBBLS OIL AND 383 BSCF GAS FROM 2C RESOURCES TO 2P RESERVES (149 MMBOE)

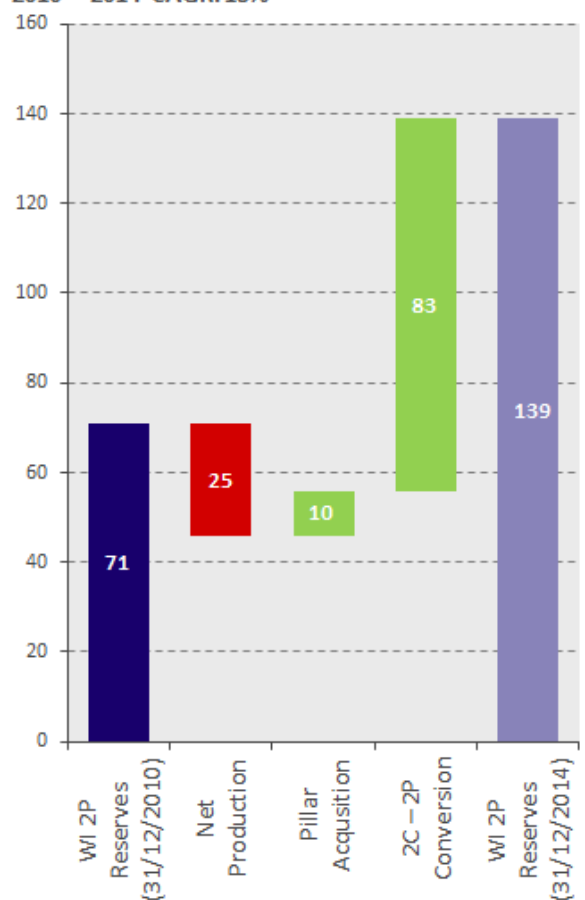
WI 2P RESERVE GROWTH (MMBOE)

2010 – 2014 CAGR: 19%



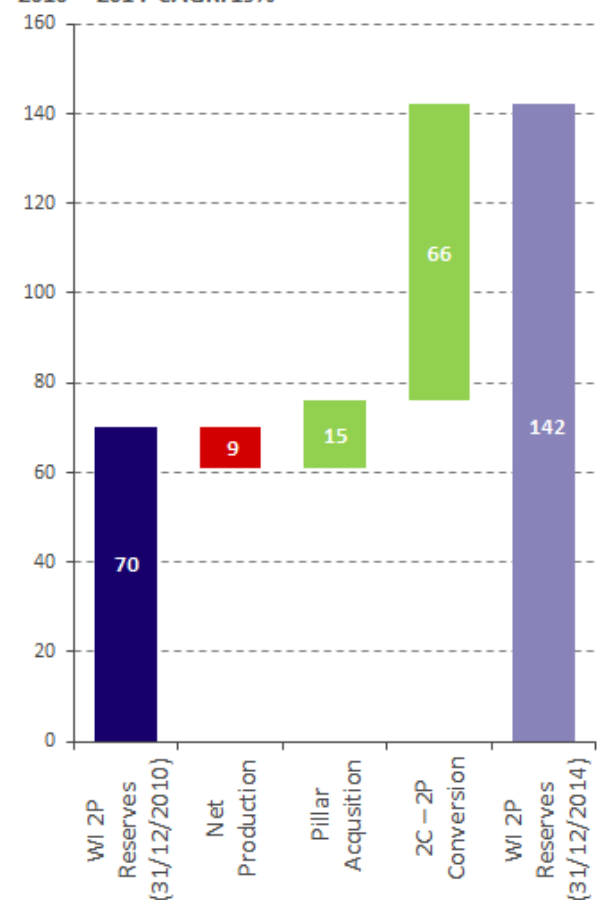
WI 2P OIL RESERVE BASE 2010 – 2014 (MMBBL)^(1,2)

2010 – 2014 CAGR: 18%



WI 2P GAS RESERVE BASE 2010 – 2014 (MMBOE)^(1,2)

2010 – 2014 CAGR: 19%



Source: Company information.

(1) Volumes stated at 31 December 2010 based on estimates from Gaffney Cline & Associates

(2) Volumes stated at 31 December 2014 and for Pillar acquisition based on estimates from DeGolyer & MacNaughton



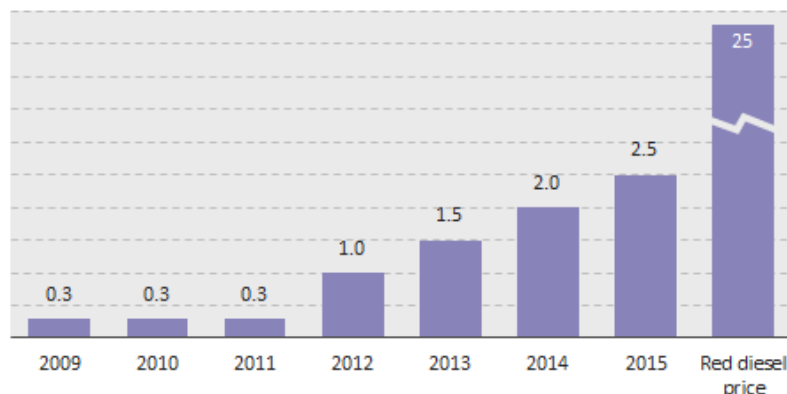
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Seplat Gas Business

SEPLAT'S GAS BUSINESS IN CONTEXT TODAY

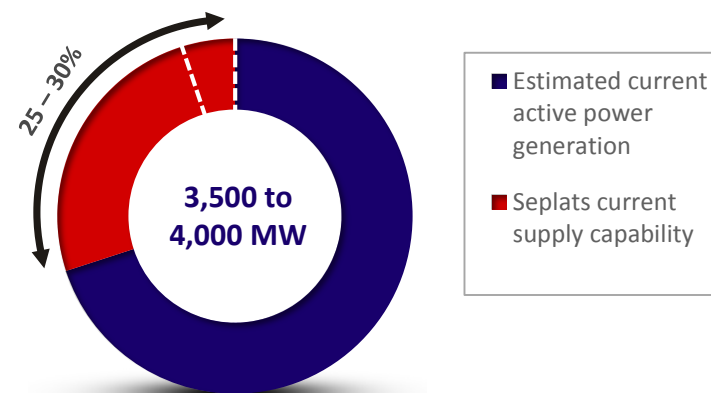
SEPLAT IS A KEY SUPPLIER OF GAS TO THE DOMESTIC MARKET AND UNDERPINS SIGNIFICANT POWER GENERATION

GAS TO DOMESTIC POWER PRICING HAS IMPROVED (US\$/Mscf)



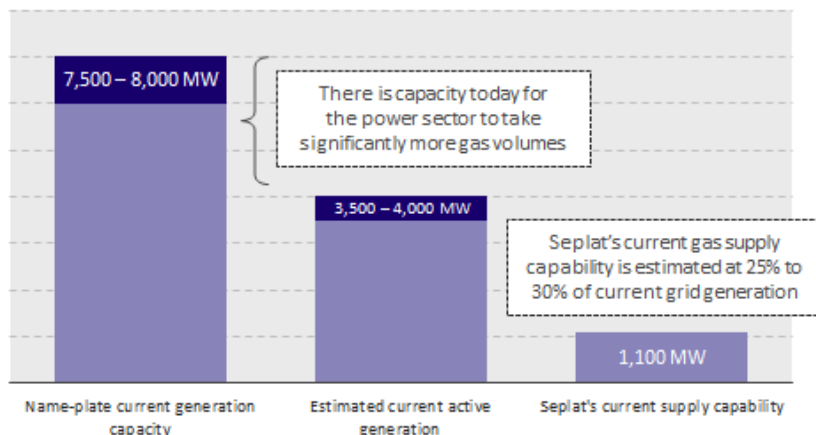
Source: NNPC; assumed 1 Mmbtu equals 1 Mscf. Based on DSO pricing levels.

SEPLAT'S CURRENT OUTPUT CAN UNDERPIN SIGNIFICANT POWER GENERATION



Source: www.nesistats.org; Company data and estimates

GAS SUPPLY FOR THERMAL GENERATION FALLS SHORT OF CAPACITY

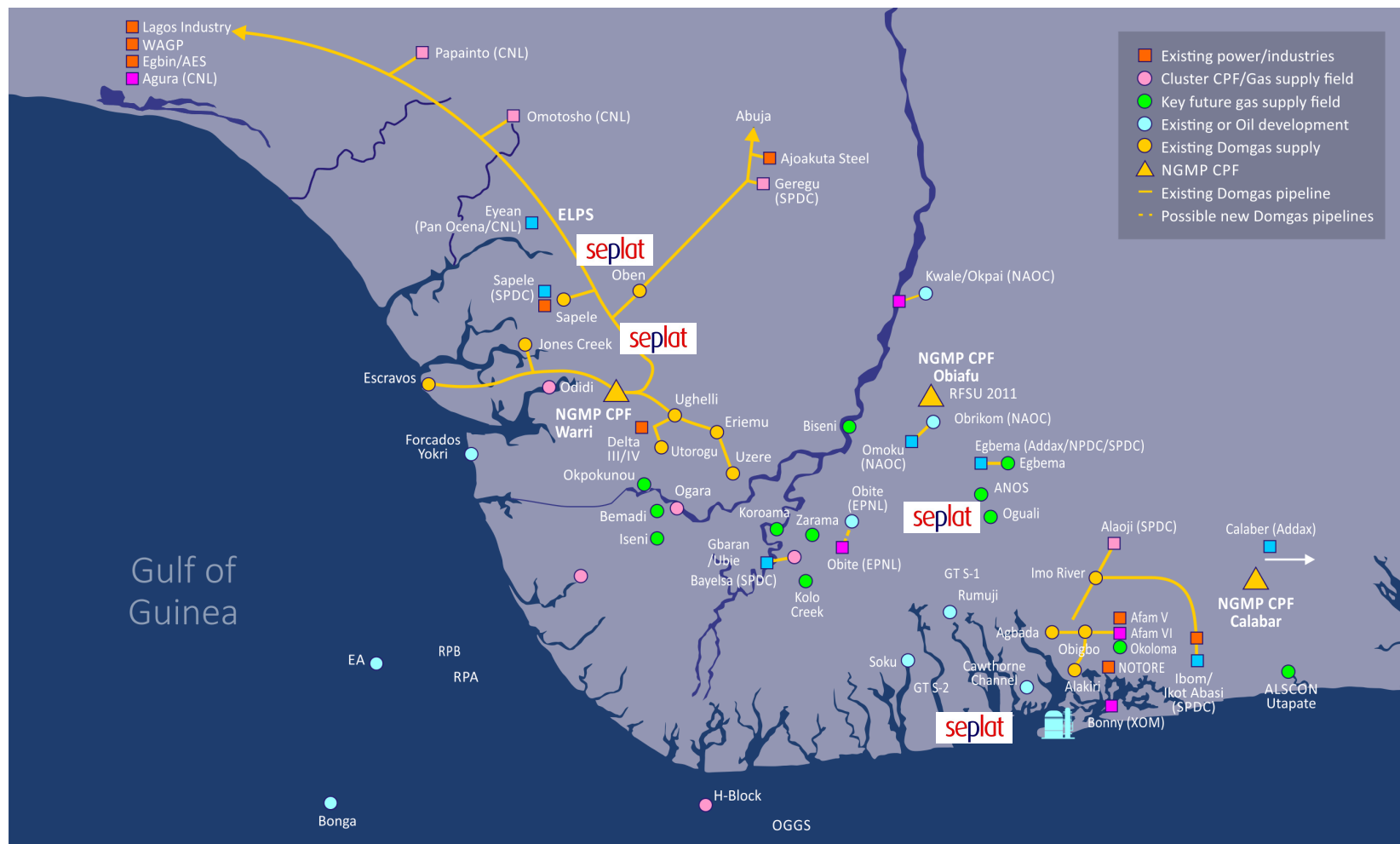


Source: www.nesistats.org; Company data and estimates

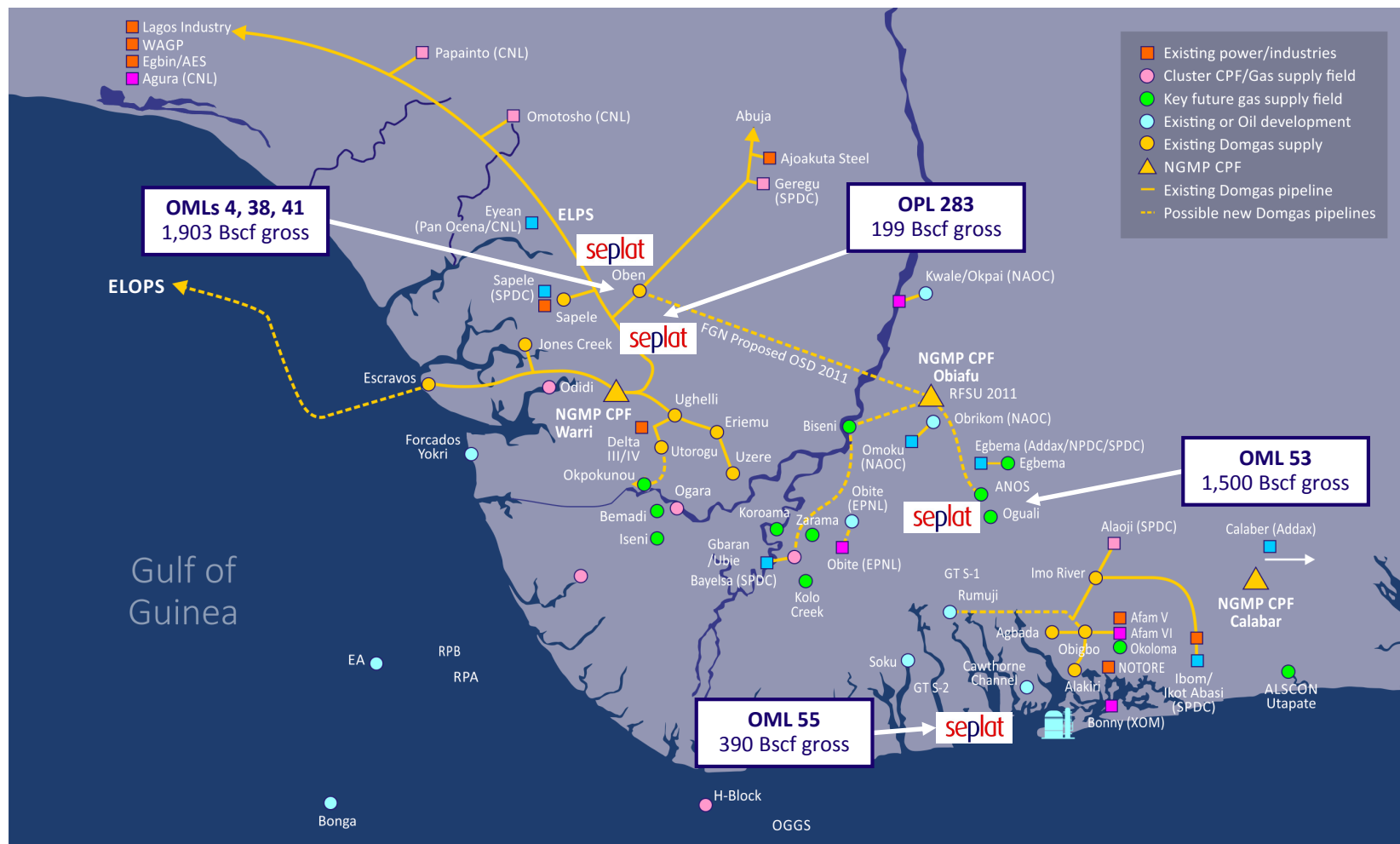
- There is strong demand for gas to support power projects and other commercial enterprises
- Current thermal power generation is running below capacity – immediate headroom to place additional gas volumes
- Significant additional thermal generation capacity will be installed over the coming years that will require more gas feedstock
- Seplat is committed to increasing gas supply to the domestic market, underpinning greater levels of power generation capacity

NIGERIA'S KEY DOMESTIC GAS INFRASTRUCTURE TODAY

SEPLAT IS STRATEGICALLY WELL POSITIONED TO CAPITALISE ON FUTURE GROWTH OPPORTUNITIES IN THE GAS SECTOR



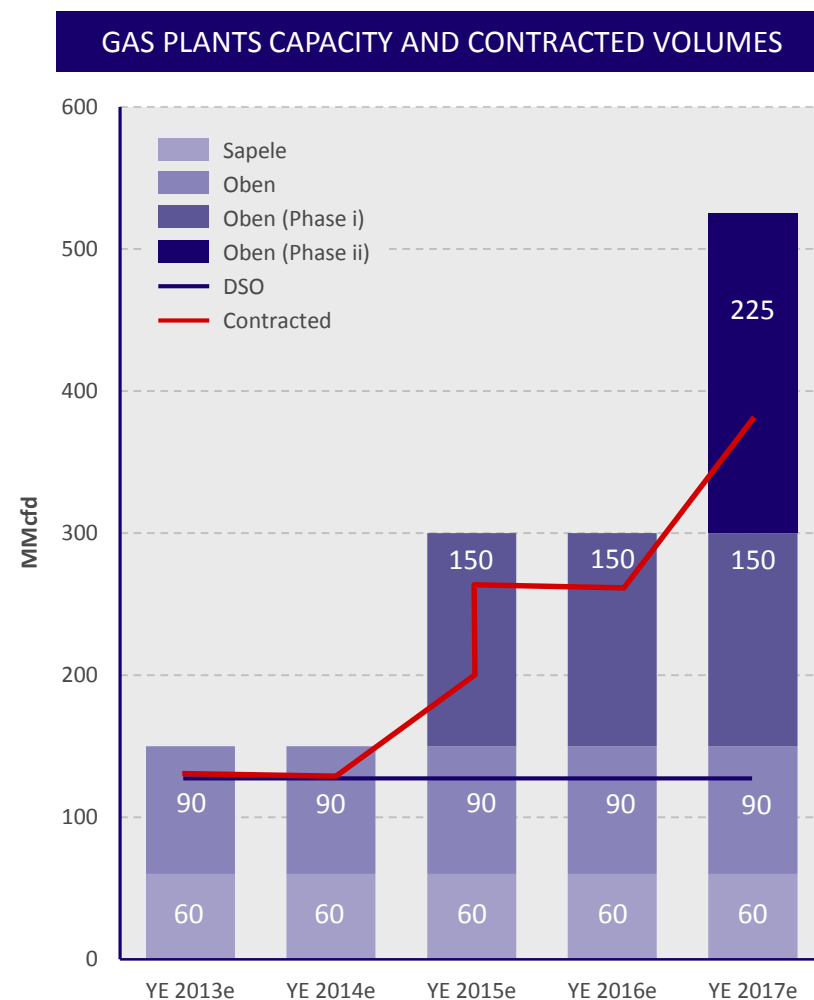
PLANNED FUTURE EXPANSION OF DOMESTIC GAS INFRASTRUCTURE



GAS CAPACITY AND CONTRACTED VOLUMES

COMMERCIALISING AND DEVELOPING A STRATEGIC RESOURCE

- New gas sales agreement signed with NGC to supply an additional 100 MMscfd to the domestic market and other contracts under negotiation
- Commercial pricing expected to increase beyond US\$3.50/Mscf
- New and existing gas sales agreements such as Azura Edo IPP – underpin investments to further upgrade the Oben gas plant
- Seplat is strategically positioned to capitalise on expanding the gas market



THE GAS OPPORTUNITY FOR SEPLAT

POSITIONING TO BE THE DOMINANT SUPPLIER OF NATURAL GAS IN NIGERIA

Increased Local Gas Demand

- One of the largest economies in Africa with a population in excess of 182 million
- Strong and increasing demand from power industries and other commercial enterprises
- Current capacity deficit in thermal power generation provides immediate headroom to place additional gas volumes

Developing and Increasing Investment in Gas Resources and Infrastructure

- Large gas reserves and resources in the ground to underpin long-term supply contracts (multi Tscf reserves and resources in current portfolio)
- Increasing processing capacity
 - Phase I completed from 150 MMscfd to 300 MMscfd
 - Phase II from 300 MMscfd to 525 MMscfd planned by end 2016
- Seplat's key infrastructure is strategically positioned to supply main demand centres

Commercialising Gas Resources

- Increased gas pricing:
 - Domestic pricing increased to US\$2.5/Mscf effective in 2015 (up from US\$1.0/Mscf in 2010)
 - Commercial pricing expected to increase beyond US\$3.5/Mscf in 2016
- Number of medium and long term GSAs already signed
- Gas prices delinked from oil prices (average realised oil price decreased by 53% between 2014 and 2015, while gas prices increased 83% during the same period)

More Favourable Fiscal Terms for Gas

- 7% royalty on gas revenues as opposed to 20% on oil production
- No petroleum profit tax, educational tax, NDDC levy or VAT on revenue proceeds from gas production

OBEN GAS PLANT EXPANSION

INCREASING GAS SUPPLY TO THE DOMESTIC MARKET IN NIGERIA



- Installation and commissioning work completed within a five month timeframe
- Utilised temporary condensate storage tanks to aid plant commissioning and handle higher than expected condensate yields in advance of the new 2 x 50,000 bbl storage tanks at Amukpe becoming permanently available
- Takes current gross processing capacity to 300 MMscfd
- Accommodation space available for a further 3 x 75 MMscfd modules
- Orders placed for new processing modules and initial booster compression – delivery and installation expected Q3/Q4
- Already pre-invested in necessary ancillaries and accommodation space for new modules

OTHER KEY GAS PROJECTS

OML 53 Anos Gas to Power Project

- ANOS gas plant to deliver gas from OMLs 21 and 53 to power 2 GW power plant
- 600 MMscfd capacity (4 x 150 MMscfd trains)
- 1st power within 36 months from FID
- Seplat is a proven operator (Shell is the current designated operator for ANOS)
- Consortium (Consists of Seplat, Azura and Quantum) has previous experience in building both power and gas processing plants
- Utilising proven concept developed for Oben gas plant
- Repeatability gains using same contractors
- Option for refinery offtake

Sapele Rehabilitation

- Plans to rehabilitate Sapele Gas Plant or install export pipe to Oben
- To provide sustainable 60 MMscfd NAG+AG solution to Sapele gas by 2016
- Additional gas condensate of 6,000 bopd anticipated – significant economic enhancement
- Minimal Capital outlay (ca. US\$5 million) – strong returns

Source: Company information

CONCLUSION

GLUT OR GROWTH

- There has been chronic under investment in the power sector on the continent. A great majority of the gas resources have not been developed
- Gas provides an affordable fuel source to provide power to fuel GDP growth
- Significant focus has been placed on the growth by the developed nations but to date progress has been slow
- Nigeria specifically has a fast growing young population and is predicted to be the 3rd most populous country after India and China by 2050
- The Nigerian government's power target is 20,000 MW in the next 4 years from the current level of around 4,000 MW. This will require significant investment in infrastructure as well as upstream. Forecast investment is at least \$10bn per annum
- Seplat already processes and sells gas which powers around 25% - 30% of the grid and is strategically located to power Lagos, Abuja and the main demand centres
- The Company is rapidly expanding its gas business to meet demand – will increase gas processing by 75% this year to 525 MMSCF.

So....Glut or Growth....

- **Growth.**



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