

SEPLAT PetDevCom Plc - Response to Media Comment

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SEPLAT Petroleum Development Co PLC

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Lagos and London, 15 May 2015: Seplat Petroleum Development Company Plc, ("Seplat" or the "Company"), a leading Nigerian indigenous oil and gas company listed on both the Nigeria Stock Exchange and London Stock Exchange, announces that it has placed the following statement in the Nigerian press:

RE: GRANT OF PIONEER STATUS INCENTIVE TO SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

Seplat Petroleum Development Company ("SEPLAT" or the "Company") notes recent press coverage suggesting that the Company benefitted from improper tax waivers in relation to it being granted the pioneer tax incentive by the government of Nigeria. Whilst it is SEPLAT's policy to not comment ordinarily on press statements or business dealings with the government, on this occasion it is deemed necessary to clarify SEPLAT's position on this matter.

BACKGROUND AND RELEVANT FACTS

In 2013, SEPLAT applied for pioneer tax incentive through the Nigerian Investment Promotion Council ("NIPC") as the government body responsible for investment promotion. The Company followed the prescribed process for application and provided all the information and documentation required in support of the application. At the time of the application, SEPLAT was aware that in line with the objective of the NIPC Act, the government intended to promote investments in certain areas of the Nigerian economy and particularly in relation to indigenous participation in the oil and gas industry. This we believe was aimed at engendering rapid sectorial growth and employment generation.

The pioneer tax incentive was subsequently granted to SEPLAT and the Federal Inland Revenue Service duly acknowledged the grant as applicable to the Company for five financial years. SEPLAT notes that this was part of an industry wide exercise and that the Company is one of fifteen oil and gas companies that were granted the pioneer tax incentive.

Highlighted below are the ways in which SEPLAT has utilised the savings and benefits arising to date from the pioneer tax incentive:

• Increase in Gas Supply to the Domestic Market

SEPLAT has invested over US\$300 million in gas development over the tax holiday period to date. The Company has built and installed a new gas processing plant and drilled multiple additional gas wells. These investments have taken gross gas production from an average of 90 MMscfd to a current level of around 200 MMscfd, increasing to a projected 300 MMscfd by the end of the year. It is important to note that all of SEPLAT's gas production goes into the domestic market, supporting the government's drive for improved power generation in the country. This progress is being driven by an aggressive investment programme in gas development and differentiates SEPLAT as an early mover willing to commit significant capital to the sector and increase domestic supply.

• Increase in Oil Production

SEPLAT has also grown oil production from a daily average of 14,000 barrels in 2010 to the current daily rate of over 70,000 barrels. Accordingly, SEPLAT's royalty payments to the government have increased from an average of US\$40 million per annum in 2010 to about \$340m since the pioneer period became effective.

• Continued Funding of the NPDC/SEPLAT JV Despite Substantial Outstanding Cash calls

SEPLAT has continued to fund the NPDC/SEPLAT JV to drive this significant growth in oil and gas production despite being owed substantial sums in unpaid cash-calls from Nigerian Petroleum Development Company(NPDC).

• **Employment and Community Development**

Over the tax holiday period to date, SEPLAT has created over 300 new jobs and delivered several community development projects in its operating areas. The multiplier effect of SEPLAT's US\$700 millionplus in annual expenditure through Nigerian contractors adds over 1,000 additional jobs.

• **Statutory Payments Post Pioneer Period**

Given SEPLAT's aggressive re-investment of the pioneer proceeds into its business, which has led to a significant increase in oil and gas production, the Company's tax and royalty payments are expected to double post pioneer period compared to the level it was at pre pioneer period. This, in SEPLAT's view, is what the pioneer incentive program was designed to achieve.

SEPLAT believes that it is an excellent example of the whole purpose of establishing the pioneer incentive scheme. The Company has fully re-invested the tax savings from the grant and has delivered verifiable results thereto. SEPLAT is now a key supplier of gas to the domestic market, which is the direct outcome of the pioneer incentive, and the Company aims to continue to contribute meaningfully to the growth and development of the Nigerian economy.

- Ends -

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Notes to editors

Seplat Petroleum Development Company Plc is a leading indigenous Nigerian oil and gas exploration and production company with a strategic focus on Nigeria, listed on the Main Market of the London Stock Exchange ("LSE") (LSE:SEPL) and Nigerian Stock Exchange ("NSE") (NSE:SEPLAT).

In July 2010, Seplat acquired a 45 percent participating interest in, and was appointed operator of, a portfolio of three onshore producing oil and gas leases in the Niger Delta (OMLs 4, 38 and 41), which includes the producing Oben, Ovhor, Sapele, Okporhuru, Amukpe and Orogho fields. Since acquisition, Seplat has more than tripled production from these OMLs.

In June 2013, Newton Energy Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Pillar Oil Limited to acquire a 40 percent participating interest in the Umuseti/Igbuku marginal field area within OPL 283. In February 2015, Seplat completed the acquisition of a 40 percent working interest in OML 53 and a 22.5 percent working interest in OML 55, Onshore Nigeria.

Seplat is pursuing a Nigeria focused growth strategy and is well positioned to participate in future divestment programmes by the international oil companies, farm-in opportunities and future licensing rounds.

For further information please refer to the company website, <http://seplatpetroleum.com/>

This information is provided by RNS
The company news service from the London Stock Exchange