



Seplat Petroleum Development Company Plc

Trading Statement and Operations Update

Lagos and London, 25 January 2016: 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, today issues a trading statement and operations update in respect of the Company’s performance in the year to 31 December 2015. The information within this announcement has not been audited and is subject to further review and amendment.

Highlights

- Full year 2015 working interest production of 43,372 boepd - ahead of guidance and up +41% year-on-year
- Current daily working interest production running at around 55,000 boepd – oil and gas rates both strong
- Benefit of Oben gas plant expansion being felt with significantly higher gas sales and condensate yield – gas pricing is de-linked to oil price
- 2015 revenue expected to be US\$550 million to US\$600 million
- Liquidity remains strong with net debt as at 31 December 2015 US\$537 million (including cash balances of US\$326 million)

“In what was a very challenging year for the industry, Seplat still delivered best-in-class production growth in 2015 with liquids output up 20% and gas output up 119% year-on-year, corresponding to a 41% increase overall. With a growing consensus that low oil prices are set to remain for at least the near term, we remain focused on what is in our control and steps we can take to maximise profitability. Production strength, with past investment strategies translating into the up-tick in output, provides some cushion to lower oil pricing and our gas business takes on additional importance by providing a revenue stream that is de-linked to the oil price together with revenue continuity in the event of disruptions to third party oil export infrastructure,” said Austin Avuru, Seplat’s Chief Executive Officer. “Furthermore, our strong focus remains on protecting the business and managing for value through driving further cost reductions, optimising operations, deleveraging and strengthening the balance sheet in preparation for opportunities that will inevitably follow this current downturn,” he added.

Production

Production for full year 2015⁽¹⁾

	Seplat %	Gross			Working Interest		
		Bopd	Gas MMscfd	Oil equivalent boepd	Liquids bopd	Gas MMscfd	Oil equivalent boepd
OMLs 4, 38 & 41	45.0%	56,580	192	88,511	25,461	86	39,830
OPL 283	40.0%	2,784	-	2,784	1,113	-	1,113
OML 53	40.0%	1,715	-	1,715	686	-	686
OML 55 ⁽²⁾	22.5%	7,746	-	7,746	1,743	-	1,743
Total		68,825	192	100,756	29,003	86	43,372

⁽¹⁾ Liquid production volumes as measured at the LACT unit for OMLs 4, 38 and 41 and OPL 283 flow station. Volumes stated are subject to reconciliation and will differ from sales volumes within the period. Based on preliminary compilations.

⁽²⁾ Volumes associated with Seplat’s 56.25% in Belemaoil producing Limited, equivalent to an effective 22.5% working interest in OML 55

2015 full year average working interest production of 43,372 exceeded guidance (set at 32,000 to 36,000 boepd) and represents an increase of +41% year-on-year. The 2015 figures reflect a production uptime level of 79% owing to third party export infrastructure being shut-in for significant periods of time, particularly in the first half of the year (H1 uptime 65%). Over the second half of the year a marked improvement occurred with uptime of 94% restoring good production momentum to the business. Excluding unplanned downtime, average working interest production in 2015 was approximately 47,537 boepd (comprised of approximately 33,169 bopd of liquids and 86 MMscfd of gas). Current

daily working interest production net to Seplat is around the 55,000 boepd mark (approximately 60% liquids and 40% gas).

Gas business (OMLs 4, 38 and 41)

2015 was a period of notable growth and progress for Seplat's gas business. Around mid-year the Company commissioned the new 150 MMscfd Oben gas plant which correspondingly saw deliveries into the domestic market increase sharply, with peak gross deliveries to date hitting 332 MMscfd in September 2015. Not only does this place Seplat as a preeminent producer of natural gas in Nigeria, the fact that 100% of volumes are dedicated to supplying key demand centres within the domestic market (enough to underpin over a third of Nigeria's estimated current active power generation) makes Seplat strategically important to Nigeria's current and future security of gas supply.

The next phase of expansion of the Oben gas plant is to install a further 3 x 75 MMscfd processing modules (aggregate 225 MMscfd capacity) that will take overall processing capacity up to a minimum of 525 MMscfd. The three modules have been ordered with delivery anticipated in Q3 2016 and installation and commissioning in Q4, 2016. As part of the expansion work undertaken in 2015 the Company has already pre-invested in the necessary ancillaries and space to accommodate the additional modules.

As a derivative of the increase in gas production, condensate volumes have significantly increased. Produced condensate is ordinarily spiked into the crude oil stream and exported via the Trans Forcados System ("TFS"). Following completion of the two 50,000 bbl storage tanks at the Amukpe field in 2015 the Company now has the means to store associated condensate volumes and achieve continuity of gas production and sales should the TFS be shut-in.

Gas prices in Nigeria are de-linked to oil price. DSO pricing remains at US\$2.5/Mscf and under willing buyer/willing seller commercial contracts pricing continues to improve to levels of US\$3.5/Mscf and above.

Corporate and financial

Revenue for full year 2015 is expected to be in the order of US\$550 million to US\$600 million on an average oil price realisation of approximately US\$47/bbl and average gas price realisation of approximately US\$2.6/Mscf. The Company has put in place deferred premium puts covering a volume of 3.3 MMBbls over the first six months of 2016 at a strike price of US\$45/bbl.

Capital expenditures incurred during 2015 are expected to be approximately US\$152 million, slightly below guidance of US\$168 million. The vast majority of capex was allocated to the development of OMLs 4, 38 and 41. All future capital expenditures remain discretionary, affording the Company a high degree of flexibility with respect to timing and optimisation of future spend.

Gross debt at 31 December 2015 stood at US\$863 million and cash at bank US\$326 million with a further inflow of funds due from Q4 2015 partner liftings expected to return cash at bank to around the US\$400 million level imminently. Pursuant to the agreement signed in July 2015, the Company continues to offset NPDC's 55% share of gas revenues from OMLs 4, 38 and 41 against the outstanding NPDC receivables balance which stood at approximately US\$449 million (net) as at 31 December 2015. Furthermore, NPDC and Seplat are working through the final approvals process to implement a forward sale of a portion of joint venture oil production that will retire some of the outstanding NPDC receivables balance and fund joint venture cash calls going forward.

In light of the difficult macro conditions and in particular extreme oil price uncertainty, there inevitably remains a high level of contingency around budgets and potential work programmes for the year ahead. Taking these factors into consideration at such an early stage in the year and their direct impact on production performance, the Company intends to provide full year 2016 guidance at its preliminary results scheduled for release in March 2016.

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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 operated working interest in OML 53 and a 22.5 percent operated effective 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/>