



2011

**ANNUAL REPORT
& ACCOUNTS**



NIGER DELTA
EXPLORATION & PRODUCTION PLC
191616



NIGER DELTA

EXPLORATION & PRODUCTION PLC

191616

Niger Delta Exploration & Production Plc. (NDEP) is a publicly owned integrated Independent Oil and Gas focused Investment Company, with a range of assets.

It was established as an investment vehicle for Nigerians to participate in the country's foremost income generator, the oil and gas sector.

NDEP's vision is to efficiently identify and sustainably exploit small to medium sized oil fields located within the upstream sector of Nigeria's Oil & Gas reserves.

Aerial View of Gas Processing Plant

CONTENTS

2	Notice of Annual General Meeting
4	Board of Directors
6	Management
7	Corporate Information
8	Chairman's Statement
14	Managing Director's Statement
24	Corporate Social Responsibility (CSR) Report
29	Report of the Directors
33	Statement of Directors' Responsibilities
34	Independent Auditors' Report
36	Report of the Audit Committee
37	Statement of Significant Accounting Policies
40	Consolidated Balance Sheet
41	Consolidated Profit and Loss Account
42	Consolidated Statement of Cash Flows
43	Notes to the Financial Statements
54	Consolidated Statement of Value Added
55	Five-Year Financial Summary (The Group)
56	Five-Year Financial Summary (The Company)
57	Supplementary Financial Information
57	Administrative Expenses
57	Total Proved Recoverable Reserves
60	Mandate for E-Dividend Payment
62	Shareholder Information Update Form
64	Proxy Form
65	Notes

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth (17th) Annual General Meeting of the members of **NIGER DELTA EXPLORATION & PRODUCTION PLC** will hold on Wednesday the 25th July 2012 at the Metropolitan Club, 15 Kofo Abayomi Street, Victoria Island, Lagos, at 11.00 a.m. to transact the following business:

Ordinary Business

1. To lay before the members the Audited Financial Statements for the year ended 31st December 2011 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors.
5. To authorise the Directors to determine the remuneration of the Auditors.
6. To re-elect/elect members of the Audit Committee.

Special Business

7. To fix the remuneration of the Directors for the year ending 31st December 2012.

Dated this 25th June 2012

BY ORDER OF THE BOARD



Titilola O. Omisore
COMPANY SECRETARY



Administration Block at Ogebe



Gas Compressors



Inside the Ogebe Flowstation

NOTES:

I PROXY

A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy for a corporation may vote on a show of hands and on a poll. A proxy need not be a member of the company.

To be valid, a Proxy Form, if intended to be used, should be duly stamped by the Commissioner for Stamp Duties and deposited at the Registered Office of the Company being 15 Festival Road, Victoria Island Lagos, not later than 48 hours before the time fixed for the meeting.

ii. DIVIDEND

If dividend of ₦6.00 (Six Naira Only) per every ordinary share recommended by the Board of Directors is approved and declared, shareholders whose names appear in the Register of Members as at the close of business on the 20th July 2012, will have their dividend warrants despatched to them immediately. The payment of dividend is subject to deduction of appropriate withholding tax.

iii AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

iv DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of the Company's Articles of Association, Mrs. Zuwairatu Mantu, Mr. Ladi Jadesimi and Mr. Goodie Ibru, OON all retire by rotation and being eligible, offer themselves for re-election.

v AGE DECLARATION

Mr. Goodie Ibru, OON and Professor Sylvanus J.S. Cooney, OFR in accordance with Section 252(1) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, intend to disclose at the meeting that they are 70 years of age and over, respectively.

The Board of Directors



MR. GOODIE IBRU OON
Chairman

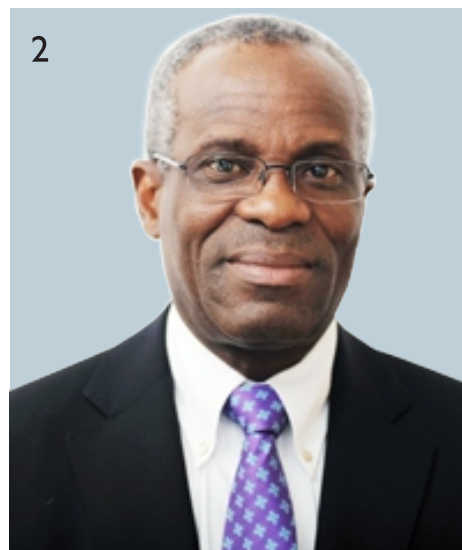
1

A lawyer by training, **Mr. Goodie Ibru** graduated LLB (London) from the Holborn College of Law in 1965 and was called to the English Bar (Inner Temple) in 1966 and is currently a Principal Partner in the Law firm of G.M.Ibru & Co. An astute entrepreneur and businessman, he is well established in the hotel and hospitality industry in Nigeria and is the Chairman of Ikeja Hotels Plc, owners of the Lagos Sheraton Hotel & Towers and the Abuja Sheraton Hotel & Towers. He is also the Chairman of The Tourist Company of Nigeria Plc, owners and operators of the Federal Palace Hotel & Suites Victoria Island, Lagos.

Mr. Ibru is involved in many business associations and is a Past President and Chairman of the Council of the Nigerian Stock Exchange. He is also currently, the Honorary Consul of the Republic of Lithuania in Nigeria, Executive Vice President (West Africa Chapter) African Business Round Table, Chairman NEPAD Business Group and Vice President Lagos Chamber of Commerce. He remains on the board of several companies including The Guardian Press Ltd., Dunlop Nigeria Plc and Crusader General Insurance Plc. He is an Officer of the Order of the Niger (OON).

3

Mr. Femi Balogun is a Chartered Accountant with over thirty-two years working experience in the finance sector. He graduated from the University of Ibadan in 1973 with a BSc in Chemistry and Geology. He later became an Associate of the Chartered Institute of Taxation in London in 1979. He is a member of the ACCA and ICAN. He practiced as an accountant and started working with Shell Petroleum Development Corporation of Nigeria (SPDC) in 1980 as a Senior Internal Auditor. He later joined the Yinka Folawiyi Group as Group Finance Controller in 1983 and worked there till he joined the International Institute for Tropical Agriculture (IITA) as Finance Manager in 1988. In 1994 he returned to the Oil & Gas Industry and started working for Oilscan Limited in Port Harcourt as the Executive Director (Finance). He has been with NDEP since 2003.



DR. LAYI FATONA Ph.D., M.Sc., DIC, FNAPE
(Managing Director)

2

Dr. Layi Fatona is a Petroleum Geologist with over thirty-nine years of practice, commencing with a seven year stint in the Petroleum Engineering and Exploration & Production Departments at The Shell Petroleum Development Company of Nigeria Ltd (SPDC). He obtained both the Master of Science and Doctorate degrees from the Royal School of Mines at the Imperial College of Science Technology and Medicine, University of London, in 1976 and 1980 respectively. He is the Chairman of Geotrex Systems Limited, Nigeria's foremost independent Exploration & Production Consultants, which has offered expertise to all the major oil operators in the country. He is a past President and Fellow of NAPE and a Certified Petroleum Geologist of the American Association of Petroleum Geologists (AAPG). A 2010 recipient of the prestigious Aret Adams Award, bestowed by NAPE, Dr. Fatona is also a leading authority on the geology of the Niger Delta Oil and Gas Province.

4

Mr. Nuhu Adaji is a highly skilled oil and gas specialist, with over 35 years of experience. After graduating with a BSc in Mechanical Engineering from the University of Manchester, Mr Adaji began his career as a Well Site Petroleum Engineer at the Shell Petroleum Development Company of Nigeria (SPDC) in 1976. Highlights from his career at Shell include an international posting to Brunei Shell Petroleum (BSP) in 1989 as a Senior Production Technologist, an appointment as Head of Production Technology Information Technology (PT IT) and in 2003, an appointment as the Corporate Chief Production Technologist for SPDC. Mr Adaji left Shell in 2004 to start an independent petroleum industry services consultancy. He joined Oando Exploration & Production Limited as Chief Technical Officer in 2009, before joining NDPR Ltd as Gas Business Adviser in 2010. Mr Adaji is also a member of the Society of Petroleum Engineers.



MR. FEMI BALOGUN
Executive Director- Finance



MR. NUHU ADAJI
Executive Director-Technical



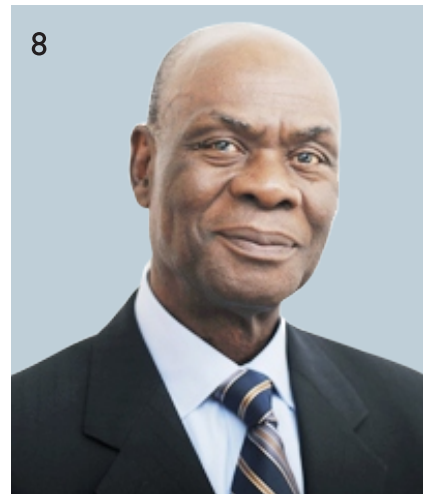
MR. LADI JADESIMI



Mrs. Zuwairatu Mantu



MR. AHMED KHELIF
(Algerian)



PROF. S. J. S. COOLEY *OFR, KSC, Ph.D.*

5
A former Partner of Arthur Anderson in Nigeria, **Mr Ladi Jadesimi** is a graduate of Oxford University (Jurisprudence, 1966) and is a Fellow of the Institute of Chartered Accountants, England and Wales. Mr. Ladi Jadesimi is a Chartered Accountant, with over 15 years of practice and took early retirement from practice to engage in private business, primarily in banking, oil and gas and real estate. Mr Jadesimi serves on the board of several companies, including First City Monument Bank (FCMB) as a Non-Executive Director.

6
Mrs. Zuwairatu Mantu attended the University of Maiduguri, where she obtained a Bachelor of Law (LL.B) (Hons) degree in 1986, before attending The Law School in Lagos, Nigeria. A lawyer of over 25 years standing, Mrs. Mantu has worked in several law firms before establishing her own practice, in 2002. She holds many international diplomas, including a Post Graduate Diploma in International Tax Law, from the Robert Kennedy College, Switzerland. A generous philanthropist, Mrs. Mantu supports many charitable concerns and is a member of the Nigerian Bar Association and the International Bar Association.

7
Mr. Ahmed Khelif holds a BSc Degree (1967) in Electronics Engineering from the Algiers Polytechnic School, Algeria and a Masters Degree (1968) in Geophysics from the Algerian Institute of Petroleum, Algeria. He worked with Sonatrach as an Exploration Manager from where he retired and is currently the Technical Director of the Petroliin Group (Switzerland), in charge of the Exploration & Production activity for the group in the Middle East and Africa. He has over forty-four years of experience in the Petroleum Exploration & Production and the Information Technology fields.

8
An astute Administrator and renowned historian, **Professor S.J.S Cooley (OFR)** undertook his Doctorate at the London School of Economics and Political Science (LSE), University of London, in International History. He is a retired Professor of History and a former Vice-Chancellor of the University of Port Harcourt as well as Pro-Chancellor of Obafemi Awolowo University, Ile Ife, Osun State, Nigeria. Earlier in his career, he was the Chairman at the Department of Afro-American Studies, State University of New York, Binghamton USA (1972-74) and at the Department of African Studies, Rutgers University, New Jersey USA (1974-80), and member of the UNDP-GEF (Global Environmental Facility) Mission to Kenya, Zimbabwe, Ghana and Mali. Professor Cooley was awarded the D. Sc. (Honoris Causa) of the University of Port Harcourt and is an Officer of the Order of the Federal Republic of Nigeria (OFR).

Management



Dr. Layi Fatona *Ph.D., M.Sc., DIC, FNAPE*
(Managing Director)

Dr. Layi Fatona is a Petroleum Geologist with over thirty-nine years of practice, commencing with a seven year stint in the Petroleum Engineering and Exploration & Production Departments at The Shell Petroleum Development Company of Nigeria Ltd (SPDC). He obtained both the Master of Science and Doctorate degrees from the Royal School of Mines at the Imperial College of Science Technology and Medicine, University of London, in 1976 and 1980 respectively. He is the Chairman of Geotrex Systems Limited, Nigeria's foremost independent Exploration & Production Consultants, which has offered expertise to all the major oil operators in the country. He is a past President and Fellow of NAPE and a Certified Petroleum Geologist of the American Association of Petroleum Geologists (AAPG). A 2010 recipient of the prestigious Aret Adams Award, bestowed by NAPE, Dr. Fatona is also a leading authority on the geology of the Niger Delta Oil and Gas Province.



Mr. Femi Balogun
Executive Director- Finance

Mr. Femi Balogun is a Chartered Accountant with over thirty-two years working experience in the finance sector. He graduated from the University of Ibadan in 1973 with a BSc in Chemistry and Geology. He later became an Associate of the Chartered Institute of Taxation in London in 1979. He is a member of the ACCA and ICAN. He practiced as an accountant and started working with Shell Petroleum Development Corporation of Nigeria (SPDC) in 1980 as a Senior Internal Auditor. He later joined the Yinka Folawiyo Group as Group Finance Controller in 1983 and worked there till he joined the International Institute for Tropical Agriculture (IITA) as Finance Manager in 1988. In 1994 he returned to the Oil & Gas Industry and started working for Oilscan Limited in Port Harcourt as the Executive Director (Finance). He has been with NDEP since 2003.



Mr. Nuhu Adaji
Executive Director-Technical

Mr. Nuhu Adaji is a highly skilled oil and gas specialist, with over thirty-five years of experience. After graduating with a BSc in Mechanical Engineering from the University of Manchester, Mr Adaji began his career as a Well Site Petroleum Engineer at the Shell Petroleum Development Company of Nigeria (SPDC) in 1976. Highlights from his career at Shell include an international posting to Brunei Shell Petroleum (BSP) in 1989 as a Senior Production Technologist, an appointment as Head of Production Technology Information Technology (PT IT) and in 2003, an appointment as the Corporate Chief Production Technologist for SPDC. Mr Adaji left Shell in 2004 to start an independent petroleum industry services consultancy. He joined Oando Exploration & Production Limited as Chief Technical Officer in 2009, before joining NDPR Ltd as Gas Business Adviser in 2010. Mr Adaji is also a member of the Society of Petroleum Engineers.



Ms. Titi Omisore
(Legal Adviser and Company Secretary)

NIGER DELTA EXPLORATION & PRODUCTION PLC

Ms. Titi Omisore graduated with a BA (Political Science), and LLB from the University of Illinois, Champaign Urbana, and the University of Buckingham respectively. Thereafter, she obtained her BL from the Nigerian Law School. She started her working career with Strachan Partners in 1993. In 1999 she attended Kings College, University of London where she obtained a Masters degree in Tax Law. Ms. Omisore returned to Strachan Partners where she was made a Partner, before joining NDEP as the Company Secretary, in 2001.

Corporate Information



New Road at Ogbele Flow Station

Company Secretary and Legal Adviser

Titilola Omisore
15 Festival Road
Victoria Island, Lagos

Registered Office

15 Festival Road
Victoria Island, Lagos

Auditors

Ernst & Young
(Chartered Accountants)
2A Bayo Kuku Road
Ikoyi, Lagos

Financial Adviser

Chapel Hill Advisory Partners Limited
1st Floor, 45 Saka Tinubu Street
Victoria Island, Lagos

Bankers

Barclays Bank Plc.
Guaranty Trust Bank Plc.
Access Bank Plc.
Skye Bank Plc
Standard Chartered Bank Nigeria Limited

Chairman's Statement



MR. GOODIE IBRU OON

“ Indeed, 2011 was another significant year in the evolution of your Company, with a solid foundation still being laid for a brighter, stronger and more diversified future. ”

Fellow Directors, Shareholders, Guests, Ladies, and Gentlemen

It is with great pleasure that I welcome you, in what is my first public outing and in my new capacity as the Chairman of your Company, to the 17th NDEP Plc Annual General Meeting (AGM) for the year ended 31st December 2011. It is a tremendous honor to be at the helm of such a pioneering Nigerian Independent Oil and Gas Development Company and I draw significant strength from my several years of experience as a Director of same, and the assured support of other members of the Board. I am grateful to the Board for their confidence in my abilities and I am determined to maintain the Company's growth trajectory.

In keeping with usual custom, I will present the Company's Audited Financial Statements for the year 2011 and use this opportunity to provide a detailed update on the activities undertaken by your Company throughout the previous year. In the Managing Director's Report, presented later, there is also a more detailed account of the Company's plans for 2012 and beyond.

The objective of the NDEP Plc Board is to guide the strategic direction of the Company, to promote growth and to create value for you, our shareholders within the constraints of the prevailing regulations and challenges of our industrial sector. In achieving these objectives, I am happy to report that in 2011, the Board of your Company, for the fifth consecutive year, was successful. Through its diligent guidance, the Board helped to steer your Company towards a sustained profitable path and mitigated the impact of the difficult operating challenges seen throughout the year. Indeed, 2011 was another significant year in the evolution of your Company, with a solid foundation still being laid for a brighter, stronger and more diversified future.

Much investment was made to secure and develop additional income streams within the oil and gas chain, with a few pioneering milestones attained. Undoubtedly a key highlight of 2011 was the development of your Company's upstream capacity, with the licensing and commercialisation of the Ogbale Mini Refinery, (the Diesel Topping Plant) which was a very remarkable yet modest development and the first of its kind in Nigeria. Additionally, a consortium led by NDPR, emerged as the preferred bidder for the 45% interests of Shell/Total and Agip in OML 34, as part of the Shell

Nigeria Divestment Programme. A reflection of just how far your Company has come since its humble beginnings and its ability to identify growth opportunities within the matured Nigerian Petroleum industry.

The year has however not been without short term setbacks and frustrations. Confidently, I assure you, our shareholders, that the Board, Management and Staff of NDEP Plc and its operating Company, NDPR Ltd, are doing their utmost to sustain the continued growth and profitability of your Company.

THE GLOBAL ENVIRONMENT

While the global economy has shown modest signs of recovery from the peak of the recession, 2011 was still a year of austerity and uncertainty, with growth averaging 3.8%, according to the IMF World Economic Outlook Update, January 2012. Despite recent Government intervention, many causes for concern remain: the potential fallout from the withdrawal of public funds in developing countries, the fiscal debt crisis that affected the Eurozone coupled with stubbornly high unemployment in developed economies, and a depressed property market, especially affecting the USA. The tragic Japanese Earthquake, Tsunami and nuclear crisis threatened to bring the Japanese economy back into recession, while also highlighting the inherent risks of nuclear energy. 2011 clearly showed that for those regions affected by the recession, recovery is cautiously slow and the troubles facing the global economy are far from over.

Conversely, the performance of developing countries and frontier economies make for more cheerful reading. Their stronger financial positions ensured the effects of the crisis were more muted and in 2011 their economies were boosted by increased income from commodity exports. Oil

prices in particular spent most of 2011 above \$100 per barrel mark. This was aided by instability in the Middle East and the North Africa region. The higher price of commodities, also encouraged high inflation domestically, which is an ongoing challenge for developing countries, especially those in Sub Saharan Africa. However, while some economies such as China and India recorded impressively high rates of growth, these rates fell short of projected expectations, showing the interdependency of the global financial system and its associated risks.

LOCAL ENVIRONMENT

In keeping with the global trend, 2011 was a better year for Nigeria than 2010, as we attained an impressive level of growth, driven by the non-oil sector. This is especially encouraging as it shows that Government efforts to diversify the nation's source of income are bearing fruit. Nigeria also benefitted from higher than expected oil prices, which boosted the 2011 budget, and reforms by the CBN in the banking sector have eased banks' bad-debt burden, improved their balance sheets, and also improved corporate governance in the financial services sector. Sadly, unemployment, especially youth unemployment, remains high, and high inflation of 10.3% has placed pressure on personal income, especially in 2012 given the impact of the partial removal of fuel subsidy, which was implemented on 1st January 2012.

Politically, Goodluck Jonathan won the Presidential election, which was noted as largely free and fair, and ushered Nigeria into a continued phase of democracy. As at time of writing, there has been no progress made regarding the passage of the Petroleum Industry Bill (PIB) into law, another cause of uncertainty within the Oil and Gas industry. As an Independent Nigerian operating company, we eagerly await the passing of this legislation to the betterment of the industry.

CHAIRMAN'S STATEMENT

Your company continues to maintain cordial relations with key government and regulatory stakeholders and in 2011 hosted several high profile visits to Ogbale. The Nigerian Content Development and Monitoring Board (NCDMB), the Department of Petroleum Resources (DPR) and the Nigerian Stock Exchange (NSE) all visited your Company's operations, with extremely favourable impressions and post visit feedback. We will continue to build on these relationships in 2012.

Maintaining security in the Niger Delta region continues to be a challenge. However, we continuously review our security procedures to ensure the safety of Staff and our operations. I am proud to report that our production operations have not been affected by community tension, having logged at year end 6 years of uninterrupted production. This is in no small part due to the effectiveness of the Host Community Development Trust (HCDDT), under the chairmanship of Professor S.J.S Cookey (OFR). This is a paradox to the more prevalent situation with more ethnic and religious violence and the threat of terrorism. We must work for peace, not just in our small captive environment, but for the entire country. In summary, the overall picture for Nigeria is one of positive growth and as such, the local environment has not posed insurmountable challenges to our operations, albeit at ever rising cost levels. Indeed on December 29th, 2011, the ratings agency Standard and Poor's (S&P) raised its outlook on Nigeria's credit rating to 'Positive' from 'Stable', which again shows the favorable nature of the year.

OPERATIONS AND RESULTS

Although our profit for the year dipped for reasons I will enumerate, 2011 was an instinctively productive year for your company, with significant

infrastructure investment made in Ogbale to enhance productivity, long term growth and profitability, and ensure that NDEP Plc, through its fully owned subsidiary, is strengthened by becoming a fully integrated oil and gas company.

Your Company's profit after tax was down by 55% and revenue also decreased by 57%. These results reflect the huge investment spent towards attaining the opportunities offered by the acquisition of the interests in the OML 34 Asset. In addition, dwindling oil production from our existing wells despite best efforts, and the failure of segments of our 2011 drilling programme, occasioned by the drilling of a dry well (Ogbale Well #7). Such a set back at the cost of approximately US\$20 million outlines the risks and uncertainties of our business. Indeed it is a measure of the doggedness and resilience of Management and Staff that the Company rallied enough before the end of the year to achieve a modest profit presented in the reports.

More positively, I am pleased to report that your Company's level of investment has increased by an impressive 65% compared to 2010, with the Total Assets of your company also increasing by a remarkable 31%. The Shareholders' Fund is up by a robust 7% when compared to 2010, which reflects the value added to the Company.

Additionally, your Company was granted a Pioneer Status from late 2010, by the Nigerian Investment Promotion Commission, and as such, we are exempted from tax payments on income until 2014. This came into effect in the 2011 financial year.

These results while mixed in many ways, give a good long term prognosis for your Company. In light of this and to reward the loyalty and support of our shareholders, I am pleased to report that your Board has proposed a dividend for the 2011 financial year, of six naira (N6) per share. This will be



Dr. Fatona addressing NSE representatives and distinguished guests at Ogbele



Dr. Fatona addressing Engr. E.C. Nwapa (Executive Secretary), NCBMD

NDEP's sixth year of consecutive dividend payment, which reflects the sound foundation that has been laid by the Board and Management team. I am also pleased to be keeping with the tradition to reward you, our shareholders, even as we manage and focus on growth and the long term development of your Company. We hope to continue this trend!

PRODUCTION

To date, as the Managing Director will highlight in his report, Ogbele has attained over six million (6MM) barrels of cumulative oil production in 2011. This is remarkable as Chevron had anticipated a STOIP (Stock Tank Oil Initially in Place) of only five million (5MM) barrels in the field, out of which only about a third could have been produced. With the successful exploration and appraisal work that has continued to be done in the field, the reserves for Ogbele continue to increase and so future production there from. This sustained production has in many more ways helped to propel NDEP Plc from a small to a medium sized Oil and Gas Company and has provided the funding for the Company's transition to a fully integrated oil and gas enterprise.

I can also report other production highlights. A successful production test for Ogbele Well #1 confirmed it as a gas producing well. I am aware too that we also successfully tied in Ogbele Well #6 as an oil producing well.

In 2011, the Federal Government of Nigeria, by authority of the Ministry of Petroleum Resources

(Department of Petroleum Resources) granted your Company a License To Operate (LTO) the Ogbele mini Refinery. This allowed us to commence the commercialization of the Topping Plant, (the Ogbele Mini Diesel Refinery), thereby enhancing and diversifying the efficiency of our operations. I am proud of our small ability to sell surplus diesel for profit from our refining operations. The LTO has made NDPR's mini diesel refinery the first independently owned and fully operational refinery in Nigeria. This is yet again, another pioneering attainment by your Company.

In 2011, your Company expended much effort in pursuing its bid to acquire the (45% interests of) Shell/Total/Agip in OML 34, from the Shell Nigeria Divestment Programme. While the exercise has taken significantly longer than originally expected, I can report that we are close to completing the transaction and we look forward to confirming the successful transfer of this asset. This transaction will substantially increase our proven reserves. In addition, we continue with our efforts of active pursuit of similar opportunities within the Sub Saharan African region.

The Omerelu Farm Out Agreement remains outstanding. Your Company has concluded its negotiations with the NNPC/Chevron JV. Final Government approval remains pending. It is expected that this asset will also be a tremendous boost to your Company's reserves.

GAS UTILISATION PROJECT

To harness the full value of Ogbele gas reserves,

CHAIRMAN'S STATEMENT

your company has invested heavily in building a Gas Processing Plant. In particular, much unexpected time has been spent meeting the rigorous and stringent technical specifications set out by NLNG. As at the end of 2011, the Plant was 95% complete; gas delivery to Bonny NLNG is imminent and scheduled for early Q3 2012. This event will certainly be another remarkable first in your Company's operations enabling us to completely eliminate gas flaring and be in full compliance with the Federal Government's zero flare regulations.

CAPITAL RAISING

Your Company continues working diligently with our financial advisers and the Securities & Exchange Commission (SEC) to resolve the outstanding issue of the IPIN Holders. The problem has continued to impede the implementation of the existing resolutions to place a Rights Issue, a Private Placement and more recently, the 2010 resolution for a stock split and re-evaluation of your Company's shares. We believe that this issue will be resolved presently.

On a positive note, we obtained the requisite SEC approval for the Bonus Issue as voted for in the 2010 AGM, a reward to you our shareholders with the creation of an extra 37 million bonus shares.

While our efforts to obtain equity financing remains on hold, we have been fortunate to secure debt funding from local banks, in support of the OML 34 acquisition transaction.

THE BOARD

It is with mixed feelings that I inform you of the decision of Mr Ben Osuno (FNAPE, FNMGS) to step down as Chairman of the NDEP Plc Board of Directors and retire from the Board, effective May 31st 2012. While Chairman, Mr Osuno was committed to the success of NDEP Plc and as a

former Director of the Department of Petroleum Resources (DPR), frequently used his in depth knowledge and past relationships with Government to bear on different situations faced by the Company during his tenure.

At year end, the Company had completed its ongoing process of rigorous consideration and a review of corporate business processes, which was expected to crystallize into a re-composition of the NDEP Plc Board of Directors. Mr. Patrick Olufemi Balogun, the Finance Controller has therefore effective 1st January 2012, assumed the position of Executive Director - Finance, while Mr. Nuhu Adaji (Adviser Gas Development) has assumed the position of Executive Director-Technical. These appointments followed on from the recent retirements of two Pioneer Directors - Mr. Sammy Olagbaju (a non Executive Director) and Chief David Richards (the former Finance Director) from the Board of the Company as at the end of December 2011. We are confident that with their collective skills and years of expertise, Mr Balogun and Mr Adaji will support and enhance the executive management of your Company.

CONCLUSION

As you can distill from my report, these are exciting times for your Company and even with all of the challenges of 2011, we continue our stride towards loftier heights, with many viable projects and opportunities in the pipeline. We must therefore not be discouraged by the level of profit attained in 2011 (down compared to previous years).

We can see and attribute this to increased reinvestment in the Company, an agenda that we believe will enhance and unlock the full growth potentials of our Company.



Mr Andrew Obaje, Former Director, DPR, Visiting Ogbel

Our scorecard of 'firsts' continues to increase, while we set the pace and provide a model for independent, indigenous operating companies. In a modest way, we are paving the way for future entities to see the limitless possibilities and showcasing some of what can be achieved in the challenging terrain that is Nigeria.

Forging ahead and covering new grounds carries diverse risks. It is our strong belief that the Company, our industry and you, our shareholders, will ultimately reap ample rewards. Be assured that we are never complacent and are on the path to better our Company, ensuring it grows from strength to strength, while staying true to the values of our Pioneer Chairman, Late Chief Aret Adams.

APPRECIATION

2011 has been a very successful albeit another difficult year, with the completion of some projects. Therefore I take this opportunity to acknowledge the tremendous dedication and hard work of the NDEP Plc Staff and Management Team, under the stewardship of the Board. We appreciate their efforts in making NDEP Plc what it is today and on behalf of the Board, I would like to thank each of them.

On behalf of the shareholders, Staff, Management and my fellow Board Members, I take this opportunity to offer our sincere appreciation to the outgoing Chairman, Mr Ben

Osuno (FNAPE, FNMGS), for his sterling contributions to NDEP Plc throughout his tenure. Mr Osuno presided over a very enduring and formative period of your Company's history, bringing us to First Oil, attaining 5MM bbls of cumulative oil production and our transition to a fully integrated oil and gas company, through NDPR. We wish him every success for the future.

I would also like to acknowledge the efforts of my colleagues on the NDEP Plc Board of Directors, who have ensured the continuous and steady profitability of your Company, through testing times such as these. To our loyal shareholders, we thank you for your support, understanding and your firm belief in the dream of NDEP Plc.

We also recognise our partners in our host communities, and we look forward to a continued mutually beneficial relationship with them. Finally, I commend the role played by our Regulators, who work tirelessly to promote the existing conducive and enabling operating environment which the Nigerian oil and gas industry currently enjoys.

May God continue to keep Nigeria and bless us all.

Goodie Ibru (CON)
Chairman
June 2012

Managing Director's Statement



Dr. Layi Fatona *Ph.D., M.Sc., DIC, FNAPE*

Our Esteemed and Distinguished Shareholders,

Now and at the end of yet another financial year for our Company, Niger Delta Exploration & Production Plc (NDEP), I am honored to present once again, an account of our performance over the 2011 period. In the fullness of another year of onerous, unpredictable and difficult prevailing challenges in the operating environment for Indigenous Nigerian oil and gas producers, our Company's operations weathered the storms and remain modestly profitable.

The effects of the 2009 global financial meltdown still resonated in 2011. Prevailing issues within the Eurozone and in particular Greece, and potentially Italy and Spain, threaten to worsen the effects of the recession. Consumer demand has still not risen above pre-recession figures and unemployment remained high, even more so here at home. The protectionist measures implemented by governments of Europe especially, aimed at stabilizing economies are still in place with the potential of more to follow.

There remains a strong interdependence between the world's economies. Capital flows to developing countries weakened, with investors withdrawing large funds from developing stock markets in the second half of 2011. Gross capital in-flows to developing countries fell to US\$170 billion (55% of the US\$309 billion received during the same period in 2010). Despite this trend, growth in Sub-Saharan Africa (Excluding South Africa) remained robust at 5.9% in 2011. Growth is projected at 5.3% and 5.6% for 2012 and 2013 respectively. Comparatively, in Nigeria, the economy grew by an impressive 7.4% in 2011, also higher than the 3.8% growth of the global economy for the same period. Growth in Nigeria was driven largely by the non-oil sector (agriculture, trading, telecoms and construction). In Oil and Gas, the price of Bonny Light Grade crude picked up from the 2010 average of US\$70.45 to US\$110.60 in 2011.

The Oil and Gas sector continued to drive the Nigerian government's fiscal policy. The 2012 Federal Budget Proposal ("the Budget") proposes a ₦4.88 trillion (US\$31.48 billion) total expenditure. ₦2.42 trillion (US\$15.61 billion) in recurrent expenditure, ₦1.52 trillion (US\$9.80 billion) in capital expenditure and ₦880 billion for fuel subsidy (US\$5.67 billion). The Budget assumes oil production of 2.48 million barrels per day with the crude oil price benchmarked at US\$72.00 per barrel and an exchange rate of US\$1.00/₦155.00 in 2012. GDP growth is projected at 7.2% and an assumed inflation rate of 9.5%.

2011 RESULTS

FIELD DEVELOPMENT AND PRODUCTION

INVESTMENTS AND PRODUCTION OPERATIONS

In spite of various difficult challenges, our company continued to record a steady growth profile in 2011. Investments were up by 65% from ₦30.66 billion in 2010 to ₦50.48 billion in 2011. The bulk of expenditure was directed towards a new opportunity, the Shell OML 34 Asset Divestment (64% of total investment). In addition, continuous development of our existing producing assets gained momentum.

Ogbele Well#1 was successfully re-entered and re-completed as a gas producing well. The well was tested to 26.6MMscf/d on bean 40/64" and 1,000bbls of condensate. Ogbele Well#6 was successfully drilled and completed as an SSD oil producing well. The well also successfully production tested the E7.0 Reservoir oil rim to up to 250bopd. It is intended to carry out wireline recompletion on the D6.1 oil rim at a later date in the future. Ogbele Well#4 was swabbed-in to revive and increase its contribution to daily oil production.

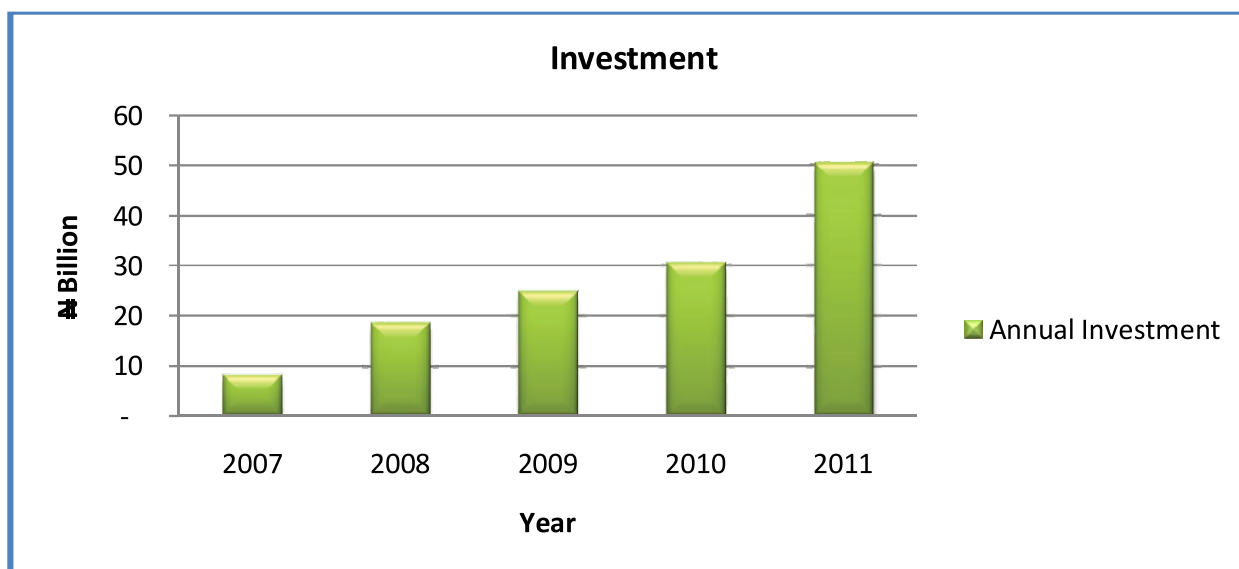


FIGURE 1: STEADY YEARLY INCREASE IN INVESTMENT

OIL AND GAS PRODUCTION

Total oil production for the year was 732,638 barrels. A 41% decrease from the 1.24MM barrels reported in 2010. Various factors account for the decline in production recorded for 2011, these include:-

1. Substantial locked-in production capacity and production contributions from Ogbele Well #1 of between 1,000 – 1,500 b/d for the entire year, due to delayed completion and tie-in of the Ogbele Gas Pipeline to NLNG Rumuji manifold. This arose from a drastic and burdensome late re-specification for high-end, specially made equipments for tie-in and project completion for delivery of gas to NLNG. A situation we had not prepared for, either in time or cost considerations but one we must comply with and that highlights the dominant influence of 3rd Party factors (which we do not control) on our production operation.



2. The limited success from our 2011 appraisal efforts from the dry Ogbele #7 well. The well was expected to contribute new potentials to our production which continues to require regular and sustained interventions to maintain.
3. The unavailability of a rig with appropriate capability for our 2011 work-over operations. The delays caused by such unavailability of drilling rigs continue to be suffered by all Marginal Field Operators, with various companies on the queue for limited rigs available in the country.

It is expected that 2012 will record an increase in production, as we have embarked on extensive re-evaluation of the Ogbele field through new 3D seismic acquisition and subsequent re-interpretations of the Ogbele field geology and reserves. In addition we have planned for later in the year, a series of work-over of some wells and drilling of two (2) additional development wells. As it was in 2011, our ability to achieve these planned work programmes is heavily dependent on rig and work over equipment availability.

At year end, your Company had recorded a cumulative production of 6.38MM barrels from Ogbele field, compared to Chevron's initial estimation of a STOIP of 5MMbbls for the field. This positive situation has reinforced our earlier belief that Ogbele carries substantial resources to justify our ongoing developments and gas monetization investments.

Also at year end, the summary of the Ogbele field oil and gas reserves (P1+P2) stood at 51.42MMbbls of oil, 39.06Bcf of Associated Gas and 517.4Bcf of Non Associated Gas, bringing the total gas reserves to 556.46Bcf and total Hydrocarbon (Oil + Gas) of 144.16MMBoe (Million Barrels of Oil Equivalent). The Total proven (P1) Hydrocarbon reserves (Liquids and gas) for the Ogbele Field; including developed and undeveloped oil, condensate and natural gas liquid reserves is currently 64.16 million barrels of oil equivalent. These revised reserves figures outline the substantial potentials still available to realize in this "Marginal" oil and gas field of our earlier and humble beginnings.

In October 2011, your company marked 6 years of successful, continuous production operations with no host community induced disturbances recorded for the 12 month period of 2011. In effect, we have suffered no disruptions to any of our operations and with no recorded downtime. This is a clear indication that our strategy for working in harmony with our host communities is effective, with mutual rewards for our company and our partnering host communities.

THE OGBELE MINI REFINERY (DIESEL TOPPING PLANT)

I am pleased to report that during the year and after an enduring delay of some nine (9) months (waiting on the License to Operate the facility) we finally in November, received the Statutory "License to Operate" and immediately thereafter effectively commenced production and commercialization of diesel from the Ogbele Mini Refinery.

This, being the first privately built, officially licensed and independently operated refinery in Nigeria. While the event can be classified as another modest contribution to the domestic economy, it is yet another significant attainment by your company. It can also be described as our most notable achievement for the year 2011. The commencement of refining (production and commercialization of diesel) from our 1000bpd Mini Refinery (the Ogbele Diesel Topping Plant) must therefore be quietly celebrated by all shareholders.

During the short period of operations of this facility in 2011, a modest cumulative production of 5.035MM litres of diesel was recorded, all within the few months of effective refining operations. This volume, (more than sufficient to meet our drilling and production operational needs) provided the added opportunity and benefit of selling the excess diesel to the immediate economy beyond our operating area and Rivers State.



Ogbele Mini Refinery (Diesel Topping Plant)

THE OGBELE GAS PLANT

As at the end of the year, we have recorded a 95% completion of the 100mmscfd Ogbele Gas Processing Plant. I am delighted further to announce that at the time of writing this report, we have successfully completed the plant (100%) and have fed and processed a peak offtake of 40 mmscfd of gas through the plant from Ogbele Well#1. In addition we also completed the design modification of the 12" x 20km Gas pipeline to allow tie-in into the NLNG Rumuji Manifold, including the Pig Launcher and Receiver to link the Ogbele Gas Plant to the NLNG GTS 2 Pipeline.

Further, we successfully also installed three (3) gas generators and other ancillary equipments, which allowed the commissioning of the Ogbele Field Power Plant, with a total installed capacity of 2.4MW. This is more than adequate power to operate all our rapidly expanding processing facilities and the new Staff Field camp.



Ogbele Gas Plant and Flare Stack



Gas Compressors



Aerial View of Gas Plant Site

HEALTH SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM (HSEMS)

In 2011, no fatality was recorded within a total of 1, 101,852 operating man-hours, with only 2 lost time injury incidents and total recorded case frequency (recordable incidents per million man-hours) of 2.722.

During the year, Management commissioned an improvement project on Health, Safety and Environment (HSE) in the organization. This project which was focused on developing and embedding a robust HSE Management System (HSEMS) in NDPR, became imperative following a review of current practices, performance and competencies vis-à-vis our growing status and benchmarked against minimum industry requirements and expectations.

This internal safety-oriented re-engineering project was progressed to 70% completion during the year and involved:

- Policy review
- Focused engagements and campaign at all functional levels in the business chain
- Training & competency development
- Development of standards, processes and procedures

As part of Operations Safety, Environmental Assurance and Compliance revitalization within the company (in readiness for gas production and increased level of field development activities), we also progressed the development of an Operations HSE Case and a comprehensive field-wide Environmental Impact Assessment (EIA) study for the Ogbele Field. The Deployment of the HSE Case, integrated into other operating standards and procedures, assures safe, secure and sustainable operations of our new gas plant, the Ogbele Mini Refinery, as well as the much older Ogbele Flow Station, not leaving out our periodic and recurring drilling and completion operations. Furthermore, the EIA document provides us with the framework to comply not only with statutory/regulatory requirements, but also continue operating in an environmentally responsible and sustainable manner.

OTHER OPPORTUNITIES

In 2011, in addition to delivering modest operating results, your company continued to make significant investments to enhance our diverse project portfolio and position our company as a strategic Nigerian Independent energy producer for the future. In line with this vision, I am delighted to announce that in 2011, your company successfully and competitively bid for the acquisition of the 45% interests of Shell, Total and Agip in the NNPC/SPDC JV OML 34 asset. This producing asset, located in the western Niger Delta includes the Ughelli East, Ughelli West, Utorogu and Warri River fields, as well as the Utorogu and Ughelli Gas Plants respectively. At the end of the year, final negotiations were ongoing for transfer of the interests to a Special Purpose Vehicle (SPV) – ND Western Limited, used for the acquisition.

To maintain our strong asset and financial base, we are currently developing strategies for diversifying our investments within and outside Nigeria. Investment decisions are always made based on our commitment to delivering long term growth and return to our Shareholders, with the barest minimum of risks.

FINANCIAL RESULTS

At a glance, the overall performance of the company in 2011 shows a general downward trend, something that should worry our shareholders. However, given the multiple ongoing investments of our company, some of which were either being completed or at some advance stages of maturation during the 2011 year, we are encouraged to expect that the future years ahead are indeed promising. Not just in the expected forward looking results of multiple performing and cash-flow generating portfolio of assets, but also in the diversity of revenue streams, which will accrue in the immediate future following from;

1. A steady production operations and possible enhancement of the capacity of the Mini Refinery
2. Completion of the Ogbele Gas Utilization Project, allowing your company to derive additional revenues from
 - a. Production and sale of domestic cooking gas (LPG) into the Nigerian market
 - b. Production and sale of Propane for industrial use and power generation
 - c. Condensate production (to be spiked into our ongoing crude stream)
 - d. Delivery of dry gas into NLNG, and monetization of same
 - e. Ultimate elimination of gas flaring – the first ever from a marginal field in Nigeria.
3. Increased oil production from additional development well drilling and bringing on stream of a few gas wells, to feed the newly completed Ogbele Gas plant. These gas wells themselves are expected to contribute to our oil production.

From the above, it is obvious that our company is now ever more poised for better returns to its shareholders in the immediate future years ahead.

With these highlights, we must now take ample time to look at specific aspects of our performance in 2011.

Resulting from the reported decrease in production, our turnover for the year also decreased substantially by 56.8% at ₦3.21 billion in 2011, from ₦7.45 billion in 2010. Operating Costs increased by 75.4%, arising from the multiple development and new opportunity projects embarked upon. This resulted in a depressed Profit Before Tax (PBT) of ₦2.08 billion, down by 73% from ₦7.63 billion in 2010. Profit After Tax (PAT) was also down by 55% in 2011 at ₦2.08 billion from ₦4.64 billion in 2010 (Figure

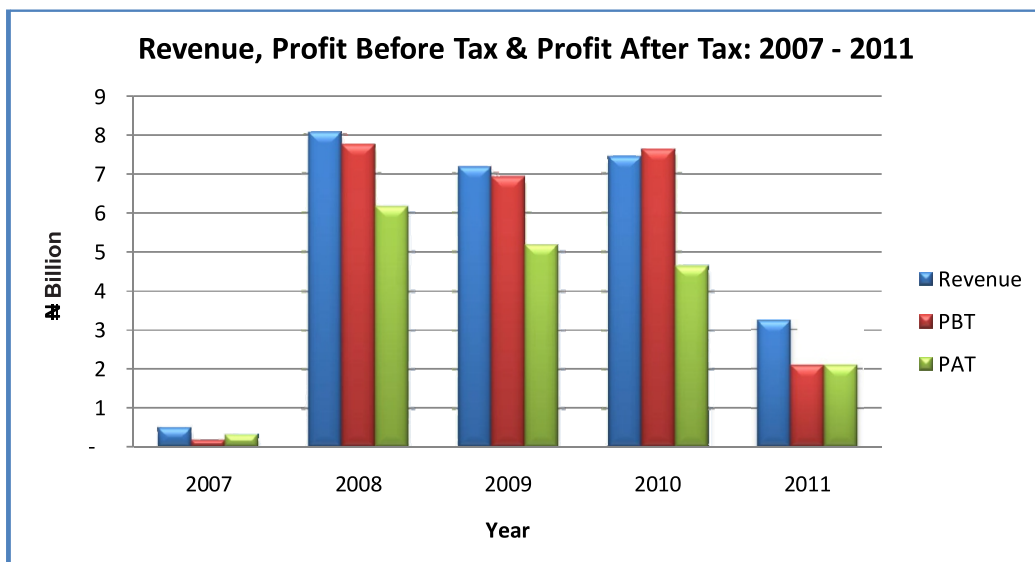


FIGURE 2

2). Coinciding with the decline in our Profit After Tax (PAT), It is noteworthy, that your company was granted a "Pioneer Status" by the Nigerian Investment Promotion Commission for a period of five (5) years. As such, the company currently enjoys a relief by way of a tax holiday. Justifiably so and timely as it is, our company while deriving benefits for this initiative, must judiciously use this period of tax relief to seek and develop future growth-sustaining opportunities.

It is noteworthy also that this coincides with a time at which our Petroleum Profit Tax (PPT) obligation

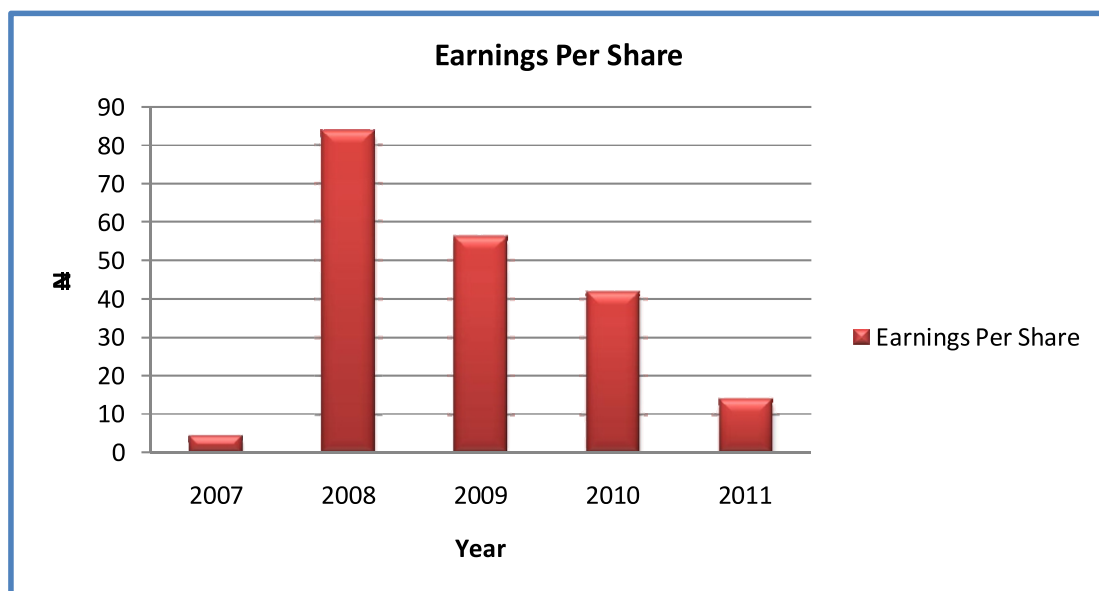


FIGURE 3

should have scaled upwards to the senior regime of 85.5% of profits, having remained at the lower level of 65.75% for the first five (5) years of our production operations (2005 – 2010). In addition to the accruing savings on tax payment, the "Pioneer Status" period should provide us with the stimulus we need, to seek growth inducing and capacity enhancing investment opportunities.

Our Earnings Per Share (EPS) for 2011 at ₦13.98 (Figure 3) was down by 66.7% from ₦41.98 in 2010. We must not fail to appreciate the underlying reasons for such reduction in our 2011 EPS, due largely to the increase in the number of shares issued during the year, as well as the decrease in our after tax profit.

At the 2010 AGM, a resolution was passed for the issue of 1 bonus share for every 3 ordinary shares held. As a result, a total of 36,910,997 new bonus shares priced at ₦10.00 were issued to all shareholders.

In addition, the cancellation of some NDPR IPI notes and their subsequent conversion to NDEP shares further resulted in the issuance of an additional 2,668,071 shares (at ₦10.00). The total number of shares issued in 2011 thus amounted to 39,579,068,

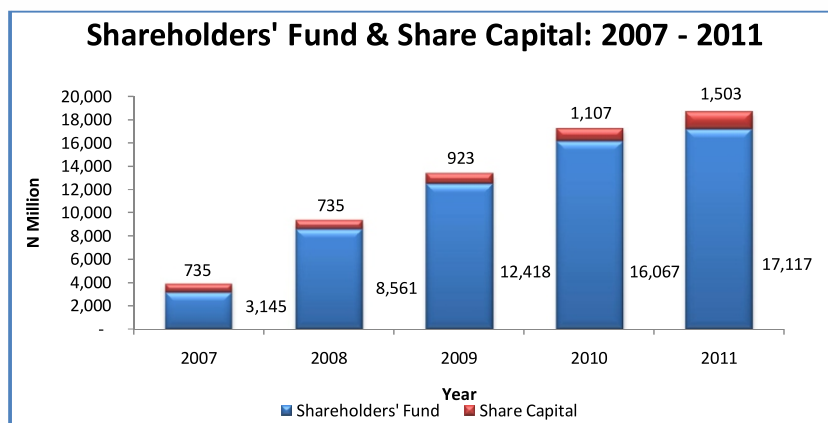


FIGURE 4

bringing the fully paid up share capital of your company at the end of 2011 to 150,312,058 ordinary shares. By the end of 2011, share capital thus rose to ₦1.503 billion an increase of 35.74% compared to 2010 figure. Total shareholders' funds in 2011 increased to ₦17.12 billion from ₦16.07 billion in 2010 (Figure 4).

We must also note that for our company, Return on Equity (ROE) while showing a declining trend over time, and now at a rate of 12% for 2011 (Figure 5), still indicates comfortably an index of earnings for our shareholders, which still surpasses the average ROE of approximately 7% for the Nigerian oil and gas sector comparables. In addition, we recorded an Operating Profit Margin of 61% (Figure 6). These modest, characteristic indices further highlight the profitability of your Company, the challenges of our unstable and difficult operating environment notwithstanding.

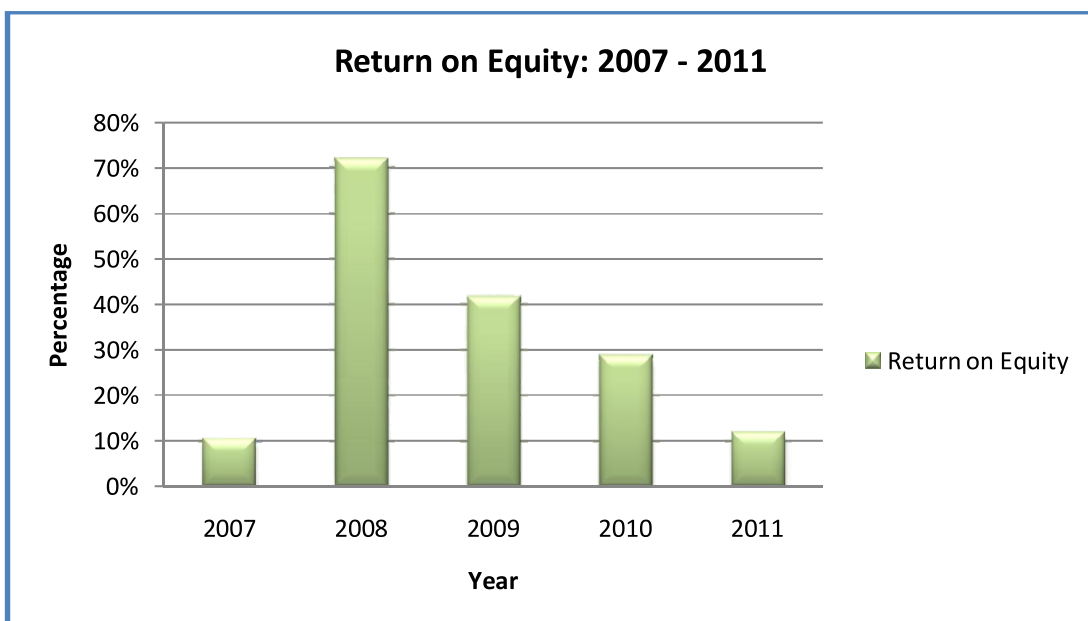


FIGURE 5

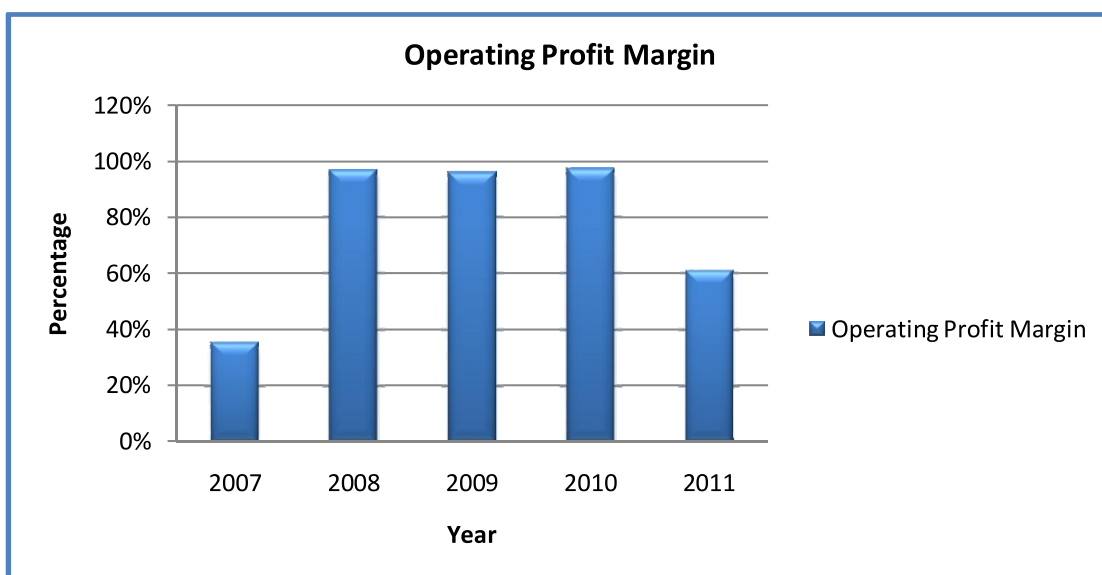


FIGURE 6

DIVIDEND PAYMENT

Our modest results reflect the hard work, perseverance and commitment of the Board, Management and staff of our company, despite the diverse challenges which we faced in 2011. Based on the results achieved in the year, and as a reward to all our shareholders in recognition of your support and loyalty over these many past years, the Board has recommended for approval of the shareholders a dividend of ₦6.00 per ordinary share of ₦10.00 each held for 2011.

RELATIONSHIP WITH OUR HOST COMMUNITIES

Our continued operating success is highlighted not only by the degree of operational excellence which we strive to sustain, but also on our ability to meet the environmental and social challenges which we face daily. To continuously excel in these business areas, we know that we must steadily operate in a safe manner, carefully and at all times managing and controlling the impacts of our operations on our host communities. As one of our founding business principles, we are committed to the sustainable development of our host communities, evident by the establishment of the Host Community and Environment Development Trust.

I am delighted, to announce that as is also evident from our historical records, we have reported yet again no down time and suffered no production shut-in, resulting from disturbances from any of our host communities. This is largely due to the trust and mutual development goals shared with our host communities (Partners). Presently, all our various host communities continue to enjoy our support, each experiencing the benefits of development projects, all of which are funded through our Host Community and Environment Development Trust. The contribution of 5% of our annual profits to the Trust remains, still, our primary means of spreading economic, social and human capital development within our immediate operating environment.

In 2011, actual disbursement for sustainable community development projects to the communities was ₦150.81 million. Some of the major projects which we successfully carried out or almost nearing completion stages include:

- Completion and commissioning of Oshuigbokor/Okoma Steel Girder Bridge
- Construction of the Obumeze U.P.E. School (6 class rooms and Head Master's Office)
- Construction of Ultra Modern Town Hall at Abua (ongoing)
- Provision and distribution of Roofing Sheets to the communal strife torn Rumuekpe Community.

More details of our development contributions to our host communities can be found in the 'Corporate Social Responsibility Report' section of the 2011 Annual Report.

CHANGES WITHIN THE COMPANY

There were a number of changes within the Company. Two Pioneer non-Executive Board members, resigned in 2011 – Chief David Richards and Mr. Sammy Olagbaju, after more than 19 years of meritorious and committed services to our company. We remain thankful for the many years of their distinguished affiliations, nurturing to fruition the dreams of our company. They have been replaced by two Executive Directors, Mr. Olufemi Balogun (appointed as an Executive Director – Finance); and Mr. Nuhu Adaji (appointed as Executive Director – Technical). Both new appointments took effect from January 1st, 2012.

OUTLOOK FOR 2012

Despite the uncertainties which we face as an Independent Nigerian Oil and Gas company, we are committed to consistently taking modest strides towards sustainable and impactful achievements in the Nigerian Petroleum industry.

The non-passage of the Petroleum Industry Bill, the Euro-zone crisis and its impact on the global economy, the general state of unrest and insecurity in Nigeria, are some of the challenges our company, like many others, currently face. In spite of these, we are resolute in our efforts at providing maximum value to our shareholders. The Board and Management of your Company have set some firm targets going forward from 2012. These include:

- A booked proven reserves (P1) of 100 million barrels of oil equivalent by 2015;
- Attaining a daily oil production rate of 5,000 bpd by the end of 2012;
- Commence production and commercialize our gas resources, and
- Profitably operate the Ogbelè Mini Refinery (Diesel Topping Plant) at full capacity.

Our strategies for achieving these targets include;

- Maximizing profitability of existing oil and gas assets
- Identifying and selectively investing in assets and projects that deliver maximum return on investment
- Capitalizing on growing natural gas and diesel markets

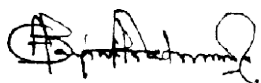
As part of ongoing efforts aimed at continuously operating under stringently safe conditions, our company plans to conclude and deploy our Operations HSE Case, implement focused training programs for all operations staff, conclude the pre and post development EIA studies for Omerelu and Ogbelè fields respectively, and set up a robust Emergency Management High Command. We are committed to maintaining our exceptional CSR record, by delivering on an ongoing basis, sustainable development projects to our host communities.

In addition, our 2012 work program specifically includes:

- Completing the Omerelu Farm Out Agreement – which continues to await approval from the NNPC
- Finalize Omerelu Field Development Plan
- Participate fully in exploration work plan for OPL 227

CONCLUSION

2011 was a challenging year locally and globally. In spite of these uncertainties, your Company successfully recorded a modest result. The promise of 2012 is that of a year expected to be better by way of rewards for our shareholders. With this in mind, I wish to reiterate that we are committed to consistently delivering long term growth and sustained returns to our shareholders. I thank you our distinguished Shareholders on behalf of the Management and staff of Niger Delta Exploration & Production PLC, for your continued support and look forward to a more strengthened company in 2012 and beyond.



'Layi Fatona (Dr.)

Managing Director

Corporate Social Responsibility (CSR) Report

As a forward thinking and looking Nigerian Independent Company, NDEP Plc prides itself on its approach to conducting business and achieving its overall corporate objectives. Since inception in 1992, your Company has set precedents in several areas of its corporate endeavors, with many pioneering milestones attained. This spirit has also extended to NDEP's CSR stakeholder approach which has been exemplified through the Host Community Development Trust model, the first of its kind, established in 1997. The Trust has become the cornerstone of our community relations liaison. Its success being the reason for its wide adoption by various other entities operating within the Niger Delta region.

In every area of the Company, such as its operations at Ogbele, work undertaken at its Lagos Head Office, Port Harcourt regional office, and also the wider community as a whole, your Company recognises that its business goes beyond its bottom line, and instead promotes partnership and engagement between the Company and its stakeholders.

HSE (Health, Safety and Environment)

In addition to the Company's Community Affairs, Safety, Health, Environment and Security (CASHES) manual, a review of current HSE practices has been conducted in 2011. The primary objective was to improve standards of HSE, and to embed a robust HSE Management System (HSEMS) culture within the Company. The review resulted in a redefined HSE policy that has been introduced to all Staff, containing key principles to guide the safe operations and business activities of NDEP Plc and NDPR Ltd. The protocols include:

- Protection of health and safety of our people and stakeholders
- Protection of our environment
- Proactive HSE Management
- Compliance with all statutory operating laws and regulations and
- HSE Organisation

Staff Welfare

As a lean organisation, NDEP Plc and its subsidiaries are reliant on the recruitment and retention of skilled personnel to remain competitive within the fast paced oil and gas industry. Maintaining Staff contentment and ensuring a high level of staff development in a formalised manner is key to the survival of your Company and its onward progression. Therefore, much effort is spent to ensure a safe, conducive and pleasant working environment for staff at every level of the Company. Training is also regularly undertaken to ensure staff remain current in their respective fields of expertise. Our human resources approach has ensured your Company has witnessed low staff turnover.

Protecting the Environment

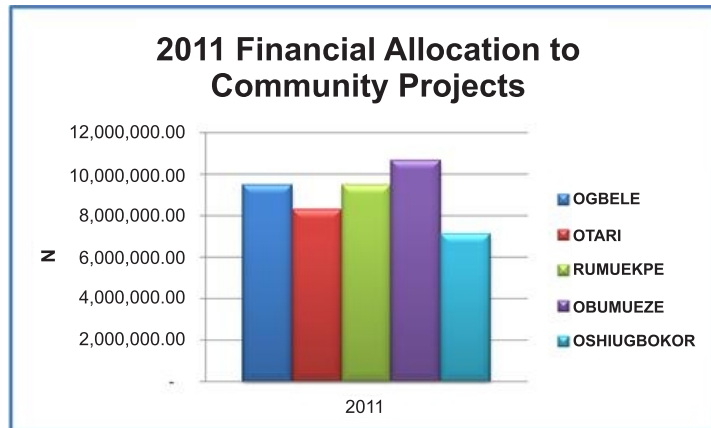
NDEP Plc, through its operating Company, undertakes an Environmental Impact Assessment at the start of every new project, in line with industry standards. This allows potential concerns to be identified and managed so that any adverse environmental impact can be mitigated.

Upon full commissioning of the Ogbele Gas Processing Plant, your company will become the first independent Operating Company to eliminate gas flaring entirely from its operations. This will not only decrease carbon emissions, it will also contribute to Nigeria's energy conservation.

Additionally, your Company has pursued the CER (Certified Emissions Reduction) initiative, part of the United Nation's Kyoto Protocol, where Certified Energy Units are sold to offset greenhouse gas emissions. At present, your Company is working towards complying with this initiative, which will help to fight climate change, while also potentially providing an additional stream of revenue.

Community Relations

Through the Pioneering Host Community Development Trust, community specific nominated projects have been undertaken for the benefit of each community in our sphere of operations. Your Company funds the Trust by voluntarily donating 5% of its net profit interest, which is then administered separately for community development related projects. The Trust is administered by a Board of Trustees, under the Chairmanship of Professor Sylvanus, J. S. Cookey (OFR), who work closely with an appointed Advisory Committee (from each community), that recommend projects based on Community need.



The unique nature of the Trust helps to align the interests of the community with the interests of NDEP Plc as the more oil and gas resources and infrastructure are located within a community, the more such a community stands to benefit. This ensures that host community residents are genuine partners in their own development and that of your Company.

Since 2007, The Trust has successfully completed many projects and initiatives, which have significantly improved the quality of life for local residents. Bursary awards to all students of tertiary education institutions have been approved and disbursed yearly in all our host communities. Gender based training has been given, youth skills acquisition trainings have been provided as well as key improvements made to existing community infrastructure and security.

Below are some highlights of Community based projects funded and supported in from 2011:

- Oshuigbokor Community: the completion and commissioning of the Oshuigbokor/Okoma Steel Girder Bridge. This has replaced a dilapidated bridge to improve safe transport and to provide a connection to the neighboring market village.
- Obumeze Community: the construction of Obumeze U.P.E. School, comprising of 6 class rooms and Head Master's Office was completed
- Otari Community: the progression to completion of an Ultra Modern Town Hall. Work on this project is currently still ongoing.
- Rumuekpe Community: the procurement and distribution of Roofing Sheets to various distressed and displaced families as a result of the strife that had engulfed the community in the past 5 years.
- Ogbele Community: Bursary payments were made to 136 students in 2011
- Total 2011 Expenditure for these projects was: ₦150.81 million

CORPORATE SOCIAL RESPONSIBILITY REPORT



Makeshift Wooden Bridge



The Commissioning of the Completed Bridge



Completed Obumeze Primary School



North View of completed School at Obumeze



Ikabigbo Grammar School Students with new textbooks and sports equipment

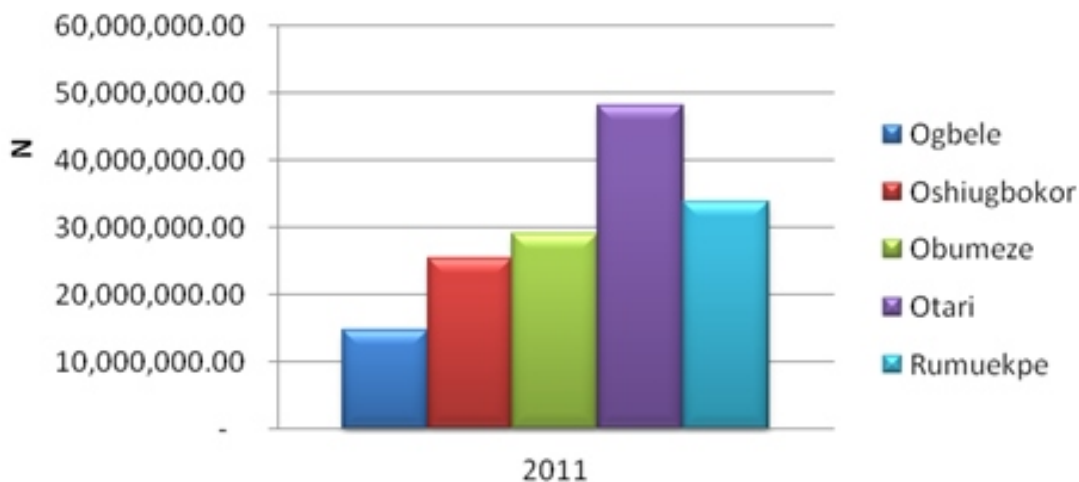


The present Otari Community Town Hall de-roofed



Renovation work in progress

Host Community Development Trust Actual Expenditure for 2011



As these activities show, the Host Community and Environmental Development Trust aims to engage the whole community prior to funding, often engaging community nominated contractors in the execution of all projects. This further ensures the sustainability of each funded project so that it will outlive the Company's operations, thus leaving a legacy for future generations. We are proud of the projects that have been completed to date and the goodwill that each has generated.

Charitable Donations

NDEP regularly receives requests for financial support from reputable non-profit organisations and charities. In 2011, your company supported the Youth Business Initiative (YBI), a nonprofit organisation that nurtures entrepreneurship in youth by providing them with mentoring support and access to credit. It also supported the Enterprise Trust & Development Company Limited (ETDC), which encourages the lobbying of Government and other stakeholders to provide loans, scholarships and grants for higher learning, to enable more youth access high quality education

In memory of NDEP's Pioneer Chairman, Late Chief Aret Adams, your Company, with other corporate entities, sponsored the Aret Adams Foundation Annual Lecture Series in 2011, which held in March. NDEP Plc also celebrated his yearly memorial by continuing his charitable work at Ikabigbo Grammar School in Ikabigbo, Edo State. So far, text books and sports equipment were donated to the School, which were gratefully received by the Principal, Staff and students. Additional support for Ikabigbo Grammar School is ongoing and more rehabilitation work is scheduled to mark the 10th year Anniversary of Late Chief Aret Adams.

Artistic Endeavors and Talent Recognition Project

Mr Sammy Olagbaju, a former NDEP Plc Director, as an esteemed and reocognised Nigerian art collector, has been assisting and supporting NDEP Plc efforts in indentifying artistic talents from the Niger Delta region. The objective of this talent hunting initiative is to promote 'non oil production' related human capacity building and compliment the Company's CSR programme. In 2011, NDEP Plc has given financial support to two art exhibitions:

- “Unspoken Words” was supported in partnership with Terra Kulture, and featured the work of three prominent Nigerian artists, Diseye Tantua and Segun Aiyesan, based in Rivers State, and Gbenga Offo, based in Lagos.

- “Ideas and Ideals” was held in Port Harcourt, Rivers State and featured the work of Segun Adejumo, who drew inspiration from a childhood spent in Port Harcourt and shows positive pieces that focused on the richness of the South-South culture, and the beauty of its people.

Supporting the Industry

NDEP Plc also supports professional bodies, to the benefit of the industry and its practitioners. In 2011 NDPR contributed to the NAPE 2011 Conference and made modest contributions to the Rotary Club, the Centre for Petroleum Information (CPI) and Nigerian Society of Chemical Engineers (NSChE).

To show NDEP's support for the the Amnesty Programme of the Federal Government, a voluntary contribution was made to the Post Amnesty Oil & Gas Industry Foundation (PAOGIF). The industry-led Foundation, comprising of 14 operating Companies, unites both independent and international operating companies to promote peace and stability in the Niger Delta region through capacity building and skills acquisition for Amnesty Programme beneficiaries.



Report of the Directors

Consolidated Audited Financial Statements
and
Supplementary Financial Information
For The Year Ended 31 December 2011

Report of the Directors

For The Year Ended 31 December 2011

The Directors submit to the members of the Company their report together with the consolidated audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is in the business of investing in upstream oil and gas activities.

STATE OF AFFAIRS

In the opinion of the Directors, the state of affairs of the Company is satisfactory and there has been no material change since the date of the balance sheet.

RESULTS FOR THE YEAR

	THE GROUP	THE COMPANY
	2011	2011
	₦'000	₦'000
Turnover	3,218,316	2,938,483
	=====	=====
Profit before taxation	2,087,990	2,748,511
Taxation	-	-
	-----	-----
Profit after taxation	2,087,990	2,748,511
	=====	=====

DIVIDEND

The Board of Directors has recommended for approval of the members a dividend of ₦6 per share which if approved will amount to ₦901,872,348.

FIXED ASSETS

Information relating to Fixed assets is given in Note 2 to the financial statements. In the opinion of the Directors, market value of the Company's assets is not less than the value shown in the financial statements.

CHARITABLE CONTRIBUTIONS

The Company made charitable contributions amounting to ₦8,749,500 during the year (2010: ₦8,380,746).

REPORT OF THE DIRECTORS - Continued
For The Year Ended 31 December 2011

DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. B.A.Osuno	Chairman (Retired 31 May, 2012)
Mr. Goodie Ibru (OON)	Appointed Chairman (1 June, 2012)
Dr. O.F. Fatona	Managing Director
Chief D. Richards (British)	Retired 31 December 2011
Mr. Sammy O.Olagbaju	Retired 30 June 2011
Mr. Femi Balogun	Appointed 1 January 2012
Mr. Ahmed Khelif (Algerian)	
Prof. S.J.S. Cookey (OFR)	
Mrs. Z.Mantu	
Mr. L. Jadesimi	
Mr Nuhu Adaji	Appointed 1 January 2012

DIRECTORS' INTERESTS

Directors' interests in the share capital of the Company were as follows:-

	Number of Shares
Mr. L.Jadesimi	4,587,705
Mrs. Z.Mantu	2,481,220
Dr O.F. Fatona	2,211,214
Chief D. Richards	1,577,353
Mr. Femi Balogun	1,177,056
Mr. Sammy O.Olagbaju	842,238
Mr. B.A. Osuno	168,666
Mr. Goodie Ibru(OON)	120,000
Prof. S.J.S. Cookey (OFR)	118,666
Mr Nuhu Adaji	1,333
Mr. Ahmed Khelif	Nil

Also, the following Directors have beneficial interests in the shares held by the corporate bodies listed against their names:

Name of Director	Corporate body in whose name shares are held	Number of shares
Mr. Goodie Ibru (OON)	Associated Ventures International Ltd	9,502,057
Mr. Sammy O. Olagbaju	Marius Limited	4,055,773
Dr O.F. Fatona	Geotrex Systems Ltd.	4,055,773
Chief D. Richards	Sasha Nominees Ltd	2,452,407
Mr.L.Jadesimi	First Zenith Investment Holding Company	1,200,000
Mr.L.Jadesimi	Global Resource Management Limited	1,688

Report of the Directors - Continued
For The Year Ended 31 December 2011

HEALTH, SAFETY AND WELFARE AT WORK OF EMPLOYEES

One of the Company's primary business objectives is that its operations shall not cause accidents, damage or losses. The Company is committed to protecting people, the environment and physical assets.

The Company established adequate health and safety measures within its premises and its areas of operations and in the operation of all its vehicles. The Company aims to provide as far as possible (subject to limits) medical care for all members of its staff and immediate members of their nuclear families.

PROTECTION OF THE ENVIRONMENT

The Company is committed to protecting the environment within and around its operational areas. In this regard, it has established a framework for complying with all statutory environmental requirements, applying best industrial practices and operating in a manner that assumes no harm to the environment.

FORMAT OF FINANCIAL STATEMENTS

The financial statements have been issued under the reporting and presentation requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The Directors consider that the format adopted is most suitable for the Company

AUDITORS

Ernst & Young have expressed their willingness to continue in office as the auditors to the Company in accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD



SECRETARY

5 June 2012

Statement of Directors' Responsibilities

For The Year Ended 31 December 2011

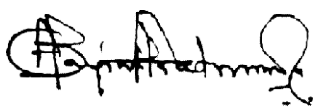
The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities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

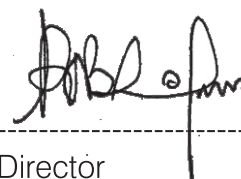
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

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.



Director
5 June 2012



Director
5 June 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIGER DELTA EXPLORATION & PRODUCTION PLC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Niger Delta Exploration & Production Plc, which comprise the consolidated balance sheet as at 31 December 2011, the consolidated profit and loss account, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The company's Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the relevant standards issued by the Financial Reporting Council of Nigeria and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and for such internal control as the Directors determine necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of Niger Delta Exploration & Production Plc as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with the relevant standards issued by the Financial Reporting Council of Nigerian and provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NIGER DELTA EXPLORATION & PRODUCTION 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 balance sheet and profit and loss account are in agreement with the books of account.

Ernst & Young
Lagos, Nigeria.
5 June 2012

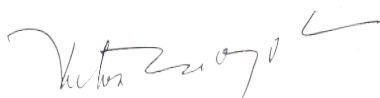


**REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF
NIGER DELTA EXPLORATION & PRODUCTION PLC
FOR THE YEAR ENDED 31 DECEMBER 2011**

In accordance with the provisions of sections 359(4) and (6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we have reviewed;

1. the scope and planning of the audit requirements and
2. the accounting and reporting policies of the Company for the year ended 31 December 2011 and ascertained that they are in accordance with legal requirements and agreed ethical practice.

In our opinion, the scope and planning of the audit for the year ended 31 December 2011 together with the consolidated audited financial statements were satisfactory. The external auditors had discharged their duties conscientiously and satisfactorily. We were satisfied with management responses to the auditors' findings.



Chief Victor Oyolu
Chairman
Audit Committee

5 June 2012

Members of the Audit Committee

- | | | |
|----|---------------------------|----------------------------|
| 1. | Chief Victor Oyolu | Chairman |
| 2. | Mr Sammy O. Olagbaju | Retired 11 February 2011 |
| 3. | Prof. G. O.A. Sowemimo | |
| 4. | Engr. Alex Ogedegbe | |
| 5. | Prof. S.J.S. Cooney (OFR) | Retired 11 February 2011 |
| 6. | Chief D. Richards | Retired 11 February 2011 |
| 7. | Mr Goodie Ibru (OON) | Appointed 11 February 2011 |
| 8. | Mrs Z Mantu | Appointed 11 February 2011 |
| 9. | Mr L. Jadesimi | Appointed 11 February 2011 |

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

The following significant accounting policies were adopted by the Company in the preparation of these financial statements.

Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention.

Consolidation

The group financial statements consolidate the financial statements of Niger Delta Exploration & Production Plc and its subsidiaries wherein there is majority shareholding and control of the Board of Directors and management. The consolidated subsidiaries are Niger Delta Petroleum Resources Limited and ND Gas Limited.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation

Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the various classes of assets, using the following annual rates:

	%
Plant and machinery	25
Office equipment	25
Furniture and fittings	25
Computer hardware	25
Motor vehicle	25
Computer software	25

Depreciation commences in the month in which an asset is brought into use.

Depreciation of Production and field facilities which comprises of Project equipment and civil works are calculated using the Unit of Production basis, which proportionately amortises the assets over the life of the reserves of the field.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Naira using the appropriate official rates of exchange ruling at the transaction date as notified by the Central Bank of Nigeria. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated at the official exchange rates ruling at the balance sheet date and the resulting exchange differences are dealt with in the determination of the profit or loss for the year.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - Continued FOR THE YEAR ENDED 31 DECEMBER 2011

Inventories

- i) Crude oil
Crude oil is valued at the lower of cost and net realisable value at the balance sheet date.
- ii) Automotive Gas Oil (Diesel)
Diesel is valued at the lower of cost and net realisable value at the balance sheet date.
- iii) Consumable materials.
Consumable materials are valued at the lower of cost and net realisable value, cost being determined on a moving average basis.

Receivables

Receivables are stated after deduction of adequate provisions for any debts considered bad and doubtful.

Investment in Subsidiaries

Investment in subsidiaries are stated at the lower of cost and the Company's share of net tangible assets for unquoted investments and market value for quoted investments, the difference is written off to profit and loss account.

Current Taxation

Income taxes payable are provided on taxable profit at the current petroleum profit tax rate.

Deferred Taxation

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Pension

The Company operates a pension scheme in line with the Pension Reform Act 2004. The employee and Company contributions are 5% and 10% respectively of the annual emoluments (Basic, Housing and Transport). The Company's contributions are accrued and charged to the profit and loss account while that of the staff is charged along with salaries. The fund is being managed predominantly by IBTC Pension Administrators and Trust Fund Pensions Plc.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - Continued
FOR THE YEAR ENDED 31 DECEMBER 2011

Turnover

Turnover represents the surplus before taxation of the Ogbele Joint Venture operations for the year.

Accruals and Provisions

Accruals and provisions are recognized when the Company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits is required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividend

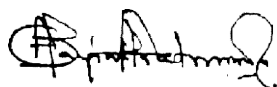
Dividend on ordinary shares is recognized as a liability in the period in which they are approved by members of the Company.

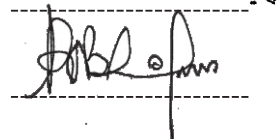
Interest Income

This represents amount accrued by the banks on deposits and other short term investments as well as interest received from the Joint Venture in respect of the Irredeemable Participating Interest Notes holders.

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011**

	Note	THE GROUP		THE COMPANY	
		2011 N '000	2010 N '000	2011 N '000	2010 N '000
FIXED ASSETS	2	12,603,115	2,584	21,231	2,584
INVESTMENTS	3	50,483,127	30,656,536	55,664,368	28,791,499
		-----	-----	-----	-----
		63,086,242	30,659,120	55,685,599	28,794,083
		-----	-----	-----	-----
CURRENT ASSETS					
Debtors and prepayments	4	3,416,175	17,307,662	263,561	13,938,756
Cash and bank		524,922	105,680	66,220	85,328
		-----	-----	-----	-----
		3,941,097	17,413,342	329,781	14,024,084
		-----	-----	-----	-----
CURRENT LIABILITIES					
Creditors and accruals	5	(20,729,553)	(27,536,367)	(19,281,892)	(24,987,685)
Taxation	6	50,844	(740,597)	622,750	121,375
		-----	-----	-----	-----
NET CURRENT LIABILITIES		(16,737,612)	(10,863,622)	(18,329,361)	(10,842,226)
		-----	-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		46,348,630	19,795,498	37,356,238	17,951,857
		-----	-----	-----	-----
LONG-TERM LIABILITIES					
Long Term Loan	7	(25,503,206)	-	(17,693,206)	-
Deferred taxation	8	(3,728,023)	(3,728,023)	(3,403,871)	(3,403,871)
		-----	-----	-----	-----
		17,117,401	16,067,475	16,259,161	14,547,986
		=====	=====	=====	=====
FINANCED BY:					
Share capital	9	1,493,877	1,107,330	1,503,121	1,107,330
Share premium	10	55,809	12,496	55,809	12,496
Revenue reserve	11	15,567,715	14,947,649	14,700,231	13,428,160
		-----	-----	-----	-----
		17,117,401	16,067,475	16,259,161	14,547,986
		=====	=====	=====	=====





) DIRECTORS
)

See notes to the financial statements.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	THE GROUP		THE COMPANY	
		2011 N '000	2010 N '000	2011 N '000	2010 N '000
Turnover	12	3,218,316	7,456,361	2,938,483	6,808,030
Operating costs	13	(1,268,042)	(268,125)	(413,979)	(262,445)
Operating profit	14	1,950,274	7,188,236	2,524,504	6,545,585
Other income	15	256,394	549,576	224,007	38,598
IPIN interest	16	(118,678)	(98,515)	-	-
Profit before taxation		2,087,990	7,639,297	2,748,511	6,584,183
Taxation	6(c)	-	(2,993,581)	-	(2,452,411)
Profit after taxation		2,087,990	4,645,716	2,748,511	4,131,772
=====					
Basic Earnings Per Share (N)	18	N13.98	N41.95	N18.29	N37.31
Adjusted Earnings Per Share (N)	19	N13.98	N31.10	N18.29	N27.49

See notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	THE GROUP		THE COMPANY	
		2011 ₦ '000	2010 ₦ '000	2011 ₦ '000	2010 ₦ '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		17,356,698	3,170,351	17,002,779	2,788,852
Payments to suppliers and employees		(1,389,751)	(201,676)	(536,965)	(178,361)
Input Vat		(11,698)	(1,565)	(11,421)	(1,333)
Tax paid	6(d)	(791,440)	(1,178,451)	(501,375)	(1,075,985)
		-----	-----	-----	-----
Net cash inflow from operating activities	17	15,163,809	1,788,659	15,953,018	1,533,173
		-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets	2	(12,609,066)	(2,880)	(27,182)	(2,880)
Interest received	15	9,498	1,085	8,012	8
Increase in investments		(19,826,591)	(5,867,240)	(26,872,869)	(5,407,226)
		-----	-----	-----	-----
Net cash outflow from investing activities		(32,426,159)	(5,869,035)	(26,892,039)	(5,410,098)
		-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceed from issue of shares		58,105	-	69,995	-
Deposit from/(refund to) investors		285	(6,109)	285	(6,109)
Dividend paid	11	(1,107,330)	(996,598)	(1,107,330)	(996,598)
(Payments to) Receipts from related companies		(9,914,392)	5,239,976	(9,039,286)	4,848,986
IPIN Interest		(161,325)	(195,546)	-	-
Bank loan	7	28,806,249		20,996,249	-
		-----	-----	-----	-----
Net cash inflow from financing activities		17,681,592	4,041,723	10,919,913	3,846,279
		-----	-----	-----	-----
Net increase/(decrease) in cash and bank balances		419,242	(38,653)	(19,108)	(30,646)
Cash and cash balances at the beginning of the year		105,680	144,333	85,328	115,974
		-----	-----	-----	-----
Cash and cash balances at the end of the year		524,922	105,680	66,220	85,328
		=====	=====	=====	=====

See notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE STRUCTURE AND BUSINESS

Niger Delta Exploration & Production Plc was originally incorporated on 25 March 1992. The Company's objective is to create a diversified oil and gas investment portfolio. The Company invests principally in oilfield properties (both developed and undeveloped) and in oilfield services Companies.

2. FIXED ASSETS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦ '000	₦ '000	₦ '000	₦ '000
Assets in Progress(Note 2a)	12,483,303	-	-	-
Other fixed assets (Note 2b)	119,812	2,584	21,231	2,584
	-----	-----	-----	-----
	12,603,115	2,584	21,231	2,584
	=====	=====	=====	=====

(2a) ASSETS-IN-PROGRESS

Gas plant Facility	9,085,449	-	-	-
Gas pipeline	3,397,854	-	-	-
	-----	--	-	--
	12,483,303	-	-	-
	=====	=	=	=

(2b) OTHER FIXED ASSETS - THE GROUP

	Plant and machinery	Furniture and fittings	Office equipment	Computer hardware	Computer Software	Motor Vehicle	Total
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
COST:							
At 1 Jan. 2011	2,891	636	3,329	586	-	-	7,442
Additions	-	-	6,982	-	6,133	112,648	125,763
Reclassification	-	(171)	171	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
At 31 Dec. 2011	2,891	465	10,482	586	6,133	112,648	133,205
	-----	-----	-----	-----	-----	-----	-----
DEPRECIATION:							
At 1 Jan. 2011	671	636	3,188	363	-	-	4,858
Charge for the year	720	-	1,575	107	6,133	-	8,535
Reclassification	-	(171)	171	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
At 31 Dec. 2011	1,391	465	4,934	470	6,133	-	13,393
	-----	-----	-----	-----	-----	-----	-----
NET BOOK VALUE:							
At 31 Dec. 2011	1,500	-	5,548	116	-	112,648	119,812
	=====	=====	=====	=====	=====	=====	=====
At Dec. 31, 2010	2,220	-	141	223	-	-	2,584
	=====	=====	=====	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

(2b) OTHER FIXED ASSETS - THE COMPANY

	Plant and machinery N'000	Furniture and fittings N'000	Office equipment N'000	Computer hardware N'000	Computer Software N'000	Motor Vehicle N'000	Total N'000
COST:							
At 1 Jan. 2011	2,891	636	3,329	586	-	-	7,442
Additions	-	-	6,982	-	6,133	14,067	27,182
Reclassification	-	(171)	171	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
At 31 Dec. 2011	2,891	465	10,482	586	6,133	14,067	34,624
	-----	-----	-----	-----	-----	-----	-----
DEPRECIATION:							
At 1 Jan. 2011	671	636	3,188	363	-	-	4,858
Charge for the year	720	-	1,575	107	6,133	-	8,535
Reclassification	-	(171)	171	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
At 31 Dec. 2011	1,391	465	4,934	470	6,133	-	13,393
	-----	-----	-----	-----	-----	-----	-----
NET BOOK VALUE:							
At 31 Dec. 2011	1,500	-	5,548	116	-	14,067	21,231
	=====	=====	=====	=====	=====	=====	=====
At 31 Dec. 2010	2,220	-	141	223	-	-	2,584
	=====	=====	=====	=====	=====	=====	=====

	THE GROUP		THE COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
3. INVESTMENTS				
Global Energy Inc.	145	145	145	145
Niger Delta Gas Dev. Co. Ltd.	180	180	180	180
Niger Delta Gas Limited	-	283	5,952,067	283
Niger Delta Properties Ltd	556,669	551,392	556,669	551,392
Niger Delta Exploration & Production (Uganda) Ltd	137,754	116,511	137,754	116,511
Niger Delta Petroleum Resources Ltd (NDPR)	-	-	752,332	706,332
Nigerian Energy Sector Fund	250	250	250	250
Ogbele Joint Venture (Note 3.1)	17,517,640	29,572,967	15,994,482	27,001,598
Petroleum Prospects International Limited	19,242	19,242	19,242	19,242
Petro-Data Management Services Limited	16,000	16,000	16,000	16,000
Shell Asset Acquisition (OML 34) (Note 3.2)	32,229,899	379,566	32,229,899	379,566
Zambia Project	5,348	-	5,348	-
	-----	-----	-----	-----
	50,483,127	30,656,536	55,664,368	28,791,499
	=====	=====	=====	=====

The Directors are of the opinion that the market value of unquoted equity investments is not below their costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

- 3.1 The Group has a working interest of 100% in the Ogbele Joint Venture.
- 3.2 The cost of acquiring the Shell Asset (OML 34), ₦32.2 billion, was financed by GTB loan of ₦22.8 billion (Note 7) and internally generated funds amounting to ₦9.4 billion.

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦'000	₦'000	₦'000	₦'000
4. DEBTORS AND PREPAYMENTS				
Trade debtors (Ogbele Joint Venture)	1,877,398	15,850,030	-	13,887,653
Due from related Companies (Note 4a)	-	-	173,107	-
Sundry debtors	5,218	222	5,218	222
Prepayments	85,236	50,881	85,236	50,881
Joint Venture Net Profit Interest	1,448,323	1,406,529	-	-
	-----	-----	-----	-----
	3,416,175	17,307,662	263,561	13,938,756
	=====	=====	=====	=====

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦'000	₦'000	₦'000	₦'000
4a. DUE FROM RELATED COMPANIES				
Niger Delta Petroleum Resources Ltd (NDPR)	-	-	173,107	-
	=	=====		=

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦'000	₦'000	₦'000	₦'000
5. CREDITORS AND ACCRUALS				
Accruals	31,135	113,658	24,590	108,113
Investors' deposit	9,243	8,958	9,243	8,958
IPINs redeemable in shares (NDPR)	-	59,787	-	59,787
NDPR (IPINs)	-	-	156,500	156,500
Ogbele Joint-Venture	17,200,954	27,115,346	15,759,838	24,626,017
GTB loan repayable in one year (Note 7)	3,303,043	-	3,303,043	-
Sundry Creditors	28,678	28,310	28,678	28,310
Interest Payable (IPIN Holders)	42,647	-	-	-
PetRe IPIN	156,500	167,661	-	-
	-----	-----	-----	-----
	20,729,553	27,536,367	19,281,892	24,987,685
	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

6. TAXATION

BALANCE SHEET	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
(a) PETROLEUM PROFIT TAX	₦ '000	₦ '000	₦ '000	₦ '000
At the beginning of the year	839,910	1,059,303	(7,738)	399,876
Tax on profit for the year	-	759,949	-	486,574
Prior year under provision	-	101,450	-	92,629
Payments made during the year	(768,076)	(1,080,792)	(486,574)	(986,817)
	-----	-----	-----	-----
At the end of the year	71,834	839,910	(494,312)	(7,738)
	-----	-----	-----	-----
(b) INCOME TAX				
At the beginning of the year	(99,314)	(27,857)	(113,637)	(42,088)
Education tax	-	23,117	-	14,801
Prior year under provision	-	3,086	-	2,818
Payments made during the year	(23,364)	(97,659)	(14,801)	(89,168)
	-----	-----	-----	-----
At the end of the year	(122,678)	(99,313)	(128,438)	(113,637)
	-----	-----	-----	-----
Total (a + b)	(50,844)	740,597	(622,750)	(121,375)
	=====	=====	=====	=====

PROFIT AND LOSS ACCOUNT	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
(c) TAXATION FOR THE YEAR	₦'000	₦'000	₦'000	₦'000
Petroleum profit tax (Note 6(a))	-	861,399	-	579,203
Income tax (Note 6(b))	-	26,203	-	17,619
Deferred taxation (Note 8)	-	2,105,979	-	1,855,589
	--	-----	--	-----
	-	2,993,581		2,452,411
	=	=====		=====

(d) PAYMENTS MADE DURING THE YEAR

Petroleum profit tax (Note 6(a))	768,076	1,080,792	486,574	986,817
Income tax (Note 6(b))	23,364	97,659	14,801	89,168
	-----	-----	-----	-----
	791,440	1,178,451	501,375	1,075,985
	=====	=====	=====	=====

(e) The Company and its subsidiary, Niger Delta Petroleum Resources Ltd, were granted pioneer status incentive during the financial year ended 31 December 2011 by the Nigeria Investment Promotion Commission. The pioneer status incentive is for a period of five (5) years. This exempts both the Company and its subsidiary from tax payment during the period. The commencement dates are 1 February 2010 for the subsidiary and 1 March 2010 for the Company. As a result of this no provision was made for taxation in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

7. LONG TERM LOAN

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	N'000	N'000	N'000	N'000
Guaranty Trust Bank Plc (GTB) (Note 7a)	22,848,451	-	22,848,451	-
Skye Bank Plc (Note 7b)	7,810,000	-	-	-
Repayment within the year (GTB)	(1,852,202)	-	(1,852,202)	-
	-----	--	-----	--
	28,806,249	-	20,996,249	-
Repayment due in the next one year	(3,303,043)	-	(3,303,043)	-
	-----	-	-----	--
Balance at the end of the year	25,503,206	-	17,693,206	-
	=====	=	=====	=

(7a) This is the \$150,000,000 loan from GTB with an interest rate of 9% per annum. The loan was repayable over 60 monthly installments from the date of initial disbursement, but has now been rescheduled to be repaid at three months intervals effective February 2012 up till December 2015. It is secured by: all assets debenture on fixed and floating assets of NDPR; floating charge on the crude oil produced from the acreage operated by NDPR in OML 54, assignment and domiciliation of crude oil sales proceeds to GTB; charge over collection accounts and corporate guarantee of NDEP Plc for the full facility amount and interest thereon.

(7b) This relates to the first tranche (\$50,000,000) of the \$75,000,000 loan from Skye Bank Plc with an interest rate of 8.75% above three months LIBOR currently 0.3% to give an initial gross rate of 9.05% per annum, subject to review in line with changes in money market conditions as may apply from time to time. The loan is repayable over 48 monthly installments after a principal repayment moratorium of eighteen months from the date of initial disbursement. Full repayment is to be completed by June 2015. It is secured by all assets debenture on the NDPR Ogbele Gas plant assets; assignment of all rights accruing to NDPR with respect to the Ogbele Gas Plant Offtake contract in favour of Skye Bank Plc, unconditional and irrevocable standing order instruction from NDPR to the Gas Offtakers to route the gas sales proceeds from the Ogbele field (OML 54) through Skye Bank Plc, irrevocable and unconditional assignment of rights accruing to NDPR in the Ogbele field (OML 54)-Gas plant to Skye Bank Plc, irrevocable and unconditional assignment of rights to all insurance policies (including but not limited to business disruption cover for 6 months) on the NDPR Ogbele Gas plant to Skye Bank Plc, charge over the permitted accounts including but not limited to: collection accounts, compensation accrual accounts and Debt Service Reserve Account (DSRA) and full continuous, irrevocable and unconditional corporate guarantee of Niger Delta Exploration & Production Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

	THE GROUP		THE COMPANY	
	2011 N '000	2010 N '000	2011 N '000	2010 N '000
8. DEFERRED TAXATION				
Balance at the beginning of year	3,728,023	1,622,044	3,403,871	1,548,282
Charge for the year	-	2,105,979	-	1,855,589
Balance at the end of the year	3,728,023	3,728,023	3,403,871	3,403,871

9. SHARE CAPITAL

Authorized Share Capital: 275 million ordinary shares of N10 each	2,750,000	2,750,000	2,750,000	2,750,000
Called up and fully paid: 149,387,700 (2010: 110,732,990) ordinary shares of N10 each	1,493,877	1,107,330	1,503,121	1,107,330

During the year, 36,910,997 ordinary shares of N10 each were issued as bonus shares to the ordinary shareholders while 2,668,071 shares were issued to the NDPR Irredeemable Participating Investment Notes (IPIN) holders for cancellation of the Notes.

	THE GROUP		THE COMPANY	
	2011 N '000	2010 N '000	2011 N '000	2010 N '000
10. SHARE PREMIUM				
At the beginning of the year	12,496	12,496	12,496	12,496
Premium on issue of shares (Note 10a)	43,313	-	43,313	-
At the end of the year	55,809	12,496	55,809	12,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

10(a). PREMIUM ON ISSUE OF SHARES

The issue of shares in exchange for the cancelled notes resulted in a premium due to the difference between the value in the books and the consideration paid.

	2011 ₦ '000	2010 ₦ '000	2011 ₦ '000	2010 ₦ '000
11. REVENUE RESERVE				
Balance at the beginning of the year	14,947,649	11,483,155	13,428,160	10,477,610
Bonus shares issued	(369,110)	(184,541)	(369,110)	(184,541)
Additional shares issued to IPIN holders	-	(83)	-	(83)
Final dividend paid for prior year	(1,107,330)	(996,598)	(1,107,330)	(996,598)
Redemption of IPIN	8,516	-	-	-
Profit for the year	2,087,990	4,645,716	2,748,511	4,131,772
Balance at the end of the year	15,567,715	14,947,649	14,700,231	13,428,160

12. TURNOVER

Turnover represents the surplus before taxation of the Ogbele Joint Venture operations for the year.

	THE GROUP		THE COMPANY	
	2011 ₦ '000	2010 ₦ '000	2011 ₦ '000	2010 ₦ '000
13. OPERATING COSTS				
Administrative Expenses	1,061,309	140,047	276,992	134,367
Company's Pension Contribution	6,916	6,260	6,916	6,260
Staff Costs (Note 21)	199,817	121,818	130,071	121,818
	1,268,042	268,125	413,979	262,445
14. OPERATING PROFIT	₦ '000	₦ '000	₦ '000	₦ '000
Operating profit is stated after charging:				
Audit Fee	16,984	15,984	10,439	10,439
Depreciation	8,535	888	8,535	888
Directors' Fees	37,545	23,944	37,545	23,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

	THE GROUP		THE COMPANY	
	2011 ₦ '000	2010 ₦ '000	2011 ₦ '000	2010 ₦ '000
15. OTHER INCOME				
Exchange gain	41,125	721	41,125	721
Interest	9,498	1,085	8,012	8
Dividend	1,800	3,000	1,800	3,000
Miscellaneous	851	2,755	173,070	2,755
Provision no longer required	-	110,602	-	32,114
NDPR Net profit interest	203,120	431,413	-	-
	-----	-----	-----	-----
	256,394	549,576	224,007	38,598
	=====	=====	=====	=====

16. IPIN INTEREST

This represents the interest payable to Irredeemable Participating Investment Notes (IPIN) holders for the year.

17. RECONCILIATION OF NET PROFIT AFTER TAXATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	THE GROUP		THE COMPANY	
	2011 ₦ '000	2010 ₦ '000	2011 ₦ '000	2010 ₦ '000
Profit after taxation	2,087,990	4,645,716	2,748,511	4,131,772
	-----	-----	-----	-----
Adjustments to reconcile operational charges to Net Cash provided:				
Depreciation	8,535	888	8,535	888
Interest received	(9,498)	(1,085)	(8,012)	(8)
Interest expense	118,678	98,515	-	-
Changes in assets and liabilities:				
Decrease/(Increase) in trade debtors	13,891,487	(4,834,501)	13,848,302	(4,057,768)
(Decrease)/Increase in creditors and accruals	(141,942)	63,996	(142,943)	81,863
Decrease in company income tax	(791,440)	(290,849)	(501,375)	(479,163)
Increase in deferred tax liability	-	2,105,979	-	1,855,589
	-----	-----	-----	-----
	13,075,820	(2,857,057)	13,204,507	(2,598,599)
	-----	-----	-----	-----
Net cash provided by operating activities	15,163,810	1,788,659	15,953,018	1,533,173
	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

18. BASIC EARNINGS PER SHARE

Basic earnings per share is based on the profit after taxation for a particular year and the number of ordinary shares issued and fully paid as at the end of the respective year.

19. ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share is based on the profit after taxation for the year and 149,387,700 (Company: 150,312,058) ordinary shares issued and fully paid as at 31 December 2011.

20. RELATED PARTIES TRANSACTIONS

During the year the Company entered into various transactions, in the ordinary course of business, with some related parties. Transactions entered into, balances outstanding with related parties have been disclosed in the financial statements.

Amounts due from related companies at the end of the year are:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦'000	₦'000	₦'000	₦'000
Niger Delta Petroleum Resources Ltd (NDPR)	-	-	173,107	-
	=	=	=====	=

21. STAFF COSTS

(a) Employee costs during the year amounted to:

Salaries	145,175	66,373	75,429	66,373
Other staff costs	54,642	55,445	54,642	55,445
	-----	-----	-----	-----
	199,817	121,818	130,071	121,818
	=====	=====	=====	=====

(b) The average number of full time persons employed by the Company during the year was as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Number	Number	Number	Number
Management	2	1	1	1
Finance	12	2	2	2
Administration	25	11	11	11
	---	---	---	---
Total	39	14	14	14
	==	==	==	==

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

21. STAFF COSTS - Continued

- (c) Higher paid employees of the Company, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

	THE GROUP		THE COMPANY	
	2011 Number	2010 Number	2011 Number	2010 Number
Less than 500,000	-	-	-	-
500,001 – 1,000,000	1	-	-	-
1,000,001 – 1,500,000	9	7	7	7
1,500,001 – 2,000,000	2	-	-	-
2,000,001 – 2,500,000	-	-	-	-
Above 2,500,000	27	7	7	7
	---	---	---	---
Total	39	14	14	14
	==	==	==	==

22. DIRECTORS REMUNERATION

The remuneration paid to the Directors of the Company was:

	THE GROUP		THE COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
Emoluments (including fees and sitting allowance)	37,545	23,944	37,545	23,944
	=====	=====	=====	=====

Fees and other emoluments disclosed above include amounts paid to:

	THE GROUP		THE COMPANY	
	2011 N'000	2010 N'000	2011 N'000	2010 N'000
The Chairman	4,805	3,708	4,805	3,708
	=====	=====	=====	=====
The highest paid Director	4,805	3,708	4,805	3,708
	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Continued

23. CONTINGENT LIABILITIES

Contingent liabilities exist in a number of legal suits against Niger Delta Petroleum Resources Limited (NDPR) as the Operator of the Ogbele Joint Venture. The possible liabilities from these cases amount to ₦1,020,740,000. These have not been incorporated in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

24. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31 December 2011, which have not been adequately provided for.

25. RECLASSIFICATIONS

Certain prior year figures have been restated in conformity with current year presentation format.

CONSOLIDATED STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2011

	THE GROUP				THE COMPANY			
	2011 N '000	2010 N '000	2011 N '000	2010 N '000	2011 N '000	2010 N '000	2011 N '000	2010 N '000
Turnover	3,218,316	7,456,361	2,938,483	6,808,030				
Cost of bought in materials and services								
-Local	(1,059,690)	(145,419)	(275,373)	(139,739)				
	-----	-----	-----	-----				
	2,158,626	7,310,942	2,663,110	6,668,291				
Non-trading items	256,394	549,576	224,007	38,598				
	-----	-----	-----	-----				
Value added	2,415,020	7,860,518	2,887,117	6,706,889				
	=====	=====	=====	=====				
		%	%		%	%		
Applied as follows:								
To employees:								
- Staff costs	199,817	8	121,818	2	130,071	4	121,818	2
To Government:								
- Taxes	-	-	887,602	11	-	-	596,822	9
To providers of funds:								
- Interest	118,678	6	98,515	1	-	-	-	-
To provide for the Company's future:								
- Assets' replacement (depreciation)	8,535	-	888	-	8,535	-	888	-
- Deferred taxation	-	-	2,105,979	27	-	-	1,855,589	28
- Revenue reserve	2,087,990	86	4,645,716	59	2,748,511	96	4,131,772	61
	-----	-----	-----	-----	-----	-----	-----	-----
	2,415,020	100	7,860,518	100	2,887,117	100	6,706,889	100
	=====	=====	=====	=====	=====	=====	=====	=====

The value added represents the wealth created through the use of the Company's assets by its employees, management and Board. This statement shows the allocation of that wealth to employees, providers of finance, shareholders and that retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

DECEMBER 31,

THE GROUP	31 December				
	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
Fixed assets	12,603,115	2,584	592	652	56
Investments	50,483,127	30,656,536	24,789,296	18,585,803	8,270,751
Net current liabilities	(16,737,612)	(10,863,622)	(10,749,487)	(8,917,921)	(4,698,747)
Irredeemable Participating Investment Notes (IPIN)		-	-	(356,463)	(356,463)
Long term loan	(25,503,206)	-	-	-	-
Deferred taxation	(3,728,023)	(3,728,023)	(1,622,044)	(750,665)	(70,469)
	17,117,401	16,067,475	12,418,357	8,561,406	3,145,128
Share capital	1,493,877	1,107,330	922,706	735,433	735,425
Share premium	55,809	12,496	12,496	1,219,233	1,225,242
Premium on IPIN	-	-	-	222,090	222,090
Revenue reserve	15,567,715	14,947,649	11,483,155	6,384,650	962,371
	17,117,401	16,067,475	12,418,357	8,561,406	3,145,128
Turnover	3,218,316	7,456,361	7,192,838	8,077,863	515,870
Profit before taxation	2,087,990	7,639,297	6,925,564	7,752,631	197,220
Taxation	-	(2,993,581)	(1,734,788)	(1,578,420)	134,289
Profit after taxation	2,087,990	4,645,716	5,190,776	6,174,211	331,509
Basic earnings per share	N13.98	N41.95	N56.26	N83.95	N4.51
Adjusted Earnings per share	N13.98	N31.10	N34.75	N41.33	N2.22
Final Dividend per share	-	N10.00	N9.00	N1.00	N10.00
Return on Net Assets Employed (%)	12	29	42	72	11

FIVE-YEAR FINANCIAL SUMMARY

THE COMPANY

	31 December				
	2011	2010	2009	2008	2007
	₦'000	₦'000	₦'000	₦'000	₦'000
Fixed assets	21,231	2,584	592	652	56
Investments	55,664,368	28,791,499	23,384,273	17,717,431	8,272,840
Net current liabilities	(18,329,361)	(10,842,226)	(10,423,771)	(8,568,633)	(4,408,968)
Irredeemable Participating Investment Notes (IPIN)	-	-	-	(356,463)	(356,463)
Long term loan	(17,693,206)	-	-	-	-
Deferred taxation	(3,403,871)	(3,403,871)	(1,548,282)	(685,395)	(64,342)
	-----	-----	-----	-----	-----
	16,259,161	14,547,986	11,412,812	8,107,592	3,443,123
	=====	=====	=====	=====	=====
Share capital	1,503,121	1,107,330	922,706	735,433	735,661
Share premium	55,809	12,496	12,496	1,456,847	1,465,566
Premium on IPIN	-	-	-	222,090	222,090
Revenue reserve	14,700,231	13,428,160	10,477,610	5,693,222	1,019,806
	-----	-----	-----	-----	-----
	16,259,161	14,547,986	11,412,812	8,107,592	3,443,123
	=====	=====	=====	=====	=====
Turnover	2,938,483	6,808,030	6,567,378	7,375,493	471,015
	=====	=====	=====	=====	=====
Profit before taxation	2,748,511	6,584,183	6,446,041	6,549,269	59,299
Taxation	-	(2,452,411)	(1,569,382)	(1,123,921)	140,837
Profit after taxation	2,748,511	4,131,772	4,876,659	5,425,348	200,136
	=====	=====	=====	=====	=====
Basic earnings per share	₦18.29	₦37.31	₦52.85	₦73.77	₦2.72
Adjusted Earnings per share	₦18.29	₦27.49	₦32.44	₦36.09	₦1.33
Final Dividend per share	-	₦10.00	₦9.00	₦1.00	₦10.00
Return on Net Assets					
Employed (%)	17	28	43	67	6

**SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	₦'000	₦'000	₦'000	₦'000
1. ADMINISTRATIVE EXPENSES				
Audit fee	16,984	15,984	10,439	10,439
Bad debt	-	1,833	-	1,833
Bank charges	9,518	1,615	9,504	1,585
Depreciation	8,535	888	8,535	888
Directors' fees	37,545	23,944	37,545	23,944
Donations	8,750	8,381	8,750	8,381
Entertainment and gifts	34,731	3,037	34,731	3,037
Exchange loss	235,268	-	-	-
Insurance	16,112	6,521	16,112	6,521
Medical	1,425	3,566	1,425	3,566
Office rent	4,000	4,000	4,000	4,000
Other office expenses	18,434	19,946	18,434	19,946
Other taxes	200	-	200	-
Pre-production expenses	507,111	-	-	-
Professional fees	111,630	23,756	76,353	23,756
Repairs and maintenance	6,310	3,176	6,310	3,176
Stamp duties	169	72	169	72
Statutory fees	16,636	387	16,636	387
Telephone and postage	1,460	1,907	1,460	1,907
Training and seminar	7,583	140	7,583	140
Traveling and passages	18,908	20,894	18,806	20,789
	-----	-----	-----	-----
	1,061,309	140,047	276,992	134,367
	=====	=====	=====	=====

2. TOTAL PROVED RECOVERABLE RESERVES

Estimated Quantities of Total Proved Developed and Undeveloped Oil, Condensate and Natural Gas Liquids Reserves (million barrels of oil equivalent) in the Ogebele field.

	2011	2010	2009	2008	2007
Total Hydrocarbon Reserves (Liquids+ Gas):					
At beginning of year	64.98	18.19	6.07	7.45	8.02
Revision	-	48.03	13.74	-	-
Production	(0.82)	(1.24)	(1.62)	(1.38)	(0.57)
	-----	-----	-----	-----	-----
At end of year	64.16	64.98	18.19	6.07	7.45
	=====	=====	=====	=====	=====

Panoramic View of NDPR 'Topping Plant' at Ogbele





NIGER DELTA
EXPLORATION & PRODUCTION PLC

191616

2011 ANNUAL REPORT





Aerial view of Storage tanks and Separators



NIGER DELTA
EXPLORATION & PRODUCTION PLC
191616
2011 ANNUAL REPORT



PROXY FORM

17th ANNUAL GENERAL MEETING (AGM) to be held at the Metropolitan Club, 15, Kofo Abayomi Street, Victoria Island, Lagos on Wednesday, 25th July 2012 at 11:00 a.m.

I/We _____

being member/members of Niger Delta Exploration & Production Plc hereby appoint
*

.....
or failing him Dr Layi Fatona, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 25th July 2012 at 11:00 a.m. and at any adjournment thereof.

Dated this _____ day of _____ 2012

NUMBER OF SHARES		
RESOLUTION	FOR	AGAINST
1. To lay before the members the Audited Financial Statements for the year ended 31st December 2011 and the Reports of the Directors, Auditors and Audit Committee thereon.		
2. To declare a dividend		
3. To re-elect Directors		
4. To re-appoint the Auditors.		
5. To authorise the Directors to determine the remuneration of the Auditors.		
6. To re-elect/elect members of the Audit Committee.		
7. To fix the remuneration of the Directors for the year ending 31st December 2012.		

SHAREHOLDER'S NAME

IMPORTANT

1. Before posting the above proxy, please tear this part off and retain it. A person attending the Annual General Meeting of the Company or his proxy should produce this card to secure admission to the meeting.
2. A member of the Company is entitled to attend and vote at the Annual General Meeting of the Company. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case the above card may be used to appoint a proxy.
3. In line with best practice, the name of a Director of the company has been entered on the Proxy Form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked*) the name of the person, whether a member of the Company or not, who will attend and vote on your behalf instead of the Director named.
4. The above Proxy Form when completed, must be deposited at the Registered Office of the Company being 15 Festival Road Victoria Island, Lagos, not less than 48 hours before the time fixed for the meeting.
5. It is a requirement of the law under the Stamp Duties Act, Cap 58, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a stamp duty.

Signature of person attending

Admission Card

Annual General Meeting to be held on Wednesday 25th July 2012 at Metropolitan Club, 15, Kofo Abayomi Street, Victoria Island, Lagos 11.00 a.m.

I/We _____ Number of Shares _____

NDPR Mini Diesel Refinery 'Topping Plant'





www.ngdelta.com