

ANNUAL
REPORT
AND FINANCIAL REPORT
2016

MAUREL  PROM

GROUP PRESENTATION

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CHAIRMAN'S MESSAGE

Dear Shareholders,

It is a great honour for me to succeed Jean-François Hénin as Chairman of the Maurel & Prom Board of Directors. Jean-François Hénin has built an internationally renowned independent oil operator from the ground up. Today he passes on a qualified team, a diverse range of high-quality assets, and effective procedures to become part of Pertamina group.

Pertamina is the Indonesian state-owned energy company, with business ranging from upstream to downstream, being mainly Oil and Gas Exploration, Production, Refining, Distribution and Marketing, as well as Geothermal and Renewables. It has strong and diverse capabilities technically and financially, and M&P with its own capabilities we believe would be complementary to enable both companies to grow together in various ventures.

The experience brought by the Maurel & Prom teams, its new directors and myself will hopefully contribute to achieving this goal.

In this regard, I have 35 years' experience in the Oil & Gas sector. I spent 30 years with the Total group, mainly with Total Indonesia, with several years in France and Libya, working on various projects in Indonesia, Norway, Libya and Nigeria. In 2012, I joined the Indonesian Oil & Gas regulatory body to develop the upstream industry in Indonesia and since 2015 I have been the Upstream Adviser to Pertamina's CEO.

The change of governance in Maurel & Prom will not affect the bond established with minority shareholders throughout this adventure. Maurel & Prom, together with the Pertamina team, will be focusing its efforts on achieving our goals in creating value in the International Oil & Gas business in various parts of the world, while maintaining close links with existing shareholders and attracting new shareholders by setting and achieving new goals.

I look forward to seeing you on 22 June 2017 at the next General Shareholders' Meeting in Paris to share our vision of Maurel & Prom's future.

Aussie B. Gautama

Chairman of the Board of Directors



PROFILE

Maurel & Prom is an oil company specialising in the production of hydrocarbons. It is listed on Euronext Paris and has its registered office in Paris.

The Group generates most of its business in Africa through the exploitation of onshore production assets (in Gabon and Tanzania) and a significant stake in SEPLAT, one of Nigeria’s leading indigenous operators.

Since 16 February 2017 Maurel & Prom has been controlled by **PIEP**, a subsidiary of oil company Pertamina, and aims to become the international development platform for the upstream activities of Pertamina.

2P Reserves 203 MMboe <i>After royalties excluding Nigeria</i>	Production 25,202 boepd <i>M&P share in 2016</i>	Employees 526 <i>90% of them in Africa</i>
Number of fatalities 0	Lost Time Injury Frequency (LTIF) 0	Total Recordable Injury Rate (TRIR) 4.2

ABOUT PERTAMINA

Pertamina is an integrated Oil and Gas group wholly owned by the Indonesian government. The group is active in exploration and production (Oil and Gas), LNG (Liquefied Natural Gas), and other alternative sustainable energies.

Pertamina’s core businesses in the upstream Oil and Gas sector are exploration, production and drilling. The upstream teams are also in charge of geothermal power operations.

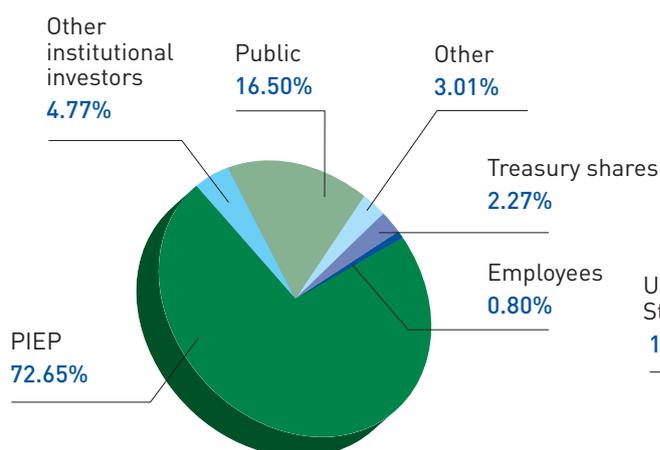
In the international arena, Pertamina operates in Algeria, Iraq and Malaysia through its subsidiary PIEP, whose daily average production in 2016 amounts to 126 Mboepd of which 70% is oil production.

Pertamina distributes fuel to more than 250 million people across the Indonesian archipelago. It has the infrastructure and assets (terminals, tankers, fuel tanker trucks and pipelines) to distribute fuel to one of the world’s most complicated grid.

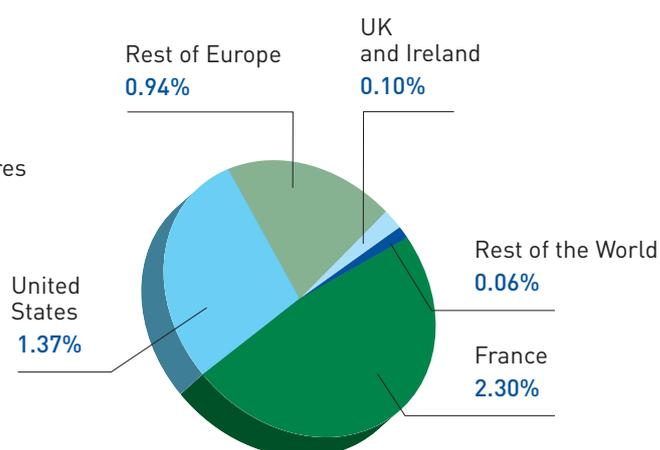
SHAREHOLDING

at 2 March 2017

Breakdown by type of holder
(as a % of capital)



Breakdown by geographical region of other institutional investors
(as a % of capital)



Following the public offer initiated by PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), a wholly owned subsidiary of the Indonesian company Pertamina, on Maurel & Prom shares that was completed on 9 February 2017, PIEP holds 72.65% of the capital of Maurel & Prom.

As at 2 March 2017, Maurel & Prom had approximately 31,000 shareholders. The free float portion was 24.28% and no shareholder, with the exception of PIEP, owned more than 2% of the capital.

THE MAUREL & PROM STOCK

Place of listing:	Euronext Paris
ISIN code:	FR0000051070
Indices:	CAC All-Share – CAC Oil & Gas – Next 150
Other:	PEA-PME and SRD eligible

Total number of shares: 195,340,313

Treasury shares: 4,431,264

Shares outstanding: 190,909,049

MANAGEMENT

Aussie B. Gautama

Chairman of the Board of Directors

Aussie B. Gautama, an adviser to Pertamina's executive management on Exploration and Production activities since 2015, has held a number of successive positions at Total (1982-2012).

In 1991 he joined Total in Paris, working as a geologist on the Midgard project in Norway for two years. From 1998 to 2000, he worked at Total Libya as head of geology and geophysics. In 2005 he returned to Total in Paris where he spent two years coordinating the OML 130 Egina-Preowei project in Nigeria. From 2007 to 2012, he served as Vice President Geosciences & Reservoir at Total E&P Indonesia. In 2012 Aussie B. Gautama was appointed Deputy for Planning Management at SKK Migas, the Indonesian regulatory authority tasked with managing exploration and production activities in the country's hydrocarbon industry.

A graduate of the Bandung Institute of Technology in Indonesia, Aussie B. Gautama has also received a solid international education at schools such as ENSPM and INSEAD. Since 10 April 2017 he has served as Chairman of Maurel & Prom's Board of Directors.

Michel Hochard

Chief Executive Officer

Graduate of the Commercial Institute of Nancy (ICN) and qualified public accountant. Internal auditor then head of the Elf Aquitaine Finance Division for Africa and the Middle East, Finance Director of SNEAP (Société Nationale Elf Aquitaine Production) and then Elf Aquitaine Production. He was Deputy Director of Human Resources at Elf E&P and Director of Operations for PriceWaterhouseCoopers BPO. From September 2007 to May 2014, he was Chief Financial Officer of Maurel & Prom. He currently serves as Chief Executive Officer of Maurel & Prom and director of SEPLAT's Board.

Philippe Corlay

Chief Operating Officer

A graduate of Hautes Etudes Industrielles in Lille and the School of Petroleum and Engines, Philippe Corlay began his career in the Deposit Department of Beicip-Franlab before joining the French Petroleum Institute, where he became head of the Assisted Hydrocarbon Recovery project. He was then Chief Operating Officer of Coparex from 1998 to 2003, when he joined Maurel & Prom and became Production Manager in 2008 and then Director of Operations in 2013. He is currently Group Chief Operating Officer.



GOVERNANCE

BOARD OF DIRECTORS

Aussie B. Gautama

Chairman of the Board of Directors

Carole Delorme d'Armaillé

Independent director

Nathalie Delapalme

Independent director

Maria R. Nellia

Director

PIEP

Director

represented by Huddie Dewanto

Xavier Blandin

Independent director

Denie S.Tampubolon

Director

Roman Gozalo

Independent director

Christian Bellon de Chassy

Observer

SPECIAL COMMITTEES

AUDIT COMMITTEE

Roman Gozalo

Chairman, independent director

Xavier Blandin

Independent director

PIEP

Director

represented by Huddie Dewanto

RISK OBSERVATORY

Carole Delorme d'Armaillé

Chairman, independent director

Roman Gozalo

Independent director

Nathalie Delapalme

Independent director

Maria R. Nellia

Director

APPOINTMENTS AND COMPENSATION COMMITTEE

Nathalie Delapalme

Chairman, independent director

Denie S.Tampubolon

Director

Xavier Blandin

Independent director

1 GABON

Ezanga – 5,608 sq km

Production
M&P 80% (operator), Tullow 7.5%,
the Gabonese Republic 12.5%

Exploration

M&P 100% (operator)

Kari – 2,659 sq km

Exploration

M&P 100%

Nyanga-Mayombe – 2,831 sq km

Exploration

M&P 100%

2 TANZANIA

Bigwa-Rufiji/Mafia – 12,025 sq km

Exploration

M&P 60% (operator)

Mnazi Bay – 756 km sq km

Exploration

M&P 60% (operator), Wentworth 40%

Development / Production

M&P 48.06% (operator), Wentworth 31.94%,

TPDC 20%



3 NIGERIA

OMLs 4, 38 and 41 – 2,650 sq km

Production

SEPLAT (21.37% M&P): 45%

OML 283

Production

SEPLAT (21.37% M&P): 40%

OML 53 – 1,585 sq km

Production

SEPLAT (21.37% M&P): 40%

OML 55 – 840 sq km

Production

SEPLAT (21.37% M&P): 22.5%

4 COLOMBIA

Muisca – 2,320 sq km

Exploration

M&P Colombia (50% M&P): 100%

COR-15 – 1,194 sq km

Exploration

M&P Colombia (50% M&P): 100%

CPO-17 – 2,104 sq km

Appraisal

M&P Colombia (50% M&P): 50%,

Hocol 50% (operator)

5 MYANMAR

Block M2 – 9,652 sq km

Exploration

M&P 40%, Petrovietnam 45% (operator),
Eden Group Company 15%

6 NAMIBIA

Permit 0044 – 5,122 sq km

Exploration

M&P 42.5% (operator), AziNam 42.5%,
National Petroleum Corporation of Namibia 8%,
Livingstone Mining Resource Development 4%,
Frontier Mineral Resources 3%

Permit 0045 – 17,133 sq km

Exploration

M&P 42.5% (operator), AziNam 42.5%,
National Petroleum Corporation of Namibia 8%,
Livingstone Mining Resource Development 4%,
Frontier Mineral Resources 3%

ASSET PORTFOLIO

(At the date of the Annual Report)

7 CANADA

Anticosti – 6,195.6 sq km

Exploration

M&P 21.7%, Pétrolia 21.7% (operator),
Corridor Resources 21.7%,
Resources Quebec 35%

Alberta (12 permits) – 31 sq km

Appraisal

M&P 25%, Andora 50% (operator),
Deep Well O&G (25%)

Alberta (13 permits) – 1,892 sq km

Exploration

M&P 50%, Pétrolia 50% (operator)

8 FRANCE (Headquarters)

Lavignolle – 215 sq km

M&P 50% (operator), Indorama 50%

Mios – 60 sq km

M&P 50% (operator), Indorama 50%

9 ITALY

Fiume Tellaro – 750 sq km

M&P 100%

FINANCIAL REPORT

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ANNUAL REPORT 2016



Etablissements Maurel & Prom
Public Limited Company with a Board of Directors
with capital of €150,412,041.01

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This 2016 Annual Report includes the annual financial report
as referred to in Article 222-3 of the AMF General Regulations



This Annual Report was filed with the Autorité des marchés financiers on 26 April 2017 pursuant to the provisions of Article 212-13 of its General Regulations. It may be used in support of a financial transaction if it includes the relevant transaction notice from the Autorité des marchés financiers. It was prepared by the issuer and is the responsibility of its signatories.

Incorporation by reference: pursuant to Article 28 of Regulation (EC) No. 809/2004 of 29 April 2004, the reader is referred to prior Annual Reports with regard to certain information:

1 – for the 2015 fiscal year: the management report, consolidated and annual financial statements, including the reports of the Statutory Auditors on those statements, appear in the Annual Report filed on 22 April 2016 with the Autorité des marchés financiers under number D.16-0390 (in paragraphs 8.1.1. to 8.1.5.);

2 – for the 2014 fiscal year: the management report, consolidated and annual financial statements, including the reports of the Statutory Auditors on those statements, appear in the Annual Report filed on 17 April 2015 with the Autorité des marchés financiers under number D.15-0366 (in paragraphs 8.2.2. to 8.2.4.).

These documents are available on the websites of the Company www.maureletprom.fr and the Autorité des marchés financiers www.amf-france.org

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1

INTRODUCTION TO MAUREL & PROM GROUP

1.1. PROFILE

Maurel & Prom is an oil company specialising in the production of hydrocarbons. It is listed on Euronext Paris and has its registered office in Paris. The Group generates most of its business in Africa through the exploitation of onshore production assets (in Gabon and Tanzania) and a significant stake in SEPLAT, one of Nigeria's leading indigenous operators. Maurel & Prom's proven and probable oil reserves amounted to 203 MMboe at the end of 2016 (78% in Gabon and 22% in Tanzania), while its production share in 2016 was 25,202 boep (86% oil, 14% gas).

Following the takeover bid initiated by PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), the wholly owned subsidiary of Indonesian company PT Pertamina (Persero), for Maurel & Prom securities, which ran from 15 December 2016 to 9 February 2017 (the "takeover bid"), PIEP owns 72.65% of Maurel & Prom's capital (for more details regarding the takeover bid, see paragraph 1.2.4. of this Annual Report, p. 17).

1.1.1. Group oil and gas reserves

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially.

At 31 December 2016, these reserves were certified by DeGolyer and MacNaughton in Gabon and by RPS Energy in Tanzania.

▼ P1+P2 reserves net of royalties

	Oil (MMbbl) Gabon	Gas (bcf) Tanzania ⁽¹⁾	TOTAL MMboe
01/01/2016	159.5	272.5	204.9
Production	-7.4	-7.6	-
Revision	+5.6	+7.4	-
31/12/2016	157.7	272.3	203.1
<i>of which P1 reserves net of royalties</i>	125.1	165.6	152.7
<i>or</i>	79%	61%	75%

(1) Royalties due under the production sharing agreement are paid by Tanzania Petroleum Development Corporation (TPDC).

1

INTRODUCTION TO MAUREL & PROM GROUP

[Profile]

1.1.2. History

1831

Creation of Maurel & Prom – shipping lines

2001

Discovery of M'Boundi in Congo

2005

Entry in Tanzania, Gabon, Colombia,
Venezuela and Peru

2006/2007

Discovery of Onal in Gabon and Ocelote in Colombia
Sale of M'Boundi and Kakouala to ENI

2008/2009

Sale of Hocol Colombia to Ecopetrol

2010

Entry into Nigeria with SEPLAT

2011

Sale of M&P Venezuela

Sale of Caroil (drilling business) to Tuscany

Spin-off of Maurel & Prom Nigeria (MPN), now MPI

2013

Sale of Sabanero in Colombia

Entry into Myanmar and Canada

2014

Signature of a new exploration and production sharing
agreement (EPSA) at Ezanga in Gabon

Signature of a gas sale agreement in Tanzania

2015

Debt refinancing, merger-absorption of MPI

2016

Sale of 24.53% of the Maurel & Prom share capital
held by Pacifico to PIEP. Takeover bid for Maurel &
Prom securities, initiated by PIEP. At the completion
of the takeover bid (which was reopened and for which
settlement-delivery took place on 22 February 2017),
PIEP held 72.65% of the Company's capital

Early repayment of the Crédit Suisse financing in the
amount of US\$33 million

1

INTRODUCTION TO MAUREL & PROM GROUP

[Business overview]

1.2. BUSINESS OVERVIEW

Maurel & Prom's activities are split into three segments: exploration, production and drilling.

1.2.1. Production activities

The Group conducts its hydrocarbon production activities through the exploitation of its assets in Gabon and Tanzania.

In 2016 the Group produced, on its own behalf, the equivalent of 25,202 boepd split between conventional oil in Gabon (86%) and gas production in Tanzania (14%).

▼ Maurel & Prom working interest production

	unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	2015	Chg. 16/15
Oil	bopd	19,910	22,195	22,666	22,237	21,756	17,078	+27%
Gas	MMcf/d	22.8	24.5	16.5	18.9	20.7	7.6	+172%
TOTAL	<i>boepd</i>	23,717	26,279	25,413	25,392	25,202	18,367	+37%

Gabon

The average level of oil production in Gabon in 2016 was 27,195 bopd (total production), or 21,756 bopd for M&P's share, up 27% over the previous year.

Production at the Ezanga field (80% of interests operated by Maurel & Prom) was very stable in 2016, despite:

- ▶ a decision to halt development drilling in 2015;
- ▶ reinforcement work on the 12" routing line between the Coucal station and the junction with the 18" pipeline, limiting the field's production for the month of March 2016;
- ▶ a strike organised by the national oil workers' union (Organisation nationale des employés du pétrole – Onep) in October 2016, leading to a three-day reduction in production to safeguard non-striking personnel as well as the facilities themselves.

These effects were offset by productivity gains most notably from water-injection optimisation following work

performed on the wells, allowing better vertical sweep efficiency of the oil in deposit strata. Similarly, the injection's surface distribution was improved as a result of recommendations made after the wells' behaviour was integrated into geological and reservoir engineering models. Lastly, extensive optimisation was carried out on pump production parameters. This included installing centrifugal pumps on a number of wells to improve performance and reduce downtime caused by breaks in some of the progressive cavity pumps.

These optimisation efforts would not have been possible without ongoing work to improve water injection and power generation capacities at the Ezanga permit. Water injection capacities rose to 100,000 bpd in 2016 and will reach 150,000 bpd in 2017. At the end of 2016, water injection for all Ezanga fields amounted to 63,000 bpd. This level is expected to rise significantly in 2017.

Power at the Ezanga facilities is generated for the most part by the use of production-related gas. New generators are scheduled to be installed in mid-2017 to take the site's total power generation capacity to 17 MW.

INTRODUCTION TO MAUREL & PROM GROUP

[Business overview]

Lastly, in 2016 the capacity for treating produced saltwater related to oil production was increased to 69,000 barrels of water per day after works were completed. This water is recycled in injected water.

With regard to oil evacuation, reinforcement and repair works were carried out in March 2016 on the Association Coucal's export pipeline network linking Maurel & Prom's Coucal facilities to the Cap Lopez terminal.

Tanzania

In Tanzania, the gas production level is dependent on consumption by the industrial sector in Dar Es Salaam. Requests are made to the operator, Maurel & Prom, by the country's national oil company Tanzania Petroleum Development Corporation (TPDC).

In 2016, gas production amounted to 20.7 MMcf/d for M&P's share (48.06%), reflecting the ramp up of TPDC's demand for gas, to date below forecasts. Gas production capacity on the Mnazi Bay permit is currently around 80 MMcf/d for average operated production of around 43 MMcf/d.

1.2.2. Exploration activities

In 2016 the Group continued its strategy to focus its investment efforts on production activities and on the mothballing of exploration activities, a strategy introduced in 2014 at a time of low oil prices.

In Colombia, the conversion of the COR-15 Technical Evaluation Agreement (TEA) into an exploration permit is being finalized with the Colombian National Hydrocarbon Agency (Agencia Nacional de Hidrocarburos – ANH).

In Canada, in the province of Quebec, on Anticosti Island, in June 2016, Anticosti Hydrocarbons was awarded an "Environmental Authorization Certificate" to proceed with the planned exploration drilling using horizontal drains and fracturing. This led Anticosti Hydrocarbons (in which the Company holds 21.67% of the capital) to adjust the initial drilling programme in order to avoid having to carry out the work in particularly difficult winter weather conditions in a very remote environment.

Anticosti Hydrocarbons is studying the implications of Anticosti Island's application to be designated a world heritage site in Canada under UNESCO's Convention concerning the protection of world cultural and natural heritage.

It should be noted that this project is encountering difficulties with regard to the acceptability of oil company initiatives by politicians in office and the local populations. Discussions are under way in order to find a financial solution to the obstacles that the operator has encountered in recent months.

In Canada, in the province of Alberta, at Sawn Lake the pilot test of the Steam Assisted Gravity Drainage (SAGD) process was mothballed in March 2016. A request for administrative authorisation to increase production to 3,200 bopd with five new pairs of wells – if market conditions permit – was filed with the Province of Alberta's authorities in 2016.

In Namibia, the interpretation of the offshore seismic 3D, recorded at the end of 2015, is continuing.

In Myanmar, an extension was granted until the end of September 2017 to continue the analysis of the permit's data and thus define a programme of exploration works, if appropriate.

1.2.3. Drilling activities

The Group's drilling activities are largely conducted by Caroil, the Group's wholly owned subsidiary, which owns a fleet of eight drilling rigs outright and has an additional rig under management.

In 2016, Caroil's drilling activities focused on managing the decline in the activity since 2015, diversifying its project management skills and winning a contract to provide drilling services to an oil operator in Tanzania.

Furthermore, Maurel & Prom directly owns a drilling rig located in Colombia. The drilling rig was leased to a local company as from June 2016. Leasing was billed out in 2016 for a total of US\$1.4 million. This leasing agreement is expected to be extended in 2017 for at least another four months.

INTRODUCTION TO MAUREL & PROM GROUP

[Business overview]

1.2.4. Head office

In addition to its main functions (general and strategic management, management of technical, financial, legal and human resources support functions), head office handled all the processes related to PIEP's takeover bid on the Maurel & Prom securities in late 2016/early 2017.

The key stages prior to the takeover bid as well as the takeover bid process and outcome are summarised below:

- ▶ on 1 August 2016, Pacifico and PT Pertamina (Persero) announced that they had signed an agreement whereby Pacifico would sell its entire stake in Maurel & Prom to PT Pertamina (Persero) for €4.20 per share plus an earn-out of €0.50 per share payable if the price of Brent exceeded US\$65 on all trading days for a period of 90 consecutive calendar days between 1 January 2017 and 31 December 2017 (both dates inclusive). On completion of the transaction, PT Pertamina (Persero) would launch a voluntary takeover bid under the same conditions as those offered to Pacifico, subject to the approval of Maurel & Prom's Board of Directors;
- ▶ at its meeting of 24 August 2016, Maurel & Prom's recorded the sale of the 47,916,026 shares held by Pacifico, representing 24.53% of Maurel & Prom's share capital, to PT Pertamina (Persero) or to one of its subsidiaries (the "**Block Sale**"). The Board welcomed the planned draft takeover bid and expressed its intention to recommend to the shareholders to tender their shares in the planned takeover bid in the reasoned opinion it was required to issue in accordance with stock market regulations subject to obtaining a favourable opinion from the independent appraiser. The Board of Directors then appointed the firm Ledouble as independent appraisers and decided to set up a committee of independent directors in accordance with best governance practices and AMF (French Financial Markets Authority) recommendation no. 2006-15. The Board of Directors also authorised the signing of an agreement pertaining to the takeover bid, subject to the definitive completion of the Block Sale;
- ▶ on 25 August 2016, the Block Sale took effect after the relevant conditions precedent had been fulfilled;
- ▶ following receipt of the independent appraiser's report attesting that the takeover bid was fair to shareholders and to 2019 ORNANE and 2021 ORNANE holders, the Board of Directors, at its meeting of 2 December 2016, deemed that the takeover bid was in the interest of the Company, its shareholders, 2019 ORNANE and 2021 ORNANE holders and its employees and issued a reasoned opinion to that effect, recommending that holders of securities tender their shares into the takeover bid;
- ▶ in compliance with its commitment, on 2 December 2016 PIEP filed a draft takeover bid with the Autorité des marchés financiers AMF on the Maurel & Prom's shares at a price (i) per share equal to the price paid to Pacifico in the aforementioned acquisition and (ii) per 2019 ORNANE and 2021 ORNANE equal to their nominal value plus accrued interest;
- ▶ at its meeting of 13 December 2016, the (AMF) ruled that PIEP's takeover bid was compliant;
- ▶ at the end of the first phase of the takeover bid, which was open from 15 December 2016 to 19 January 2017, PIEP held a total of 125,924,574 Maurel & Prom shares and voting rights, representing 64.46% of the capital. Since the minimum condition required in application of Article 231-9 I of the General Regulations of the AMF, i.e. holding a number of shares representing a portion that exceeds 50% of the capital or voting rights of the Company at the completion of the takeover bid was met, the takeover bid was reopened from 27 January 2017 to 9 February 2017.

▶ In total, at the end of the reopened takeover bid, PIEP held 141,911,939 Maurel & Prom shares representing the same number of voting rights, i.e. 72.65% of Maurel & Prom's capital and at least 71.39% of its voting rights, 7,635,839 2019 ORNANE bonds and 4,359,150 2021 ORNANE bonds.

1

INTRODUCTION TO MAUREL & PROM GROUP

[Financial information]

1.3. FINANCIAL INFORMATION

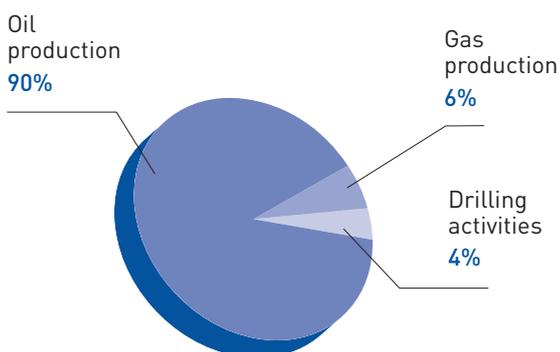
The financial information presented above is taken from the consolidated financial statements as at 31 December 2016.

▼ Consolidated key figures

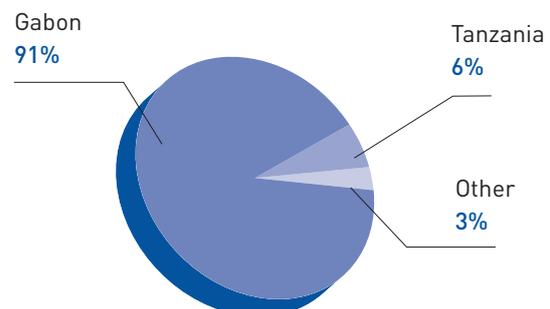
(in millions of euros)

	2016	2015
SALES	317	276
EBITDA	141	107
OPERATING INCOME	17	-25
FINANCIAL INCOME	-30	-7
Income from equity associates	-28	-95
Corporate income tax	-9	32
CONSOLIDATED NET INCOME	-50	-95

Sales by type of activity



Sales by geographic region



1

INTRODUCTION TO
MAUREL & PROM GROUP

[Financial information]

▼ Key balance sheet items

(in millions of euros)

	2016	2015
INTANGIBLE ASSETS	318	319
PROPERTY, PLANT AND EQUIPMENT	1,466	1,504
Free cash flow	193	274
Group shareholders' equity	1,075	1,102
Bonds	347	342
Bank borrowings	383	396

1.3.1. Analysis of consolidated income

The average selling price of Brent suffered a decline compared to fiscal 2015 in an economic environment characterised by low Brent prices. It stood at US\$42.7/bbl in fiscal 2016 versus US\$47.1 in 2015, a drop of 9%. However, this was offset by a significant increase in production compared to fiscal 2015, a year that had been impacted in particular by a shutdown in production in Gabon for the entire month of September. Total production (Gabon and Tanzania) for M&P's share was 25,202 boepd in 2016 versus 18,367 boepd for the same period in 2015, an increase of 37%. Sales stood at €317 million in 2016 versus €276 million in 2015, an increase of 15%.

The euro to dollar exchange rate was stable over the period at an average of 1.11.

The improved average production level and controlled fixed costs allowed the Group to post a higher EBITDA margin, up from 39% to 44%. As a result, operating income was a positive €17 million (versus -€25 million in 2015).

Cost of gross debt was down slightly at -€36 million due to the early repayment on 13 September 2016 of the US\$33.3-million balance on the credit agreement entered into by Maurel & Prom Drilling Services, Maurel & Prom,

Caroil and Crédit Suisse Group shareholders', dated 23 December 2013 for an initial amount of US\$50 million.

The Group's share of the income of equity associates was -€28 million, primarily on account of SEPLAT's performance, which was heavily impacted by the shutdown since mid-February 2016 of the export terminal, operated by a third party.

The Group's consolidated net income for fiscal 2016 was -€50 million versus -€95 million in 2015.

In 2016, Maurel & Prom continued to pursue its cost-reduction strategy by amending its investment programme and controlling its entire cost structure. Accordingly, cash flow generated by operations, which was negative in fiscal 2015, stood at a positive €86 million in 2016. This cash flow, in addition to the €4 million dividend received from SEPLAT, was used to finance *(i)* investments of €44 million (for the most part in Gabon on the Ezanga production permit), *(ii)* repay the Crédit Suisse credit facility (US\$33 million) and *(iii)* pay interest on borrowings (€20 million).

Consequently, as at 31 December 2016, the Group had €264 million in cash, €193 million of it available, and a collateral deposit of US\$75 million to guarantee the Revolving Credit Facility or ("RCF") described in paragraph 7.3.2. of this Annual Report, p. 246.

1.3.2. Financing

As at 31 December 2016, Maurel & Prom's debt comprised two fixed-rate bond borrowings (2019 ORNANE bonds with an exercise price of €253 million and 2021 ORNANE bonds with an exercise price of €115 million) and a variable-rate revolving credit facility (RCF) maturing at the end of 2020 and drawn down in the amount of US\$400 million. For further information regarding the financing of the Group, refer to paragraph 7.3.2. of this Annual Report, p. 246.

Given the economic environment in the first half of 2016, Maurel & Prom and its banking consortium decided to amend some of the terms of the RCF as follows:

- ▶ the Group's net consolidated debt to EBITDAX⁽¹⁾ ratio was supposed to be below 6 at 30 June 2016 and below 5.5 at 31 December 2016. It must be below 5 at 30 June 2017, below 4 at 31 December 2017 and below 3 on and after 30 June 2018;
- ▶ a security deposit of US\$ 75 million was paid and is reported under non-current financial assets as a cash deduction;
- ▶ SEPLAT shares were pledged for an equivalent of \$25 million.

The Company confirms that as at 31 December 2016, it was in compliance with its commitments in respect of the RCF, as amended.

Maurel & Prom also had other financing available under the credit agreement entered into Maurel & Prom Drilling Services, Maurel & Prom, Caroil and Crédit Suisse and dated 23 December 2013 for an initial amount of US\$50 million. Following the Block Sale, Crédit Suisse requested the early repayment of its line of credit. Accordingly, on 13 September 2016, the Group repaid early the balance of the US\$ 33.3-million financing.

1.3.3. Company financial statements

Company sales correspond exclusively to services and studies provided to the Company's subsidiaries, especially in Gabon and Tanzania, in the amount of €16 million.

Net income for fiscal 2016 was a loss of €37.5 million related to exchange rate fluctuations versus a loss of €196.4 million resulting from asset impairment charges the previous year.

The balance sheet total at 31 December 2016 stood at €1,052 million, versus €1,059 million at 31 December 2015. Shareholders' equity at 31 December 2016 stood at €200 million, versus €240 million at 31 December 2015.

To simplify the legal structure of the Group, Saint-Aubin Energie, MP Québec and Maurel & Prom Volney 2. merged with and into the Company through dissolution and transfer of all assets and liabilities with retroactive effect as at 1 January 2016. This transaction generated a merger loss of €108 million, offset by provision write-backs in the same amount.

The Company recognised dividends in the amount of €29 million paid out by Maurel & Prom Gabon and in the amount of €4 million paid out by SEPLAT.

The Company financed the US\$ 33,3 million repayment of the credit agreement with Crédit Suisse through current account advances to Maurel & Prom Drilling Services (see paragraph 1.3.2. of this Annual Report, p. 20).

The Company also posted accrued income related to the favourable outcome of the Dominion arbitration to other receivables in the amount of US\$ 9.6 million, collected in January 2017 (for further information regarding the arbitration, see paragraph 7.7.2. of this Annual Report, p. 250).

(1) EBITDAX is equal to profit before interest, tax, amortization and depreciation and before the impact of exchange gains and losses.;

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INTRODUCTION TO MAUREL & PROM GROUP

[Strategy and outlook]

1.4. STRATEGY AND OUTLOOK

At the completion of the takeover bid as described in paragraph 1.2.4. of this Annual Report, p. 17, PIEP held 72.65% of Maurel & Prom's capital.

Under its strategic development plan, PIEP is seeking to increase operations outside its domestic market, primarily by acquiring exploration and production assets in Africa.

Backed by a steadily growing state-owned industrial company, Maurel & Prom will continue its activities in the same vein while also acting as a platform for the international strategic development of PT Pertamina (Persero) and PIEP's upstream activities.

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RISK FACTORS

Hydrocarbon exploration and production require high levels of investment and are associated with a high risk of loss of the capital invested, due mainly to risks associated with the geographic, economic, legal, political, environmental or societal factors described hereafter. In addition to risks specific to the oil industry, there are also risk factors relating to the Group's own industrial and commercial activity.

In 2015 the Group produced a map of its risks. It began updating this map at the end of 2016 and completed the task on 31 March 2017. Representatives of the main foreign subsidiaries, central services (Executive Management, Administration Department, Finance Department, Operations Department) and members of the Audit Committee and Risk Observatory contributed to this work.

The risk map mentioned above has led to *(i)* the establishment of a list of risks according to their impact on financial resources, operational effectiveness,

reputation or regulatory, legal, fiscal, industrial or corporate compliance, *(ii)* the positioning of risks in relation to one another in terms of impact and when they might materialise, and *(iii)* the identification of mitigation measures. It is also designed to formalise the non-financial risk analysis and rank issues linked to the environment, corporate responsibility and governance against other risks.

Consequently, investors and shareholders are encouraged to review all the information contained in this Annual Report, including the risks described below, before deciding to invest. If they arise, these are the risks that, at the date of filing this Annual Report, could have a significant adverse impact on the Group, its activity, its financial position and/or its earnings, and that are significant when making investment decisions. Other risks of which the Group is not currently aware or that the Group does not consider significant at the date of this Annual Report could also impact its activities.

2.1. RISKS LINKED TO THE GROUP'S OIL AND GAS EXPLORATION AND PRODUCTION ACTIVITIES

2.1.1. Risks linked to the regulatory procedure for obtaining and renewing certain permits

The Group's oil and gas exploration and exploitation activities are subject to the various regulations that apply in this sector (Oil Code, law relating to hydrocarbon exploitation) in each of the countries in which the Group undertakes this activity, particularly as regards the granting of mining rights or the obligations concerning minimum work programmes.

Oil and gas activities, particularly production sharing procedures, operational decisions, recognising and limiting oil costs, certain tax issues in connection with operations and rules of cooperation between the Group and its partners who hold oil or gas exploration or operating permits and secondly the host country, are generally defined in a production sharing agreement ("PSA") between these parties and the host government.

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RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

Furthermore, a joint operating agreement ("JOA") generally defines the relationship between parties other than the host government.

In addition to the PSAs, permits are granted by the host government that authorises the Group to carry out its hydrocarbon exploration and production activities. The permits are of limited duration and may be renewed. They also carry obligations regarding surface rehabilitation during the exploration period.

More generally, it is difficult to assess the impact on the conditions for using oil permits that could arise from a downturn in the political or economic situation, or tighter regulations or conditions for obtaining permits in one or more of the countries in which the Group currently holds oil exploration or operating permits.

With respect to Gabon, the country in which the Group carries out most of its production (90% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal.

In Canada, in the province of Quebec, the award of development permits for Anticosti is contingent on changes in government decisions, and given the strong opposition of local communities and the potential designation of Anticosti Island as a world heritage site, the likelihood of such a permit being granted appears slim.

2.1.2. Risks linked to the appraisal of reserves

The Group's hydrocarbon as at 31 December 2016, as presented in paragraph 1.1.1. on page 13 of this Annual Report, have been assessed by external appraisers on the basis of economic conditions and by using geological and engineering data to estimate the quantities of hydrocarbons that can be produced. The appraisal process involves subjective judgements and subsequent reviews may be required as more information is obtained about the deposits. A variety of factors beyond the Group's control may lead to a downward revision of

these estimates in the future. These estimates may therefore be revised downwards if it appears that the Group's subjective judgements based on available geoscience and engineering data were not sufficiently cautious or if the Group's assumptions regarding factors or variables beyond its control fail to be validated over time. Downward revisions of estimated reserves may lead to lower production volumes which would have a negative bearing on the results of the Group's operations as well as on its profits and financial position.

Any error or inaccuracy in the appraisal of resources and reserves and any downward revision that may result could have in the future a material adverse impact on the Group's activity, financial position and outlook.

To mitigate this risk, the Group relies on the operational competencies and on the analyses conducted in-house; it has access to high level external assessors for appraising hydrocarbon reserves, who are well known for their professionalism and expertise.

2.1.3. Risks linked to exploration and the renewal of reserves

Exploration activity that relies on the discovery and lifting of hydrocarbons requires major preliminary operations to be undertaken. For example, geological and seismic analyses are conducted prior to exploration drilling. Operations of this type make it possible to decide on the location of exploration drilling, to transition to the production start-up phase if the commercial viability of the discovery has been demonstrated, or to decide whether to pursue exploration.

At the time these operations are launched, there are still numerous uncertainties about the quality of the hydrocarbons and the feasibility of their extraction.

The hydrocarbons sought when obtaining permits and during drilling operations may be absent or in insufficient quantities to be commercially viable.

As a result of the many uncertainties that remain during the exploration phase, the Group cannot ensure that the investments made will be profitable.

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RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

In addition, knowledge of reserves can sometimes be unpredictable and may only be acquired gradually during the course of exploration. Lastly, the practical conditions and costs may vary during the exploration phase for reserves.

It is therefore impossible to guarantee that new oil or gas resources will be discovered in sufficient quantities to replace existing reserves and allow the Group to recover all of the capital invested in exploration activities and ensure that the investments made will be profitable, which could have a material adverse impact on the Group's activity, results of operations and outlook.

In order to limit the technical risks related to exploration, the Company's exploration programmes are validated upstream based on technical criteria and then submitted to the Company's Board of Directors for approval.

An acquisition or transfer of rights in development permits generally requires approval from the local government, which could delay or hinder transfers of rights or growth operations. Moreover, when such rights are transferred, the local government may require certain work to be performed within specific deadlines or may impose various other constraints (involving payment of financial compensation, for example), which could have a material adverse impact on the Group's activity, results of operations and outlook.

2.1.4. Risks linked to hydrocarbon production capacity

When the estimate of hydrocarbon reserves and the economic analysis justify the development of a discovery, the reserves may, during production, turn out to be lower than initially predicted and thus undermine the economics of the operation.

In addition, developing a hydrocarbon production field requires significant investments to build facilities, drill production or injection wells as well as to implement advanced technologies to extract and produce hydrocarbons with complex properties over the duration of the permit, and generally over several decades.

Making these investments and implementing these technologies, generally under difficult conditions, can result in uncertainties about the amount of investment necessary and the operating costs, and have a negative impact that lowers the expected results.

Lastly, the Group's oil or gas production may be restricted, delayed or cancelled due to a number of factors internal or external to the Group; in particular, malfunctions of production or hydrocarbon routing facilities, administrative delays especially in the approval of development projects by host countries, shortages, delays in the delivery of equipment and materials and adverse weather conditions. Such factors may have a material adverse impact on the Group's cash flow and results.

Following the incidents that occurred in Gabon in 2015 on the third-party-operated evacuation pipeline in mid-March 2016 the pipeline operator carried out reinforcement work on the routing line between the Coucal station and the junction with the pipeline. As a result, production was limited between 13 March and 5 April 2016.

To limit the evacuation risk, the Company is examining the possibility of using an alternative channel to export production.

In addition, in order to limit the risks of underestimating investments or production costs and avoid delays in completion:

- ▶ all development projects are validated in technical and financial terms before being submitted to the Company's Board of Directors for approval;
- ▶ dedicated teams are put in place for each major project;
- ▶ risks are continually assessed on the basis of technical and financial reports net of indicators measuring how effectively projects are progressing.

2

RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

2.1.5. Political and security risks

A major part of the Group's activities and hydrocarbon reserves are in countries that may be considered to harbour risks of political or economic instability. In one or more of these countries, the Group could face risks in the future such as the expropriation or nationalisation of its assets, the breach or renegotiation of PSAs, exchange control restrictions, losses due to armed conflict or terrorist groups, or other problems arising from the country's political or economic instability.

Consequently, in order to ground their policy of energy independence, some countries in which the Group operates may in future be led to set up or strengthen measures aimed at promoting the emergence of their own home-grown companies in this sector (such as the formation in Gabon in December 2012 of a national oil company, the Gabon Oil Company, tasked with controlling the Gabonese government's interests in Gabonese oil and oil development companies).

Such a policy could lead to heavier participation of the host government in this sector.

The emerging countries in which the Group operates are exposed to significantly higher political and economic risks and risks to personal and material safety than in more developed countries, in particular exposing the Group to the risks mentioned in the first paragraph above.

It is also worth noting that the Group carries out the bulk of its hydrocarbon production in just one country which is in itself a risk factor. The occurrence of the risks mentioned in this risk factor could have a material adverse impact on the activity, net income and outlook for the Group.

In order to limit political risks, the Group diversifies its exploration and production programmes across multiple countries and within those countries the Group strives to maintain a discreet presence by emphasising its skills.

2.1.6. Risks linked to competition

The Group faces competition from other oil companies to acquire rights on oil permits for the exploration and production of hydrocarbons. Due to its positioning and size, the main competitors of the Group are traditionally "junior" or "mid-size" oil companies. This competitive pressure could have an adverse impact on obtaining new projects and have a material adverse impact on the Group's activity and outlook.

In order to benefit from new opportunities in this competitive environment, and in keeping with oil industry practices (especially with regard to exploration activities), the Group often partners with other oil companies as part of the process for obtaining permits from the competent authorities. This also allows it to share the costs associated with such processes.

The Group is also susceptible to competition from oil companies that have greater financial resources and thus a competitive advantage in relation to any vendors of oil rights.

However, the Group's modest size in comparison with the sector's majors means that it is functionally more flexible and can make decisions faster. This functional flexibility and rapid decision-making may also lend the Group a competitive edge in other countries where it might envision becoming active in the future.

The backing of the Pertamina oil group potentially changes the Group's competitive positioning and could either mitigate or increase the factors outlined above.

The period when the Group and the new shareholder are defining and implementing processes related to decisions, structure and operations is an additional risk factor in and of itself.

To offset this risk, the Group actively works to define and rapidly establish decision-making, organisational, and operational processes that are adapted to its new situation.

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RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

2.1.7. Industrial, environmental and societal risks

The Group faces industrial and environmental risks that are specific to the oil and gas industry. Among these risks are eruptions of crude oil or natural gas, cave-ins of well heads, spills or leaks of hydrocarbons leading to toxic risks, fires or explosions.

All these events are capable of endangering human lives or property, damaging or destroying the hydrocarbon wells in production as well as the surrounding facilities, incurring business interruptions and causing environmental damage with certain direct consequences for the health and economic wellbeing of local communities.

The risk of social non-acceptability of new projects or industrial operations is one that is growing in importance. Non-acceptability can cause some projects to be delayed, relocated or discontinued, or induce the risk of blocking or interrupting production. It can also cause breaches in the safety of the Group's staff, contractors or subcontractors, or in the safety of people independent of the Company and its facilities. The Group's exploration/production activities are exposed to this risk directly when the Group is operator or indirectly through its partners, which could result, should the risk occur, in a material adverse effect on the Group's activity, results of operations growth and image. The Group's commitments in terms of sustainable development, which contribute to the reduction of this risk, are presented in paragraph 4.3. on page 134 of this Annual Report.

As the Group operates in countries where the natural resource extraction sector can account for a significant portion of gross national product (GNP), its operations may face tense labour relations, particularly during a decline in global raw material prices. Such tensions may lead to potentially violent demonstrations and labour demands by its own employees or those of its contractors and subcontractors.

In Gabon, the situation remains complex following the presidential election in August 2016, as the country deals with discontent and social unrest.

Since September 2016, ONEP (the oil sector union) has taken an active role in driving the demands of oil sector workers.

In October 2016, Maurel & Prom Gabon experienced its first strike at the production site, brought about by pressure from ONEP and ending only after an agreement was signed.

In January 2017, Shell Gabon announced its intention to sell its assets in Gabon and place the proceeds in an investment fund. This led to a grievance by workers which was supported by ONEP. Under the terms of an agreement signed between Shell Gabon, ONEP, the employees and the authorities, the employees obtained substantial damages.

ONEP turned to the employees of Maurel & Prom Gabon following the change in the Company's shareholder structure (which ONEP wrongly likened to a sale).

On 22 February 2017 ONEP thus triggered a new strike at the Maurel & Prom Gabon site. As this strike was declared illegal, work resumed on 13 March 2017. A social dialogue reconstruction process has been put in place at Maurel & Prom Gabon in order to re-establish momentum following the strike.

Prior to any development, the Group assesses the environmental and social impact of its activities and defines prevention and management programmes in conjunction with the competent authorities.

When the Group partners with companies that assume the role of operator, or enters into a contract with a supplier or subcontractor, it is exposed to the risk that these operators may not have sufficient control over environmental and social risks.

The quality of operating partners' health, safety, security and environmental management is a key criterion in investment decisions. The Group takes all reasonable measures to assess and manage environmental and social risks. Risk monitoring and the identification of appropriate means for managing them properly are an integral part of technical and financial project tracking and are carried out to the most stringent professional standards. The non-financial aspects of the projects in which the Group invests are central to its relations with its operating partners. Alongside financial investment, the Group may provide access to its extensive expertise and human and technical resources.

2

RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

The Group's handling of social and environmental issues in its relations with suppliers and subcontractors is described in paragraph 4.3.3. (B) of this Annual Report, page 136.

Nevertheless, the procedures implemented by the Group may fall short of protecting it against lack of control of these risks by a third party operator, supplier or contractor, given the Group's limited oversight.

In addition, a report on the impact of French oil companies' activities in Peru entitled "The Barrel or Life?" ("Le baril ou la vie?") written in particular by CCFD-Terre Solidaire and Secours Catholique-Caritas France, was released on 7 September 2015. This report questions the running of Maurel & Prom's business in Peru and its supposed impact on the environment. Maurel & Prom exercised its right to reply to the inaccurate and misleading statements included in this report in order to bring to the attention of readers of this report all the elements and facts that must be taken into account. This right to reply can be found at the following address:

<http://ccfd-terresolidaire.org/infos/rse/rapport-le-baril-ou-la-5170>.

Maurel & Prom furthermore appointed an independent firm to perform an environmental and social analysis of its activities in Peru in compliance with the relevant rules published by the International Association of Oil and Gas Producers (IOGP) and the International Petroleum Industry Environmental Conservation Association (IPIECA). In its findings, the independent firm (i) verified that drilling activities had been approved by Peru's Ministry of Energy and Mines in compliance with the environmental rules in force at that time when the Company was the operator, and that Maurel & Prom had obtained the necessary authorizations from the competent authorities, (ii) noted that the Peruvian Agency of Environmental Evaluation and Control (OEFA) had issued a certificate attesting to the absence of environmental problems regarding the exploration of Block 116, and (iii) verified that the Company had issued environmental management recommendations to Pacific Stratus Energy,

to whom it had sold 50% of its interests in Block 116 in September 2013 and which thereby became joint operator, in compliance with the studies developed by the Company and its international experience.

The Company has not been informed of any new developments in this case.

In order to limit industrial and environmental risks, the Group has put in place a Health, Safety and Environment (HSE) policy described in Chapter 4, pages 118 to 138 of this Annual Report. The Group also hedges against certain risks through specific insurance policies (see paragraph 2.4. on page 36 of this Annual Report).

In its oil activities, the Group pays constant attention to preventing industrial and environmental risks and takes the utmost care to respect the regulatory constraints of the countries in which it operates.

It also monitors national and international legal and regulatory developments concerning industrial and environmental risks on an ongoing basis. Furthermore, the Group constantly seeks to improve its safety, security and risk prevention mechanisms on the production sites.

Details of the Group's environmental policy and the measures taken to limit the Company's environmental impact are presented in paragraph 4.2. on page 129 of this Annual Report.

The amount of provisions and guarantees for environmental risks at Group level appears in paragraph 4.2.1. (D) on page 130 of this Annual Report.

Systematic impact studies

In accordance with the applicable regulations in the countries in which the Group operates, systematic impact studies are conducted before the start of any specific work to examine and assess the safety risks and the impact on the environment. In order to identify, quantify and prevent the occurrence of such risks, the Group relies on its own expertise as well as on external experts approved by the governments of the countries involved.

2

RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

Approval of surface facilities

The Group seeks to obtain the competent ministry's approval with regard to the safety of its surface facilities. This approval may also be required by the Group's insurers and/or by the local government (civil defence).

Autorisation to install pipelines

In compliance with the host country's regulations, the Group carries out the preliminary studies necessary to obtain the authorisations needed to install pipelines to route the hydrocarbons that have been produced.

Standards

The Group applies the American Petroleum Institute (API) specifications and recommendations in respect of its drilling activities. Its production facilities are designed according to the recommendations of American insurance companies (GE GAP Guidelines) and its systems and equipment comply with French or international standards, depending on the area in question (for example, API, ISO, ASME and NF). The Group is also governed by radio and satellite communication standards and requests the relevant authorisations required by the host country.

For the projects in which it is involved but does not act as operator, the Group ensures that operators apply the best standards in force, such as API, ISO, ASME, GE GAP Guidelines or, where applicable, the Environmental Impact Assessment Act Cap E12 LFN 2004.

Safety procedures

The Group has updated its HSE system by decentralizing HSE management. This has led to an HSE policy based on recommendations issued by the IOGP (as defined above). A Group reference manual has been developed to enable each subsidiary to set its own HSE rules based on a Group standard, and to allow the main operating subsidiaries to assemble their own HSE resources and expertise. As part of the HSE management system, Group employees benefit from an HSE awareness and training policy involving constant improvement of safety and risk prevention.

Cyber security

The Group's activities also rely on the security and reliability of its information systems. These can be subject to cyberattacks or technical difficulties affecting, among other things, operations, facilities and the safeguarding of intellectual property.

The Group is constantly making improvements in terms of the prevention of industrial and environmental risks. It strives to develop its oil activities while improving the management and operating rules concerning the safety of people, facilities and intellectual property. Preventive actions are designed, for example, to strengthen the security and reliability of industrial assets, processes or information systems but they do not eliminate integrity risk.

Site restoration

The Group has a standing policy to restore exploration sites (abandonment of dry wells) to their original state once operations are completed. Furthermore, due to the nature of its business, the Group will normally be required to bear the costs of restoring sites that have been affected by operations and oil routing equipment. The Group regularly evaluates and if necessary updates the provisions it has established to cover the future costs of dismantling and restoring the sites.

2.1.8. Risks linked to the possible dependence of the Group on customers, suppliers or subcontractors

As the Group does not have its own structure for marketing its hydrocarbon production, it has to enter into agreements with companies specialising in this field.

The Group does not believe this to lead to any counterparty risk, as its production is sold to leading oil groups such as TOTS TOTAL OIL TRADING SA in Gabon or Tanzania Petroleum Development Corporation, a national company, in Tanzania.

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RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

However, the routing of production to Gabon is dependent on the proper functioning of facilities operated by Total Gabon (see the risk factor "Risks linked to hydrocarbon production capacity" in paragraph 2.1.4. on page 25 of this Annual Report). The table below shows the Group's share of the sales made with the Group's top customer and top five customers:

	2016	2015	2014
Top customer as a percentage of total sales	83%	70%	70%
Top five customers as a percentage of total sales	99%	98%	100%

The table below shows the Group's share of purchases and capital outlays to its top supplier, top five suppliers and top ten suppliers:

	2016	2015	2014
Top supplier as a percentage of total purchases and capital outlays	29%	10%	7%
Top five suppliers as a percentage of total purchases and capital outlays	45%	38%	28%
Top ten suppliers as a percentage of total purchases and capital outlays	58%	50%	41%

For more information on the Group's counterparty risk, see Note 5.6. "Counterparty risk" in the Notes to the consolidated financial statements in this Annual Report, page 183.

2.1.9. Risks linked to SEPLAT

Since the merger by absorption of MPI by Maurel & Prom, MPI's 21.37% minority stake in SEPLAT is held directly by Maurel & Prom. The SEPLAT stake is consolidated by the Company at market value using the equity method.

As a result, the Company is sensitive to the risks that may impact SEPLAT. If the risks described in paragraphs 2.1. and 2.2. of this Annual Report, pages 24 to 32, were to impact SEPLAT, this could have a material adverse impact on the Company's activities, results of operations, and development.

All risks identified by SEPLAT for its activities are described in its 2016 Annual Report, available on its website at www.seplatpetroleum.com.

Should any of the identified risks (or others not identified in that document) occur, it could have a material adverse impact on the activities and results of SEPLAT and therefore of the Company. Generally speaking, any industrial risks that may impact SEPLAT, its activities and its share price are likely to have a material adverse impact on the Company and/or its share price.

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RISK FACTORS

[Risks linked to the Group's oil and gas exploration and production activities]

The Company draws attention to the following risks that may affect SEPLAT in particular and have a material adverse impact on its activities and financial position:

- ▶ risks linked to the operation of the joint operating agreement between SEPLAT and Nigerian Petroleum Development Company (NPDC): since 30 July 2010, SEPLAT has owned 45% of the rights in Oil Mining Licences (OML) 4, 38 and 41, the remaining 55% being owned by NPDC; any persistent disagreement between SEPLAT and NPDC and/or significant delay in fulfilling NPDC's financing obligations could have a long-term impact on the sustainable exploitation of OMLs 4, 38 and 41, leading to a material adverse impact on the activities and results of SEPLAT and therefore of the Company; the same holds true for the joint operating agreements with NPDC on OMLs 53 and 55, for which SEPLAT has indirectly owned 40% and 22.50% of rights respectively since 5 February 2015.
- ▶ risks of dependence on suppliers or subcontractors: non-performance, poor performance or late performance by a third party of its contractual obligations to SEPLAT could subject SEPLAT to additional costs and delays or even lead to the discontinuation of projects, which could have a significant unfavourable impact on the activity, outlook, financial position and results of SEPLAT and, by extension, the Company.

With regard to the transport agreement entered into with Shell Petroleum Development Company of Nigeria, SEPLAT has been dealing with a force majeure situation at the Forcados terminal since 21 February 2016. The construction by SEPLAT of a pipeline to the Warri refinery facilities, where a barge-transport solution has been implemented, has allowed remaining production to be evacuated, albeit in very limited quantities thus far.

SEPLAT is now developing a new evacuation route linking its facilities to the Escravos terminal. This solution would provide it with an additional option in diversifying its current routes.

With regard to production from OML 55 (for which SEPLAT announced on 5 February 2015 that it had signed an agreement with Chevron to finally acquire 22.50% of the rights and had been designated operator), delivery to the Bonny terminal is assured by third-party owned facilities; delivery problems or closure of those facilities could have a material adverse impact on the activities and production of OML 55. This also holds true for production from OML

53, for which SEPLAT announced on 5 February 2015 that it had finalised the acquisition from Chevron of a 40% working interest and had been designated operator. Production from OML 53 relies on the facilities of OML 124 in Izombe, from where it is exported via pipeline to the Brass oil terminal;

- ▶ risks related to dependence on customers: as SEPLAT does not have its own structure for selling its hydrocarbon production to end users, it has to enter into agreements with intermediaries specialising in this field. The Company does not consider that SEPLAT runs any major counterparty risk in relation to this, to the extent that most of its production is sold, as at the date of this Annual Report, to Shell Western Supply and Trading, a company under Barbados law belonging to the Shell group, one of the world's leading oil groups. However, SEPLAT remains exposed to other risks inherent in this type of contract, such as contractual non-performance or renegotiation under less favourable conditions.

The Company also draws the attention of investors to the fact that any future Company investment in developing countries with characteristics like those of Nigeria may be subject to risks similar to those described above.

2

RISK FACTORS

[*Financial risks*]

2.2. FINANCIAL RISKS

The Group's results are sensitive to various market risks. The most significant of these are hydrocarbon prices, expressed in US dollars, and the euro/US dollar exchange rate. Generally speaking, a fall in the price of hydrocarbons has a material effect on the Group's results due to the drop in sales generated by oil and gas production. Conversely, an increase in the price of hydrocarbons has a positive effect on the Group's results. In 2016, oil prices fell to their lowest point in January and then gradually improved, particularly due to the OPEC/non-OPEC agreement in November 2016, but still remain weak. The market remains highly volatile.

In addition to the negative impact on sales and profitability for the Group, a prolonged period with weak oil or gas prices could leave the group to re-evaluate its projects and the appraisal of its assets and oil and natural gas reserves (see the risk factor "Risks linked to appraisal of reserves" in paragraph 2.1.2. of this Annual Report, page 24).

Prolonged periods of low oil and gas prices could limit the economic profitability of projects under production or development and reduce the Group's cash, thus restricting its ability to finance investments and/or leading to the cancellation or postponement of investment projects. If the Group is no longer able to finance its investment projects, its opportunities in terms of future growth of sales and profitability could be reduced, which could result in a material adverse impact on the Group's financial position.

The Group is also exposed to risks linked to US dollar exchange rate fluctuations; although the euro is the Group's reporting currency for its financial statements, its operating currency is the US dollar. Consequently, the Group's financial statements are highly sensitive to the euro/US dollar exchange rate.

The Group's borrowing terms and financing structure at 31 December 2016 are described in chapter 7.3. of this Annual Report, page 244. Liquid assets held by the Group are placed in a non-interest bearing current account.

To the extent that the Group has recourse to financial markets for its financing, the Group's position and its activities could be affected if access to these markets becomes more difficult.

2.2.1. Equity risk

Given the significant percentage of the Company's share capital held by PIEP following the takeover bid, the liquidity of the Company's shares has been reduced from that date. The price per share therefore may not fully reflect the value of the business. It is impossible to guarantee that transactions involving the Company's share capital would increase the liquidity of the shares or even that the administrative and management bodies would take a decision in that sense.

Successive treasury share repurchase plans have been put in place since 12 January 2005. As at 31 December 2016, the Company held 5,448,245 treasury shares for a gross carrying amount of €68 million, compared to a market value of €23 million. A provision was therefore established in the amount of €45 million. A 10% decrease in the value of these securities would have a negative impact of €2.3 million on the Company's net income.

The Company does not use any specific hedging instrument.

For more information on the Group's financial risks, see Note 5 "Financial risk & fair value" in the Notes to the consolidated financial statements in this Annual Report, page 179:

- ▶ Note 5.1, page 179, "Risks of fluctuations in hydrocarbon prices";
- ▶ Note 5.2, page 180, "Foreign exchange risk"; Note that the Company did not use foreign exchange risk hedging instruments in fiscal year 2016;
- ▶ Note 5.3, page 181, "Liquidity risk";
- ▶ Note 5.4, page 183, "Interest rate risk"; Note that the Company did not use interest-rate hedging instruments in 2016;
- ▶ Note 5.6, page 183, "Counterparty risk"; and
- ▶ Note 5.7, page 184, "Country risks".

2

RISK FACTORS

[Legal risks]

2.3. LEGAL RISKS

2.3.1. Legal risks associated with the hydrocarbon sector

As stated in the risk factor "Risks linked to the regulatory procedure for obtaining and renewing certain permits" in paragraph 2.1.1. of this Annual Report, page 23, the Group's oil and gas exploration and development activity is strictly governed by the various regulations applicable to this sector (Oil Code, law on hydrocarbon exploitation) in each of the countries in which the Group undertakes this activity, particularly with respect to the allocation of mining rights, the durations and legal conditions of development, which focus on the obligations for minimum work programmes and, if applicable, the contractual procedures for sharing production (described in the PSAs).

The oil and gas sector often represents a significant economic weight in the countries where the Group operates, and it may be subject to the payment of royalties, taxes and duties that are higher than other economic sectors.

A downturn in the political or economic situation, a tightening of oil or tax regulations, or of the conditions for obtaining or using permits in one or more countries in which the Group currently holds oil exploration or operating permits, presents a risk that is difficult to evaluate in terms of its impact on the Group's activity and on the valuation and the profitability of the assets that may be concerned.

As indicated in the risk factor "Risks linked to the regulatory procedure for obtaining and renewing certain permits" in paragraph 2.1.1. of this Annual Report page 23, with respect to Gabon, the country in which the Group carries out most of its production (90% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal, and as a result have a material adverse impact on the Group's activity, results of operations, and development.

To limit the legal and tax risks linked to the oil sector, the Group tries to establish adequate relations both with the local authorities and communities in the countries in which it operates.

2.3.2. Risks for the Company in the event of a change in shareholder control

The Company's main financing contracts include change-in-control clauses. Any change in control of the Company could result in early repayment of all the Company's main financing agreements described below, which could have a material effect on the Company's development and cash.

The Group draws the attention of investors to the fact that the 2019 ORNANE and 2021 ORNANE bonds, described in paragraph 7.3. of this Annual Report, page 244, each contain a change-in-control clause stipulating that bearers may request the early repayment of their bonds in cash in the event of a change in control of the Company.

The concept of change of control, as defined in the bond issue agreements for the 2019 ORNANE and 2021 ORNANE is taken to mean *"for one or more natural or legal person(s), acting alone or in concert, the fact of acquiring control of the Company, on the understanding that the concept of 'control' means, for the purposes of this definition, the holding (directly or indirectly through companies themselves controlled by the relevant person(s)) (x) the majority of the voting rights attached to the shares or (y) over 40% of said voting rights if no other shareholder in the Company, acting alone or in concert, holds (directly or indirectly through companies controlled by said shareholder(s)) a higher percentage of voting rights than the percentage held in this way."*

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RISK FACTORS

[Legal risks]

In compliance with the provisions of the 2019 ORNANE and 2021 ORNANE issue contracts, on 3 February 2017 the Company issued a press release informing holders of 2019 ORNANE and 2021 ORNANE that following the first settlement of the securities tendered as part of the Public Exchange Offer initiated by PIEP on the Company's shares on 1 February 2017, the Company was subject to a change in control (as defined in the 2019 ORNANE and 2021 ORNANE issue contracts) to the benefit of PIEP. As a result of this change in control, an early repayment period for 2019 ORNANE and 2021 ORNANE was opened from 6 February 2017 to 3 March 2017. The Company thus was informed that (i) 2019 ORNANE holders requested early repayment of 7,005,394 2019 ORNANE and (ii) 2021 ORNANE holders requested early repayment of 6,076,181 2021 ORNANE. Following the early repayment of these 7,005,394 2019 ORNANE and 6,076,181 2021 ORNANE on 10 March 2017 and their cancellation, there remained (i) 7,652,775 2019 ORNANE in circulation (including 7,635,839 2019 ORNANE held by PIEP) and (ii) 4,359,390 2021 ORNANE (including 4,359,150 2021 ORNANE held by PIEP). In order to finance pay early repayment of the 7,005,394 2019 ORNANE and 6,076,181 2021 ORNANE, funds were made available to Maurel & Prom by PIEP through shareholder loans, it being stated that the terms and conditions of these shareholder loans are broadly similar to those planned respectively in the issue contract for 2019 ORNANE and in the transaction notice for 2021 ORNANE (see paragraph 7.3. of this Annual Report, page 244).

The Credit Agreement with Crédit Suisse, as well as the Revolving Credit Facility as modified (RCF), described in paragraph 7.3. of this Annual Report, page 244, also contains a change in control clause whereby the lenders, by majority vote, can cancel the credit arrangements granted to the Company and require it to repay each outstanding line of credit immediately, in the event of a change in control of the Company.

Pursuant to the RCF, the term "change in control" means: "(A) a person or a group of persons holds the 'control' of the Parent Company [i.e. Maurel & Prom] if: (1) this person or group of persons acting in concert (in each case, either directly or indirectly through the holding of share capital, the exercise of voting rights, the holding of their investment or the management of their rights, contracts or otherwise) has the power to: (a) vote,

or to exercise control over 50% of the maximum number of votes that may be cast at a general shareholders' meeting of the Parent Company (or 40% if no other shareholder holds more voting rights than this person or group); or (b) appoint and/or dismiss all or the majority of members of the Board of Directors or other governing body of the Parent Company; or (c) exercise control over the decisions of the Parent Company or its management policy; or (2) this person or group of persons acting in concert effectively holds more than 50% of the issued share capital of the Parent Company (or 40% if no other shareholder holds more voting rights than this person or group); and (B) 'acting in concert' has the meaning given to said term in Articles L.233-10 and L.233-10-1 of the French Commercial Code."

The Block Sale as well as the change in control for the RCF to the benefit of PIEP have not resulted in a request for early repayment from the RCF lenders as at the date of this Annual Report.

In connection with the Credit Agreement with Crédit Suisse, as well as the concept of change in control has the following meaning: "(a) any person or group of persons acting in concert and obtaining control of Maurel & Prom, (b) Maurel & Prom no longer holds, directly or indirectly, at least 51% of the outstanding share capital of any other debtor [i.e. Maurel & Prom Drilling Services and Caroil], or (c) a non-qualified holder (or several non-qualified holders acting jointly or in concert) holds, directly or indirectly, in bearer or registered form, 50% or more of all the outstanding shares of the share capital or voting rights of any debtor [i.e. Maurel & Prom, Maurel & Prom Drilling Services and Caroil] or otherwise has the power to direct or oversee the direction of the management and policies of any debtor. For the purposes of this definition: (i) a person or group of persons has 'control' of Maurel & Prom if: (A) this person or group of persons acting in concert (in each case, either directly or indirectly through the holding of share capital, the exercise of voting rights, the holding of their investment or the management of their rights, contracts or otherwise) has the power to:

(x) vote, or to exercise control over 50% of the maximum number of votes that may be cast at a general meeting of Maurel & Prom (or 40% if no other shareholder holds more voting rights than this person or group); or (y) appoint and/or dismiss all or the majority of members

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FACTEURS DE RISQUE

[*Legal risks*]

of the Board of Directors or other governing body of Maurel & Prom; or (z) exercise control over the decisions of Maurel & Prom or its management policy; or (B) this person or group of persons acting in concert effectively holds more than 50% of the issued share capital of Maurel & Prom (or 40% if no other shareholder holds more voting rights than this person or group); and (ii) 'acting in concert' has the meaning given to said term in Articles L.233-10 and L.233-10-1 of the French Commercial Code."

Following the Block Sale, Crédit Suisse requested, by invoking a change in control of the Company, the early repayment of its credit line which occurred on 13 September 2016.

Above all, the Group draws the attention of investors to the regulatory, fiscal and contractual environment inherent to the Group's activities in the hydrocarbon sector, which, in certain jurisdictions, includes provisions that may apply in the event of a change in control of the Company (notably in Gabon, Nigeria and Tanzania).

2.3.3. Legal risks linked to the legal and regulatory framework of exploration and production activities in the hydrocarbon sector

As indicated in risk factors "Financial risks" and "Legal risks associated with the hydrocarbon sector" in paragraphs 2.2. and 2.3.1. respectively of this Annual Report, pages 32 and 33, the Group carries out oil and gas exploration and production activities in a very large number of countries and is therefore subject to a substantial number of regulations, particularly with regard to the allocation of mining rights, the durations and legal conditions of operations which focus on the obligations for minimum work programmes and, if applicable, the contractual procedures for sharing production.

The specific risks related to the existence, in most countries in which the Group operates, of legal, fiscal, regulatory or contractual provisions that may apply in the event of a change in control of the Company, are detailed in paragraph 2.3.2. of this Annual Report, page 33.

2.3.4. Risks linked to unresolved disputes

The Group is involved in various procedures and claims in the normal course of its activities. Beside this dispute and the Group's known risks of dispute stated in paragraph 7.7. of this Annual Report, page 250, no other governmental, legal or arbitration proceeding exists, including any proceeding of which the Company is aware, whether pending or threatened, that could have or that has had significant effects on the financial position or profitability of the Company and/or the Group over the course of the last twelve months.

2.3.5. Risks linked to claims not covered by insurance

In addition to traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets. The policy for insuring against risk is set out in paragraph 2.4. of this Annual Report, page 36.

The Group deems that the cover provided by the policies it has taken out is reasonably suited to the risks incurred as part of the Group's ongoing activities. The discontinuation of hydrocarbon production operations on a field or in a country, for whatever reason, is not covered by business interruption insurance.

2.3.6. Compliance risk

Because of its many agreements and decentralised structure, the Group is exposed to potential corrupt practices. In addition to financial penalties, this risk may lead to criminal or civil risk, contract loss or damage to the Group's reputation. Measures taken to combat corruption are presented in paragraph 4.3.4. (A) of this Annual Report, page 136.

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RISK FACTORS

[Insurance]

2.4. INSURANCE

The Group has taken out the following insurance:

- ▶ third-party liability of executive officers;
- ▶ fire, storm, natural disaster and water damage;
- ▶ theft and vandalism, glass damage; and
- ▶ third-party liability for offices, not including professional third-party liability, and basic legal protection.

In addition to this traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets. The Company regularly reviews its policies (coverage and premiums) in consultation with a specialist broker as part of a uniform Group programme for corporate third-party liability and property damage, and third-party liability of corporate officers and executives.

Insurance policies related to oil activities cover:

- ▶ risks of damage to oil facilities, including the pipeline network and drilling rigs that are reimbursed up to their declared value, risks of real losses of assets that are covered up to their replacement value and risks of pollution related to drilling operations; and

- ▶ risks of general and third-party liability up to US\$50 million per claim. The total amount of insurance premiums per year paid by the Group is in the order of €1.4 million for the period from 1 March 2015 to 28 February 2016, based on a euro/US dollar exchange rate of 1.10951.

The Company has not taken out business interruption cover to date.

As part of its oil exploration, production and development operations, the Group risks causing environmental damage resulting, for example, from collapses, eruptions, pollution, leaks, fires and explosions of oil wells and surrounding facilities. Damage of this type is covered by policies providing "Energy Package" type cover.

Agreements signed with the subcontractors and service providers used by the Group also contain an obligation for these subcontractors and service providers to take out insurance for an amount that covers their liability.

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CORPORATE GOVERNANCE

The Company has confirmed that the AFEP-MEDEF Corporate Governance Code, as revised in November 2016 (“**AFEP-MEDEF Code**”), is the corporate governance code with which it voluntarily complies, within the meaning of Article L.225-37 of the French Commercial Code and, in accordance with Article 27.2 of the AFEP-MEDEF Code, that it is a member of the Corporate Governance Steering Committee (Haut Comité de Gouvernement d’Entreprise).

The AFEP-MEDEF Corporate Governance Code is available on the websites of AFEP (www.afep.com) and MEDEF (www.medef.com). The Company also complies with the AMF’s Final Report on the Audit Committee, dated 22 July 2010, and with the AMF’s Report on the Report of the Chairman on internal control and risk management procedures dated 1 February 2016.

This chapter contains the report of the Chairman of the Board of Directors, prepared in accordance with Article L.225-37 of the French Commercial Code. It covers, for the fiscal year ended 31 December 2016, the information relating to the membership of the Board of Directors and the application of the principle of balanced gender representation within the Board, the conditions for preparing and organising the work of the Board of Directors as well as the internal control and risk management procedures put in place by the Company, financial risks related to the effects of climate change and measures taken by the Company to reduce them by implementing a low-carbon strategy in all areas of its operations, potential limits on the powers granted by the Board of Directors to the Chief Executive Officer, the principles and rules applicable to the calculation of compensation and benefits of any kind for corporate officers, and any special provision relating to shareholder participation in the General Shareholders’ Meeting. This report was prepared by the Chairman of the Board of Directors based on contributions from the Company’s administrative, financial and legal support services; including the Audit Committee, the Risk Observatory, the Appointments and Compensation Committee and the General Secretary. The report was approved by the Board of Directors on 24 April 2017.

3.1. STATEMENTS ON CORPORATE GOVERNANCE

In accordance with the “comply or explain” rule of Article L.225-37 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the Company considers that, with the exception of factors disclosed and explained in full in the following table relating to the fiscal year ended 31 December 2016, the Company complies with the recommendations of that Code.

9. Assessment of the Board of Directors

“The Board assesses its ability to respond to the needs of the shareholders who have entrusted it with the administration of the company by periodically reviewing its composition, structural organisation and operations (which also involves reviewing the Board’s committees).

Each board reviews the desirable balance of its own composition and that of its committees and periodically considers whether its structural organisation and operations are adequate to perform its tasks.

[...]

The assessment is carried out as follows:

- once a year, the Board discusses its operations;*
- a formal assessment is made at least every three years. This assessment may be carried out under the supervision of the Appointments Committee or an independent director, with the help of an external consultant;*
- shareholders are informed each year of the assessments carried out and, if applicable, of any steps taken as a result.”*

In 2017 the Board of Directors did not carry out any formal assessment of its composition or operations with respect to the 2016 fiscal year. In light of the significant changes that occurred in 2016 and early 2017 in its composition as a result of the change in its shareholding structure, a formal assessment will be carried out in fiscal year 2017.

3

CORPORATE GOVERNANCE

[Statements on corporate governance]

19. Deontology for directors

"In the absence of legal provisions to the contrary, directors must be shareholders in their own right and, pursuant to the Articles of Association or Bylaws, hold a minimum number of shares to justify the attendance fees received. If a director does not own those shares when he/she takes up office, such director must use his/her attendance fees to purchase them."

The Board of Directors' Bylaws were amended on 30 March 2016 to stipulate that each director must commit to purchasing a minimum number of shares each year for an amount equivalent to €2,000 to be deducted from their attendance fees and keeping those shares in registered form until the end of their term of office. Following the reorganisation of the Board of Directors on 10 April 2017 to reflect the Company's new shareholder structure, the Board of Directors' Bylaws, as amended on 24 April 2017, currently and since 2017 stipulate that directors must commit to (i) purchasing 500 shares every year using the attendance fees they receive (or any smaller number of shares corresponding to an amount of €3,000), and (ii) keeping those shares until the end of their term of office. This rule does not apply to the Company's controlling shareholder director or to directors representing the Company's controlling shareholder, to the extent that PIEP holds 141,911,939 of the Company's shares.

21. Termination of employment upon appointment as a corporate officer

"It is recommended that, if an employee becomes a corporate officer of the Company, such employee's employment contract with the Company or a company within the Group should be terminated either by signing a severance agreement, or by the employee's resignation."

This recommendation applies to the Chairman, the Chairman & Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors, and to the Chairman of the Management Board and to the Chief Executive Officer in companies with a Management Board and Supervisory Board, and to the managing partners of partnerships limited by shares.

It is not aimed at employees of a group of companies who are executive corporate officers in a subsidiary of that group, whether listed or unlisted."

The Board of Directors did not wish to terminate the employment contract of Michel Hochard who, until his appointment as Chief Executive Officer of the Company on 26 May 2014, had held the position of Chief Financial and administrative Officer for the Group for a number of years. The Board of Directors considered that although this provision would be understandable in the case of a director who was recruited externally or was a newcomer to the Group, it would be difficult to justify in the case of a manager who had led a successful career in the Company for a number of years and was now being asked to take on more senior responsibilities.

On an individual level this measure would make the position of interested candidates more precarious given the risks incurred in their new responsibilities, and could lead internal candidates to refuse the position or to require higher compensation, which are certainly not the objectives sought by the recommendations of the AFEP-MEDEF Code. This measure would distance the officers from the corporate fabric, and would be inconsistent with the goals of internal promotion and "sustainable management" which are key to building the Company and its development. Accordingly, the Board of Directors decided to maintain Michel Hochard's employment contract as Chief Financial Officer while still appointing him as Chief Executive Officer. His contract was therefore suspended, in accordance with relevant case law, from the time of his appointment as Chief Executive Officer of the Company and shall remain so until his term of office as CEO expires.

24.3.3. Long-term compensation of executive corporate officers

"These mechanisms may involve the grant of instruments such as stock options or performance shares or an allotment of securities or a cash payment under multi-year variable compensation plans. [...]"

These plans, whose award must be proportionate to the annual fixed and variable component, should provide for challenging performance conditions that must be met over a period of several consecutive years. These conditions may be performance conditions internal to the company or relative performance conditions, meaning that they are linked to the performance of other companies from a reference sector."

3

CORPORATE GOVERNANCE

[*Statements on corporate governance*]

At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and on the authority granted by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015, decided on the award of 240,000 bonus performance shares to the Chief Executive Officer. The Board approved the plan for award of bonus performance shares, set the attendance conditions and the three performance criteria related to (i) the reduction in the Group's structuring costs, (ii) compliance with the commitments under the RCF and (iii) the finalisation of the merger with MPI.

The Board of Directors, based on the recommendation of the Appointments and Compensation Committee, decided that with regard to performance criteria, the vesting period of the performance shares would be one year and not several years. In fact, in an economic environment characterised by low hydrocarbon prices, the Board wanted the Company to actively pursue its cost-reduction strategy during the 2016 fiscal year, in particular by limiting exploration-related costs. With regard to complying with the RCF commitments, the Board of Directors deemed that maintaining this financing in 2016 and therefore complying with the mainly financial commitments stipulated in the RCF was essential for the Company to maintain sufficient financial flexibility. Lastly, the Board of Directors wanted to finalise during the 2016 fiscal year the latest pending transactions related to the merger by absorption of MPI which took place on 23 December 2015. This award is therefore part of a specific context, which the Board of Directors believes, justifies incentivising the Chief Executive Officer to achieve several objectives in the short term, aligning his interests with the Company's corporate interests and the interests of the shareholders.

24.5. Departure of executive corporate officers

"[...] The law gives shareholders a major role by requiring predefined severance pay, paid when an executive corporate officer's term of office is discontinued, to comply with the terms and conditions governing regulated agreements. It requires total transparency and makes severance pay conditional on performance.

Performance conditions set by boards for this severance pay must be assessed over at least two fiscal years. They should be challenging and should not permit severance pay for a director unless the departure is forced, regardless of how the departure is portrayed.

Severance pay should not be paid to an executive corporate officer who leaves the Company voluntarily to take on new functions, or changes roles internally within a group, or if they are eligible to receive their retirement package.

If paid, severance should not exceed two years' compensation (fixed and variable).

When a non-compete clause is stipulated, the Board states in the terms of departure when the director leaves whether a non-compete clause applies, especially when the director leaves the company to accept a retirement package or after accepting a retirement package. In any event, the total of these two packages must not exceed the ceiling (see above).

This two-year limit also covers payments related to employment contract termination, where applicable."

Under his employment contract as Chief Financial and administrative Officer (suspended during his term of office as the Company's Chief Executive Officer), Michel Hochard receives (i) non-compete compensation amounting to 35% of the compensation he would have received for two years after the end of his contract and (ii) dismissal compensation equivalent to 24 months' gross pay, if dismissed or forced to discontinue his role as Chief Financial and administrative Officer within 18 months following a change of control of the Company or a significant change in the majority shareholder's interest in the Company.

These benefits, which were granted to Michel Hochard when he joined the Company in 2007 as Chief Financial and administrative Officer, were adjusted in 2011 to take account of the economic and financial context and the Group's development outlook at the time. These benefits, the principle and amount of which have remained unchanged since 2011, were granted in the employment contract and relate solely to the employment contract.

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CORPORATE GOVERNANCE

[*Statements on corporate governance / Administration and management of the Company*]

When appointing Michel Hochard as the Company's Chief Executive Officer, the Company and the Board of Directors did not want to put an end to the compensation or benefits owed or that might be owed for the discontinuation of or a change in his role as Chief Financial and administrative Officer or to the non-compete clauses applicable to him under his employment contract, or to change these clauses to

comply with the AFEP-MEDEF Code applicable to executive corporate officers. These benefits are connected only with the termination of his contract as the Company's Chief Financial and administrative Officer (suspended for the term of his position as the Company's Chief Executive Officer) and are consistent with the corporate office of the Chief Executive Officer as performed by Michel Hochard.

3.2. ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The Company wishes to point out that as the Company's Chief Executive Officer, Michel Hochard does not receive any actual or potential compensation or benefit for the discontinuation of or a change in his role or any non-compete compensation.

3.2.1. Administrative, executive management and management bodies

Following the decision by the Board of Directors on 26 May 2014, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated as of that date to improve the operation of the Board of Directors and to allow the Chairman of the Board of Directors to focus on the major strategic decisions affecting the Company.

Jean-François Hénin served as Chairman of the Company's Board of Directors from 26 May 2014 to 10 April 2017, the date on which his resignation as director and Chairman of the Board of Directors took effect. Since 10 April 2017, Aussie B. Gautama, who was proposed by PIEP, has served as Chairman of the Board of Directors (see paragraph 3.2.1.1.1. on page 42 of this Annual Report).

Michel Hochard has served as Chief Executive Officer of the Company since 26 May 2014. At the meeting of the Board of Directors on 10 April 2017, Michel Hochard was confirmed as Chief Executive Officer.

As his term of office as Chief Executive Officer ends at the close of the next General Shareholders' Meeting, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, will meet to vote on his reappointment as Chief Executive Officer.

3.2.1.1. Members of the Board of Directors, executive management and management

3.2.1.1.1. Board of Director

The Board of Directors is composed of at least three members and no more than twelve members, appointed for three-year periods by the Ordinary General Shareholders' Meeting, barring legal exception in the case of mergers.

Terms of office are staggered in order to avoid all reappointments occurring at the same time and to make the process more harmonious for directors.

As at 31 December 2016, the Board of Directors was composed of nine members.

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CORPORATE GOVERNANCE

[*Administration and management of the Company*]

At the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 15 June 2016, the shareholders voted to reappoint Jean-François Hénin and Emmanuel de Marion de Glatigny for a further three-year period ending at the close of the General Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

At the Board of Directors' meeting of 24 August 2016, Emmanuel de Marion de Glatigny resigned from his term of office as a director with effect from 25 August 2016. Denie S. Tampubolon was co-opted to replace Emmanuel de Marion de Glatigny for the remainder of his term of office (see paragraph 3.2.1.1.1. on page 42 of this Annual Report). The General Shareholders' Meeting of 22 June 2017 will be asked to ratify this co-optation.

Furthermore, subsequent to the end of the takeover bid, four directors, Jean-François Hénin, Gérard Andreck, François Raudot Genêt de Châtenay and Eloi Duverger, resigned from office with effect from the close of the Board of Directors' meeting of 10 April 2017. As a result of these resignations, three new directors, who were proposed by PIEP, have been co-opted, reflecting the Company's new shareholding: Aussie B. Gautama (to replace Jean-François Hénin for the remainder of his term of office), Maria R. Nellia (to replace François Raudot Genêt de Châtenay for the remainder of his term of office) and PIEP, represented by Huddie Dewanto (to replace Gérard Andreck for the remainder of his term of office) were co-opted on 10 April 2017 (see paragraph 3.2.1.1.1. on page 42 of this Annual Report). Following these co-optations the Board of Directors has had eight members. The General Shareholders' Meeting of 22 June 2017 will be asked to ratify these three co-optations.

Since its meeting of 10 April 2017, the Board of Directors has been adhering to the provisions of Article L.225-18-2 of the French Commercial Code resulting from Law No. 2011-103 of 27 January 2011 on balanced gender representation on boards of directors and supervisory boards. The Company's compliance with these provisions will be analysed no later than at the close of the first Ordinary General Shareholders' Meeting held in 2017, i.e. 22 June 2017.

There are no Board members representing employee shareholders or representing employees as the Company is not required to have such a member under applicable laws and regulations.

The proportion of independent directors on the Board of Directors and review of the nature of the independence of members can be found in paragraph 3.2.2.2.1., page 67 of this Annual Report.

The first table below shows the membership of the Company's Board of Directors at 31 December 2016 as well as the changes in its membership during the 2016 fiscal year. Given the changes that have occurred in the Board's membership since 31 December 2016, a second table has been added showing the Board's membership as at the date of this Annual Report as well as changes that have occurred since 31 December 2016.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

TABLE 1 – membership of the Company's Board of Directors as at 31 December 2016 and description of changes that occurred during fiscal year 2016

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Jean-François Hénin	14 June 2007	15 June 2016	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Director and Chairman of the Board of Directors	Jean-François Hénin was reappointed as a director by the General Shareholders' Meeting of 15 June 2016.
Gérard Andreck	14 June 2007	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director and Vice-Chairman (independent)	-
Xavier Blandin	29 June 2011	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	-



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CORPORATE GOVERNANCE

[Administration and management of the Company]

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Nathalie Delapalme	20 May 2010	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	-
Carole Delorme d'Armaillé	27 March 2013	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	-
Eloi Duverger	30 July 2015	30 July 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	-
Roman Gozalo	12 June 2008	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	-



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CORPORATE GOVERNANCE

[Administration and management of the Company]

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
François Raudot Genêt de Châtenay	18 June 2015	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	-
Denie S. Tampubolon	25 August 2016	25 August 2016	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Director	Denie S. Tampubolon, who was proposed by PIEP, was co-opted to replace Emmanuel de Marion de Glatigny (reappointed by the General Shareholders' Meeting of 15 June 2016), who resigned on 25 August 2016, for the remainder of his term of office. His co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.



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CORPORATE GOVERNANCE

[Administration and management of the Company]

TABLE 2 – membership of the Company’s Board of Directors as at the date of this Annual Report and description of changes that have occurred since 31 December 2016

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Aussie B. Gautama	10 April 2017	10 April 2017	General Shareholders’ Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Director and Chairman of the Board of Directors	<p>Aussie B. Gautama, who was proposed by PIEP, was co-opted to replace Jean-François Hénin, who resigned on 10 April 2017, for the remainder of his term of office. His co-optation will be submitted to the General Shareholders’ Meeting of 22 June 2017 for ratification.</p> <p>At its meeting of 10 April 2017, the Board of Directors also appointed Aussie B. Gautama as Chairman of the Board of Directors for the duration of his directorship.</p>
PIEP, represented by Huddie Dewanto	10 April 2017	10 April 2017	General Shareholders’ Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director	<p>PIEP was co-opted to replace Gérard Andreck, who resigned on 10 April 2017, for the remainder of his term of office. PIEP’s co-optation will be submitted to the General Shareholders’ Meeting of 22 June 2017 for ratification. PIEP appointed Huddie Dewanto as its permanent representative.</p>



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CORPORATE GOVERNANCE

[Administration and management of the Company]

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Xavier Blandin	29 June 2011	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	Xavier Blandin did not seek the renewal of his term of office as director. On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided not to replace him.
Nathalie Delapalme	20 May 2010	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	The General Shareholders' Meeting of 22 June 2017 will be asked to renew Nathalie Delapalme's term of office as a director.
Carole Delorme d'Armaillé	27 March 2013	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	-



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CORPORATE GOVERNANCE

[Administration and management of the Company]

Members of the Board of Directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Roman Gozalo	12 June 2008	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016	Director (independent)	The General Shareholders' Meeting of 22 June 2017 will be asked to renew Roman Gozalo's term of office as a director.
Maria R. Nellia	10 April 2017	10 April 2017	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director	Maria R. Nellia, who was proposed by PIEP, was co-opted to replace François Raudot Genêt de Châtenay, who resigned on 10 April 2017, for the remainder of his term of office. Her co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.
Denie S. Tampubolon	25 August 2016	25 August 2016	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018	Director	As a reminder, Denie S. Tampubolon, who was proposed by PIEP, replaces Emmanuel de Marion de Glatigny, who had resigned on 25 August 2016. His co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.



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CORPORATE GOVERNANCE

[Administration and management of the Company]

Biographies of members of the Board of Directors in 2016 and of directors co-opted on 10 April 2017

Jean-François Hénin, 72 years of age

Chairman of the Board of Directors until 10 April 2017

*Number of shares at 10 April 2017: 40
French citizen*

Maurel & Prom
51, rue d'Anjou
75008 Paris

Jean-François Hénin was Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. He was Chairman and Chief Executive Officer of Électricité et Eaux de Madagascar between 1994 and 2000. Since that date, Mr Hénin has been a manager and partner at Maurel & Prom (a partnership limited by shares until 2004) with the role of Chairman and Chief Executive Officer of Areopage. He became Chairman of the Management Board after the Company was converted into a public limited company with a management board and supervisory board on 28 December 2004.

On 14 June 2007, the Board of Directors appointed him Chairman and Chief Executive Officer of the Company at the first Board of Directors' meeting held after the General Shareholders' Meeting that decided to convert the firm into a public limited company with a Board of Directors. He was reappointed as a director and Chairman and Chief Executive Officer of the Company by the General Shareholders' Meetings of 20 May 2010 and 13 June 2013 respectively, and by the meetings of the Boards of Directors that followed those general meetings.

After 26 May 2014, when the role of Chairman and Chief Executive Officer was separated, Jean-François Hénin served as Chairman of the Board of Directors. He was reappointed as director and Chairman of the Board of Directors by the General Shareholders' Meeting of 15 June 2016 and by the meeting of the Board of Directors that followed that general meeting respectively. He was reappointed until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018.

Jean-François Hénin resigned as from the offices of director and Chairman of the Company's Board of Directors effective 10 April 2017. He was replaced by Aussie B. Gautama, who was proposed by PIEP and whose biography can be found below in paragraph 3.2.1.1.1., page 42 of this Annual Report.

Gérard Andreck, 72 years of age

Vice-Chairman of the Board of Directors, independent director and Chairman of the Appointments and Compensation Committee until 10 April 2017

*Number of shares at 10 April 2017: 0
French citizen*

MACIF
17/21, rue Etienne Pernet
75015 Paris

Gérard Andreck has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His term of office as a director was renewed by the General Shareholders' Meetings of 18 June 2009, 14 June 2012 and 18 June 2015, for a three-year period each time, until the close of the General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2017.

As Chairman of Macif and the Macif group until 2014, Gérard Andreck has knowledge and expertise in corporate finance, strategy and governance.

Gérard Andreck resigned as member and Chairman of the Appointments and Compensation Committee effective 10 April 2017. He was replaced as a director by PIEP (represented by Huddie Dewanto), a description of which can be found below in section 3.2.1.1.1., page 42 of this Annual Report.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Xavier Blandin, 66 years of age

Independent director,

Member of the Audit Committee,

Member of the Risk Observatory until 10 April 2017,

Member of the Appointments and Compensation Committee since 10 April 2017

Number of shares at 10 April 2017: 500

French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

Xavier Blandin has been a member of the Board of Directors since 29 June 2011. His term of office was renewed by the General Shareholders' Meeting of 12 June 2014 for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016. Xavier Blandin did not seek the renewal of his term of office as director. On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided not to replace him.

A graduate of the HEC business school in Paris and former student of ENA administrative college, Mr Blandin spent the early part of his career (1978-1991) in the French civil service, notably with the Treasury Department.

During this time, he was Deputy Director for France with the International Monetary Fund in Washington and financial attaché to the French Embassy in the United States (1983-1985), head of the Banks and Banking Regulation office at the Treasury Department (1985-1986), technical adviser to the offices of Camille Cabana and subsequently Edouard Balladur (1986-1988), head of the public enterprise office (1988-1989) and Assistant Director at the Treasury Department (1989-1991).

From 1991 to the end of December 2010, Xavier Blandin worked in the banking sector, first for Banque Paribas (1991-1999) and then for BNP Paribas, where he was a member of the Executive Committee of the Corporate Finance Department before becoming a Senior Banker.

He has been Chairman of Fistra Conseil since 2013 and was also Chief Executive Officer of MPI S.A. from 27 August 2014 until 23 December 2015.

Nathalie Delapalme, 60 years of age

Independent director,

Member of the Audit Committee until 10 April 2017,

Member of the Risk Observatory

Chairman of the Appointments and Compensation Committee since 10 April 2017

Number of shares at 10 April 2017: 100

French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

Nathalie Delapalme was co-opted by the Board of Directors on 20 May 2010 to replace Financière de Rosario, which had resigned, for the remainder of its term. Her co-optation was submitted to the General Shareholders' Meeting of 29 June 2011 for ratification and she was reappointed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014 for a further three-year period each time.

Her current term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2016. On the recommendation of the Appointments and Compensation Committee, the Board of Directors will ask the General Shareholders' Meeting of 22 June 2017 to renew her term of office as director for a further three-year period, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019.

Nathalie Delapalme began her career in the French Senate, where she served from 1984 to 1985 and again from 1997 to 2002, mainly as an administrator and then as an advisor to France's National Finance, Budget and Accounts Commission.

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CORPORATE GOVERNANCE

[*Administration and management of the Company*]

She was also a Deputy Director serving under the Minister for Development Cooperation between 1995 and 1997, and then became Africa advisor to the Foreign Minister from 2002 to 2007. From 2007 to 2010 she held the position of General Inspector of Finances for the Inspectorate-General of Finance (IGF), and in June 2010 she joined the Mo Ibrahim Foundation as Executive Director for Research and Public Policy.

Carole Delorme d'Armaillé, 54 years of age

*Independent director,
Chairman of the Risk Observatory*

*Number of shares at 10 April 2017: 0
French citizen*

Maurel & Prom
51, rue d'Anjou
75008 Paris

Carole Delorme d'Armaillé was co-opted by the Board of Directors on 27 March 2013 to replace Ambrosie Bryant Chukwueloka Orjiako, who had resigned, for the remainder of his term of office. Her co-optation was submitted to the General Shareholders' Meeting of 13 June 2013 for ratification and she was reappointed by the General Shareholders' Meeting of 18 June 2015 for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017.

Carole Delorme d'Armaillé has had a dual career as group treasurer and as head of professional associations in the financial services sector. She began in the financial division of Péchiney before joining the Altus Group's SBT-BATIF bank and then the Global Markets team at JP Morgan in Paris. In 1995 she returned to the packaging sector at Crown Cork & Seal (formerly CarnaudMetalbox).

In the 2000's, she became managing director of the Association Française des Trésoriers d'Entreprise (AFTE, the French Association of Corporate Treasurers) and then went on to spend 10 years as director of investor communications and relations at Paris EUROPLACE, an organisation tasked with promoting the Paris financial marketplace.

Since the beginning of 2016 she has served as Chief Executive Officer of the Office de Coordination Bancaire et Financière in Paris.

Roman Gozalo, 71 years of age

*Independent director,
Chairman of the Audit Committee,
Member of the Risk Observatory*

*Number of shares at 10 April 2017: 500
French citizen*

Maurel & Prom
51, rue d'Anjou
75008 Paris

Roman Gozalo was a member of the Management Board from 24 October 2005 to 14 June 2007. Following the transformation of the Company into a public limited company with a Board of Directors, he was appointed Chief Executive Officer by the Board of Directors on 30 August 2007; he held this role until May 2008.

Roman Gozalo has been a member of the Board of Directors since the General Shareholders' Meeting of 12 June 2008. His directorship was renewed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014, for a three-year period each time.

His current term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2016. On the recommendation of the Appointments and Compensation Committee, the Board of Directors will ask the General Shareholders' Meeting of 22 June 2017 to renew his term of office as director for a further three-year period, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019.

Roman Gozalo developed his management expertise by serving as the executive manager of three subsidiaries of the Total Group from 1988 to 2002 and also as Administrative Director (General Secretary) of the Elf Group from 1995 to 1999.

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[Administration and management of the Company]

Emmanuel de Marion de Glatigny, 70 years of age

Director and

Member of the Appointments and Compensation Committee until 25 August 2016

Number of shares at 25 August 2016: 209,661

French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

A member and Vice Chairman of the Supervisory Board of Maurel & Prom (which, at that time, was a partnership limited by shares), Emmanuel de Marion de Glatigny was first appointed to the Supervisory Board on 19 June 2001.

He has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His term of office as a director was renewed by the General Shareholders' Meetings of 20 May 2010, 13 June 2013 and 15 June 2016, for a three-year period each time. His term of office was due to expire at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018.

A graduate of ESC Marseille (Kedge Business School) and the Centre d'Études du Commerce Extérieur (centre for studies in foreign trade) and holder of a master's degree in wealth management from the University of Auvergne, Emmanuel de Marion de Glatigny began his career in 1973 at Automobiles Peugeot (PSA) where he held a number of positions within the sales division before moving into the company's financial division as deputy director of the SOCIA and SOFIB banks. In 1990 he joined the Colbert Bank (Crédit Lyonnais group) as executive sales director of its life insurance company Elysis. In 1996 he joined life insurance company Avip (Allianz group) as executive director in charge of developing a business referral network. Emmanuel de Marion de Glatigny left the Allianz group on 1 February 2008 to form his own consulting firm.

Emmanuel de Marion de Glatigny resigned from his role as director and member of the Appointments and Compensation Committee effective 25 August 2016. He was replaced by Denie S. Tampubolon, who was proposed by PIEP and whose biography can be found below in paragraph 3.2.1.1.1., page 42 of this Annual Report.

François Raudot Genêt de Châtenay, 69 years of age

Independent director and

Member of the Appointments and Compensation Committee until 10 April 2017

Number of shares at 10 April 2017: 500

French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

François Raudot Genêt de Châtenay has been a member of the Board of Directors since the General Shareholders' Meeting of 18 June 2015. He was appointed for a three-year term, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2017.

A graduate of Paris IX (Dauphine) University, the Paris II (Assas) Faculty of Law and an alumnus of the Institut des Assurances de Paris (Paris I Panthéon Sorbonne), François Raudot Genêt de Châtenay began his career in 1975 at the Total group. He held various roles within that group, including Head of Legal Services and Chief Accountant of one of the group's regional offices, Head of Insurance for the Refining and Distribution division, International affairs lawyer, Legal Director of a subsidiary, Head of Governance and finally Special Adviser to the Legal Director. He left the Total group at the end of 2014 and has since been working as an independent consultant.

François Raudot Genêt de Châtenay resigned as director and member of the Appointments and Compensation Committee effective 10 April 2017. He was replaced as a director by Maria R. Nellia, who was proposed by PIEP and whose biography can be found below in paragraph 3.2.1.1.1., page 42 of this Annual Report.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Eloi Duverger, 56 years of age

Independent director until 10 April 2017

Number of shares at 10 April 2017: 500

French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

Eloi Duverger was co-opted as director by the Board of Directors on 30 July 2015 to replace Alexandre Vilgrain, who had resigned, for the remainder of his term of office, which was until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017. His co-optation was subject to ratification by the General Shareholders' Meeting of 17 December 2015.

A graduate of the European Business School and with a Masters in wealth management from Clermont-Ferrand University, Eloi Duverger began his career in 1985 at JP Morgan in Paris before managing brokering activities and the sale of sovereign debt in Brussels, São Paulo and then London. In 2001, he joined Dexia Banque Privée as an account manager and then moved to Groupama in 2004 where he was in charge of private asset management for ten years. On 1 December 2014 Eloi Duverger founded and became managing director of the FIDERE family office.

Eloi Duverger resigned from his term of office as a director effective 10 April 2017. On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided not to replace him.

Denie S. Tampubolon, 54 years of age

Director and Member of the Appointments and Compensation Committee since 25 August 2016

Number of shares at 10 April 2017: 0

Indonesian citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

Denie S. Tampubolon was co-opted as director by the Board of Directors on 25 August 2016 to replace Emmanuel de Marion de Glatigny, who resigned, for the remainder of his term of office, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018. His co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.

Denie S. Tampubolon began his career at Pertamina in 1990, working in the Exploration department covering the Kalimantan region. From 1995 to 2000 he worked as an analyst in the Technical Analysis Department before joining the Strategic Planning and Portfolio Management Department.

From 2000 to 2005 he was assigned to the Secretariat of the Organization of the Petroleum Exporting Countries (OPEC) in Vienna. He returned to Pertamina in 2006 where he held a number of positions before becoming Director of Upstream Business Intelligence in 2009.

From 2010 to 2011, Denie S. Tampubolon was seconded as ministerial special advisor to Indonesia's Ministry of Energy and Mineral Resources. Returning to Pertamina in 2012, he joined the Upstream Business Development Department. In July 2013 he was appointed to his current position of Senior Vice President Upstream Business Development.

From November 2013 to February 2014, Denie S. Tampubolon also served as Chairman and Chief Executive Officer of PIEP, a subsidiary of PT Pertamina (Persero), managing overseas assets.

Since 2015 he has been a member of the Board of Commissioners of PT Pertamina EP Cepu, a subsidiary of PT Pertamina (Persero), jointly managing with ExxonMobil the Cepu block, which currently produces 180 Mbopd.

Since December 2015 Denie S. Tampubolon has also been Chairman and Chief Executive Officer of PT Pertamina Hulu Indonesia, a subsidiary of PT Pertamina (Persero), managing the Mahakam and other product-sharing agreements in Indonesia. The Mahakam PSA will be transferred to Pertamina on 1 January 2018.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Aussie B. Gautama, 61 years of age

Director and Chairman of the Board of Directors since 10 April 2017

*Number of shares at 10 April 2017: 0
Indonesian citizen*

Maurel & Prom
51, rue d'Anjou
75008 Paris

Aussie B. Gautama was co-opted as director by the Board of Directors on 10 April 2017 to replace Jean-François Hénin, who resigned, for the remainder of his term of office, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2018. That same day he was appointed Chairman of the Company's Board of Directors. His co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.

Aussie B. Gautama, an adviser to Pertamina's executive management on Exploration and Production activities since 2015, has held a number of successive positions at Total (1982-2012).

In 1991 he joined Total in Paris, working as a geologist on the Midgard project in Norway for two years. From 1998 to 2000, he worked at Total Libya as head of geology and geophysics. In 2005 he returned to Total in Paris where he spent two years coordinating the OML 130 Egina-Preowei project in Nigeria.

From 2007 to 2012 he served as Vice President Geosciences & Reservoir at Total E&P Indonesia.

In 2012 Aussie B. Gautama was appointed Deputy for Planning Management at SKK Migas, the Indonesian regulatory authority tasked with managing exploration and production activities in the country's hydrocarbon industry.

A graduate of the Bandung Institute of Technology in Indonesia, Aussie B. Gautama has also received a solid international education at schools such as ENSPM and INSEAD.

Maria R. Nellia, 52 years of age

Director and Member of the Risk Observatory since 10 April 2017

*Number of shares at 10 April 2017: 0
Indonesian citizen*

Maurel & Prom
51, rue d'Anjou
75008 Paris

Maria R. Nellia was co-opted as director by the Board of Directors on 10 April 2017 to replace François Raudot Genêt de Châtenay, who resigned, for the remainder of his term of office, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017. Her co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.

She has worked in the oil and gas sector for almost 29 years, since 1989. She joined PIEP in 2015 and currently serves as Vice President of Commercial & Business Support.

Maria R. Nellia received her bachelor's degree in Geophysical Engineering from the Colorado School of Mines, USA in 1988.

She began her career in August 1989 at Mobil Oil Indonesia and then at Exxon Mobil as Geophysicist Exploration Development. She further developed her expertise in managing an oil and gas company by joining a number of multinational oil and gas companies, including PT Landmark Concurrent Solusi Indonesia, a Halliburton-group company in 2000, PT Medco E&P Indonesia in 2004 and Eni Indonesia in 2007. During this period she held many different positions, including that of Exploration Project Liaison Superintendent at Eni Indonesia in 2014.

Maria R. Nellia has also expanded on her interest in the oil industry by publishing a research paper entitled "3D Seismic Facies Analysis of a Reefal Buildup of the NSO 'A' Area, Offshore North Sumatra", which she presented at the 22nd Indonesian Petroleum Association (IPA) Convention in 1993 and again at the American Association of Petroleum Geologists (AAPG) Convention in 1994.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

PIEP

Director and Member of the Audit Committee since 10 April 2017

Number of shares at 10 April 2017: 141,911,939

Represented by

Huddie Dewanto, 53 years of age

Indonesian citizen

Maurel & Prom

**51, rue d'Anjou
75008 Paris**

PIEP was co-opted as director by the Board of Directors on 10 April 2017 to replace Gérard Andreck, who resigned, for the remainder of his term of office, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017. Since then its permanent representative has been Huddie Dewanto. PIEP's co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017 for ratification.

PIEP is a subsidiary of PT Pertamina (Persero), Indonesia's state-owned oil company and leading integrated energy company. At the end of 2015 it had almost 28,000 employees. PT Pertamina (Persero) is active in exploration and production (oil and gas), refining, distribution and marketing (oil products and petrochemicals), and also develops biofuels, geothermal power and other alternative sustainable energies.

Huddie Dewanto is a member of PIEP's Board of Directors. He graduated in accounting from Gadjah Mada University in Indonesia and then completed a master's degree in the same subject from Case Western Reserve University in the United States.

He has worked for PT Pertamina (Persero) since 1990, with 27 years' experience in financial management. From 1999 to 2004 he was Indonesia's representative at OPEC (Organization of the Petroleum Exporting Countries) in Vienna.

After his return, Huddie Dewanto was appointed to his first executive position as Finance Manager in 2007 before becoming Vice-President Financing at PT Pertamina (Persero). During that period, he attended several technical and leadership training courses provided by the

company in conjunction with prestigious business schools such as INSEAD. In 2013 Huddie Dewanto was appointed Finance and Business Support Director at PT Pertamina Algeria EP and was heavily involved in the acquisition of ConocoPhillips Algeria Ltd, Pertamina's first foreign operatorship asset. He has since pursued his career at PIEP as Director of Finance and Business.

3.2.1.1.2. Chief Executive Officer

Michel Hochard, 67 years of age

Number of shares at 10 April 2017: 336,000

French citizen

Maurel & Prom

**51, rue d'Anjou
75008 Paris**

On the recommendation of the Appointments and Compensation Committee, the Board of Directors of 26 May 2014 appointed Michel Hochard as the Company's Chief Executive Officer as from that date for a one-year term, which was until the close of the General Shareholders' Meeting to approve the financial statements for the year ending 31 December 2014. Michel Hochard's term of office as the Company's Chief Executive Officer was then renewed successively by the Board of Directors meetings of 18 June 2015 and 15 June 2016 for the same period. Following the resignation of Jean-François Hénin from his position as Chairman of the Board of Directors and director on 10 April 2017 and his replacement by Aussie B. Gautama on that same date, Michel Hochard was confirmed as Chief Executive Officer at the Board of Directors' meeting of 10 April 2017.

As his term of office as Chief Executive Officer also ends at the close of the next General Shareholders' Meeting, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, will meet to vote on his reappointment as Chief Executive Officer.

Michel Hochard has a diploma from the Institut Commercial de Nancy (ICN). He is a qualified accountant and worked as an internal auditor in the Finance Department of Elf Aquitaine and as head of the finance division for Africa & the Middle East. He also served as Finance Director at SNEAP and at ELF Aquitaine

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Production. He was Deputy Director of Human Resources at Elf Exploration Production and Operations Director at PricewaterhouseCoopers BPO. He also served as Chief Executive Officer of MPI until 27 August 2014. From September 2007 until his appointment as Chief Executive Officer, he was the Company's Chief Financial Officer. Michel Hochard's employment contract as CFO has been suspended for his term of office as the Company's Chief Executive Officer (see paragraph 3.2.3.2.1.3. on page 93 of this Annual Report).

3.2.1.1.3. Observer

In accordance with the Articles of Association and the Bylaws of the Company's Board of Directors and its special committees as amended on 24 April 2017 (the "Bylaws"), the Board of Directors may appoint a maximum of four observers, to the Company, chosen from among the natural persons.

The term of office for observers is set at three years.

Observers are required to attend and observe the meetings of the Board of Directors, and may be consulted by it. They may also present observations at General Shareholders' Meetings on the proposals submitted to them, if they see fit. They must be invited to every meeting of the Board of Directors. The Board of Directors may assign specific tasks to observers.

They may sit on committees created by the Board of Directors, except for the Audit Committee.

The Board of Directors may decide to pay observers a proportion of the attendance fees allotted to it by the General Shareholders' Meeting, and authorise the reimbursement of expenses that observers incur during the course of their work for the Company.

Christian Bellon de Chassy has been an observer since 29 June 2011. His term of office was renewed by the Board of Directors in 2014. His present term of office as observer will end at the close of the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2016. The Board of Directors will review the question of whether or not to renew his term of office.

Christian Bellon de Chassy,
83 years of age

Observer

Number of shares at 10 April 2017: 9,986
French citizen

Maurel & Prom
51, rue d'Anjou
75008 Paris

Christian Bellon de Chassy became a member of the Board of Directors at the General Shareholders' Meeting of 14 June 2007. His term of office expired at the close of the General Shareholders' Meeting of 29 June 2011 and he did not request its renewal. As noted above, he was appointed as an observer by the Board of Directors on 29 June 2011 following the General Shareholders' Meeting held on the same date and reappointed in 2014.

Prior to that, he was a member of Maurel & Prom's Supervisory Board, having been co-opted by Maurel & Prom's Supervisory Board on 11 May 2006 to replace Laurent Lafond, who had resigned. The co-optation of Christian Bellon de Chassy was ratified by the General Shareholders' Meeting of 20 June 2006.

Christian Bellon de Chassy has a degree in Science (Chemistry and Geology) and Engineering from Institut Français du Pétrole (École Nationale Supérieure du Pétrole et des Moteurs, ENSPM 1966: drilling and production).

As a director of Comex, and then of Elf, he acquired a great deal of first-hand experience in drilling, production and offshore construction, particularly in Norway. In founding and running his own oil consulting company, Orcal Offshore (with 15 employees), he has completed more than 200 marine oil assignments as a Lloyds-certified loss & average adjuster. He has acted as an advisor to oil operators and/or their insurers, and has certified oil work procedures in more than 30 countries. He has also acted as an expert witness in international court and arbitration proceedings.

As a consultant to the European Community (DG 13), he contributed to directing energy research, and was subsequently tasked with managing budgets for the European Investment Bank. Appointed by the International Chamber of Commerce, he worked as arbitrator for the International Court of Arbitration.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

3.2.1.1.4. Management

Details of the Company's management team can be found on page 42 of this Annual Report.

3.2.1.1.5. Other information

To the Company's knowledge, over the past five years no member of the Board of Directors or executive management:

- ▶ has been convicted of fraud;
- ▶ has ever been involved, as an executive or non-executive corporate officer, in any bankruptcy, sequestration or liquidation proceedings;
- ▶ has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from being involved in managing or conducting the affairs of an issuer;
- ▶ has been convicted of any offence and/or received an official public penalty issued by the statutory or regulatory authorities (including professional bodies).

3.2.1.2. List of positions and offices held by the members of the Board of Directors and executive management in other companies in the last five years

As a preliminary point, it should be noted that in accordance with the recommendations of the AFEP-MEDEF Code and the Bylaws, an executive corporate officer, in this instance Michel Hochard, the Company's Chief Executive Officer, may not hold more than two other directorships in listed companies outside the Group, including foreign companies. The officer must also seek the opinion of the Board of Directors before accepting a new directorship in a listed company outside the Group, including any foreign company. Furthermore, when appointing a director or renewing their term of office, the Appointments and Compensation Committee ensures that the Company director concerned holds no more than four other directorships in listed companies outside the Company, including foreign companies.

In order to ensure compliance with the aforementioned rules and the rules relating to the total number of directorships permitted by the French Commercial Code,

the Bylaws stipulate that all directors must inform the Board of Directors (and the Appointments and Compensation Committee) of any positions that they hold in other companies, including membership of committees of the boards of directors of these French or foreign companies.

The positions held by the members of the Board of Directors and executive management are described below.

Jean-François Hénin

Chairman of the Board of Directors until 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016

Chairman of the management board	Pacifico S.A.
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Other positions held in the fiscal year ended 31 December 2016

Within the Group

Note that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the Company's subsidiaries in which Jean-François Hénin was also a member of an administrative, management or supervisory body at 31 December 2016.

Outside the Group

Director	Pacifico Forages S.A.
Member of the Supervisory Board	CIMV S.A. (until 17 November 2016)

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Offices held during the last five years which have expired

Within the Group

Note that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the Company's subsidiaries in which Jean-François Hénin was also a member of an administrative, management or supervisory body during the last five years.

Outside the Group

Chairman of the Board of Directors	MPI S.A.* ⁽¹⁾
Director	E02 S.A.; SEPLAT Petroleum Development Company Ltd* (Nigeria) until 2013; New Gold Mali (representative of Pacifico S.A. until 12 October 2012) (Mali)

* Companies marked with an asterisk are listed companies.

(1) Formerly Maurel & Prom Nigeria. MPI was listed on Euronext Paris from 15 December 2011 to 23 December 2015. MPI was absorbed by the Company on 23 December 2015.

(2) Company incorporated into the Group following the completion of the merger by absorption of MPI S.A. by the Company on 23 December 2015.

Michel Hochard

Chief Executive Officer

Main positions held outside the Company in the fiscal year ended 31 December 2016

None.

Other positions held in the fiscal year ended 31 December 2016

Note that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the Company's subsidiaries in which Michel Hochard was also a member of an administrative, management or supervisory body at 31 December 2016.

Within the Group

Director	SEPLAT Petroleum Development Company Ltd* ⁽²⁾ (Nigeria); General Director of Maurel & Prom Gabon S.A. , Newton Energy Limited (Nigeria)
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* Companies marked with an asterisk are listed companies.

(2) Company incorporated into the Group following the completion of the merger by absorption of MPI S.A. by the Company on 23 December 2015.

Outside the Group

None.

Offices held during the last five years which have expired

Note that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the Company's subsidiaries in which Michel Hochard was also a member of an administrative, management or supervisory body during the last five years.

Within the Group

None.

Outside the Group

Chief Executive Officer	MPI S.A.* ⁽¹⁾ (until 27 August 2014)
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* Companies marked with an asterisk are listed companies.

(1) Formerly Maurel & Prom Nigeria. MPI was listed on Euronext Paris from 15 December 2011 to 23 December 2015. MPI was absorbed by the Company on 23 December 2015.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Gérard Andreck

Vice-Chairman of the Board of Directors, independent director and Chairman of the Appointments and Compensation Committee until 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016

Chairman of the Board of Directors of Association de Préfiguration MEDESS and Espace 24.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

Chairman	Espace 2024; MEDESS
Director	MACIF SAM (honorary director); MACIF Participations S.A.S. (until 18 June 2016); OFI Holding S.A. (until 30 March 2016); Fondation d'Entreprise of the MACIF Group
Member of the Supervisory Board	Inter Mutuelles Assistance S.A. (Honorary member); OFI Asset Management S.A. (until 24 March 2016); MACIF Centre de Voile
Observer	Inter Mutuelles Entreprises S.A.; MUTAVIE S.E.; OFI Asset Management S.A. (from 8 June 2016); OFI Holding S.A. (from 14 June 2016)

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

Chairman of the Board of Directors	Macif Sam; Cemm; Ceges Macif; Macif Sgam; OFI Holding S.A.; Socram Banque S.A.
Chairman	Afa; Gema; Eurecos (Spain)
Vice-Chairman	Ima S.A. (member of the Supervisory Board); OFI Asset Management S.A.; Sferen
Director	Sferen; Ceges; Foncière de la Macif; Couleurs Mutuelles (UGM); Foncière de Lutèce S.A.; Fondation Macif; Macif Gestion; Macif Participations S.A.; Macifilia S.A.; Macif Mutualité; Sicav Ofi Smidcap; Scor S.A.*; Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. Euresa Holding (Luxembourg)
Member of the Supervisory Board	GPIM S.A.S.; Mutavie S.A.
Member of the Management Committee	Siem S.A.S.; Siil (Société Immobilière d'investissement Locatif) S.A.S.
Member of the Steering Committee	Macifimo S.A.S.
Observer	Altima Assurances; Sicav Ofi Trésor ISR

* Companies marked with an asterisk are listed companies.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Xavier Blandin

Independent director, member of the Audit Committee, member of the Risk Observatory until 10 April 2017 and member of the Appointments and Compensation Committee since 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016

Chairman of FISTRA Conseil S.A.S.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

None.

Nathalie Delapalme

Independent director, member of the Audit Committee until 10 April 2017, Member of the Risk Observatory and Chairman of the Appointment and Compensation Committee since 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016.

Executive Director in charge of Research and Public Policy at the Mo Ibrahim Foundation.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

Director	EBI S.A.
Member of the Supervisory Board	CFAO S.A.*

* Companies marked with an asterisk are listed companies.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

None.

Carole Delorme D'Armaillé

Independent director, Chairman of the Appointments and Compensation Committee until 30 March 2016 and Chairman of the Risk Observatory since 30 March 2016

Main positions held outside the Company in the fiscal year ended 31 December 2016

Chairman of Athys Finances S.A.S.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

None.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Roman Gozalo

Independent director, Chairman of the Audit Committee and member of the Risk Observatory

Main positions held outside the Company in the fiscal year ended 31 December 2016

None.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

Observer at MPI S.A.*⁽¹⁾ [until 27 July 2015]

* Companies marked with an asterisk are listed companies.

(1) Formerly Maurel & Prom Nigeria. MPI was listed on Euronext Paris from 15 December 2011 to 23 December 2015. MPI was absorbed by the Company on 23 December 2015.

Emmanuel de Marion de Glatigny

Director and member of the Appointments and Compensation Committee until 25 August 2016

Main positions held outside the Company in the fiscal year ended 31 December 2016

Chairman of the Supervisory Board of Pacifico S.A

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

Director	Pacifico Forages S.A.
Chairman	Glatigny Patrimoine S.A.S.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

Director	Safetic
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Eloi Duverger

Independent director until 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016

Manager of FIDERE

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

None.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

François Raudot Genêt de Châtenay

Independent director and member of the Appointments and Compensation Committee until 10 April 2017

Main positions held outside the Company in the fiscal year ended 31 December 2016

None.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

None.

Outside the Group

None.

Christian Bellon de Chassy

Observer

Main positions held outside the Company in the fiscal year ended 31 December 2016

None.

Other positions held in the fiscal year ended 31 December 2016

Within the Group

None.

Outside the Group

None.

Offices held during the last five years which have expired

Within the Group

Director	Etablissements Maurel & Prom S.A.* (until 2011)
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* Companies marked with an asterisk are listed companies.

Outside the Group

None.

3.2.1.3. Potential conflicts of interest

As at 31 December 2016, the Company was not aware of any potential conflict of interest between the private interests of the members of the Board of Directors and/or executive management and their duties with respect to the Company, other than those shown below.

Under the terms of a service agreement concluded in 2005 by the Company and Pacifico, a company in which Jean-François Hénin is a shareholder and Chairman of the Management Board, Pacifico invoiced a total sum of €75,000 net of taxes for the fiscal year ended 31 December 2016 (see paragraph 3.2.2.1.2., page 65, of this Annual Report).

This agreement was terminated on 25 August 2016 by an addendum of the same date.

Furthermore, the Company holds a lease on its registered office and a sublease had been signed on 5 April 2013 with Pacifico S.A. The rent received by the Company under the sublease agreement amounted to €163,801.35 net of taxes for the fiscal year ended 31 December 2016. This lease was terminated by an addendum dated 25 August 2016 with effect from 1 January 2017. For information purposes, it should be noted that the return of the premises was delayed until 31 March 2017.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Lastly, under the takeover bid initiated by PIEP on the Company's shares, a tender offer agreement (the "**Tender Offer Agreement**" or the "**TOA**") between PT Pertamina (Persero), PIEP and the Company was signed on 25 August 2016. This agreement came as a result of the Block Sale by Pacifico (a company in which Jean-François Hénin is a shareholder and Chairman of the Management Board, and in which Emmanuel de Marion de Glatigny is Chairman of the Supervisory Board) to PIEP. This agreement provided for commitments regarding the takeover bid on the part of the parties (see section 3.2.2.1.2., page 65 of this Annual Report). The TOA did not give rise to the payment of fees or costs to PT Pertamina (Persero), PIEP or Pacifico by the Company. In addition, for information purposes, subsequent to 31 December 2016 the TOA was the subject of an addendum dated 2 March 2017, and two shareholder loan agreements were signed by the Company and PIEP on 2 March 2017 whereby PIEP agreed to make funds available to the Company as part of the early repayment of the ORNANE bonds following the change in control in the Company resulting from the takeover bid (see paragraph 7.3.1., page 244, of this Annual Report). On that date, Denie S. Tampubolon, who is associated with PT Pertamina (Persero), was a member of the Company's Board of Directors.

In order to prevent a potential conflict of interest, the Bylaws require that members of the Board of Directors comply with strict obligations. To this end, the Bylaws of the Board of Directors provide that each director:

- ▶ is obliged "to inform the Board of Directors of any existing or potential conflict of interest arising from his or her duties in another company, and must take all appropriate measures (particularly concerning information available to directors) and refrain from voting in the corresponding deliberations";
- ▶ cannot "assume responsibilities, on a personal basis, in companies or in businesses that compete with the Company or the Group without notifying the Board of Directors and the Chairman of the Appointments and Compensation Committee";
- ▶ must not "use his or her title and office as a director to procure for personal gain or provide to a third party any benefit, financial or otherwise";

- ▶ must "refrain from any individual interference in corporate affairs, especially by making direct contact with senior managers, employees, the Group's customers, shareholders or investors, unless for the specific task entrusted to him or her by the Board of Directors or the Board of Directors' committee of which he or she is a member"; and

- ▶ must "immediately notify the Chairman of the Board of Directors of any agreement entered into by the Company in which he or she has a direct or indirect interest".

Additionally, every year the Company asks the directors about conflicts of interest that may exist.

The Bylaws, which include rules relating to the prevention of conflicts of interest, are available on the Company's website: www.maureletprom.fr

3.2.2. Operations of administrative and management bodies

3.2.2.1. Relations of members of the Board of Directors and of management with the Company

3.2.2.1.1. Securities transactions

The securities transactions carried out to the Company's knowledge by corporate officers during the fiscal year ended 31 December 2016 and up to the date of this Annual Report are provided below:

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CORPORATE GOVERNANCE

[Administration and management of the Company]

Corporate officer	Transaction	Security	Unit price	Total amount
Gérard Andreck	Contribution to the takeover bid	1,001	€4.20	€4,204.20
Eloi Duverger	Contribution to the takeover bid	4,166	€4.20	€17,497.20
Xavier Blandin	Contribution to the takeover bid	500	€4.20	€2,100
François Raudot	Contribution to the takeover bid	4 500	€4.20	€18,900
Carole Delorme d'Armaillé	Contribution to the takeover bid	10	€4.20	€42

It should be noted that these contributions were carried out as part of the takeover bid initiated by PIEP on the Company's securities shares.

It should also be noted that Pacifico (a company of which Jean-François Hénin is a shareholder and chairman of the executive board) carried out an off-market Block Sale of 47,916,026 shares at a unit price of €4.20 per share.

No other securities transaction carried out by one or more of the Company's corporate officers was reported to the Company during the fiscal year ended 31 December 2016 and up until the date of this Annual Report.

3.2.2.1.2. Contracts with the issuer or its subsidiaries granting benefits under the terms of such contracts

With the exception of the agreements described below, the members of the Board of Directors have not, during the last three years, entered into any contracts with Maurel & Prom or its subsidiaries that grant benefits under the terms of such contracts.

Agreement with Pacifico S.A. for the provision of services

A support and consulting agreement dated 21 June 2005, as amended by addenda dated 22 December 2005 and 11 June 2007, was concluded between Maurel & Prom and Pacifico, of which Jean-François Hénin is a shareholder and Chairman of the Management Board.

This agreement was terminated on 25 August 2016 by an addendum of the same date. The services provided by Pacifico for Maurel & Prom were as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and develop acquisition or disposal scenarios and determine financing policy;
- ▶ advise and follow-up on any negotiations entrusted to it (draft contracts, Group development), in particular with respect to technical cooperation proposals; and
- ▶ provide monitoring and technical, accounting, financial and administrative support for drilling activities.

The financial terms of the agreement are as follows:

- ▶ annual lump-sum fee of €100,000 net of tax, payable quarterly; and
- ▶ additional fees calculated on the basis of the services rendered and the actual cost of these services provided by the consultants. This amount is adjusted quarterly according to the number of days of services actually rendered and the corresponding daily rate.

Pacifico S.A. invoiced the Company for a total of €75,000 net of tax for the fiscal year ended 31 December 2016.

Sublease agreement with Pacifico S.A.

By a decision of the Board of Directors with effect from 27 March 2013, the Company signed a sublease agreement for offices located at 51, rue d'Anjou, 75008 Paris, to which it moved its registered office. A sublease agreement was signed with Pacifico S.A. on 5 April 2013. The sublease took effect on 29 April 2013 and was to expire on 31 January 2022, when the main lease ended. It covered offices on the fourth floor with a floor area of 250 sq m.

The rent paid by Pacifico S.A. to the Company under the sublease amounted to €163,801.35 net of tax for the fiscal year ended 31 December 2016.

This lease was terminated by an addendum dated 25 August 2016 with effect from 1 January 2017. For information purposes, it should be noted that the return of the premises was delayed until 31 March 2017.

Tender Offer Agreement

On 25 August 2016, the Company, PIEP and PT Pertamina (Persero) entered into an agreement regarding a tender offer on the Company's shares "TOA". The TOA did not give rise to the payment of fees or costs to PT Pertamina (Persero), PIEP or Pacifico by the Company. In particular the TOA provided for:

- ▶ the terms and conditions under which PIEP agreed to purchase the Company's shares by means of a voluntary takeover bid;
- ▶ the commitment for the Company's Board of Directors to recommend the takeover bid within three business days as from the receipt of an equity statement issued by an independent appraiser attesting that the takeover bid was equitable for holders of the Company's shares;
- ▶ the Company's commitments in terms of governance, with PIEP having the option, in the event of a successful takeover, to designate all members of the Company's Board of Directors (with the exception of independent members) to reflect the Company's potential new shareholding;
- ▶ the commitments to run the Company's operations in the normal course of business during the TOA;

- ▶ the commitments of the PIEP and the Company to cooperate and make all commercially reasonable efforts to obtain, as soon as possible and in any event as from the filing of the takeover bid and up until the settlement of the takeover bid, the required agreement of third parties based on a joint assessment in good faith by the Company and PIEP in application of the implementation, under the takeover bid, of change of control clauses in the agreements signed by the Company (and particularly financing contracts) or in respect of permits or approvals;

- ▶ the commitment on the part of the Company not to solicit any acquisition proposals other than the takeover bid, it being specified that in the event of a higher competing offer initiated by a third party (and unsolicited by the Company or by its boards), the Company's Board of Directors may recommend accepting that offer and terminate the TOA, provided that the PIEP, informed of this offer by the Company, and within three business days following this information, does not make any proposals that may change the recommendation envisaged by the Company regarding the competing offer;

- ▶ the commitment on the part of PIEP to implement a liquidity facility of bonus shares for beneficiaries of these shares according to procedures to be discussed in good faith;

- ▶ a commitment by the Company and its subsidiaries not to (i) contribute treasury shares to the takeover bid, or (ii) transfer treasury shares to third parties, except exceptions provided for in the TOA.

It should be noted, for information purposes, that subsequent to 31 December 2016, an addendum to the TOA signed on 2 March 2017 was primarily intended to clarify (i) the terms and conditions under which PIEP would provide funds to the Company as part of the early repayment of the ORNANE bonds following the change in control of the Company resulting from the takeover bid, and (ii) the parties' commitments regarding the signature of the liquidity agreements and the conditions under which the lock-up and long-term incentive plan will be implemented. In addition, two shareholder loans designed to make funds available to the Company as part of the early repayment of the ORNANE bonds, following the change in control of the Company as a result of the takeover bid, were signed by the Company and PIEP (see paragraph 7.3.1. on page 244 of this Annual Report).

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3.2.2.2. Organisation and operation of the Board of Directors

3.2.2.2.1. Description of the Board of Directors

The Board of Directors determines the strategies for the Company's business and ensures their implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the Company's proper functioning and governs, by its decisions, the affairs that concern it. The Board of Directors is mandated by all the shareholders. It is collectively answerable and legally responsible to the General Shareholders' Meeting in the performance of its duties.

In its relations with third parties, the Company is bound even by acts of the Board of Directors that are not included within the scope of the corporate purpose

(unless the Company can prove that the third party knew that the act was beyond the scope of that purpose or that, given the circumstances, the third party could not have been unaware of that fact), the publication of the Articles of Association alone not constituting sufficient proof.

The Bylaws also reprise and set out certain articles in the Articles of Association including membership of the Board of Directors and the concept of independent director, the operating rules, missions, rights and obligations incumbent on directors as laid down in a "charter", the appointment and role of observers and the membership and remits of the Audit Committee, the Risk Observatory and the Appointments and Compensation Committee. The Bylaws are available on the Company's website. www.maureletprom.fr

The breakdown of equity interests held in the Company by corporate officers as at 10 April 2017, to the Company's knowledge, is shown in the following table:

Corporate officer	Shares
Michel Hochard	336,000
Denie S. Tampubolon	0
Xavier Blandin	500
Nathalie Delapalme	100
Carole Delorme d'Armaillé	10
Roman Gozalo	500
Aussie B. Gautama ⁽¹⁾	0
Maria R. Nellia ⁽¹⁾	0
PIEP , represented by Huddie Dewanto ⁽¹⁾	141,911,939

(1) Director as from 10 April 2017.

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To the Company's knowledge, no corporate officer holds Company-issued bonds ORNANE with the exception of PIEP, which holds 7,635,839 2019 ORNANE bonds and 4,359,150 2021 ORNANE bonds purchased in connection with the and takeover bid.

The Bylaws were amended on 30 March 2016 to stipulate that each director must commit to purchasing a minimum number of shares each year for an amount equivalent to €2,000 to be deducted from their attendance fees and must keep them in registered form until the end of their term of office.

Following the reorganisation of the Board of Directors on 10 April 2017 to reflect the Company's new shareholder structure, the Board of Directors' Bylaws, as amended on 24 April 2017, now stipulate that directors must commit to *(i)* purchasing 500 shares every year using the attendance fees they receive (or any smaller number of shares corresponding to an amount of €3,000), and *(iii)* keeping those shares until the end of their term of office. This rule does not apply to the Company's controlling shareholder director or to directors representing the Company's controlling shareholder, to the extent that PIEP holds 141,911,939 of the Company's shares.

In accordance with the recommendations of the AFEP-MEDEF Code reprinted in the Bylaws, the Company undertakes to comply with the proportion of independent directors stipulated in these recommendations (at least half the members of the Board of Directors if the Company's capital is widely held and the Company has no controlling shareholders or at least one-third of the members of the Board of Directors if the Company is controlled within the meaning of Article L.233-3 of the French Commercial Code).

Directors are considered independent if they have no relationship of any kind with the Company, its Group or its management that may influence their judgment. Thus, an independent director should be understood to mean not only being a non-executive corporate officer, i.e. one that does not exercise any management functions within the Company or its Group, but also not having any special links with it (such as being a significant shareholder, employee, or other).

The Bylaws specify the criteria, listed below, that the Appointments and Compensation Committee and the Board examine to qualify a director as independent:

- ▶ not be or have been in the past five years:
 - an employee or executive corporate officer of the Company;
 - an employee, executive director or director of a company consolidated by the Company;
 - an employee, executive director or director of the Company's parent company or a company consolidated by that parent company;
- ▶ not be an executive corporate officer of a company in which the Company directly or indirectly holds an office as director or in which an employee nominated as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds an office as director;
- ▶ not be⁽¹⁾ a major customer, supplier, investment banker or financing banker:
 - of importance for the Company or its Group;
 - or deriving a significant portion of business from the Company or its Group;
- ▶ not have any close family relationships with a corporate officer;
- ▶ not have been a statutory auditor of the Company in the preceding five years;
- ▶ not be a director of the Company of more than 12 years' standing, after which the status of independent director cannot apply.

A non-executive corporate officer cannot be considered to be independent if he or she receives variable compensation in cash or shares or any compensation that is related to the performance of the Company or Group.

Directors who represent major shareholders of the Company can be considered independent if they do not participate in the control of the Company. If a director has in excess of 10% of the Company's capital or voting rights, the Board of Directors should automatically investigate, through its Appointments and Compensation Committee, the director's independent status, taking into consideration the composition of the Company's capital and the existence of a potential conflict of interest.

(1) Or be directly or indirectly linked to these individuals.

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The Board of Directors may also decide that a director, although meeting the above criteria, should not qualify as an independent director as a result of his or her particular circumstances or those of the Company, in terms of his or her shareholding or for any other reason. Conversely, the Board of Directors may decide that a director who does not meet the above criteria is nevertheless independent.

To assess the significance of the business relationship with the Company or Group, the Board of Directors performs a quantitative and qualitative review of the situation of each director. The significance is assessed from the point of view of the Company and that of the director him - or herself.

In accordance with the recommendations of the AFEP-MEDEF Code and the Bylaws, qualification as an independent director is debated by the Appointments and Compensation Committee and reviewed each year by the Board of Directors with regard to the criteria

mentioned above. The qualification as independent director is also debated when appointing a new director to the Board.

Consequently, the Board of Directors believes that based on the recommendation of the Appointments and Compensation Committee at its meeting of 24 April 2017, the following directors should be considered to be independent:

- ▶ Xavier Blandin;
- ▶ Nathalie Delapalme;
- ▶ Carole Delorme d'Armaillé; and
- ▶ Roman Gozalo.

As at 24 April 2017, half of the Company's Board of Directors was made up of independent directors.

The following table summarises the situation of the Company's directors as at 24 April 2017, with respect to the independence criteria set out in the AFEP-MEDEF Code and included in the Bylaws:

	Aussie B. Gautama	PIEP*, represented by Huddie Dewanto	Xavier Blandin	Nathalie Delapalme	Carole Delorme d'Armaillé	Roman Gozalo	Maria R. Nellia	Denie S. Tampubolon
<p><i>Not be or have been in the past five years:</i></p> <p><i>(i) an employee or executive corporate officer of the Company; (ii) an employee, executive corporate officer or director of a company consolidated by the Company, or (iii) an employee, executive director or director of the Company's parent company or a company consolidated by that parent company</i></p>	X	X	-	-	-	-	X	X



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	Aussie B. Gautama	PIEP*, represented by Huddie Dewanto	Xavier Blandin	Nathalie Delapalme	Carole Delorme d'Armaillé	Roman Gozalo	Maria R. Nellia	Denie S. Tampubolon
<p><i>Not be an executive corporate officer of a company in which the Company directly or indirectly holds an office as director or in which an employee nominated as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds an office as director</i></p>	-	-	-	-	-	-	-	-
<p><i>Not be a customer, supplier, investment banker or financing banker that is: (i) a major customer, supplier, investment banker or financing banker of the Company or of its Group or (ii) for which the Company or its Group represents a significant proportion of its business</i></p>	-	-	-	-	-	-	-	-



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	Aussie B. Gautama	PIEP*, represented by Huddie Dewanto	Xavier Blandin	Nathalie Delapalme	Carole Delorme d'Armaillé	Roman Gozalo	Maria R. Nellia	Denie S. Tampubolon
<i>Not have any close family relationships with a corporate officer</i>	-	-	-	-	-	-	-	-
<i>Not have been the Company's Statutory Auditor in the previous five years</i>	-	-	-	-	-	-	-	-
<i>Not have been a director of the Company for more than 12 years</i>	-	-	-	-	-	-	-	-
<i>Major shareholder or representative of a major shareholder of the Company or its parent company holding more than 10% of the Company capital or voting rights</i>	X	X	-	-	-	-	X	X
Independent status	NO	NO	YES	YES	YES	YES	NO	NO

* PIEP does not meet the criteria for being considered an independent director of the Company as it holds more than 10% of the capital and voting rights of the Company, which it controls.

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Note, as applicable, that none of the Board members has any direct or indirect business relationships with the Company or the Group. The Board of Directors has therefore had no need to assess the significance of business relationships in terms of the independence criteria, given the characteristics of the Company and its business relationships.

3.2.2.2.2. Chairmanship and convening of the Board of Directors

The Board of Directors chooses a Chairman from among its own members, who should be an individual, and, if it so decides, one or more Vice Chairmen. It sets the term of their office, which cannot exceed the term of their office as a director. The Board can terminate these offices at any time.

From 14 June 2007, the date when the General Shareholders' Meeting decided to convert the Company into a public limited company with a Board of Directors, and until 26 May 2014, Jean-François Hénin held the roles of Chairman of the Board of Directors and Chief Executive Officer of the Company. Following the decision by the Board of Directors on 26 May 2014, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated to improve the operation of the Board of Directors and to allow the Chairman of the Board of Directors to focus on the major strategic decisions affecting the Company. From that date and until 10 April 2017, the role of Chairman of the Board of Directors was held by Jean-François Hénin. Following Jean-François Hénin's resignation from the office of Chairman of the Board of Directors and from the office of Director on 10 April 2017, he was replaced in those roles as from the same date by Aussie B. Gautama.

The age limit for the role of Chairman of the Board of Directors is 75. If the Chairman of the Board of Directors reaches this age during his/her term in office, he/she is deemed to have automatically resigned.

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, and reports on this work to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures, in particular, that the directors are capable of fulfilling their duties.

The Board of Directors meets at least four times a year and as often as is necessary in the interest of the Company, and is convened by its Chairman. When the Board of Directors has not met for more than two months, at least one-third of the Board's members are required to ask the Chairman to convene a Board meeting. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda. The Chairman of the Board of Directors is then bound to act on such requests. The frequency and duration of Board of Directors' meetings allow for in-depth review and discussion of matters within its remit.

The agenda is set by the Chairman of the Board of Directors, and is sent to the members within a reasonable amount of time before the meeting is held. The Board may be convened by any means (verbally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The meetings are held at any location indicated in the notice to meeting. The Board of Directors meets at a location selected by the Chairman of the Board of Directors to enable as many Board members as possible to attend.

Attendance at Board of Directors' meetings

Directors may be represented at Board of Directors meetings by another director, in accordance with laws, regulations, the Articles of Association and the Bylaws. The proxy authority must be in writing. No director may hold more than one proxy in any given meeting.

Except when the Board of Directors meets to deliberate on matters specified in Articles L. 232-1 and L. 233-16 of the French Commercial Code (preparation and approval of the company annual and consolidated financial statements and management report for the Company and the Group), directors are deemed to be present, for the purposes of establishing a quorum and a majority, if attending by videoconferencing or teleconferencing (including conference calls) and using equipment that allows them to be identified and guarantees their actual attendance, i.e. by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations. Where such methods are used in certain meetings, the Chairman must indicate that in the notice to meeting.

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Deliberations by the Board of Directors

The meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman most senior in age. If the Chairman and Vice-Chairman of the Board of Directors are both absent, the Board of Directors appoints one of the directors present to chair the meeting. The general secretary of the Company acts as the secretary for the meeting.

The Board of Directors may only validly deliberate when at least half of its members are present. Decisions are made by the majority vote of the members present or represented. In the event of a tie, the meeting chairman has the casting vote.

An attendance register is kept, which is signed by the directors attending each Board of Directors' meeting, and gives the names of the directors attending the meeting by videoconference or by any other means of telecommunication authorised by law who are deemed to be present.

Each member is informed of the responsibilities and of the confidentiality of the information received in the Board of Directors' meetings that he/she attends.

The deliberations of the Board of Directors must be clear and are recorded in meeting minutes established in accordance with the law. The meeting minutes are recorded in a special register and signed by the Chairman of the Board of Directors and a director. The draft minutes are provided to all directors for approval prior to signature. Without being unnecessarily detailed, the draft minutes must include, in addition to all the information required by applicable laws and regulations, a summary of the deliberations and decisions taken by succinctly listing the questions raised or reservations expressed and any technical incident related to the videoconference or to any means of telecommunications used that may have disrupted the meeting.

In accordance with the applicable legal provisions, the statutory auditors are invited to attend the meetings of the Board of Directors called to review the interim and annual financial statements.

The Board of Directors met nine times during the fiscal year ended 31 December 2016 and the average attendance rate of its members was 95%. The table below shows the attendance rate recorded for each of the meetings of the Board of Directors held in 2016:

Board meeting	Attendance rate
8 January 2016	77.8%
25 February 2016	100%
30 March 2016	100%
22 April 2016	100%
15 June 2016	100%
24 August 2016	100%
30 August 2016	88.9%
14 October 2016	100%
2 December 2016	88.9%
AVERAGE ATTENDANCE	95%

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The following agenda items were deliberated upon at the meetings of the Board of Directors held in 2016:

- ▶ finalising the formalities related to the merger with MPI;
- ▶ review and approval of the company and consolidated financial statements for the fiscal year ended 31 December 2015, proposed allocation of income for the fiscal year ended 31 December 2015, the management report and the Chairman's report on corporate governance and internal control;
- ▶ convening of the Ordinary and Extraordinary General Shareholders' Meeting and setting of the agenda, draft resolutions, and approval of the Board of Directors' Report for that Meeting;
- ▶ review of directors' status in terms of the independence criteria adopted in the Bylaws and self-assessment by the Board of Directors;
- ▶ delegation of powers to the Chief Executive Officer with respect to surety bonds, endorsements and guarantees;
- ▶ authority granted to the Chief Executive Officer to implement the share repurchase plan;
- ▶ authorisation of regulated agreements;
- ▶ review of the list of regulated agreements;
- ▶ approval of the implementation of a performance shares and bonus shares plan in favour of the Chief Executive Officers and the employees;
- ▶ review of the draft takeover bid: information about the Block Sale of the shares held by Pacifico, establishment of an independent committee, designation of an independent appraiser, authorisation of the signing of the agreement regarding the takeover bid;
- ▶ reasoned opinion of the Board of Directors on the draft takeover bid;
- ▶ review of the financial statements for the first half of 2016 and the draft press release on the results for the first half of 2016;
- ▶ review of the Company's financing (RCF and credit agreement signed with Crédit Suisse) ;
- ▶ renewal of the term of office of the Chief Executive Officer;
- ▶ amendment to the Bylaws of the Company's Board of Directors (specifically, creation of the Risk Observatory and adoption of a Charter of the Audit Committee);
- ▶ membership of the Board of Directors (renewal of directorships);
- ▶ review of the appointments, career advancement and of topics related to the succession plan for the Group's senior executives;
- ▶ methods for the distribution of attendance fees;
- ▶ setting of compensation for the Chairman of the Board of Directors and the Chief Executive Officer;
- ▶ company strategy;
- ▶ review of the CSR policy; and
- ▶ presentation of 2016 fiscal year-end estimates and the draft budget for 2017.

3.2.2.2.3. Role of the Board of Directors

The Board of Directors is a collegiate body mandated by all the shareholders and exercises the authority devolved to it by law to act in the corporate interests of the Company in all circumstances. It determines the Company's business strategy and ensures its implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the Company's proper functioning and governs, by its decisions, the affairs that concern it.

As part of its mission, the Board of Directors has authority for the following matters, including without limitation:

- ▶ preparing the company financial statements, the consolidated financial statements, the annual management report (for the Company and the Group) and documents setting out management forecasts;
- ▶ discussing and approving the major operations envisaged by the Group (i.e. *(i)* that may significantly impact the strategy of the Company and of the companies that it controls, their financial structure or their scope of activity, the Group's results or the structure of its balance sheet or risk profile, *(ii)* organic growth operations, and *(iii)* internal restructuring operations) and giving its prior approval to any significant operation outside the Company's stated strategy;

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- ▶ approving all proposed mergers and demergers;
- ▶ defining the Company's financial communication policy and ensuring the quality of the information provided to shareholders and the financial markets via the financial statements that it approves, the Annual Report and press releases, or when major transactions are conducted;
- ▶ devoting at least one meeting a year to reviewing the entire strategy of the Group;
- ▶ authorising surety bonds, endorsements and guarantees;
- ▶ convening General Shareholders' Meetings and setting their agenda;
- ▶ choosing the Company's organisational structure;
- ▶ appointing and revoking the Chairman of the Board of Directors, the Chief Executive Officer, and any deputy chief executive officer tasked with managing the Company, checking their management performance, setting their compensation and approving the scope of their powers;
- ▶ appointing members of the Board of Directors' special committees;
- ▶ approving the list of directors each year who are considered to be independent in accordance with the Bylaws;
- ▶ co-opting, in the events stipulated by law, one or more directors;
- ▶ granting to one or more directors any special mandates for one or more specific purposes;
- ▶ assessing its own work by reviewing its own operating procedures, checking that important issues are properly prepared and discussed and measuring each director's actual contribution to its work in terms of their expertise and their involvement in its deliberations. For this purpose, at least once a year it devotes an agenda item to discussion of its operation with the understanding that a formal assessment must be carried out at least every three years.
- ▶ distributing attendance fees;
- ▶ setting all special compensation for directors for all duties performed or offices held;
- ▶ carrying out a mandatory annual discussion of the Company's policy on gender equality in employment and equal pay among all employees regardless of gender;
- ▶ deciding to relocate the registered office within the territory of France, subject to ratification at the next Ordinary General Shareholders' Meeting;
- ▶ authorising "regulated" agreements;
- ▶ staying informed of all important events affecting the Company's markets; and
- ▶ carrying out all inspections and checks that it considers appropriate.

It addresses the following issues in particular, in conjunction with its special committees:

- ▶ proper definition of powers within the Company and the proper exercise of the respective powers and responsibilities of management bodies within the Company;
- ▶ ensuring that no one person has the power to commit the Company without supervision, excluding corporate officers acting under delegated powers received;
- ▶ proper operation of internal management bodies and the satisfactory nature of the terms of the statutory auditors' assignment; and
- ▶ the proper operation of the specialised committees that it creates.

It is further specified that the Board of Directors is kept informed about:

- ▶ the financial position, cash position and commitments of the Company and the Group;
- ▶ the liquidity position of the Company, in a timely manner, to enable it to take, as applicable, any decisions relative to its financing and indebtedness; and
- ▶ the market trends, the competitive environment and the main challenges, including in matters of social and environmental responsibility of the Company.

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Powers of the Chairman of the Board of Directors

The Chairman represents the Board of Directors, organises and oversees its work, and reports on it to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures that the directors are capable of fulfilling their duties (Article L.225-51 of the French Commercial Code).

Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in the Company's name in all circumstances, and exercises his or her powers within the limits of the Company's corporate purpose, in due respect of those powers that the law expressly reserves for shareholders' meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Chief Executive Officer's actions commit the Company, even if they do not relate to the corporate purpose.

Provisions of the Articles of Association and decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties (Article L.225-56 of the French Commercial Code).

In compliance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, the Board of Directors unanimously resolved to authorise the Chairman and Chief Executive Officer to freely grant surety bonds, endorsements or guarantees in the name of the Company for one year, starting on 15 June 2016, regardless of the term of the commitments that are secured, endorsed or guaranteed and up to a maximum unit amount of €50 million and a maximum overall amount of €200 million.

The Chief Executive Officer may not grant any endorsement, surety bond or guarantee that exceeds this cap to a third party without the express authorisation of the Board of Directors. Furthermore, the Chief Executive Officer may grant surety bonds, endorsements or guarantees in the name of the Company to the tax and customs authorities with no restriction as to the amount.

Since 24 April 2017, for transactions not included in the annual budget approved by the Board of Directors, the Board's prior approval is now required for the following decisions to be made by the Chief Executive Officer (and the Deputy CEO as necessary):

- ▶ any Financial Commitment (immediate or deferred) in an amount exceeding five per cent (5%) of the Group's non-current assets per Transaction;
- ▶ the Group's strategy in terms of financing and hedging of interest and exchange rate risks and oil prices, as well as the signing, amendment or early repayment of loans or bond issues whose amount exceeds twenty per cent (20%) of the Group's net debt;
- ▶ any Transaction, regardless of the amount, that may affect The Group's strategy or Materially change its scope (in particular, purchasing or selling stakes in significant mining rights);
- ▶ any Transaction on Company shares outside the liquidity agreement and share repurchase plan approved by the Board of Directors;
- ▶ any decision to undertake a procedure to list the Company on a regulated market or delist any financial instrument issued by the Company or one of its subsidiaries;
- ▶ any surety bonds, endorsements and guarantees in the Company's name for an amount not to exceed fifty million euros (€50 million) per transaction or a combined total amount of one hundred million euros (€100 million) per year, with the understanding that firstly, in accordance with the Company's Articles of Association, this authority has a one-year validity, and secondly, that the Chief Executive Officer shall report annually to the Board of Directors on the amount and nature of the surety bonds, endorsements and guarantees that he has granted under this authority;
- ▶ any Material transaction involving a merger, demerger, partial transfer of assets or similar transaction;
- ▶ the signing, amendment or termination of any joint venture or agreement related to the mining sector or partnership that may have a Material impact on the Group's business;
- ▶ the provision of collateral on business assets;
- ▶ the adoption of significant changes in accounting methods;

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- ▶ in the event of litigation, the conclusion of any transaction that has a net impact for the Group (after taking account of insurance) exceeding ten million euros (€10 million);
- ▶ the appointment or dismissal of a member of the senior management team (members of the Executive Committee); and
- ▶ the hiring/appointment, dismissal/lay-off of the person(s) serving as chief executive officer of the main subsidiaries.

Unless the context expressly indicates otherwise, the above terms have the meaning so assigned to them:

Financial Commitment(s) or Transaction(s) means any total, firm financial commitment for a period of five (5) years following the initial decision-making, such as an acquisition, investment, restructuring or asset sale, including mining rights or equity stakes (even minority stakes) in companies.

Material or Materially means an inclusive amount exceeding five per cent (5%) of the Group's non-current assets at the time of the Transaction, with the information and data available at the time, for the total duration of the Transaction.

These restrictions on powers are listed in the Bylaws which are available on the Company's website: www.maureletprom.fr

3.2.2.2.4. Nature of information provided to members of the Board of Directors for the preparation of directors' work and duties

Information prior to each meeting of the Board of Directors

A detailed file is sent to the members of the Board of Directors, within a sufficient period of time, prior to each meeting containing the information that allows a full examination to be made of the points included within the agenda of the Board of Directors.

More specifically, it contains the minutes of the previous meeting, the significant events occurring since the previous meeting of the Board of Directors and, where relevant, ongoing or planned operations.

The Chief Executive Officer generally provides comment on these documents during the meetings of the Board of Directors.

The members of the Board of Directors may also request prior to or in relation to the meetings of the Board of Directors any additional information and documents they consider vital to the performance of their duties, specifically in relation to the meetings' agenda. The directors must ensure that they have sufficient information in a timely manner for the Board of Directors to hold valid deliberations.

Between Board of Directors meetings, the Company also provides the directors with useful information if such information is important or when required in urgent matters. Such information also includes any relevant information, including information of a critical nature, regarding the Company, notably press and financial analysis articles.

Financial information

Each quarter, the Chief Executive Officer presents a report on the activity of the Group and its main subsidiaries for the past quarter.

A detailed and annotated income statement and balance sheet are presented by the Chief Financial Officer at each half-year and year-end.

In the three months after the closing of each fiscal year, the draft consolidated financial statements are sent to the Board of Directors for verification. The Board of Directors then presents its activity report and the financial statements for the period to the General Shareholders' Meeting.

The members of the Board of Directors are also informed of the Company's liquidity position when making decisions relating to financing and debt.

The Board of Directors ensures that investors and shareholders receive relevant, balanced and educational information regarding the strategy, growth, taking into account non-financial stakes that are material to the Company as well as its long-term prospects.

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Information on particular transactions

With regard to transactions for external growth or the sale of assets, the Board of Directors examines the data that are provided to it by the Chief Executive Officer on the transactions and strategy, and gives its view on the advisability of the proposals submitted, and if necessary, authorises the Chief Executive Officer to proceed with the transactions.

Permanent information

The Board of Directors may also ask the Chief Executive Officer and management, whenever necessary, for any information or analysis that it deems appropriate, or, to give a presentation on a specific subject. Directors may ask to meet with the Company's senior executives, without executive corporate officers having to be present, subject to having informed them about this beforehand.

In addition, between meetings, the members of the Board of Directors are regularly kept informed of the events or transactions that are significant to the Company.

Each director may also request any additional training as he or she considers necessary on the specific features of the Company, its businesses and its industry sector. The training is organised, offered and paid for by the Company.

The members of the Board of Directors are also informed of market trends, the competitive environment and the main challenges affecting the proper operation of the company, including in matters of social and environmental responsibility.

Directors' duties

The Bylaws include a directors' charter that sets out the principles to which directors must adhere. This charter tasks directors with certain obligations aimed mainly at ensuring that they understand the provisions that are applicable to them, avoid conflict of interest situations, devote the necessary time and attention to their duties, comply with the legal provisions and the AFEP-MEDEF Code governing multiple simultaneous mandates, and observe strict confidentiality requirements in respect of information of a non-public nature that go beyond

exercising discretion as required by law. It also reminds them that despite their being individual shareholders in the Company, they each represent all shareholders and must act in the corporate interest in all circumstances, unless acting on their own account. They are also bound by an obligation of loyalty.

The Bylaws are available on the Company's website. www.maureletprom.fr

3.2.2.2.5. Assessment of the Board of Directors

The Board of Directors carries out a self-assessment in which it reviews its membership, structure and operation as well as that of its committees. This assessment is designed to review the Board of Directors' operating procedures, to check that important issues are correctly prepared and discussed and to measure each director's actual contribution to the work of the Board of Directors in terms of their expertise and their involvement in its deliberations. This assessment is also an opportunity for the Board of Directors to analyse the desired balance in its membership and that in its special committees, specifically in terms of diversity (representation of gender, nationality, international experience, expertise, etc.) and to periodically analyse the appropriateness of its structure and operation for the performance of its duties.

In this respect, the Board of Directors devotes one agenda item per year to discussion of the way that it operates and carries out a formal assessment every three years. This formal evaluation may be carried out under the supervision of the Appointments Committee or an independent director, with the help of an external consultant. The last formal evaluation was conducted in 2014 by the Board of Directors and focused on the fiscal year ended 31 December 2013.

At its meeting of 30 March 2016, the Board of Directors discussed its membership (in terms of the number of female directors on the Board, members' skills and international representation) and operation, as well as the operation of its special committees, and the information contained in the reports given to members with the aim of improving the Board's work.

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In 2017 the Board of Directors did not carry out any formal assessment of its composition or operations with respect to the 2016 fiscal year. In light of the significant changes that occurred during 2016 and early 2017 in its composition as a result of the change in its shareholding structure, a formal assessment will be carried out in fiscal year 2017.

Furthermore, the directors meet periodically and at least once per year, without the Company's executive corporate officers, to assess their performance and discuss the future management of the Company.

3.2.2.2.6. Prevention of insider trading

In order to ensure the prudent management of securities in compliance with applicable regulations and, in accordance with the precautionary principle, escalation to directors, the Chairman of the Board of Directors, the Chief Executive Officer and, to the extent that such roles exist, the Vice-Chairman of the Board of Directors, the Deputy Chief Executive Officer of the Company (collectively, the "**Corporate Officers**") and the Group's employees, the Company's Board of Directors has introduced a code of ethics relating to insider trading.

The code explains specifically the rules of professional conduct relating to transactions in financial instruments issued or to be issued in the future by the Company and to derivative and other instruments linked to these instruments (options, units in FCPE mutual funds etc.) (collectively, the "**Financial Instruments**").

The code of ethics on the prevention of insider trading includes the definition of inside information and gives examples of information that could be considered privileged. This is, in particular, information about the Company's and/or Group's financial position, strategy, development focus, operations, commercial activity, disputes, and investigations or actions involving the Company and/or Group in court, arbitration or administrative proceedings. The code of ethics on the prevention of insider trading then outlines the type of person(s) who could be considered "insiders".

The prevention of insider trading requires the establishment of specific procedures. In this respect, the code of ethics sets out:

- ▶ a summary of the obligation of discretion of insiders, including the general obligation not to carry out transactions involving the Financial Instruments, the general ban on disclosing privileged information, specific obligations (holding shares in registered form, percentage holding of bonus shares or shares issued following the exercise of stock options, ban on carrying out transactions considered to be speculative, blackout periods) as well as preliminary consultation with a compliance officer;
- ▶ preparing, updating and providing the AMF with a list of Group insiders; and
- ▶ a specific obligation of Corporate Officers in particular to individually disclose any transactions involving the Financial Instruments.

Lastly, the code of ethics on the prevention of insider trading presents the main penalties applied.

Note that the code of ethics regarding the prevention of insider trading is currently under revision in order to incorporate the regulatory developments resulting among other things from the entry into force of European Regulation (EC) no. 596/2014 on market abuse.

3.2.2.3. Organisation and operation of the specialised committees

In accordance with the Bylaws, the Board of Directors has three special committees: *(i)* an audit committee, *(ii)* an appointments and compensation committee, as well as *(iii)* a risk observatory, designed to facilitate the proper operation and to provide efficient support in the preparation of its decisions.

3.2.2.3.1. Audit Committee

Membership of the Audit Committee

At least two thirds of the Audit Committee must be made up of independent directors of the Company; it may not include any executive corporate officers of the Company. The members of the Audit Committee are selected by the Board of Directors from among its members. The members of the Audit Committee are experts in finance and accounting (see paragraph 3.2.1.1.1., page 42, of this Annual Report).

The appointment or renewal of the Chairman of the Audit Committee, as proposed by the Appointments and Compensation Committee, is closely reviewed by the Board of Directors.

When appointed, the members of the Audit Committee may receive information on the particularities of the Company's accounting, financial and operational systems.

The members of the Audit Committee are appointed for the term of their mandates as members of the Board of Directors, or for a term set by the Board of Directors. They may, however, resign during any meeting of the Board of Directors without reason or advance notice.

The membership of the Audit Committee was not modified during the fiscal year ended 31 December 2016. It comprised the following members:

- ▶ Roman Gozalo, independent director, chairman;
- ▶ Xavier Blandin, independent director; and
- ▶ Nathalie Delapalme, independent director.

Following the reorganisation of the Board of Directors on 10 April 2017, the composition of the Audit Committee was changed and comprises, since that date, the following members:

- ▶ Roman Gozalo, independent director, chairman;
- ▶ Xavier Blandin, independent director; and
- ▶ PIEP, director, represented by Huddie Dewanto.

Operation of the Audit Committee

Convening meetings of the Audit Committee

The Audit Committee is convened by its Chairman and meets as often as the Chairman deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Audit Committee may be convened by any means (orally, by letter, by email, by fax or by telephone) with reasonable advance notice, unless in an emergency.

The Chairman of the Audit Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

Attendance at meetings of the Audit Committee

Only the members of the Audit Committee are automatically entitled to attend its meetings.

The Chairman of the Board of Directors, the Chief Executive Officer, the other directors, the Chief Financial Officer, the Internal Control Manager, the external auditors and all other persons may attend its meetings when invited to do so by the Committee's Chairman.

If the Audit Committee is conducting interviews of the Chief Financial Officers, heads of accounting, cash and internal audit, such interviews may be conducted without the Company's executive management.

At least once a year, the Audit Committee must meet to speak with the internal and external auditors without other members of management being present. It is preferable that the Audit Committee schedule separate meetings to speak with the internal and external auditors.

The Audit Committee may contact the Company's senior executives after having informed the executive corporate officers and is responsible for reporting on that to the Board of Directors. The Audit Committee may, provided that it informs the Chairman of the Board of Directors or the Board of Directors beforehand and is responsible for

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reporting thereon to the Board of Directors, use external appraisers, at the Company's expense, to request external technical studies. In such cases, the Audit Committee must ensure the expertise and objectivity of these appraisers.

Audit Committee meetings may be held anywhere. Prior to each meeting, at the request of one or more members of the Audit Committee, the Chairman of the Audit Committee may decide that the meeting would take place by means of telecommunication or by videoconference (including conference calls) that allows them to be identified and guarantees their effective participation, i.e. by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations. Audit Committee members attending the meeting by telecommunication or videoconference means are deemed in attendance and counted for a quorum. Where such methods are used in certain meetings, the Chairman will indicate this in the notice to meeting.

The special committees carry out their duties under the responsibility of the Board of Directors. The members of each special committee to the Board of Directors act in a collegiate manner.

Deliberations of the Audit Committee

Audit Committee meetings are chaired by its Chairman.

The Audit Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tie, the Chairman of the Committee has the casting vote.

Information provided to the members of the Audit Committee

Documentation relating to the agenda for the Audit Committee meeting is prepared using a standard format and is sent to committee members in advance of the relevant meeting.

General secretary of the Audit Committee

The Chairman of the Audit Committee appoints the person who will perform the Committee's secretarial functions.

Minutes of the meetings of the Audit Committee

The Audit Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes, and notifies the Board promptly of any problems encountered.

Role of the Audit Committee

The general role of the Audit Committee, as defined by the Bylaws, is to assist the Board of Directors so that the latter has the information and resources needed to ensure the quality of internal controls and the reliability of the financial information provided to shareholders and the financial markets.

The role of the Audit Committee is as follows:

Accounts/transactions and financial information

- ▶ review the company and consolidated financial statements as well as those of the Company's main subsidiaries;
- ▶ review the scope of the Group's consolidated companies and, as the case may be, the reasons why companies have not been included;
- ▶ check that the accounting methods adopted *(i)* for the preparation of the company and consolidated financial statements, *(ii)* for the Group's scope of consolidation and *(iii)* for the processing of material transactions are relevant and consistent;
- ▶ review any material transactions that may cause conflicts of interest;
- ▶ monitor the process of preparing financial information;
- ▶ monitor, in coordination with the Risk Observatory, the effectiveness of internal control and risk management systems, their deployment and the implementation of corrective actions when material weaknesses or irregularities are found or identified;
- ▶ review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as internal control and internal audit;

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- ▶ prepare internal audit and risk control reports;
- ▶ interview the heads of internal audit and risk control and in coordination with the Risk Observatory, express an opinion on the organisation of their departments;
- ▶ remain informed of the internal audit programme;
- ▶ receive internal audit reports and a periodic summary of those reports;
- ▶ review the Chairman of the Board of Directors' reports on these same topics at the General Shareholders' Meeting;
- ▶ review, in coordination with the Risk Observatory, the risks to which the Company is exposed and the solutions adopted by the Company to address such risks;
- ▶ review material off-balance-sheet commitments;
- ▶ ensure that systems to detect and correct malfunctions, if any, are in place. In relation to this, the Audit Committee assesses the importance of any malfunctions or weaknesses of which it has been informed and in turn notifies the Board of Directors regarding these matters; and
- ▶ review any matter likely to have a material impact on the substance and presentation of the company and consolidated financial statements.

The parent company and consolidated financial statements are reviewed by the Audit Committee sufficiently in advance of those documents being reviewed by the Board of Directors.

The review of the financial statements is accompanied by a presentation by management describing the exposure to risks and the material off-balance sheet commitments of the Company as well as the accounting options applied.

Relations with the statutory auditors

- ▶ regularly interview the statutory auditors, in particular at meetings discussing the process of preparing financial information and the review of company and consolidated financial statements, to hear their reports on the performance of their tasks and the conclusions of their review, it being understood that the statutory auditors may be interviewed without the executive officers directors being present. The purpose of such meetings is to allow the Audit Committee to be informed by the statutory auditors of the main risk areas or uncertainties identified, the audit approach adopted, and any problems encountered in performing their tasks;
- ▶ be informed by the statutory auditors of any significant weaknesses in internal control identified during their review in terms of the procedures for preparing and processing accounting and financial information;
- ▶ interview the statutory auditors regarding (i) their schedule of work and the sampling they have undertaken, (ii) any modifications that they consider should be made to the accounts or accounting documents and their observations on the evaluation methods used, (iii) any irregularities and inaccuracies they may have discovered and (iv) any conclusions arising from the observations and adjustments to the results for the period compared to those for the previous period;
- ▶ propose to the Board of Directors the procedure for selecting the statutory auditors and preparing a call for tender as provided for by law, if necessary;
- ▶ drive the process for selecting the statutory auditors and submit a recommendation regarding the statutory auditors proposed for appointment by the General Shareholders' Meeting;
- ▶ oversee the call for tenders process, if any, and approve the specifications and the choice of auditor on a "best bid" rather than a "lowest bid" basis in compliance with the rotation obligations stipulated by law; and
- ▶ oversee the statutory auditors' legal review of the company and consolidated financial statements.

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Monitoring the rules for independence and objectivity of the statutory auditors

- ▶ monitor the independence of the statutory auditors;
- ▶ ensure that it receives communication from the statutory auditors each year including (i) their statement of independence, (ii) the amount of fees paid to the statutory auditors' network by the companies controlled by the Company for services not directly linked to the statutory auditors' certification duties and (iii) information on the services performed relating directly to the statutory auditors' certification duties;
- ▶ review with the statutory auditors the risks to their independence and the safeguards taken to mitigate those risks;
- ▶ make sure that the fees paid by the Company and the Group to the statutory auditors, and the percentage they represent of the revenue of the auditors' firms and their network, do not jeopardise the independence of the statutory auditors;
- ▶ make sure that the statutory auditors ensure that their duties exclude all other work not linked to this assignment by referring to the statutory auditors' professional code of ethics and standards of practice, with the firm appointed and the network to which it belongs refraining from all other work or consultancy (legal, tax, IT or other) performed directly or indirectly for the Company in accordance with applicable provisions;
- ▶ review beforehand work that is incidental or directly additional to the audit of the accounts that may be performed by the selected firms (such as acquisition audits) but excluding evaluation and consultancy work; and
- ▶ pre-approve services other than certification in accordance with the methods set out in Article 3.4 of the Audit Committee bylaws which are included in the Bylaws.

Activity of the Audit Committee during the fiscal year ended 31 December 2016

During the fiscal year ended 31 December 2016, the Audit Committee held three working sessions attended by the Company's administrative and financial management and the statutory auditors. The attendance rate at these sessions was 100%.

At these sessions, the Audit Committee worked mainly on approving the company and consolidated financial statements for the fiscal year ended 31 December 2015, reviewing the Annual Report (including the Company and Group management report, the annual financial report and the Chairman's report on corporate governance and internal control), approving the financial statements for the first half of 2016, the profit forecasts for 2016 and the budget for 2017.

3.2.2.3.2. Appointments and Compensation Committee

Membership of the Appointments and compensation Committee

At least half the Appointments and Compensation Committee must be made up of independent directors of the Company; it may not include any executive corporate officers of the Company.

The members of the Appointments and Compensation Committee are selected by the Board of Directors from among its members or from outside the Board for their expertise.

The Chairman of the Appointments and Compensation Committee, who must meet be independent is appointed by the Board of Directors for the period of his/her term of office as director, unless decided otherwise. The appointment or renewal of the Chairman of the Appointments and Compensation Committee is closely reviewed by the Board of Directors.

In the event that the roles of Chairman of the Board of Directors and Chief Executive Officer are separated, the non-executive Chairman may be a member of the Appointments and Compensation Committee.

The members of the Appointments and Compensation Committee are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term set by the Board of Directors. Members of the Appointments and Compensation Committee who are not directors are appointed for a term of one year, renewable automatically. Members of the Appointments and Compensation Committee may, however, resign without reason or advance notice.

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The membership of the Appointments and Compensation Committee was reviewed at the meeting of the Board of Directors on 30 March 2016. Its members are:

- ▶ Gérard Andreck, independent director, chairman;
- ▶ Emmanuel de Marion de Glatigny, director; and
- ▶ François Raudot Genêt de Châtenay, independent director.

On 25 August 2016, Denie S. Tampubolon was appointed director and member of the Appointments and Compensation Committee to replace Emmanuel de Marion de Glatigny, who was resigning. Its members then were:

- ▶ Gérard Andreck, independent director, chairman;
- ▶ Denie S. Tampubolon, director; and
- ▶ François Raudot Genêt de Châtenay, independent director.

On 10 April 2017, the membership of the Appointments and Compensation Committee was reviewed following the resignation of two of its members, Gérard Andreck and François Raudot Genêt de Châtenay. Since that date, its members have been:

- ▶ Nathalie Delapalme, independent director, chairman;
- ▶ Xavier Blandin, independent director; and
- ▶ Denie S. Tampubolon, director.

Operation

Convening meetings of the Appointments and Compensation Committee

The Appointments and Compensation Committee is convened by its Chairman and meets as often as the Chairman deems necessary or appropriate, at least twice yearly.

The Appointments and Compensation Committee may be convened by any means (orally, by letter, by email, by fax or by telephone) with reasonable advance notice, unless in an emergency.

The Chairman of the Appointments and Compensation Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

Attendance at meetings of the Appointments and Compensation Committee

Only the members of the Appointments and Compensation Committee are automatically entitled to attend its meetings.

The executive corporate officer is involved with the work of the Appointments and Compensation Committee regarding (i) the renewal of its mandate or (ii) the analysis of its compensation policy, including when the roles of Chairman of the Board and Chief Executive Officer are combined.

To carry out its work, the Appointments and Compensation Committee may interview the Company's and the Group's senior managers, after having informed the executive corporate officers about it and is responsible for reporting on that to the Board of Directors. The Appointments and Compensation Committee may also be assisted by external consultants and request external technical studies on matters relating to their expertise, at the Company's expense, after having informed the Chairman of the Board of Directors or the Board of Directors itself about it and is responsible to report thereon to the Board of Directors. The Appointments and Compensation Committee ensures the objectivity and independence of the consultants used.

Appointments and Compensation Committee meetings may be held anywhere. Prior to each meeting, at the request of one or more members of the Appointments and Compensation Committee, the Chairman of the Appointments and Compensation Committee may decide that the meeting would take place by means of telecommunication or by videoconference (including conference calls) that allows them to be identified and guarantees their effective participation, i.e. by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations. Appointments and Compensation Committee members attending the meeting via these means are deemed to be present for the purposes of establishing a quorum. Where such methods are used in certain meetings, the Chairman will indicate this in the notice to meeting.

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Deliberations by the Appointments and Compensation Committee

Appointments and Compensation Committee meetings are chaired by its Chairman.

The Appointments and Compensation Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tie, the Committee's Chairman has the casting vote.

Information for members of the Appointments and Compensation Committee

Documentation relating to the agenda of the Appointments and Compensation Committee meeting is prepared using a standard format and is sent to its members before each meeting.

Secretarial functions for the Appointments and Compensation Committee

The Chairman of the Appointments and Compensation Committee appoints the person who will perform the Committee's secretarial functions.

Minutes of Appointments and Compensation Committee meetings

The Appointments and Compensation Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes.

Role of the Appointments and Compensation Committee

Selection and appointments

The Appointments and Compensation Committee is responsible for the preparation and membership of the Company's management bodies. In this respect, its duties are as follows:

- ▶ to formulate reasoned proposals for the Board of Directors regarding the appointment of the Company's executive and non-executive corporate officers as well as its directors. These proposals are made after reviewing in detail all factors to be taken into account in its deliberations, specifically:
 - the desired balance of representation on the Board of Directors in light of the composition of and changes in the Company's shareholding;
 - the gender balance on the Board of Directors;
 - the nationality and international experience: the search for and assessment of potential candidates;
 - the opportunities for renewing mandates;
- ▶ to strive to reflect a diversity of experience and points of view while ensuring that the Board of Directors retains the necessary objectivity and independence from executive management and any particular group of shareholders, and ensuring the stability of the Company's corporate bodies;
- ▶ to strive, when formulating its proposals, to ensure that (i) the independent directors in office account for (a) at least half of the members of the Board of Directors if the Company's capital is scattered and if the Company has no controlling shareholders or (b) at least one-third of the members of the Board of Directors if the Company is controlled within the meaning of Article L. 233-3 of the Commercial Code and (ii) the Audit Committee and Risk Observatory does not include any executive corporate officer and that at least two-thirds of the members of the Audit Committee are independent directors;
- ▶ organise a procedure for the selection of future independent directors and carry out its own research on potential candidates before approaching them;
- ▶ to review, each year before the publication of the Annual Report and on a case by case basis, the status of each director in terms of the independent criteria given in the Bylaws and submit its proposals to the Board of Directors for the latter to review the status of each candidate, as described in Article 1.2 of the Bylaws. The Appointments and Compensation Committee also reviews the independence of candidates before appointing them as a new director and one member of the Risk Observatory is an independent director;

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- ▶ to prepare a succession plan for executive corporate officers; and
- ▶ to give its advice, when requested by the Board of Directors, on the recruitment or dismissal of a non-executive corporate officer.

Compensation (for executive corporate officers, non-executive corporate officers, corporate officers and employees)

The duties of the Appointments and Compensation Committee are as follows:

- ▶ reviewing and formulating proposals regarding the compensation and benefits for executive corporate officers (fixed and variable compensation, where appropriate). It defines the rules for setting the variable portion of said compensation and then checks to make sure that the rules are applied;
- ▶ making recommendations with regard to the retirement and benefits plan, benefits in kind and rights to various pecuniary benefits for directors and corporate officers and the financial conditions of their departure from the Board;
- ▶ providing advice to the Board of Directors on the general policy for the award of bonus shares or performance shares, long-term incentive arrangements and financial instruments proposed by the Group's executive management in accordance with applicable rules and recommendations;
- ▶ submitting its proposal to the Board of Directors on award of bonus shares or performance shares, long-term incentive arrangements and financial instruments, explaining the reasons for its choice and the consequences;
- ▶ formulating proposals, at the beginning of each fiscal year, for that year, on the compensation policy for executive corporate officers as well as regarding the elements of the compensation mentioned above. In particular, the Appointments and Compensation Committee will issue its opinion at the beginning of each fiscal year on the details of compensation (fixed and variable) and benefits mentioned above, in compliance with laws, regulations, the AFEP-MEDEF Code as well as with market conditions and the best interests of the Company. Board of Directors meetings relating to the compensation of executive corporate officers will be held without the latter attending;

▶ to check that the compensation policy for executives who are not corporate officers of the Company is consistent with market practices and the best interests of the Company. In this respect, the Appointments and Compensation Committee must be kept informed of the compensation policy for key non-executive corporate officers. In relation to this, the Committee involves the executive corporate officers in its work;

▶ proposing to the Board of Directors *(i)* the total amount of attendance fees that will be submitted for approval to the General Shareholders' Meeting and *(ii)* the method for distributing attendance fees among the members of the Board of Directors, taking into account the actual attendance of those members at meetings of the Board of Directors and of the specialised committees on which they sit, it being specified that the variable portion is the predominant component. To do so, at the end of each fiscal year the Appointments and Compensation Committee obtains the attendance record for the meetings of the Board of Directors and its special committees from the Company's General Secretary. Using the applicable rules, the Appointments and Compensation Committee calculates the compensation and proposes the corresponding attendance fees for each of the directors and their services. The proposals are then submitted to the Board of Directors for deliberation, in principle no later than the Board of Directors meeting held to approve the financial statements;

▶ the Committee may be asked to issue an opinion on any proposals for non-recurring compensation made by the Board of Directors to compensate any member assigned particular duties or given a special mandate, in compliance with the provisions of Article L. 225-46 of the French Commercial Code; and

▶ to review any issue submitted to it by the Chairman of the Board of Directors relating to the matters described above as well as any planned capital increases reserved for employees.

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Activity of the Appointments and Compensation Committee during the fiscal year ended 31 December 2016

The Appointments and Compensation Committee met three times during 2016, with an attendance rate of 100%.

It mainly addressed the renewal of appointments of directors, the co-optation of a director, the renewal of the appointment of the Chief Executive Officer and of the Chairman of the Board of Directors, the compensation of executive corporate officers (including the bonus performance shares awarded to the Chief Executive Officer) and the allocation of attendance fees. Its recommendations regarding compensation were based principally on an analysis of the individual performances and contributions of the individuals concerned.

3.2.2.3.3. Risk Observatory

On 30 March 2016, the Board of Directors decided to form a Risk Observatory.

Membership of the Risk Observatory

At least one member of the Risk Observatory must be an independent director of the Company; it shall not include any executive corporate officers of the Company.

The members of the Risk Observatory are selected by the Board of Directors from among its members or from outside the Board for their skills and expertise in the area of activities of the Risk Observatory.

The appointment or renewal of the Chairman of the Risk Observatory, as proposed by the Appointments and Compensation Committee, is closely reviewed by the Board of Directors.

The members of the Risk Observatory are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term set by the Board of Directors. Members of the Risk Observatory who are not Directors are appointed for a term of one year, renewable automatically. They may, however, resign without reason or notice.

From 30 March 2016 to 10 April 2017 the Risk Observatory comprised:

- ▶ Carole Delorme d'Armaillé, independent director, chairman;
- ▶ Nathalie Delapalme, independent director;
- ▶ Roman Gozalo, independent director; and
- ▶ Xavier Blandin, independent director.

Following the reorganisation of the Board of Directors on 10 April 2017, the composition of the Risk Observatory was changed and comprises, since that date, the following members:

- ▶ Carole Delorme d'Armaillé, independent director, chairman;
- ▶ Nathalie Delapalme, independent director;
- ▶ Roman Gozalo, independent director; and
- ▶ Maria R. Nella, director.

Operation of the Risk Observatory

Convening meetings of the Risk Observatory

The Risk Observatory is convened by its Chairman or at the request of the Chairman of the Board of Directors and meets as often as he or she deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Risk Observatory may be convened by any means (orally, by letter, by email, by fax or by telephone) with reasonable advance notice, unless in an emergency.

The Chairman of the Risk Observatory sets the meeting agenda.

Attendance at meetings of the Risk Observatory

Only the members of the Risk Observatory are automatically entitled to attend its meetings.

The Chairman of the Board of Directors, the Chief Executive Officer, the other directors, the Chief Financial Officer, the Internal Control Manager, the external auditors and all other persons may attend its meetings only when invited to do so by the Risk Observatory's Chairman.

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If the Risk Observatory is conducting interviews of the Chief Financial Officer, heads of accounting, cash and internal audit, the interviews may be conducted without the Company's executive management, if the Risk Observatory so desires.

At least once a year, the Risk Observatory must meet to speak with the internal and external auditors without other members of management being present. It is preferable that the Risk Observatory schedule separate meetings to speak with the internal and external auditors.

The Risk Observatory may, subject to informing the Chairman of the Board of Directors or the Board of Directors itself and assuming responsibility for reporting thereon to the Board of Directors, use external consultants to request external technical studies. In such cases, the Risk Observatory must ensure the expertise and objectivity of these appraisers.

Risk Observatory meetings may be held anywhere. Prior to each meeting, at the request of one or more members of the Risk Observatory, the Chairman of the Risk Observatory may decide that the meeting would take place by means of telecommunication or by videoconference (including conference calls) that allows them to be identified and guarantees their effective participation, i.e. by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations. Risk Observatory members attending the meeting by means of telecommunication or videoconference are deemed in attendance and counted for a quorum. Where such methods are used in certain meetings, the Chairman will indicate this in the notice to meeting.

Deliberations of the Risk Observatory

Risk Observatory meetings are chaired by its Chairman.

The Risk Observatory shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Risk Observatory issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Risk Observatory's members in attendance at the meeting. In the event of a tie, the Risk Observatory's Chairman has the casting vote.

Information for members of the Risk Observatory

Documentation relating to the agenda for the Risk Observatory meeting is prepared using a standard format and is sent to Risk Observatory members in advance of the relevant meeting.

Secretarial functions for the Risk Observatory

The Chairman of the Risk Observatory appoints the person who will perform the Observatory's secretarial functions.

Minutes of the meetings of the Risk Observatory

The Risk Observatory reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes, and notifies the Board promptly of any problems encountered.

The Annual Report must also include an outline of the activity of the Risk Observatory in the past year.

Role of the Risk Observatory

The Risk Observatory's role, as approved by the Board of Directors, is as follows:

- ▶ monitor, in coordination with the Audit Committee, the effectiveness of internal control and risk management systems, their deployment and the implementation of corrective actions when material weaknesses or irregularities are found or identified;
- ▶ review any material transactions that may cause conflicts of interest;
- ▶ review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as internal control and internal audit;
- ▶ prepare internal audit and risk control reports;
- ▶ review the Chairman of the Board of Directors' reports on these same topics at the General Shareholders' Meeting;
- ▶ interview the heads of internal audit and risk control and in coordination with the Audit Committee, express an opinion on the organisation of their departments;

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- ▶ review, in coordination with the Audit Committee, the risks to which the Company is exposed and the solutions adopted by the Company to address such risks, paying particular attention to potential tax risks and their consequences in terms of reputation;
- ▶ ensure that systems to detect and correct malfunctions, if any are in place. In relation to this, the Risk Observatory assesses the importance of any malfunctions or weaknesses of which it has been informed and in turn notifies the Board of Directors regarding these matters; and
- ▶ review, with the assistance of the auditors and external consultants, the Group's corporate and environmental responsibility strategy and the options chosen for its implementation.

Activity of the Risk Observatory during the fiscal year ended 31 December 2016

The Risk Observatory met twice during 2016, with an attendance rate of 100%.

It primarily discussed the risk map and more specifically risks related to corporate, environmental and societal responsibility.

3.2.3. Compensation and benefits of all kinds granted to corporate officers

No non-executive corporate officer received any compensation in the fiscal year ended 31 December 2016, for whatever reason, other than the attendance fees allocated each year to the members of the Company's Board of Directors (see paragraph 3.2.3.1.1., page 90, of this Annual Report). Any offices held by the corporate officers in the Company's subsidiaries are not compensated.

3.2.3.1. Non-executive corporate officers

3.2.3.1.1. Compensation of non-executive corporate officers

The Company's non-executive corporate officers received the compensation shown in the table below (in euros) during the fiscal years ending 31 December 2016 and 31 December 2015, respectively:

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AMF TABLE 3 – Statement of attendance fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amount paid for fiscal year 2016	Amount paid for fiscal year 2015
Gérard Andreck⁽¹⁾		
Attendance fees	46,614	45,608
Other compensation	-	-
Xavier Blandin		
Attendance fees	49,652	45,840
Other compensation	-	-
Nathalie Delapalme		
Attendance fees	47,120	44,670
Other compensation	-	-
Carole Delorme d'Armaille		
Attendance fees	50,158	51,453
Other compensation	-	-
Roman Gozalo		
Attendance fees	51,930	51,453
Other compensation	-	-
Emmanuel de Marion de Glatigny⁽²⁾		
Attendance fees	33,179	48,178
Other compensation	-	-

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Non-executive corporate officers	Amount paid for fiscal year 2016	Amount paid for fiscal year 2015
François Raudot Genêt de Châtenay⁽³⁾		
Attendance fees	38,260	31,220
Other compensation	-	-
Eloi Duverger⁽⁴⁾		
Attendance fees	36,994	29,375
Other compensation	-	-
Denie S. Tampubolon⁽²⁾		
Attendance fees	10,193	-
Other compensation	-	-
Christian Bellon de Chassy		
Attendance fees	35,728	39,992
Other compensation	-	-
TOTAL	450,000	401,237

(1) Gérard Andreck resigned as director on 10 April 2017.

(2) Emmanuel de Marion de Glatigny resigned as director on 25 August 2016. He was replaced by Denie S. Tampubolon, who was co-opted as director at the Board of Directors' meeting of 25 August 2016. Denie S. Tampubolon's co-optation will be submitted to the General Shareholders' Meeting of 22 June 2017.

(3) François Raudot Genêt de Châtenay was appointed as director by the General Shareholders' Meeting of 18 June 2015. François Raudot Genêt de Châtenay resigned as director on 10 April 2017.

(4) Eloi Duverger was co-opted as director by the Board of Directors of 30 July 2015 to replace Alexandre Vilgrain, who resigned. His co-optation was ratified by the General Shareholders' Meeting of 17 December 2015. Eloi Duverger resigned as director on 10 April 2017.



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The members of the Board of Directors and the observer receive attendance fees which are voted on each year by the General Shareholders' Meeting. The above breakdown takes into consideration the respective term of office of each member of the Board of Directors (for the fixed attendance fees) as well as their effective presence at meetings of the Board of Directors and the committees (for the variable attendance fees).

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of 10 April 2017, decided to distribute the budget for directors' fees according to the following rule:

- ▶ a fixed portion which represents 40% of the overall budget and is proportionally distributed over the year of the duties;
- ▶ a variable portion, which accounts for 60% of the overall budget and is distributed in accordance with attendance and with the rating attached to each member's role (director, Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, Chairman of a specialised committee, and member of a specialised committee).

The total annual amount of attendance fees of €450,000 allocated by the General Shareholders' Meeting has remained unchanged for more than a decade.

Non-executive corporate officers, however, receive no specific benefits in kind. There is no supplementary pension scheme in place for non-executive corporate officers.

3.2.3.1.2. Stock options and bonus shares

No options for the subscription or purchase of shares or for bonus shares have been granted to the Company's non-executive corporate officers by the Company or by Group companies during the last three fiscal years. In addition, no non-executive corporate officer exercised any options to subscribe or purchase shares during the fiscal year ended 31 December 2016.

3.2.3.2. Executive corporate officers

3.2.3.2.1. Compensation of executive corporate officers

On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the compensation of its executive and non-executive corporate officers, taking into account in particular the rules and determination principles set out in the AFEF-MEDEF Code.

The compensation policy for the Company's executive corporate officers is reviewed and discussed each year by the Board of Directors. This compensation concerns the Chairman of the Board of Directors and the Chief Executive Officer.

3.2.3.2.1.1. Compensation policy for the Chairman of the Board of Directors

Compensation policy for the 2016 fiscal year

The compensation of the Chairman of the Board of Directors comprises a fixed portion and attendance fees allocated according to the distribution rules described in paragraph 3.2.3.1.1., page 90 of this Annual Report, and excludes any variable compensation, benefits in kind, and any award of stock options or performance shares.

The Chairman of the Board of Directors does not receive any (i) compensation or benefits due or that may be due on the expiry of or a change in their role or (ii) non-compete compensation.

There is no specific pension scheme for executive corporate officers, who are entitled to the same pension schemes as those applicable to the Group's employees.

Compensation policy for the 2017 fiscal year

The compensation policy for the Chairman of the Board of Directors for the 2017 fiscal year, is described in a report prepared in accordance with Article L.225-37-2 of the French Commercial Code that can be found in Appendix paragraph 3.2.3.2.2. on page 103 of this Annual Report.

3.2.3.2.1.2. Compensation policy for the Chief Executive Officer

Compensation policy for the 2016 fiscal year

The compensation of the Chief Executive Officer comprised a fixed portion, an award of bonus performance shares and benefits in kind (including reimbursement of travel expenses).

It should also be noted that the compensation policy for the Chief Executive Officer is matched to that of other Group executives, as necessary.

The Chief Executive Officer does not receive any *(i)* compensation or benefits due or that may be due on the expiry of or a change in his office or *(ii)* non-compete compensation.

There is no specific pension scheme for executive corporate officers, who are entitled to the same pension schemes as those applicable to the Group's employees.

Compensation policy for the 2017 fiscal year

The compensation policy for the Chief Executive Officer for the 2017 fiscal year is described in a report prepared in accordance with Article L.225-37-2 of the French Commercial Code that can be found in paragraph 3.2.3.3.2. on page 103 of this Annual Report.

3.2.3.2.1.3. Details of the compensation of the Chairman of the Board of Directors and of the Chief Executive Officer for the 2016 fiscal year

At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to increase the compensation of the Chairman of the Board of Directors and the Chief Executive Officer taking them from €200,000 to €325,000 (+62%) and €350,000 to €425,000 (+21%) respectively. It should be noted that this compensation was unchanged from 12 June 2014 to 25 February 2016. Compensation of corporate officers is determined by the Board of Directors based on the Appointments and Compensation Committee's proposals. The Appointments and Compensation Committee issued this proposal after reviewing all of the details of compensation of the Company's executive corporate officers and with regard to the amount of

compensation paid into French or foreign companies of a similar size, the work performed during the merger with MPI, the change in scope of the merged entity and the implementation of the strategy with regard to playing active role in the consolidation of the hydrocarbon sector by contributing to the development of a leader among the European oil juniors.

At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and on the authority granted by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015, decided on the award of 240,000 bonus performance shares to the Chief Executive Officer. The Board approved the plan for the award of bonus performance shares, set the attendance conditions and the three performance criteria related to:

- ▶ a reduction in the Group's structuring costs, for 42% of the shares granted;
- ▶ compliance with the commitments under the RCF, for 29% of the shares granted; and
- ▶ finalisation of the merger with MPI, for 29% of the shares granted.

Vesting and lock-up periods are one year each, it being specified that *(i)* the definitive grant of performance shares is subject to attendance conditions, *(ii)* the Chief Executive Officer must retain 20% of the shares resulting from the performance share award in bearer form until he steps down from his office and *(iii)* in accordance with the rules stipulated in the Code of Ethics regarding insider trading, he must not engage in risk-hedging transactions on these shares.

At its meeting of 31 March 2017, the Board of Directors noted that the performance conditions had been met and consequently decided to definitively award 240,000 bonus performance shares to the Chief Executive Officer.

Furthermore, as from fiscal year 2016, the Chief Executive Officer will be entitled to allowances for foreign travel of €1,250 per day.

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For the 2016 fiscal year, Michel Hochard was also a director of SEPLAT and Newton Energy. As such, he received US\$140,000 in attendance fees from SEPLAT for his directorship in 2016. It should be noted, however, that the sums he received in respect of this directorship are not related to his office as the Company's Chief Executive Officer.

By way of information, it should also be noted that under his employment contract as the Company's Chief Financial Officer (suspended for his term of office as the Company's Chief Executive Officer), Michel Hochard is bound by a non-compete clause applicable for two years following the termination of his contract for any reason, which prohibits him from performing any equivalent paid function in a similar field of activity for a competitor of the Company. The financial recompense for this obligation amounts to 35% of the compensation that he would receive in the corresponding period. The Company may, however, decide unilaterally to release

the beneficiary from this obligation. Furthermore, should Michel Hochard be dismissed or be forced to leave his role as Chief Financial Officer within 18 months of a change in control of the Company or a significant change in the majority shareholding in the Company, he would receive contractual compensation for dismissal amounting to 24 months' gross salary (calculated on the basis of the average monthly gross salary received over the 15 months preceding the dismissal or forced departure), it being understood that this compensation would be in addition to the compensation provided by collective bargaining agreements and by law that is due at the time that the employment contract is broken. Provision was also made for special compensation in the form of a retirement package paid at a reducing amount over one year, with an allowance of one month per quarter starting on 1 April 2012. As at 31 December 2016, no amount is payable with respect to this compensation.

AMF Table 1 – Summary of compensation, options and shares granted to each executive corporate officer

<i>Name and title of executive corporate officer: Jean-François Hénin, Chairman of the Board of Directors</i>	Fiscal year 2016	Fiscal year 2015
Compensation due for the fiscal year	325,000	200,000
Value of options granted during the year	-	-
Value of performance shares allocated during the year	-	-
TOTAL	325,000	200,000

<i>Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer</i>	Fiscal year 2016	Fiscal year 2015
Compensation due for the fiscal year	425,000	350,000
Value of options granted during the year	-	-
Value of performance shares allocated during the year	468,821	-
TOTAL	893,821	350,000

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AMF Table 2 – Summary of compensation to each executive corporate officer

Name and title of executive corporate officer: Jean-François Hénin, Chairman of the Board of Directors	Amounts in fiscal year 2016		Amounts in fiscal year 2015	
	Due	Paid	Due	Paid
Fixed compensation	325,000	325,000	200,000	200,000
Annual variable compensation	-	-	-	-
Multi-year variable remuneration	-	-	-	-
NON-RECURRING COMPENSATION				
Attendance fees	50,285	50,285	48,763	48,763
Benefits in kind	-	-	-	-
TOTAL	375,285	375,285	248,763	248,763

Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer	Amounts in fiscal year 2016		Amounts in fiscal year 2015	
	Due	Paid	Due	Paid
Fixed compensation	425,000	425,000	350,000	350,000
Annual variable compensation	-	-	-	-
Multi-year variable remuneration	-	-	-	-
NON-RECURRING COMPENSATION				
Attendance fees	-	-	-	-
Benefits in kind and foreign travel allowance	60,927	60,927	25,062	25,062
TOTAL	485,927	485,927	375,062	375,062

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Table of attendance fees

Members of the Board of Directors	Attendance fees paid in 2016	Attendance fees paid in 2015
Jean-François Hénin	50,285	48,763
TOTAL	50,285	48,763

For the other non-executive corporate officers, see the table in paragraph 3.2.3.1.1., page 90 of this Annual Report.

AMF Table 4 – Options to subscribe or purchase shares granted during the fiscal year to each executive corporate officer

No options to subscribe or purchase shares were granted to any executive corporate officer during the fiscal year ended 31 December 2016.

AMF Table 5 – Options to subscribe or purchase shares exercised during the fiscal year by each executive corporate officer

No options to subscribe or purchase shares were exercised by any executive corporate officer during the fiscal year ended 31 December 2016.

AMF Table 6 – Bonus shares awarded to each corporate executive officer during the fiscal year

Shares awarded to the Chief Executive Officer						
Bonus shares awarded by the General Shareholders' Meeting during the fiscal year to the Chief Executive Officer by the Company or by any Group company	Number and date of plan	Number of shares awarded during fiscal year 2016	Value of performance shares	Acquisition date	End of lock-up period	Performance conditions
General Shareholders' Meeting of 17 December 2015	25 February 2016	240,000	€468,821	25 February 2017	25 February 2018	The performance conditions are described in paragraph 3.2.3.2.1.3.

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AMF Table 7 – Bonus shares becoming available to each corporate officer during the fiscal year

No bonus shares or performance shares became available to any executive or non-executive corporate officer during the fiscal year ended 31 December 2016 in respect of their offices.

Note however that in connection with his role as the Company's Chief Financial Officer exercised prior to his appointment as the Company's Chief Executive Officer on 26 May 2014, Michel Hochard was awarded bonus shares.

Details of this award are shown in the table below:

	Plan
Award date	21/12/2012
Vesting date	21/12/2014
Date of end of lock-up period	21/12/2016
Number of bonus shares granted to Michel Hochard	4,830

AMF Table 11 – Summary of benefits granted to executive corporate officers

Executive corporate officer	Employment contract	Supplementary pension plan	Compensation or benefits due or that may be due as a result of termination or change of role	Compensation relating to a non-compete clause
Name: Jean-François Hénin Position: Chairman of the Board of Directors Term of office start date: 14 June 2007 (Chairman and CEO) then 26 May 2014 (Chairman of the Board of Directors) Term of office end date: 10 April 2017	No	No ⁽¹⁾	No	No

(1) Except for the group pension scheme.

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Executive corporate officer	Employment contract		Supplementary pension plan		Compensation or benefits due or that may be due as a result of termination or change of role		Compensation relating to a non-compete clause	
Name: Michel Hochard Position: Chief Executive Officer Term of office start date: 26 May 2014 Term of office end date: Approval of the financial statements for the fiscal year ended 31 December 2016	Yes ⁽²⁾		No ⁽¹⁾		No ⁽³⁾		No ⁽³⁾	

(1) Except for the group pension scheme.

(2) The employment contract for the role of Company's Chief Financial Officer held by Michel Hochard has been suspended since his appointment as the Company's Chief Executive Officer on 26 May 2014 for his term of office as Chief Executive Officer (see paragraph 3.1., page 39 of this Annual Report).

(3) No provisions or stipulations provide for compensation in the event that Michel Hochard is forced to leave his role as Chief Executive Officer. However, his employment contract, which is suspended for his term of office, provides for a severance and non-compete compensation package if his employment contract as Chief Financial Officer is broken. This compensation package is described in paragraph 3.2.3.2.1., page 92 of this Annual Report.

Lastly, it should be noted that Pacifico, a company of which more than 99% of the capital and voting rights are controlled by Jean-François Hénin and his family (with Mr Hénin personally owning approximately 10% of the capital and voting rights of Pacifico S.A.), invoiced Maurel & Prom for a total of €75,000 net of taxes for the fiscal year ended 31 December 2016, pursuant to a support

and consulting agreement dated 21 June 2005, as amended by addenda dated 22 December 2005 and 11 June 2007 (see paragraph 3.2.2.1.2., page 65 of this Annual Report). As part of the Block Sale, this agreement was terminated on 25 August 2016 by an addendum of the same date.

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Consultation of shareholders on the details of the compensation of executive corporate officers

The details of the compensation due or granted to Jean-François Hénin for the fiscal year ended 31 December 2016 are described in the table below:

Jean-François Hénin		
Details of compensation due or granted for the fiscal year ended	Amount or carrying amount submitted for vote	Description
Fixed compensation	€325,000 per year (gross)	In fiscal year 2016, Jean-François Hénin received compensation for his role as Chairman of the Board of Directors.
Annual variable compensation	N/A	Jean-François Hénin receives no variable compensation.
Deferred variable compensation	N/A	Jean-François Hénin receives no deferred variable compensation.
Multi-year variable remuneration	N/A	Jean-François Hénin receives no multi-year variable compensation.
Non-recurring compensation	N/A	Jean-François Hénin receives no non-recurring compensation.
Stock options, performance shares and any other long-term compensation	Options = N/A Shares = N/A Other compensation = N/A	Jean-François Hénin receives no stock options, performance shares or any other long-term compensation.
Attendance fees	€50,285	This amount corresponds to the attendance fees paid to Jean-François Hénin during the fiscal year ended 31 December 2016.
Valuation of benefits of any kind	N/A	Jean-François Hénin receives no other benefits.

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Compensation due or granted for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay	N/A	Jean-François Hénin is not entitled to a severance package.
Non-compete compensation	N/A	Jean-François Hénin is not entitled to non-compete compensation.
Supplementary pension scheme	N/A	Jean-François Hénin is not entitled to any supplementary pension scheme, with the exception of the existing group pension scheme.

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The details of the compensation due or granted to Michel Hochard for the fiscal year ended 31 December 2016 are described in the table below:

Michel Hochard		
Details of compensation due or granted for the fiscal year ended	Amount or carrying amount submitted for vote	Description
Fixed compensation	€425,000 per year (gross)	During fiscal year 2016, Michel Hochard received compensation for his role as Chief Executive Officer.
Annual variable compensation	N/A	Michel Hochard receives no variable compensation.
Deferred variable compensation	N/A	Michel Hochard receives no deferred variable compensation.
Multi-year variable remuneration	N/A	Michel Hochard receives no multi-year variable compensation.
Non-recurring compensation	N/A	Michel Hochard receives no non-recurring compensation.
Stock options, performance shares and any other long-term compensation	€468,821	At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and on the authority granted by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015, decided to award 240,000 bonus performance shares to the Chief Executive Officer. The Board approved the bonus performance share award plan, set the employment conditions and the three performance criteria related to: <ul style="list-style-type: none"> • a reduction in the Group's structuring costs, for 42% of the shares awarded; • compliance with the commitments under the RCF, for 29% of the shares awarded; and • finalisation of the merger with MPI, for 29% of the shares awarded.
Attendance fees	N/A	As Michel Hochard is not a Company director or observer, he is not entitled to attendance fees.
Valuation of benefits of any kind	€60,927	Michel Hochard is entitled to paid travel expenses.

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Compensation due or granted for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay*	N/A	Michel Hochard is not entitled to a severance package for his role as CEO.
Non-compete compensation*	N/A	Michel Hochard is not entitled to non-compete compensation for his role as CEO.
Supplementary pension scheme	N/A	Michel Hochard is not entitled to any supplementary pension scheme, with the exception of the existing group pension scheme.

* A description of the severance package and non-compete agreement benefits under the suspended employment contract is provided in paragraph 3.2.3.2.1.3., page 93, of the Annual Report.

3.2.3.2.2. Report of the Board of Directors to the Ordinary and Extraordinary General Shareholders' Meeting of June 22, 2017 regarding the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be owed or awarded for financial year 2017 to the Chairman of the Board and the Chief Executive Officer with respect to their office

Law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and modernization of economy – the "Sapin II Law" – requires a binding vote of the shareholders on the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be owed or awarded to the Chairman of the Board and to the Chief Executive Officer for financial year 2017 (i.e., the compensation policy).

The purpose of this report required under Article L. 225-37-2 of the French Commercial Code is to present the principles and criteria set by the Board of Directors, acting on the recommendation of the Appointments and Compensation Committee (the "**ACC**").⁽¹⁾

We suggest that you approve the principles and criteria presented in this report. Two resolutions will be presented for the Chairman of the Board and for the Chief Executive Officer respectively. If the shareholders at the Ordinary and Extraordinary General Meeting scheduled for June 22, 2017 do not approve (one of) these resolutions, the relevant compensation will be determined in accordance with compensation granted for the previous financial year.

As a reminder, all components of compensation paid to the Chairman of the Board and to the Chief Executive Officer of Établissements Maurel & Prom (the "**Company**") are determined by the Board of Directors, acting on the recommendation of the ACC by reference to the principles set out in the AFEP-MEDEF Corporate Governance Code for listed companies, as amended in November 2016 (the "**AFEP-MEDEF Code**").

I. Compensation policy applying to the Chairman of the Board of Directors (a non-executive corporate officer)

The Chairman of the Board's compensation is made up of fixed compensation and directors' fees.

Fixed compensation

The Chairman of the Board's fixed annual compensation is determined, inter alia, based on a thorough analysis of market practices, size and market capitalization of the Company, the separation between the roles of the Chairman and those of the Chief Executive Officer, the Chairman's experience, technical skills, and the scarcity and critical importance of those skills, past individual compensation and years of service of the Chairman of the Board.

To illustrate, Jean-François Hénin's fixed annual compensation (gross) as Chairman of the Board until April 10, 2017 was €325,000. The amount of such compensation, formerly totaling €200,000 as from June 12, 2014, had been fixed by the Board, on recommendation of the ACC, after having considered all the compensation components of the Chairman of Board, the amount of compensation paid into French or foreign companies of a similar size, work done on reaching a closer partnership with MPI, change to the perimeter of the merged entity, setting of the Company's strategy as regards the active role to be taken in connection with the consolidation of the hydrocarbons industry through the emergence of a leader amongst junior European petroleum companies.

With the change of Board chairmanship further to the completion of the voluntary takeover bid of the Company

(1) The ACC consists of three members, two (including the Chairman) of whom are independent under the criteria of the AFEP-MEDEF Code as reiterated in the Company's Internal Rules for the Board of Directors.

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by Pertamina Internasional Eksplorasi dan Produksi ("PIEP") in respect of the Company's securities, following which PIEP holds 72.65% of the share capital of the Company (the "Takeover Bid"), the Board reviewed the fixed compensation of the new Chairman as from the 10 April 2017, Mr. Aussie B. Gautama. In this respect, it should be noted that the Board, on the recommendation of the ACC, decided, having regard to all the compensation components of the Chairman of the Board, the criteria mentioned in the previous paragraph and to a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (i.e. the SBF 120 index, with the exclusion of any companies of the CAC 40 index), to set such compensation at €120,000, i.e. within the first quartile of the sample review (for information, the last quartile was €394,700).

Directors' fees

The Chairman of the Board also receives directors' fees, on the same basis as other directors and following the same rules, which take into account the actual term of office served by each as member of the Board (for the fixed portion of directors' fees) and actual attendance at Board meetings and the coefficient attributed to the office held by each member (Director, Chairman of the Board, Vice-Chairman of the Board, Chairman of a special committee and member of a special committee). For information purposes only, the Chairman of the Board received €50,285 in attendance fees for the 2016 financial year, which, according to a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (i.e. the SBF 120 index, with the exclusion of any companies of the CAC 40 index), corresponds to just above the median level of fees in the sample review (€48,800) and less than the average (€56,300).

No other compensation components

The Chairman of the Board does not receive any annual variable compensation, multi-year compensation or exceptional compensation. He does not receive any share

subscription or purchase options or bonus shares. He also does not enjoy coverage under any special pension scheme for corporate officers, nor is he entitled to any severance or non-compete payment. Lastly, he is not party to or recipient of any compensation or benefits under any agreements entered into whether directly or through the intermediary of another person, by reason of his office as Chairman of the Board, with the Company, any company controlled by the Company within the meaning of Article L. 233-16 of the French Commercial Code, any company controlling the Company or any company controlled by the same company within the meaning of such Article.

II. Compensation policy applying to the Chief Executive Officer (an executive corporate officer)

The compensation paid to the Chief Executive Officer is made up exclusively of fixed compensation, performance shares and benefits in kind with the possibility, in exceptional cases, to grant him the corresponding exceptional compensation.

Fixed compensation

Fixed annual compensation compensates the Chief Executive Officer for his responsibilities. Its amount is based on an in-depth analysis of market practice, size and market capitalization of the Company, the separation between the roles of Chairman of the Board and Chief Executive Officer, experience, technical skill and the scarcity and critical importance of those skills, past individual compensation and years of service of the Chief Executive Officer.

To illustrate, Michel Hochard's fixed annual compensation (gross) as Chief Executive Officer is €425,000, as decided by the Board of Directors on February 25, 2016 acting on recommendation from the ACC and the amount has remained the same since that date. The amount of such compensation, formerly totaling €350,000 as from June 12, 2014, had been fixed by the Board, on recommendation of the ACC, after having considered all the compensation components of the Chief Executive Officer the amount of compensation paid into French or foreign companies of a similar size, work done on reaching a

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closer partnership with MPI, change to the perimeter of the merged entity, setting of the Company's strategy as regards the active role to be taken in connection with the consolidation of the hydrocarbons industry through the emergence of a leader amongst junior European petroleum companies. On the basis of a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (i.e. the SBF 120 index, with the exclusion of any companies of the CAC 40 index), the amount of the fixed annual compensation is slightly lower than the first quartile of the sample review (€457,700). For information purposes only, the last quartile was €869,100.

Bonus shares

The Chief Executive Officer receives bonus performance shares subject to qualitative performance conditions adjusted to the transitional period in which the Company finds itself following the Takeover Bid. During the transitional period, these qualitative conditions relate to the governance and business of the Company following the Takeover Bid and the retention of the Chief Executive Officer during such time.

The acquisition period of the performance shares is set at three years, it being understood that the performance criteria shall be assessed at date of the General Meeting of the Company, convened to approve the financial statements for the 2017 financial year. No legal acquisition period exists, it being specified that the Chief Executive Officer is required to keep 20% of the definitively allotted performance shares in registered form until the end of his office.

Further, a presence condition is also required to be met. This condition is deemed fulfilled (though such presence condition may be waived, at the discretion of the Board, except if the departure is due to gross or willful misconduct), if the Chief Executive Officer still holds such office on the date of the General Meeting of the Company, convened to approve the financial statements for the 2017 financial year.

The Board also must ensure that such award to the Chief Executive Officer is not disproportioned as regards the

total number of performance shares allotted and that it has limited dilutive effect (i.e. 0.30% of the share capital under the nineteenth resolution of the General Shareholders' Meeting of 15 June 2016). Pursuant to the applicable legal provisions and Company practice, the award can also benefit Group employees.

The maximum number of performance shares awarded to the Chief Executive Officer amounts to 240,000, in line with the award made in 2016, which corresponds to 0.12% of the Company's share capital. Based on a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (i.e. the SBF 120 index, with the exclusion of any companies of the CAC 40 index), the valuation of this award is higher than the median (€669,000) but lower than the average of the sample review (€1,385,042), including in terms of percentage that represent such award as regards the fixed annual compensation (215%).

Benefits in kind

The Chief Executive Officer receives a foreign travel per diem in the amount of €1,250 for business trips outside France, benefits in kind provisions under a profit-sharing agreement applied in the Company and a mobile phone, it being understood that the Board may, depending on the situation, decide to grant other customary benefits in kind for such office.

Exceptional compensation

In accordance with the AFEP-MEDEF Code, only very exceptional circumstances may generate exceptional compensation. Reasons for such award of such exceptional compensation must be provided by the Board, who will need to explain the circumstances giving rise thereto.

No other compensation components

The Chief Executive Officer does not receive any directors' fees from the Company as he is not a director thereof. He also does not receive any variable annual or multi-year compensation. He does not receive any share subscription or purchase options or bonus shares. The Chief Executive Officer also does not enjoy coverage under any special pension scheme for corporate officers;

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[Administration and management of the Company]

he is covered by the same pension schemes as those applying to other Group employees. Further, he does not benefit from any "golden hello" payments for taking office, severance payments or non-compete amounts for his office. Lastly, he is not party to or recipient of any compensation or benefits under any agreements entered into whether directly or through the intermediary of another person, by reason of his office as Chief Executive Officer, with the Company, any company controlled by the Company within the meaning of Article L. 233-16 of the French Commercial Code, any company controlling the Company or any company controlled by the same company within the meaning of such Article⁽¹⁾.

We draw your attention to the fact that Articles L. 225-37-2 and L. 225-100 of the French Commercial Code provide that, where such components exist, the variable and exception compensation components of the Chairman of the Board and the Chief Executive Officer shall only be paid after shareholders' General Meeting has approved the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to the Chairman of the Board and the Chief Executive Officer for the 2017 financial year pursuant to the terms set out by Article L. 225-100 of the French Commercial Code.

3.2.3.3. Equity interest of corporate officers in the Company's capital

As at 10 April 2017, the Company's corporate officers together held 142,249,039 Company shares (of which 141,911,939 were held by PIEP) (i.e. 72.82% of the capital, representing 72.60% of theoretical voting rights and 74.29% of exercisable voting rights).

The details of equity interests in the Company as well as the transferable securities issued by Company held by the corporate officers to the Company's knowledge, are shown in the table in paragraph 3.2.2.2.1., page 67, of this Annual Report.

In addition to the provisions in the Code of Ethics on the prevention of insider trading (see paragraph 3.2.2.2.6., page 79, of this Annual Report), the members of the Board of Directors are subject to the laws and regulations governing trading in company securities about which they have information that has not yet been made public.

(1) For information purposes, Michel Hochard's employment contract as the Company's Chief Administrative and Financial Officer (which contract is suspended for the duration of his role as Company Chief Executive Officer) contains a two-year non-compete clause which comes into force upon termination of his contract on any grounds whatsoever. The clause bars him from performing any equivalent salaried role in a similar field of business for a Company competitor. The financial indemnity owed for this non-compete obligation amounts to 35% of the compensation he would have earned for the corresponding time period. The Company may, however, unilaterally decide to release Michel Hochard from this obligation. In addition, should Michel Hochard be forced to leave or dismissed from his role as Chief Administrative and Financial Officer within 18 months following a change of control of the Company or a significant change in the stake held by the Company's leading shareholder, Mr. Hochard is owed a contractual severance amount equal to 24 months' gross salary (calculated on the monthly average of gross salary received over the 15 months preceding his dismissal or forced departure). This payment would be added to the contractual and statutory indemnities owed upon contract termination. A special end-of-career payment was also provided, in the form of a gradually declining amount set for one year with a one-month reduction per quarter beginning after April 1, 2012.

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CORPORATE GOVERNANCE

[Administration and management of the Company]

3.3. INTERNAL CONTROL AND RISK MANAGEMENT

3.3.1. Internal control and risk management procedures

In preparing this Annual Report, the Company states that it complies with the provisions of the French Financial Markets Authority's final Report on the Audit Committee of 22 July 2010. At the request of the Chief Executive Officer, the administrative and financial management has compiled the elements that make up this report on the basis of various work conducted by the Company's internal departments. The resulting report was presented to the Audit Committee and Risk Observatory.

3.3.1.1. Definition and objectives

Internal control at Maurel & Prom may be defined as all of the policies and procedures for control implemented by the management and personnel of the Company and of the Group, the aim of which is to ensure:

- ▶ that accounting and financial data is true and fair;
- ▶ that accounting records are accurate and complete;
- ▶ that the Group's transactions are executed and optimised;
- ▶ that the actions of management, execution of transactions and the conduct of personnel are consistent with the guidelines given to Group operations by the company bodies, and consistent with the values, standards and internal rules of the Group;
- ▶ adherence to applicable local laws and regulations; and
- ▶ safekeeping of the Group's assets by, among other things, providing for the prevention and control of the risks resulting from the Group's business, particularly those detailed in Chapters 2. "Risk factors", pages 23 to 36, and 7. "Additional information", pages 236 to 260 of this Annual Report.

The objective of internal control is to provide reasonable assurance of compliance with rules and regulations, the securitisation of assets and the effectiveness of operations. It cannot, however, provide an absolute guarantee that these risks have been completely eliminated.

3.3.1.2. Organisation of internal control

Maurel & Prom's objective is to make its workers aware of their responsibilities with regard to internal control procedures, knowing that these procedures rest on the culture, behaviour and expertise of each individual.

To do this, and as personnel dedicated to internal control, Maurel & Prom's executive management and administrative and financial management, together with the Board of Directors and more specifically the Audit Committee and Risk Observatory, define the internal control priorities. On the basis of these priorities, the Group's employees work together to implement procedures that aim to achieve these objectives. Operational coordination of the internal audit procedure is ensured by Maurel & Prom's General Secretary.

Maurel & Prom's management implements the organisational structure, the methods and the procedures to ensure that activities are controlled and supervised. It meets regularly to discuss management issues within and outside the normal course of business. The members of the Management Committee (the Chief Executive Officer, the Director of Production, the Director of Exploration, and the Director of Drilling) meet every two weeks to deal with matters relating to the Company's management and to analyse the effectiveness of the actions undertaken. If necessary, between meetings, each management committee member may call an extraordinary meeting.

An expanded Management Committee including, in addition to the members of the Management Committee, the head of Health, Safety and the Environment as well as the main operational and functional managers, meets quarterly. This committee's primary goal is to analyse anomalies and malfunctions, as well as risk factors, and prevent any possible consequences resulting from them. In this regard, it issues recommendations and suggestions to the relevant officials and monitors their proper application.

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CORPORATE GOVERNANCE

[*Internal control and risk management*]

3.3.1.3. Risk management

Circulars to the various departments concerned and at internal company meetings (legal, insurance and management control) identify and quantify the significant off-balance sheet commitments and risks to the Company. Commitments likely to be made by the Company are handled centrally at the registered office.

The Group has implemented an approach, led by management, to identify and manage risks and which includes the process of review and approval of operations by operating subsidiaries.

The Board of Directors shall, throughout the year, ensure that the risks involved in the Group's activities are fully understood and also provide for the implementation of risk-monitoring measures. A half-yearly review of all risks is drawn up under its authority, with the assistance of the Audit Committee and Risk Observatory, at the close of accounting periods. The purpose is to identify the main risks for which mitigation solutions exist and to ensure that these solutions are implemented within the Group.

To this end, risks were mapped and presented to the Audit Committee (bringing together the former tasks of the Audit Committee and Risk Observatory) and Board of Directors on 15 and 17 December 2015 respectively. This type of mapping, which combines proposals and decisions regarding implementing an action plan, allows each identified risk to be optimally managed and ensures that the residual risk will be acceptable to the Group. An update of this risk map was produced in 2016 and presented to the Board of Directors at its meeting on 31 March 2017.

Risks related to the effects of climate change and the measures being taken by the Company to reduce them are described in Chapter 4 of this Annual Report.

In addition, risks are identified and managed on the basis of an organisational structure in which clearly defined responsibilities are assigned and formalised through the distribution of operational and functional organisation charts, the establishment of delegated powers, a regular process of operational and financial reporting and the formation of multidisciplinary teams dedicated to each project or action plan presenting specific risks that are deemed significant.

The main external risks are oil prices and the legal and political risks related to the Group's exploration and production regions, as described in Chapter 2, "Risk factors", pages 23 to 36 of this Annual Report.

Maurel & Prom's management, in coordination with the subsidiary managers, the Board of Directors, the Audit Committee and the Risk Observatory, identify and analyse the risks that are likely to have a significant impact on Group operations or assets.

The Group has insurance covering several types of risks, including specific policies for its oil activity and the nature and location of its assets. This coverage is described in paragraph 2.4., page 36 of this Annual Report.

3.3.1.4. Implementation

The Group is made up of a holding company, subsidiaries and operating establishments, with each of these being placed under the responsibility of a local management team which reports to the Group's executive management. This local management team coordinates the Group's activities by country or by geographic area of activity.

In the countries in which the Group's operations are the most developed, the operating subsidiaries have their own financial, accounting and legal departments in addition to their technical functions. For the subsidiaries that do not have their own administrative departments, Maurel & Prom's operating departments provide support services for such operations. The prevention and control of industrial and environmental risks are the responsibility of the operating entities.

The operational and financial managers of the establishments and subsidiaries receive appropriate delegations of powers on a case-by-case basis.

The specific "business" responsibilities are assumed by the different functional managers in charge of exploration, development and production, drilling, HSE, and finance/administration/human resources activities at Group level. Consequently, important decisions are prepared in coordination with and validated by the functional managers concerned before being sent to the Group's executive management for approval.

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CORPORATE GOVERNANCE

[*Internal control and risk management*]

From a legal standpoint, the preparation and validation of key actions in the life of the Group's subsidiaries are handled centrally by the Group's legal department.

To limit the legal risks linked to disputes, the Group has set up a centralised legal department, supported by lawyers specialising in the areas of law concerned, in order to formalise its contractual commitments, comply with its obligations of all kinds and defend its interests, when these are deemed to present a significant risk factor.

Lastly, in conjunction with the Audit Committee, management mapped the risks and CSR challenges in 2015 in order to take account of the impact of potential events on the achievement of the Group's strategic and operational goals. This mapping formalises CSR risks and ranks them in relation to traditional risk.

It was presented to the Audit Committee, Risk Observatory and Board of Directors on 31 March 2017.

In particular, executive teams approved the assessment made of the CSR risks. For their respective activities, Group entities identified, analysed and measured their risks. The main risk factors identified are described in Chapter 2, "Risk Factors", pages 23 to 36 of this Annual Report.

In 2016, reports on the Group's key projects were regularly presented to the Audit Committee and Risk Observatory, particularly by the Finance Department, so that changes in risks related to these key projects could be shared with control bodies.

Maurel & Prom's accounting department is responsible for preparing the Group's consolidated income statements. This department continuously monitors changes in accounting regulations, in particular those concerning international standards, in close coordination with the statutory auditors. The consolidated financial statements are prepared half-yearly. The accounting data from the operating subsidiaries are reviewed by the head office in Paris before being incorporated into the financial statements. The financial statements are prepared by the Company's accounting department prior to being evaluated and audited by the management, the Audit Committee and the Board of Directors.

Maurel & Prom's management control department coordinates the financial preparation of the Group's budget and the consolidated monthly reporting. It conducts analyses of the variations between the budget and the results as well as a general analysis of costs.

In the main operating entities, a management auditor, with a dual operational and functional reporting line, strengthens the internal control process.

The management of cash flows, positions and liquid assets as well as financial instruments are handled centrally (under the cash pooling agreement) by the treasury and financing department. This department is also in charge of managing risks associated with financial instruments and cash and foreign exchange activities as part of the policy issued by the Group's executive management.

With regard to information systems, the Group uses standard tools to handle general and cost accounting, consolidation, cash and personnel management (consultants are used at period ends and information systems are contracted to outside service providers).

The entire financial communication process is the responsibility of the Chief Executive Officer, the Board of Directors and the Deputy Chief Financial Officer in charge of financial communication.

Each quarter, Maurel & Prom sends its sales data to the financial market and, in the months following the half-year close, provides the market with an income statement, a balance sheet and a consolidated financing summary for the half-year.

The communication schedule is distributed at the beginning of the period in accordance with Euronext requirements. The financial documents provided to the market are prepared by the accounting and management control departments and approved by the Company's Board of Directors.

Financial management then ensures that the information sent to the market is consistent with the Group's results, with the recommendations of the Board of Directors and with legal and regulatory requirements. The statutory auditors validate the interim and annual financial documents before they are distributed.

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[*Internal control and risk management*]

The Group has drawn the attention of its employees with access to inside information to the obligation not to conduct market transactions on the Company's financial instruments during certain periods, and not to disclose information likely to have an impact on the share price.

Oil operations are carried out within a framework that involves host countries which must intervene in the application of specific legal limits, and frequently as partners.

The usual practice of partnerships involves the partners' participation, with the understanding that all investments or oil cost commitments must be within a budget that is approved and/or validated by all stakeholders to the various partnership contracts in place.

This results in operational internal control procedures, which involve the systematic commitment of expenses by the people in charge of the cost centres at each of the operational stages (prospecting, drilling, exploitation).

3.3.1.5. Supervision of internal control procedures

3.3.1.5.1. Board of Directors

The Company's Board of Directors has always emphasised the importance that it and its executive management place on internal control and its main areas of application.

3.3.1.5.2. Audit Committee

The Audit Committee is in charge of monitoring internal control measures, with priority being placed on the accounting and financial areas, without disregarding the other functions. This committee reports to the Board of Directors.

The main duties of the Audit Committee are described in paragraph 3.2.2.3.1., page 92 of this Annual Report.

3.3.1.5.3. Risk Observatory

The Risk Observatory also helps monitor internal control measures, without disregarding the other functions. It reports to the Board of Directors.

The main duties of the Risk Observatory are described in paragraph 3.2.2.3.3., page 87 of this Annual Report.

3.3.1.5.4. Executive management

Executive management has the particular task of defining the general principles governing internal control and ensuring their proper application.

3.3.1.5.5. Internal auditors

Since 2009, the General Secretary of Maurel & Prom has coordinated the Group's audit and internal control process. He reports directly to the Management Committee and reports on his work to the Audit Committee and Risk Observatory.

To perform the due diligence procedures, he relies on the internal auditing in place at the Group's main operating subsidiary (Maurel & Prom Gabon S.A.) and on external consultants who are duly appointed for this purpose.

The duties assigned will specifically take into account the assessment of the most significant risks. The weight and contribution of prior activities and their precedence are taken into consideration in the risk assessment. The action plans decided upon following the audits are regularly monitored by the General Secretary.

3.3.1.5.6. The Statutory Auditors

The Statutory Auditors, through their various checks, perform their professional due diligence to validate the preparation, treatment and consistency of the accounting and financial information for Maurel & Prom and its subsidiaries.

They are informed in advance of the process used to prepare the financial statements, and they present a summary of their work to financial and executive management, the Audit Committee, Risk Observatory and Board of Directors.

The statutory auditors conduct the internal control checks deemed necessary as part of their engagement to certify the financial statements, and provide their observations to the Audit Committee and Risk Observatory.

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CORPORATE GOVERNANCE

[*Internal control and risk management*]

3.3.2. Achievements in 2016 and outlook for 2017

In April 2016, Maurel & Prom Gabon embarked on a process to strengthen its internal control procedures. This involved reviewing all key processes, identifying risks and singling out control processes and procedures that needed to be improved or better formalised.

The internal control formalisation phase has been completed. The oversight and continued internal control deployment phases, as well as the drafting and formalising of business-line procedures, are ongoing.

At the holding company level, action taken in 2016 included the complete revamp of Accounting ERP rights and authorisations as well as the procedure for paying supplier invoices. Other internal control issues, such as the revision of the overall organisation of banking powers, will be implemented in 2017.

As a reminder, in 2015 the Group produced a map of its risks. It began updating this map at the end of 2016 and completed the task on 31 March 2017. Representatives of the main foreign subsidiaries, central services (Executive Management, Administration Department, Finance Department, Operations Department) and members of the Audit Committee and Risk Observatory contributed to this work.

The aforementioned risk map has led to *(i)* the establishment of a list of risks that may affect financial resources, operational effectiveness, reputation or regulatory, legal, fiscal, industrial or corporate compliance, *(ii)* the positioning of risks in relation to one another in terms of impact and when they might materialise, and *(iii)* the identification of mitigation measures. It is also designed to formalise the non-financial risk analysis and rank issues linked to the environment, corporate responsibility and governance against other risks.

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[Rules for admission and convening general shareholders' meetings]

3.4. RULES FOR ADMISSION AND CONVENING GENERAL SHAREHOLDERS' MEETINGS

3.4.1. Convening General Shareholders' Meetings

General Shareholders' Meetings are convened, under conditions stipulated by law, by the Board of Directors or, otherwise, by the statutory auditors or by any other legally authorised persons.

General Shareholders' Meetings are held at the registered office or at any other location specified in the meeting notice.

The conditions of admission to General Shareholders' Meetings are described below.

In accordance with Article R.225-85 of the French Commercial Code, a person is entitled to attend a General Shareholders' Meeting on the basis of the registration of shares in the name of the shareholder or the authorised intermediary registered on the shareholder's behalf, pursuant to paragraph 7. of Article L.228-1 of the French Commercial Code, by midnight, Paris time, on the second business day before the meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised intermediary.

The registration or accounting entry of shares in the bearer share accounts kept by the authorised intermediary is evidenced by a shareholding certificate issued by the authorised intermediary, sent electronically where necessary, under the conditions set out in Article R.225-61 of the French Commercial Code, and attached to the postal vote or proxy form or to the request for the admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to any shareholder wishing to attend the meeting in person who has not received their admission card by midnight, Paris time, on the second business day before the meeting.

3.4.2. Shareholder access to and participation in General Shareholders' Meetings

A duly convened General Shareholders' Meeting represents all shareholders. Its decisions are binding for all shareholders, even those who are absent, dissenting or legally incapable.

Regardless of the number of shares that he/she owns, every shareholder has the right to participate in General Shareholders' Meetings, be it personally, by appointing a proxy, or by voting remotely, in accordance with current laws and regulations.

Any shareholder may also send a proxy to the Company without indicating the name of their representative. Any such proxies which do not indicate the name of the representative will be considered as a vote in favour of the resolutions submitted or approved by the Board of Directors to the Meeting.

However, proof of the right to participate in the Company's General Shareholders' Meetings, in any form whatsoever, can be shown by the accounting entry or the registration of shares under the terms and conditions stipulated by the applicable regulations.

Postal or proxy voting forms, as well as shareholding certificates may, if the Board of Directors so stipulates, be established in electronic form and duly signed in accordance with applicable laws and regulations. For this purpose, the form may be directly entered and signed electronically on the website set up by the Meeting's clearing agent. The form may be electronically

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CORPORATE GOVERNANCE

*[Rules for admission and convening general shareholders' meetings /
Factors likely to have an impact in the event of a public offering]*

signed *(i)* by entering, in accordance with the provisions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, an identifying code and a password, or *(ii)* by any other process that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

The proxy or vote thus expressed before the meeting via this electronic method, as well as the acknowledgement of receipt given, if any, shall be considered an irrevocable written instruction enforceable against all parties, except in cases of sales of securities, which are subject to the notification provided for in Article R.225-85 Section IV of the French Commercial Code.

The procedures for sending postal and proxy voting forms shall be specified by the Board of Directors in the advance notice and the meeting notice.

Under the applicable legal and regulatory conditions, the Board of Directors may arrange for shareholders to attend and vote at the Meeting via videoconferencing or other means of telecommunication that allow shareholders to be identified and which comply with legal and regulatory requirements. The Board shall ensure that the means of identification are effective.

For the purposes of establishing the quorum and majority required for any General Shareholders' Meeting, shareholders who attend the General Shareholders' Meeting via videoconferencing or other means of telecommunication that allow them to be identified, in accordance with applicable legal and regulatory conditions, shall be deemed present.

3.5. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Information regarding factors likely to have an impact in the event of a public offering, pursuant to Article L.225-100-3 of the French Commercial Code, is provided in paragraph 6.3.5. on page 220 of this Annual Report.

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CORPORATE GOVERNANCE

[Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Etablissements Maurel & Prom S.A.]

3.6. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ETABLISSEMENTS MAUREL & PROM S.A.

Dear Shareholders,

In our capacity as Statutory Auditors of Etablissements Maurel & Prom S.A. and in accordance with Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company, in accordance with Article L.225-37 of the French Commercial Code for the fiscal year ended 31 December 2016.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by Article L.225-37 of the French Commercial Code relating to matters such as corporate governance.

Our responsibility is to:

- ▶ report on any matters relating to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- ▶ confirm that the report also includes the other information required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our audit in accordance with auditing standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The standards of our profession require that we plan and perform our audit to assess the fair presentation of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. An audit mainly involves:

- ▶ obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- ▶ obtaining an understanding of the work involved in the preparation of this information and existing documentation; and
- ▶ determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

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[Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Etablissements Maurel & Prom S.A.]

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

Other information

We hereby attest that the report prepared by the Chairman of the Board of Directors contains the other information required by Article L.225-37 of the French Commercial Code.

Paris and Paris La Défense, 24 April 2017
Statutory Auditors

KPMG Audit
Department of KPMG S.A

Eric Jacquet
Partner

International Audit Company

François Caillet
Partner

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

In 2016, with Brent prices remaining low for the foreseeable future, Maurel & Prom's priority focused on increasing production in Gabon and controlling costs.

This adaptation strategy was reflected in efforts to retain skills within the Group and develop optimal teams to increase efficiency.

The health and safety of individuals remained a priority. Ongoing efforts to improve occupational health and safety resulted in a significant change in HSSE performance indicators. For example, at end-2016, the Gabonese subsidiary recorded 541 consecutive days with no lost-time accidents for all employees and contractors.

At the end of 2016, the Caroil subsidiary's drilling operations were boosted by the award of a drilling services contract from an oil operator in Tanzania. Despite having been put on standby, the rig was suitably prepared accordingly and operations resumed in compliance with the safety and environmental protection rules stipulated in the Company's certified guidelines (ISO 14001, ISO 9001 and OHAS 18001).

In the Group's host countries, safeguarding the environment and obtaining environmental permits are key factors in the feasibility of an operation. The Group makes every effort to limit its environmental footprint during and at the end of its operations by including a provision in its budget for site restoration. In Colombia, the management of block SSJN-9, which was temporarily handed back to the National Hydrocarbon Agency (ANH), entered its shutdown phase, a three-year period during which the Company must make good its brownfield (2.5 hectares) through reforestation of a surface area six times greater than the area initially occupied. In 2016, the Colombian subsidiary finalised the purchase of 15 hectares to fulfil its environmental obligations. Once the brownfield is made good and the reforestation is complete, ANH will take back the block permanently.

In Gabon, plans to create solar-powered autonomous lighting at isolated sites are being studied.

With regard to sustainable and local development, the Group once again contributed financially to local sustainable development and social initiatives. In 2016, the Group's contractual commitments towards local communities totalled €6.2 million for all subsidiaries combined. Aside from their contractual commitments, the Group's subsidiaries conduct local sustainable development initiatives on a voluntary basis. For instance, in 2016 the Tanzanian subsidiary built two classrooms in the villages of Ruvula and Nahoma and recruited 20 people locally from the village neighbouring the Maurel & Prom facilities in Mnazi Bay. In Gabon in early 2016, the subsidiary launched a project designed to promote the integration of local female workers in catering jobs at the Onal site. Eventually some 20 permanent jobs will be created.

In accordance with Articles L.225-102-1 and R.225-105 et seq. of the French Commercial Code, the management report presents information on the manner in which the Company addresses the social and environmental consequences of its activities as well as its corporate commitments to promote sustainable development, anti-discrimination measures and diversity. This information is presented in accordance with the applicable laws and regulations and focuses on Group entities that the Group controls and that employ staff.

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[Corporate information]

4.1. CORPORATE INFORMATION

The collapse in oil prices which began in 2014 and continued into 2015 and 2016 threatens the short-term financial equilibrium of many players in the sector. This economic uncertainty complicates human resources and skills management in a structurally tight labour market.

Under such circumstances, the Group has geared its strategy towards retaining skills and developing optimal teams to increase efficiency.

The Group's vision remains unchanged in a sector heavily marked by massive investment, technological progress and the exploration of new geographic areas that are more difficult to access, requiring training skilled local labour and encouraging women at every level of the organisation.

4.1.1. Employment

The Group's recruitment policy is aimed at providing it with the best skills to support its development.

In 2016, the Gabonese subsidiary remained the Group's largest operation in terms of workforce.

At end-December 2016, Maurel & Prom Gabon had 334 employees representing 63.5% of the Maurel & Prom Group's total workforce, compared with 331 employees representing 60.0% of the total workforce at end-2015.

4.1.1.1. Total workforce and breakdown by gender, age and geographic region

At 31 December 2016, the Group had 526 employees in six countries, compared with 552 employees in eight countries at 31 December 2015.

The tables below show the breakdown of the workforce at end-2014, end-2015 and end-2016 based on job, age bracket, geographic region, by gender and contract type expatriates/local employees.

The information below includes the workforce at the Caroil subsidiary as from 2014 and the workforce previously employed by MPI, as from 2015.

POSITION	2014	2015	2016
Engineers	81	65	63
Technicians	282	277	273
Support staff	191	210	190
TOTAL	554	552*	526

* Workforce figure at end-2015 adjusted for 2015 end-of-year personnel changes.

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BREAKDOWN BY AGE BRACKET	2014	2015	2016
Up to 25 years	17	4	5
25 to 34 years	180	155	126
35 to 44 years	195	206	213
45 to 54 years	115	129	131
Over 55 years	47	58	51
TOTAL	554	552*	526

* Workforce figure at end-2015 adjusted for 2015 end-of-year personnel changes.

GEOGRAPHIC BREAKDOWN BY GENDER (registered workforce, all types of employment contract)	2014			2015*			2016					
	Men	Women	Total	Men	Women	Total	Men	%	Women	%	Total	%
Africa	431	53	484	439	57	496	421	93	58	78	479	90
Latin America	11	8	19	6	5	11	5	1	5	7	10	2
Europe – Middle East	38	11	49	30	14	44	26	15	11	6	37	8
North America	2	-	2	1	-	1	-	-	-	-	-	-
SUBTOTAL	482	72	554	473	75	552	452	100	74	100	526	100
TOTAL	554		554	552*		552*	526				526	

* Workforce figure at end-2015 adjusted for 2015 end-of-year personnel changes.

BREAKDOWN OF EXPATRIATE/LOCAL EMPLOYEES AS AT 31/12/2016	Expatriate	%	Local	%	Total
Africa	53	96%	426	90%	479
Latin America	2	4%	8	2%	10
Europe – Middle East	-	-	37	8%	37
North America	-	-	-	-	-
TOTAL	55	100%	471	100%	526

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4.1.1.2. Recruitment and dismissals

The recruitment policy was marked successively by the insourcing of skills in Gabon, the reallocation of resources in Latin America, the integration of Caroil's workforce, and the creation of teams in Tanzania as a result of the ramp-up of gas production and sales activities.

In 2016 recruitment focused on the subsidiaries in Gabon and Tanzania, and on operations in France. Despite 28 new hires in 2016, the total workforce recorded a net loss of 26 people in 2016. The reduction in the workforce due to departures for any cause except role change primarily affected Gabon, which accounted for 75.9% of staff departures. At the end of 2016, the Group no longer had any employees in Syria or Canada.

The workforce reduction at the Caroil subsidiary accounted for 50% of the drop in total employees. This decrease pertained to the support functions of permanent staff. At end-2016, drilling subsidiary Caroil had three bases in Tanzania, Congo and Gabon. Since 2015, Caroil's drilling, workover and maintenance operations have had two challenges to overcome: (1) managing the steep decline in its drilling activities and investments since the second half of 2015, which meant redistributing teams to retain skills, and (2) developing teams with a diverse range of skills to handle projects under management-type contracts (teams at Caroil work on equipment owned by the operator), such contracts requiring specific technical expertise due to the equipment used (mechanical equipment that is somewhat outdated) and the fact that the site is located offshore. At the end of 2016, Caroil was awarded a new contract to provide drilling services to an oil operator in Tanzania.

RECRUITMENT	2014			2015*			2016		
	Permanent	Casual	Total	Permanent	Casual	Total	Permanent	Casual	Total
TOTAL GROUP	52	18	70	52	18	70	12	16	28
o/w Company	1	4	5	1	4	5	2	1	3

* Workforce figure at end-2015 adjusted for 2015 end-of-year personnel changes.

The table below shows departures from the Group, excluding retirees and role changes, as at 31 December 2014, 2015 and 2016:

	2014	2015*	2016
DEPARTURES EXCLUDING RETIREES/ROLE CHANGES, OF WHICH:	21	42	49
Voluntary departures	5	23	35
End of fixed-term contract	7	4	4
Dismissals	9	11	8
Deaths	4	3	2
End of term of office as corporate officer	1	-	-
TOTAL DEPARTURES / TOTAL WORKFORCE	7.3%	7.7%	9.0%

* Workforce figure at end-2015 adjusted for 2015 end-of-year personnel changes.

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4.1.1.3. Compensation and changes in compensation

The compensation of corporate officers is described in paragraph 3.2.3. on page 89 of this Annual Report, it being understood that the variable portion of that compensation (attendance fees) is not subject to qualitative or quantitative criteria associated with the Company's corporate, social and environmental responsibility.

The Group strives to recognise and to fairly reward the contribution of each employee to the Company's success.

Compensation varies according to each person's position, skills, performance and potential. These common principles are adjusted in accordance with local parameters such as social legislation, economic conditions and the job market in the various countries in which the Group operates.

For the Group as a whole, personnel expenses break down as follows:

TOTAL PAYROLL, INCLUDING:	2015	2016
<i>In thousands of euros</i>		
Wages and salaries	29,376	29,834
Profit-sharing	878	675
Other personnel expenses	12,516	12,190
NET VALUE	42,770	42,699

4.1.1.3.1. Profit-sharing

The employees of the Company and those of Maurel & Prom Assistance Technique are able to share in the Group's performance and its capital through a profit-sharing plan and an employee savings scheme. The Group has also decided to establish a comprehensive bonus share allocation system to reward employees of the Group's foreign companies in which the collective profit-sharing schemes permitted under French law do not exist.

Profit-sharing plan

The employees of the Company and those of Maurel & Prom Assistance Technique can participate in a profit-sharing plan. The profit-sharing plans currently in place at these companies were set up for Maurel & Prom Assistance Technique and for the Company on 1 January 2016 and 1 January 2015, respectively.

These agreements have a dual purpose: (i) to rally employees in order to boost Group productivity and (ii) to reward each person's contribution to the common effort to increase productivity and improve the way that work is organised.

Employee savings scheme

On 1 March 2002, the Company set up a proactive employee savings scheme by giving employees the option of subscribing to a Company Saving Plan ("CSP"). This plan has a one-year term and is automatically renewable for one-year periods. Since 8 September 2010, a CSP has been set up within Maurel & Prom Assistance Technique. Under this plan, as at 31 December 2016, 60 participating employees (including former employees) held 538,451 Company shares representing 0.27% of its share capital.

All employees of these companies with at least three months' service may join the plan, if they wish to do so.

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Contributions to the Company Savings Plan can be made from all or part of any employee profit-sharing, voluntary additional payments by the beneficiary (to the extent permitted by law), Company contributions, and transfer of savings to the plan by the beneficiary.

Employees are encouraged to save through a flexible contribution schedule that is applied across the board and available to all beneficiaries.

Employer contributions to the CSP in 2016 (amounts paid into the CSP on behalf of the employees) amounted to €225,518 (versus €238,240 in 2015).

BONUS SHARES GRANTED TO GROUP EMPLOYEES

	Plan 2010	Plan 2011 no.1	Plan 2011 no.2	Plan 2011 no.3	Plan 2012	Plan 2013	Plan 2014	Plan 2016
Award date	20/12/2010	01/06/2011	20/07/2011	19/12/2011	21/12/2012	30/08/2013	28/03/2014	25/02/2016
Vesting period	20/12/2012	01/06/2013	20/07/2013	19/12/2013	21/12/2014	30/08/2015	28/03/2016	25/02/2017
Lock-up period	20/12/2014	01/06/2015	20/07/2015	19/12/2015	21/12/2016	30/08/2017	28/03/2018	25/02/2018
Number of employees concerned	47	2	4	41	35	3	17	36
Number of bonus shares	252,100	29,750	41,650	90,238	72,451	34,000	51,840	1,080,600 *

* Includes bonus shares awarded to the Chief Executive Officer.

Note that in the context of the takeover bid, PIEP offered the beneficiaries of bonus shares that could not be tendered into the takeover bid, for legal or tax-related reasons, a liquidity arrangement as described in the note in response to the takeover bid having received approval No. 16-583 of the French Financial Markets Authority on 13 December 2016. The note in response to the takeover bid is available on the Company's website (www.maureletprom.fr) and on the website of the AMF (www.amf-france.org).

Pension plan and other benefits

The Company and Maurel & Prom Assistance Technique participate in a supplementary pension scheme, which is a group insurance policy with Generali. This affiliation covers all employees, with employer contributions set at 8% for tranches A, B and C. The sums paid under this scheme amounted to €430,032 in 2016 (versus €451,914 in 2015).

4.1.2. Organisation of work

4.1.2.1. Organisation of working time

The average working week is set by national law and adjusted according to the local context.

In France, the Company has been governed by the oil industry collective agreement since 1 March 2004.

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Working hours

In France, a protocol to control and reduce working hours has been in place since 19 May 2003. Under this protocol, the working week for Company employees is 35 hours.

In addition, on 1 January 2011, the Company implemented a system for all managers and employees who have discretion over how to assign their time, based on a set number of working days. Under this system, the working time for the employees concerned is counted in days and no longer in hours. An annual limit of 218 days per year is set by collective agreement, but an employee may lawfully work beyond this up to a maximum of 282 days per year.

Overtime

There is no overtime system in place for employees who work a 35-hour week, or for employees working for a set number of days. However, the latter may recoup any days worked over and above the limit set by the collective agreement.

The limit for employees of Caroil in metropolitan France is 218 days a year. Caroil expatriate employees are bound by their particular shift work system.

4.1.2.2. Absenteeism

In 2016, the total rate of absenteeism is estimated to be 2.8%, versus 3.1% in 2015, including 2.2% due to illness, stable compared with 2015.

The following calculation method is used:

- ▶ overall absenteeism: $B / (A+B)$; and
- ▶ absenteeism through illness: $C / (A+B)$

Where:

(A) corresponds to the number of days actually worked by all employees under contract, including training days;

(B) corresponds to the number of days of absence (due to sickness, occupational illness, maternity, workplace accident including work-related travel accident, or any other absence not provided for contractually); and

(C) is the number of sick days (excluding occupational illness, maternity, workplace accident or work-related travel accident, etc.).

4.1.3. Social relations

Social relations

(A) Organisation of social dialogue, notably procedures for employee information, consultation and negotiation

The quality of industrial relations within the Group is the result of dialogue between employees, their representatives and management. In the Group's subsidiaries, dialogue is organised in accordance with applicable laws and regulations.

In Gabon, social dialogue is of particular importance. A Permanent Committee for Economic and Social Cooperation, pursuant to the country's Labour Code, meets at least once a year. At these meetings, the employee representatives are presented with current budgets, budget forecasts, the Company's areas for development and recruitment needs. The Social Relations Organising Committee and the financial or technical backer of Maurel & Prom's Gabonese subsidiary for social projects also take part in the social dialogue. Revisions to the pay and corporate benefits scales were successfully negotiated in 2014.

In Tanzania, following the increase in activity in 2015, social dialogue has become more formalised. In August 2014, employees joined the Tanzania Mines, Energy, Construction and Allied Workers Union (TAMICO). A branch of the union was opened in Mnazi Bay. Representatives from the union relay employees' demands to the employer. If necessary, a three-party meeting is arranged, attended by employee, employer and union representatives.

In Colombia, social dialogue is promoted through monthly meetings of an occupational health and safety committee and quarterly meetings of a committee tasked with preventing workplace harassment. These committee meetings are opportunities for employees and employers to come together to discuss topics other than those solely related to occupational health and safety.

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(B) Overview of collective agreements

The Group operates in countries where the relatively recent local hydrocarbon exploration and production industry does not always have a collective branch agreement.

In the absence of such measures, the Group's subsidiaries, on a case-by-case basis, enter into collective agreements in particular to cover employee healthcare costs and compensation.

Maurel & Prom Gabon has a compensation agreement since 2010 which was revised in 2014 based on the job matrix set up in 2013. In early 2015, a company agreement was set up in consultation with M&P staff representatives, the Monitoring Committee and the oil industry's Special Inspectorate.

4.1.4. Health and safety

Health and safety is a key Group concern. The Group is committed to continuing to improve working conditions, preventing risks and reducing nuisances, by implementing a "Health and Safety, Security, Environment and Quality" management programme, which is based on industrial best practices, in compliance with national regulations.

In terms of organisation, the responsibilities for health, safety and environment ("**HSE**") are clearly defined at all levels.

The Chief operating Officer of Maurel & Prom is responsible for the Group-wide implementation of the principles of the Group's Safety, Environment and Quality Charter drawn up in 2006. In this respect, the Chief operating Officer defines the HSE policy, objectives and organisation for the Group.

The Group has also set up an HSE executive committee, chaired by Maurel & Prom's Chief Executive Officer. It consists of the Group's Chief Operating Officer, General Secretary and HSE Manager. This committee defines the Group's HSE policy and objectives, revises the objectives when necessary, and monitors HSE performance and the corresponding action plans.

Within the Group's subsidiaries, their respective CEOs have ultimate responsibility for HSE issues and are tasked with ensuring that, in all their subsidiary's activities, the health and safety of individuals, environmental protection and the protection of goods and property are respected.

Since 2013, the Gabonese subsidiary has had its own Health & Safety policy covering health, safety and the environment. It commits Maurel & Prom Gabon's executive management and its employees, partners and subcontractors to continuous improvement of performance. In 2015, the Health, Safety, Security and Environment departments were merged and placed under the responsibility of one person. In 2016, responsibility for this newly merged department was assigned to a person recruited locally. Collection and processing of HSSE performance indicators improved significantly. A comprehensive record of incidents and accidents is kept, from which information can be drawn. Corrective actions are also recorded and monitored. Preventive action procedures were introduced. Key performance indicators (KPIs) measure progress achieved as a result of these initiatives. On 31 December 2016, the Gabonese subsidiary registered a record 541 consecutive days without a lost time accident.

In 2015, the Tanzanian subsidiary continued to revise and upgrade HSE procedures with the support of external resources. The goal was for the local team to be independent and share the same Group HSE management system. In 2016, the Tanzanian subsidiary also began keeping comprehensive records of incidents and accidents; it started recording and monitoring corrective actions and introduced preventive action procedures.

The traditional approach to HSE responsibilities in drilling activities is to allocate them on a strictly contractual basis between the drilling company and the operator. The drilling company sets up an HSE management system and is in charge of its implementation. The same rules apply to intra-group relations, between Caroil and the Group's exploration and production subsidiaries.

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Note that Caroil's quality, occupational health and safety, and environment management system is underpinned by a robust and efficient documentation system with triple certification (ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007).

4.1.4.1. Occupational health and safety conditions

The countries in which the Group operates, in particular Gabon, Tanzania and Colombia, have passed specific laws governing employee health and working conditions, which the subsidiaries apply.

In Gabon, risk prevention programmes are systematically deployed at all Maurel & Prom Gabon sites and facilities. Since 2014, on-site induction procedures were revised to make a medical check-up mandatory before starting a job. Medical fitness checks were stepped up in 2015. With regard to traffic accidents, in 2014 geolocation devices and radios were installed in every vehicle and throughout the site. These measures are expected to be extended to vehicles used by the base.

In Tanzania, the subsidiary is working with the Occupational Safety and Health Authority (OSHA) and refers to the OSHA Act of 2003.

In Colombia, compliance with the guidelines for the prevention of industrial accidents and occupational diseases is verified via half-yearly HSE activity and performance reports sent to the National Hydrocarbon Agency, by audits carried out by the Agency as part of its

annual HSE audits of all exploration and production contracts as well as via audits conducted by the Colombian Security Council. Through the application of internal procedures (for HSE audits and training), Maurel & Prom Colombia ensures that its subcontractors also apply the relevant legal standards.

4.1.4.2. Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives

In recent years, the Group has established agreements on social protection for its employees at most of its subsidiaries (in France, Gabon, Colombia and Tanzania). Under certain conditions, these agreements cover employees' medical expenses and potentially their families' medical expenses.

In Colombia, the subsidiary has set up an occupational health and safety committee as required by local law. The committee includes an employee representative, an employer representative and a mediator. This committee is tasked with promoting and monitoring compliance with occupational health and safety rules and regulations.

4.1.4.3. Industrial accidents and occupational diseases

The frequency of workplace accidents involving Group employees is shown in the table below:

	2014	2015	2016
Lost Time Injury Frequency (LTIF)	3.6	2.3	0
Total Recordable Injury Rate (TRIR)	4.8	6.9	4.2

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The Lost Time Injury Frequency (LTIF) rate is the total number of deaths and injuries or illnesses resulting from work that prevent the person from working on the day following the accident (Lost Time Injuries – LTI), multiplied by one million hours worked and divided by the number of hours worked.

The Total Recordable Injury Rate (TRIR) is the total number of (i) deaths; (ii) injuries or illnesses resulting from work that prevent the person from working on the day following the accident (LTI); (iii) Restricted Work Day Cases (RWDC) corresponding to an injury causing medically certified incapacity provided it is not caused by death or injury with work stoppage; plus (iv) Medical Treatment Cases (MTC), defined as an injury requiring treatment by a doctor or nurse, multiplied by one million hours worked and divided by the number of hours worked.

In 2016, none of the Group's subsidiaries recorded any lost time accidents.

The Group's French companies did not report any occupational illnesses in 2016. Furthermore, the Company is not aware of any occupational illnesses that could be reportable by the Group's subsidiaries under the applicable regulations in the countries in which those subsidiaries are based.

In Gabon, road accidents account for a large proportion of industrial accidents. This is partly due to the site's geographical remoteness in a mountainous region. During the rainy season and the dry season, both of which are extreme, the tracks are slippery. The area's undulating terrain exacerbates the safety issue. Since 2009, Maurel & Prom has successively taken various corrective measures to reduce this risk, mainly by setting up a Good Driving training programme. Additionally, a vehicle location tracking system was rolled out in 2013. In 2014, six vehicles with internal and external rollbars were put into use at the Onal and Coucal sites. In 2016 transport was the main cause of incidents followed by production operations. In December 2016, a four-person team were trained in becoming defensive-driving instructors in a bid to further reduce the number of traffic-related incidents.

Critical drilling operations include handling with the risk of pinching/crushing, lifting operations with the risk of objects falling, and working at height. Transportation and malaria are also causes of accidents and illness.

The risk of explosion from the uncontrolled release of a gas cloud or of flammable hydrocarbons is considered a major or catastrophic scenario. A series of equipment and redundant barriers are provided, as well as training for sensor staff whose ability to control an eruption is tested every two years.

4.1.5. Training

The Group faces a two-fold challenge in its training programme: on the one hand, to develop an HSE corporate culture internally and among its subcontractors and contractors, and, on the other, to develop continuous training and skills transfer to local workers.

4.1.5.1. Training policies implemented

The Company's training policy is organised around tasks such as the updating and renewal of skills certificates in safety techniques, training local employees in oil-related occupations, continuous training based on individual career paths and training for HSE managers, all of which are entrusted to external training agencies.

Skills transfer and "localisation" are arranged internally and are divided into four key strands: theory classes and operational tutorials, practical exercises and group exercises at the operating site, on-site technical learning, and on-the-job training (OJT).

There are two objectives for internal training:

- ▶ minimise training costs and prioritise training in HSSE and typical occupations (exploration and operations); and
- ▶ as a priority, strengthen the abilities and further develop the skills of exploration and operating staff.

Preventive safety training covers electrical certification and command of preventive safety techniques in an oil and gas environment. In 2015, the HSSE training matrix underwent a major revision. Priority was given to mandatory training courses (i.e. HSE management

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training, well control training, HLO (Helicopter Landing Officer)/HDA (Helideck Assistant) training, fire prevention, first aid, electrical accreditation, and monitoring of working at height).

In Gabon in 2016, a training plan was introduced to better identify and respond to staff requests. A four-person team was trained in defensive driving and now has the skills approved by a third party to conduct in-house training. In addition, 33 people were trained in fire prevention. In-house training in 2016 pertained to safety induction (a minimum amount of HSE knowledge is required to be allowed on site), given to subsidiary employees and contractors, or 1,200 individuals in total.

Exploration and operations-related training is also provided in the form of on-the-job training. In 2015, it mainly consisted of training in production and maintenance, learning about basic principles and breakdown detection and the PCP systems (surface-downhole and optimisation). In 2016 training focused on the surface production process.

4.1.5.2. Number of hours of training

The table below shows the number of hours of external training provided to Group employees in fiscal years 2014, 2015 and 2016, along with the associated cost.

	2014		2015		2016	
	Number of hours of training	Cost	Number of hours of training	Cost	Number of hours of training	Cost
Group employees	15,837	€652,972	8,692	€291,444	9,918	€123,630

The increase in the number of hours allocated to external training is the result of the increase in the number of hours of training granted by the Tanzanian subsidiary to its employees, specifically as part of diploma level continuing training programmes, which has accordingly offset the decrease in the number of hours of training in the drilling subsidiary.

4.1.6. Equality of treatment

The Group ensures that all employees receive equal opportunities by basing its recruitment around explicit and non-discriminatory criteria, by raising the awareness of operating entity managers and recruitment staff on these issues, and by complying with applicable laws. Due to its international presence, the Group is fully aware that promoting diversity is also synonymous with the

fight against all forms of discrimination, whether it involves access to different social environments, gender equality or integration.

(A) Measures taken to promote gender equality

The Group does not discriminate between men and women when hiring to fill vacancies. As at 31 December 2016, women represented 14.1% of the Group's workforce and 21.4% of its recruitment that year, compared to 13.7% and 18.8% respectively in 2015. In 2016, 82.4% of women employed in the Group worked in support functions, 9.4% of women were technicians, and 8.1% of women held engineering positions, such as reservoir engineer, assistant project manager, head of the environmental department, and HSSE administration coordinator. This compares with 35.5%, 54.2% and 10.3% respectively for the Group's workforce as a whole.

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(B) Measures taken to encourage the employment and integration of people with disabilities

The Group has not taken affirmative action to integrate the diverse range of disabilities into its working environment and strategic business planning.

An ILO report entitled "Current and future skills, human resources development and safety training for contractors in the oil and gas industry" released in 2012 indicates that at the end of 2012, only one oil company had joined the Global Business and Disability Network created by the International Labour Office. This illustrates the sector-wide problems in doing more in this field.

In 2016, the Group had no disabled employees.

(C) Anti-discrimination policy

The Group strives to offer equal opportunities for all employees at every stage of their professional career. In this respect, the Group's decision-making criteria are not based on race, nationality, religion, ethnic origin, gender, marital status, morals, political opinions, union activities and – unless declared incapacitated by an occupational physician – state of health. The only criteria that the Group recognises as valid are a person's professional qualities and qualifications.

The Group is committed to full compliance with the principles of non-discrimination, as set out in French law (declaration of human and citizens' rights, laws and decrees in force) and in applicable European and local law.

4.1.7. Promotion of and compliance with the International Labour Organisation's Fundamental Conventions

Freedom of association and the right to collective bargaining/elimination of discrimination in respect of employment and occupation/elimination of forced and compulsory labour/effective abolition of child labour

The Company's general policy complies with the general principles of international law (OECD, ILO and EU law) as well as national laws that exclude, in particular, all forms of discrimination, harassment, forced labour and child labour.

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[*Environmental information*]

4.2. ENVIRONMENTAL INFORMATION

4.2.1. General environmental policy

In terms of environmental protection, the Group's objective is to preserve the areas that may be impacted by its activities and to raise awareness among local communities of environmental issues. Each subsidiary implements an environmental management programme aimed at identifying, preventing and mitigating environmental risks.

The Group's environmental policy is based on "control of its energy consumption, control of its greenhouse gas emissions and optimal management of its release of waste products".

(A) Group arrangements to address environmental issues and, where necessary, environmental assessment and certification initiatives

The management of environmental issues is embedded in the HSE departments of the Group's subsidiaries. It is the subject of regular reporting to the highest echelons of the company.

The Group's integrated HSE management system was defined in 2008, based on the HSE management model used by the International Association of Oil and Gas Producers (OGP).

The management programmes concerning respect for the environment are built around waste management, environmental impact assessment, transport and storage of hazardous products, and the development and restoration of sites and platforms.

The review of HSE procedures began in early 2012 with an audit and continued throughout 2013, culminating in the adoption of Group guidelines and procedures as well as the updating of subsidiaries' procedures.

Site management and rehabilitation requires access to financial reserves. These are referenced in paragraph 4.2.1. (D) on page 130 of this Annual Report.

The operational implementation of the environmental management system in the Group's subsidiaries varies according to the size of the subsidiary concerned and its level of activity. Maurel & Prom's Gabonese subsidiary is a pilot facility for the Group. The consolidation of its environmental management system that began in 2015 continued in 2016 and will result in the creation of a documentary base promoting the subsidiary's expertise.

Although the Group recognises the value of certification, all of the Group's facilities in each of the various countries are subject to regular inspections and audits by non-governmental organisations, local governments and local populations, and it has therefore not sought, until now, to set up a certification process for its facilities.

(B) Employee training and information action on environmental protection

Just as much as health and safety, the environment lies at the heart of the Group's employee training and awareness programme.

In the environmental study for a project, a management plan is drawn up as stated in paragraph 4.2.1. on page 130 (C) of this Annual Report. That management plan is then distributed to the on-site operators for implementation.

It is supported by information and awareness sessions for the operators involved in implementing the project, both Group employees and contractors.

In 2016 in Gabon, on World Environment Day, and as part of a memorandum of understanding on environmental protection in the Gamba Complex of Protected Areas (referred to in paragraph 4.2.5. of this Annual Report), Maurel & Prom staff, subcontractors and people living near the Coucal and Onal sites were invited to take part in an anti-poaching awareness campaign. The campaign, conducted over three days in conjunction with two other oil companies and the IBONGA NGO, was a great success: more than half the people targeted took part in workshops.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[*Environmental information*]

(C) Resources dedicated to the prevention of environmental and pollution risks

Every project is initially based on a preliminary risk study that leads to the definition of an environmental action plan approved by the competent authorities. Adequate financial, human and technical resources are then made available to apply it. The implementation of these management plans is subject to regular internal and external audits by the competent authorities.

Impact studies are carried out in accordance with local regulations, before the project and then throughout the project. In order to enable the identification, assessment and prevention of risks, the Group relies on internal expertise and on independent experts recommended by the local authorities.

If the site is situated in a national or marine park, every project is discussed with the park administrators.

Once these risk studies have been completed, the Group deploys the following action plans:

- ▶ upstream, to combat soil degradation, the deterioration of water tables or sludge seeping into farmland and rivers, the Group asks civil engineering contractors and services to consolidate landscaping work along roads and at site platforms. Weaker areas are stabilised by putting in plant cover (replanting by hydroseeding); and
- ▶ downstream, sites are preserved by rehabilitating deforested areas and by the sorting and controlled destruction of waste.

In Gabon, 21 full-time employees of the subsidiary were assigned to the implementation of its environmental policy. They report to the HSSE department. Twenty-two people work on-site as environmental staff in charge of the waste collection centre at the Onal site, as site HSE supervisors, or as environmental safety assistants.

In 2016 in Gabon, 15 people took part in anti-pollution exercises aimed at analysing the effectiveness of the anti-pollution plan and related procedures. The exercises identified a number of areas for improvement.

(D) Amount of provisions and guarantees for environmental risks

As at 31 December 2016, provisions and guarantees for environmental risks across the Group were nil. However, the Group had established a provision for abandoning and restoring sites. As at 31 December 2016, it amounted to €39.0 million, versus €40.6 million for fiscal year 2015.

As at 31 December 2016, the Group had not established any other provisions for non-financial risk.

4.2.2. Pollution

(A) Measures to prevent, reduce or remedy releases into the air, water and soil that seriously affect the environment

Water

In Gabon, in order to control water quality, Maurel & Prom has built a water treatment plant to process waste water from drilling and has installed piezometric wells on certain fields (four at the Onal field). These measures allow it to sample, monitor and analyse waste water from drilling, river water surrounding the platforms, and groundwater. These monitoring actions are supplemented by measures intended to limit the effects of accidental hydrocarbon pollution through the availability of floating booms and dispersants to be used only when absolutely necessary.

Air

Hydrocarbon exploitation produces atmospheric emissions that can contribute to the formation of particle clouds and acid rain. These atmospheric emissions may be governed by local standards that define the type of substance to be controlled, based on local standards and operating permits.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Environmental information]

Soil

The risks of soil contamination related to the Group's activities arise essentially from drilling mud, accidental spills and waste storage (see paragraph 4.2.2. (B) on page 131 of this Annual Report).

In 2016, there were 12 accidental hydrocarbon spills into the natural environment with a total volume of 37.8 m³. The spills led to the following corrective actions: clean-up of areas concerned, education of staff in charge of operations, preventive checks, or extraction of samples from the impacted medium for analysis.

	2014	2015	2016
Number of hydrocarbon spills reaching the environment (more than 1 barrel)	9	17	12
Total volume of hydrocarbons spills reaching the environment, in cubic metres	42.9	28.6	37.8

(B) Management of noise and other forms of pollution specific to an activity

Oil and gas activities can cause a nuisance for people living or working near the exploration or production sites. This is mainly due to noise and smells, but could also be vibrations and road, sea or waterway traffic.

To prevent noise nuisance, the Group encloses equipment such as electricity generators.

In Gabon, noise pollution is not deemed to be significant outside the sites.

In addition, it should be noted that the Group's facilities in Tanzania, which are located in a protected marine park, must strive not to create light pollution during the turtle egg-laying and whale breeding seasons.

In Gabon, waste produced at production platforms, accommodation facilities, landing stages, aerodromes or access roads is dealt with by seven environmental officers who conduct daily rounds picking up any waste produced and sorting it based on type. Once sorted, the waste is loaded into trailers and sent via barge to companies in Port-Gentil for treatment and disposal. Recyclable waste is exported.

Measures to combat food waste

Aside from the disposal of waste produced at accommodation facilities, the Group is not directly exposed to the issue of food waste due to the nature of its activities.

(B) Sustainable use of resources

Water consumption and supply in accordance with local restrictions

No Group sites are involved in water-use disputes.

The water produced by the Group, which is water mixed with reservoir oil or brine, is separated, treated and reinjected into the geological formation.

Freshwater extractions are for domestic needs (human consumption for life's essentials) and industrial needs (making concrete for construction, civil engineering and

4.2.3. Circular economy

(A) Waste prevention and management

Measures for preventing, recycling and re-using waste and other waste recovery or disposal methods

In accordance with Article 9 of the Safety, Environment and Quality Charter, the Group strives to control its waste production. The Group's subsidiaries engaged in hydrocarbon exploration and production have set up waste sorting, treatment and recycling systems.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[*Environmental information*]

maintenance, making mud during drilling, and cooling systems for facilities).

In Gabon, the majority of the underground and surface freshwater extracted for sanitation or industrial (drilling) purposes is then reinjected or treated and released into the natural environment.

In Tanzania, freshwater consumption is limited to bottled drinking water (the camp water is desalinated).

Consumption of raw materials and measures taken to improve the efficiency of their use

The main raw materials consumed by the Group's activities are water and power. The measures taken by the Group for the recovery and re-use of associated gas are set out below:

Energy consumption, measures taken to improve energy efficiency, and use of renewable energy

The Group uses various energy sources for its oil and gas exploration and production operations. The facilities consume bought or produced natural gas, diesel for certain generators, fuel (kerosene, diesel and petrol) for transportation, and a marginal amount of electricity.

To improve the energy efficiency of the Gabonese operations, all platforms will eventually be electrified in order to be able to use gas associated with oil extraction, rather than diesel. In 2015 the diesel burner of the boiler at the Onal field was also replaced with a gas burner for the same consumption reduction reasons.

The Group's estimated consolidated energy consumption to operate fixed and mobile combustion sources at the Gabonese and Tanzanian subsidiaries and Caroil in 2016 was 30,065 toe versus 27,188 toe in 2015.

Land use

The land footprint of seismic surveys and exploration activities is very limited over time. When operations cease and the land is surrendered, the Group works to return it to its original state by involving the local populations in the restoration process (choice of varieties to be replanted, for example). The effects of its production activities are felt over a longer period.

The Group strives to minimise its footprint by reconstituting slopes, seeding embankments and the differences of level created by its activities that may cause water run-off and landslides.

The Group's activities are located on land that is not subject to any land use disputes. In Gabon, the areas used are situated in logging concessions exploited by other companies. At end-2016, the estimated total footprint occupied by platforms and access roads was 730 hectares, the same as in 2015.

In Colombia and Peru, operating restrictions are in force depending on the type of zone (exclusion zone, operating zone with tight restrictions, operating zone with moderate restrictions, and operating zone with no restrictions). After selling its stake in the Sabanero field in September 2013, the Colombian subsidiary's operational footprint was limited to the four Muisca platforms. Since the end of 2014 it has been 6.5 hectares only.

In Colombia, the management of block SSJN-9, which was temporarily handed back to the National Hydrocarbon Agency (ANH), entered its shutdown phase, a three-year period during which the Company must make good its brownfield (2.5 hectares) through reforestation of a surface area six times greater than the area initially occupied. In 2016, the Colombian subsidiary finalised the purchase of 15 hectares to fulfil its environmental obligations. Once the brownfield is made good and the reforestation is complete, ANH will take back the block permanently.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Environmental information]

4.2.4. Climate change

(A) Significant sources of greenhouse gas emissions generated from the Company's activities, especially through the use of its goods and services

In oil exploration and production activities, greenhouse gas emissions are mainly linked to natural gas associated with oil production, which may be flared, vented or possibly leaked.

It is standard practice to flare (burn off) excess gas to ensure the safety of the facility. The quantity of gas flared can also depend on whether or not processes have been put in place for reinjecting gas and infrastructures for processing gas, using the gas internally at the facility, selling the hydrocarbons extracted commercially or even the type of hydrocarbon extracted. Flared gas is clearly a non-value-adding resource and a source of pollution. In recent years, the sector has made progress in reducing the volumes of gas flared and the associated greenhouse gas emissions.

In the Group, gas flaring is limited. In Tanzania, the subsidiary does not flare gas. In Gabon, the Onal wells have a low gas/oil ratio (GOR). The GOR represents the amount of gas dissolved in the oil; the lower the ratio, the less gas is present, and the lower the volume of gas flared, relatively speaking.

Other direct sources of greenhouse gas emissions are mainly generator groups that run on petrol and gas, generators, compressors at facilities and camps, and transportation methods used by the Group (small boats, vehicles, trucks and planes) and potential fugitive leaks.

In Gabon, over the scope existing in 2016, the volume of gas flared was 46.8MNm³ versus 35.7MNm³ in 2015.

In line with Gabon's national policy to reduce greenhouse gas emissions ("GHG") and associated gas flaring, the Group has decided to install compressors in Gabon to recover the associated gas and use it to supply heating plants used to heat exported oil. This gas will replace the natural gas currently bought from third parties. This project, launched in the 2012 budget, has been delayed. It will be operational in 2017–2018.

In 2016, consolidated GHG figures reflecting emissions from fixed and mobile sources over the scope of the Gabonese and Tanzanian subsidiaries and Caroil amounted to an estimated 20,129tCO₂e/MMboe versus 20,906tCO₂e/MMboe in 2015. Consolidated indirect GHG emissions (Scope 2) reflecting the Gabonese and Tanzanian subsidiaries' power purchases and Caroil's activities were estimated at 291tCO₂e in 2016 versus 548tCO₂e in 2015. Consolidated GHG emissions induced by the air and helicopter travel of employees of the Gabonese and Tanzanian subsidiaries and Caroil amounted to an estimated 1,733tCO₂e.

Oil is used for refining or in the petrochemical industry, while gas is used for power generation. Some of the oil produced in Gabon is refined locally by the Sogara refinery in Port Gentil. The remainder is exported, transformed and sold by other players in the downstream hydrocarbon sector. All gas produced in Tanzania is used locally and supplies the Mtwara thermal power station belonging to Tanesco (Tanzania Electric Supply Company Limited).

(B) Adapting to the consequences of climate change

There is great uncertainty over a large number of specific climate change impacts. In this context, for the oil and gas sector, adapting to climate change means, firstly, improving the reliability and flexibility of infrastructure and, secondly, boosting the "adaptability" of the sector, the host countries and their populations.

The adaptation strategy must include the impact of climate change in the sector's risk management system and throughout the entire value chain. It requires answers and technical solutions to be provided to curb such risks, and the sharing of knowledge with countries and communities to help them plan their climate change adaptations such as preparing for emergency situations.

The Group's facilities are located in climate zones with severe seasonal extremes. The Group intends to capitalise on its experience to internally assess the risks posed by climate change and define an adaptation policy. In Gabon, the Group supports the national policy for adapting to climate change, taking part in 2015 in workshops on this issue. It also implements measures to lower GHG emissions, in line with the national reduction policy.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Environmental information / Information on corporate commitments to promote sustainable development]

4.2.5. Protection of biodiversity

(A) Measures taken to preserve or develop biodiversity

On all the permits, the potential impact of activities on biodiversity is assessed by conducting environmental impact studies. Species are surveyed, detailed forest inventories are produced and environmental management plans are drawn up.

Preservation of the ecosystem requires training and raising the awareness of staff, subcontractors and local populations, emphasising the prohibition of clearing plant material, hunting and poaching.

In Gabon, a memorandum of understanding on environmental protection in the Gamba Complex of Protected Areas (Kari permit) was signed in 2014. As part of this project, initiated in 2015, awareness campaigns

for local populations and workers, along with surveillance measures, have been planned in conjunction with the Compagnie des Bois du Gabon, the WWF and the Ministry for Water and Forests. The memorandum of understanding was established following a number of meetings and discussions with the CBG and pools resources for combating poaching and protecting the environment. The project is funded on a quarterly basis in conjunction with other operators in the area and has an oversight body. In 2016, an awareness campaign was conducted among the people of Mandji and Allonah and staff working at the Coucal and Onal sites. In addition, two environmental studies were produced in 2016. The first was the Social and Environmental Management Plan (currently being finalised) pertaining to the exploitation of the Onal quarry whereby laterite would be extracted through civil works under the Ezanga permit and the second was the environmental monitoring of flora after 2D seismic activity on the Nyanga Mayombe permit.

4.3. INFORMATION ON CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

In the regions in which it operates, the Group contributes to developing employment at local level and participates in regional development. In terms of sustainable development, the Group is committed contractually, alongside national governments, to local development programmes and committed on its own initiative to projects singled out by its subsidiaries.

4.3.1. Regional, economic and social impact of the Company's operations

(A) Regional, economic and social impact of Maurel & Prom on employment and regional development

Impact studies have concluded that Maurel & Prom's activities have a positive impact on local development.

Between 2010 and 2014, the Group's activities indirectly created 1,291 temporary, locally filled jobs and 99 permanent jobs in Gabon.

(B) Regional, economic and social impact of Maurel & Prom on neighbouring or local populations

The policies with regard to local communities are developed with Group subsidiaries and adapted to the countries in which they operate. In Colombia, Peru, Gabon and Tanzania, staff include a team dedicated to managing relations with the communities living near the sites.

In Gabon, the Group's subsidiary contributes to the Local Communities Development Fund, which was created in 2010 to pursue community projects in exploitation regions and surrounding areas. The annual donation to the fund was US\$1.2 million in 2016. The fund, initially administered by a four-party commission consisting of

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Information on corporate commitments to promote sustainable development]

the Directorate-General for Hydrocarbons, Maurel & Prom Gabon, the local administrative authority and community representatives, is now managed by the Diversified Investment Fund, which was created by Decree 0313/PR/MPH of 25 September 2014 but is not yet operational.

Projects charged to this budget and completed in 2016 are those set up directly by the supervisory authority. They include the rehabilitation of rural roads in the municipality of Moabi (Nyanga Province), works on the Bilanga-Doumvou road, and the planned urban development of the town of Gamba.

Since 1 January 2013, Maurel & Prom Gabon has also contributed to the Provision for Diversified Investment (PDI) and the Provision for Hydrocarbon Investment (PHI) as part of the Ezanga exploration and production sharing agreement, to help address sustainable development challenges. The PDI and PHI provide financial support for nationwide development projects. The selected projects are managed and supervised by a stewardship committee statutorily comprised of a representative of the Gabonese Presidential Office, two representatives of the oil authorities, a representative of the Ministry of the Economy and one person representing the operator. The project completed under the PDI and PHI involved the rehabilitation and development of rural roads in the town of Lambaréné (Moyen Ogooué Province). The contribution in 2013 was €7.3 million. In 2014, the contribution ratio doubled, with the provision for 2014 totalling US\$14.3 million (€11.7 million). In 2015, the contribution was US\$4.5 million (€4.1 million), and in 2016, it was US\$5.9 million (€5.3 million).

In addition to its contractual obligations, Maurel & Prom Gabon provides aid and assistance to populations, non-governmental organisations, administrations and local communities. In 2016 this amounted to US\$116.9k. In early 2016, the subsidiary launched a project designed to promote the integration of local female workers in catering jobs at the Onal site. Eventually some 20 permanent jobs will be created.

In 2016 the Tanzanian subsidiary built two classrooms in the villages of Ruvula and Nahoma and recruited 20 people locally from the village neighbouring the Maurel & Prom facilities in Mnazi Bay.

4.3.2. Relations with persons or organisations with an interest in Maurel & Prom's activities, notably occupational integration associations, teaching establishments, environmental protection associations, consumer groups and local residents' associations

(A) Conditions for dialogue with these persons or organisations

The Group has special relationships with environmental NGOs that work in the national parks, or in their surroundings, in which the Group carries out some of its operations, such as the National Agency for National Parks (ANPN) in Gabon.

(B) Partnership and sponsorship initiatives

The Group forges partnerships, particularly with regard to environmental protection issues. Maurel & Prom Gabon helps finance the anti-poaching and wildlife management programme PROLAB (in collaboration with the CGB and ANPN under the agreement mentioned in paragraph 4.2.5. (A)), and contributes to the development and monitoring of its annual action programme. In 2015, the local community and representatives of Coucal were therefore given the opportunity to attend an anti-poaching awareness programme at the request of Maurel & Prom. In 2016, a new awareness campaign was conducted among the people of Mandji and Allonah and staff working at the Coucal and Onal sites.

The Group's Gabonese subsidiary sits on national park local management advisory committees. These committees are advisory bodies intended to promote dialogue between villages, civil society, non-governmental organisations, the private sector and the administrative authorities.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Information on corporate commitments to promote sustainable development]

4.3.3. Subcontractors and suppliers

(A) Social and environmental issues taken into account in the Group's procurement policy

Procurement is guided by accessibility criteria. The equipment purchased by the Group is prefabricated and assembled in European countries. There has been a trend to relocate the production of this equipment to countries that may be considered sensitive from an environmental or social point of view. The Group remains particularly attentive, insofar as the control measures it may take, to the quality produced by the supplier and to production conditions.

(B) Importance of subcontracting and of considering social and environmental responsibility in relations with suppliers and subcontractors

In connection with its operations, the Group regularly seeks technical assistance for its exploration and production activities, and civil engineering and construction works, but also for its programmes to promote environmental protection and sustainable development.

In 2013, the Group adopted an HSE management procedure and a comprehensive subcontractor selection procedure that applies to all subsidiaries. In 2016, in accordance with commitments made in 2015, the Gabonese subsidiary stepped up the implementation of its subcontractor assessment procedure by conducting five comprehensive audits.

4.3.4. Fair practices

(A) Anti-corruption measures

To prevent corruption, the Group's purchasing policy is based on a tendering process. Calls for tender are open to shortlisted companies only. The bids are opened in the presence of the supervisory authority. In Gabon, the threshold at which tenders become compulsory is now US\$500,000, in accordance with the new terms of the Ezanga permit.

The Caroil subsidiary introduced an ethics charter in February 2014 which applies to its employees and consultants. It is primarily concerned with conflicts of interest.

(B) Measures taken to promote consumer health and safety

As it is not a downstream participant in the hydrocarbon sector, the Group is not able to provide or adopt measures to promote the health and safety of consumers.

4.3.5. Other actions undertaken to promote human rights

As part of its responsible approach, the Group also strives to ensure respect for human rights when evaluating new investment projects. Failure to adhere to human rights principles can have an adverse effect on the feasibility of a project, its financing, progress and completion as well as the Group's image.

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2016 Annual Report]

4.4. REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED WITHIN THE 2016 ANNUAL REPORT

Report of the independent third-party body on social, environmental and societal data

Following the request made to us as auditors (COFRAC-accredited under Certificate 03-0990 Rev. 6⁽¹⁾), we hereby present the results of our audit carried out in accordance with Articles L.225-102-1 and R.225-105 et seq. of the French Commercial Code.

The purpose of our audit was to verify the presence of all required social, environmental and societal information ("CSR Information") and to express an opinion on the fairness of the CSR Information selected by the Company and presented in its 2016 Annual Report.

This CSR Information was collected and consolidated under the responsibility of the Chief Executive Officer and coordinated by the Etablissements Maurel & Prom Administration Department, in accordance with the Maurel & Prom Group's procedures.

Our responsibility is to express an opinion on this CSR Information pursuant to Articles A225-2 et seq. of the French Commercial Code governing the procedures to be followed by independent third-party bodies, and based on our own audit. The conclusions below relate only to the information required by Article R.225-105-1 of the French Commercial Code (Chapter 4 of the 2016 Annual Report: Corporate Social Responsibility) and not to the 2016 Annual Report as a whole.

Nature and extent of the audit

SOCOTEC's audit primarily consisted of:

- ▶ an assessment of the Company for the purposes of understanding the Maurel & Prom Group's activities and structure (including an analysis of the 2016 Annual Report and interviews with management);
- ▶ a risk assessment to establish an audit plan specific to the activities undertaken and the CSR Information reported;
- ▶ the implementation of the audit plan;
- ▶ the drafting of a preliminary report subject to the Company's approval; and
- ▶ the drafting of a final report (declaration of presence of information and opinion on CSR Information).

Based on a documentary audit (20 February to 3 April 2017) and an on-site audit on 9 and 10 March 2017 by two of our CSR experts, our review audit consisted of interviews with the management at the Maurel & Prom Group's head office and with the individuals at head office and in Gabon and Tanzania responsible for preparing the CSR Information.

We carried out the following audit to obtain assurance that the selected CSR Information is free from material misstatement:

- ▶ we assessed the Maurel & Prom Group's procedures in terms of their relevance, reliability, ease of comprehension and completeness (use of a questionnaire sent to subsidiaries, additional requests made to the CSR Steering Committee, consolidation tools and internal control).

[1] List of offices and coverage available at www.cofrac.fr

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SOCIAL, ENVIRONMENTAL AND SOCIETAL RESPONSIBILITY

[Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2016 Annual Report]

► at the Maurel & Prom Group, we conducted interviews with the persons responsible for environmental and social reporting to check compliance with internal procedures.

► checks were performed on all quantitative 2016 CSR Information for all consolidated subsidiaries of the Maurel & Prom Group with regard to its consistency with the previous year's data and with the Maurel & Prom Group's current position, as well as to ensure that it has been properly compiled.

► we performed a thorough examination of the understanding and proper application of procedures for important information⁽²⁾ (questionnaire responses), and conducted in-depth tests based on sampling techniques, consisting of checking the calculations made and reconciling the CSR Information with the supporting evidence in terms of quantitative information.

In 2016, the quantitative data selected covered all consolidated staff with regard to social/societal factors. The audits on environmental factors also covered all operating subsidiaries (exploration/production activities in Gabon and Tanzania, representing Maurel & Prom's entire hydrocarbon production; and drilling activities on behalf of the Group or third parties): our audit covered 80% to 91% of the data used for the environmental indicator figures prepared by Maurel & Prom.

In our opinion, our methodology for identifying important information and auditing data based on the selected sampling provides a reasonable basis for the conclusions and comments expressed below.

Conclusion

Declaration of presence of information

We confirm the presence in the Maurel & Prom 2016 Annual Report of all the information set out in Articles R.225-105 *et seq.* of the French Commercial Code, except that for which the explanation given by the Maurel & Prom Group as to its lack of relevance in terms of the Group's activities and customers was deemed satisfactory.

Opinion on CSR Information

Based on our audit, we did not identify any material misstatements that could call into question:

- the compilation and consolidation of the CSR Information drawn up in accordance with the procedures of the Maurel & Prom Group and the information gathered; and
- the fairness of the CSR Information reported.

7 April 2017

For SOCOTEC, the Auditors

Patrick Armando and Jean-Michel Prioleau

(2) Important information taken into account in 2016: workforce and age distribution; recruitment and downsizing; compensation and career advancement; organisation of workplace dialogue; health and safety conditions (accident frequency and severity rates); training; methods employed to prevent environmental risks; financial guarantees; energy consumption and greenhouse gas emissions (including flared gas); economic and social impact of activities; subcontractor and supplier relations (number of audits conducted).

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FINANCIAL STATEMENTS

5.1. GROUP CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

5.1.1. Statement of financial position

▼ Assets

<i>In € thousands</i>	Note	31/12/2016	31/12/2015
Intangible assets (net)	3.3	317,832	319,199
Property, plant and equipment (net)	3.3	1,465,558	1,504,423
Non-current financial assets (net)	4.2	76,879	3,820
Other non-current assets (net)	3.6	38,708	-
Investments in equity associates	2.4	89,837	125,688
Deferred tax assets	6.1	30,375	31,468
NON-CURRENT ASSETS	-	2,019,190	1,984,598
Inventories (net)	3.4	9,181	11,897
Trade receivables and related accounts (net)	3.5	30,657	24,678
Other current financial assets	4.2	112,046	72,318
Other current assets	3.6	31,296	74,745
Current tax receivables	6.1	1,264	2,050
Cash and cash equivalents	4.3	192,799	282,403
CURRENT ASSETS	-	377,243	468,091
Assets held for sale and discontinued operations	-	-	-
TOTAL ASSETS	-	2,396,433	2,452,689

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

▼ Equity and liabilities

<i>In € thousands</i>	Note	31/12/2016	31/12/2015
Share capital	-	150,412	150,412
Additional paid-in capital	-	79,577	291,101
Consolidated reserves	-	962,874	826,907
Treasury shares	-	(68,140)	(68,475)
Net income, Group share	-	(50,193)	(97,760)
EQUITY, GROUP SHARE	-	1,074,530	1,102,185
Non-controlling interests	-	(662)	(728)
TOTAL NET EQUITY	-	1,073,868	1,101,458
Non-current provisions	3.9	45,076	49,222
Non-current bonds	4.4	340,375	332,396
Other non-current borrowings and financial debt	4.4	290,437	393,938
Non-current derivative financial liabilities	4.4	5,776	8,090
Deferred tax liabilities	6.1	378,164	382,047
NON-CURRENT LIABILITIES	-	1,059,827	1,165,694
Current bond borrowings	4.4	7,274	9,437
Other current borrowings and financial debt	4.4	92,767	10,760
Trade payables and related accounts	3.7	50,079	65,227
Current tax liabilities	6.1	6,355	7,792
Other creditors and miscellaneous liabilities	3.8	91,648	82,472
Current provisions	3.9	14,616	9,851
CURRENT LIABILITIES	-	262,738	185,538
Liabilities held for sale and discontinued operations	-	-	-
TOTAL EQUITY AND LIABILITIES		2,396,433	2,452,689

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

5.1.2. Consolidated statement of comprehensive income

▼ Net income for the period

<i>In € thousands</i>	Note	31/12/2016	31/12/2015
Sales	3.1	317,227	275,627
Other income from operations	-	590	12,656
Purchases and operating expenses	-	(91,672)	(106,672)
Taxes	-	(40,415)	(31,455)
Personnel expenses	-	(44,989)	(43,233)
EBITDA	3.1	140,741	106,922
Depreciation and amortisation, provisions related to production activities	-	(122,137)	(98,059)
Depreciation and amortisation, provisions related to drilling activities	-	(4,019)	-
CURRENT OPERATING INCOME	-	14,585	8,863
Impairment of drilling assets	-	-	(38,926)
Expenses and impairment of exploration assets	-	(3,984)	(125,460)
Other non-current income and expenses	-	6,487	(9,431)
Income from asset disposals	-	(373)	(11)
Badwill	-	-	140,228
OPERATING INCOME	3.2	16,714	(24,737)
<i>Cost of gross debt</i>	-	<i>(35,682)</i>	<i>(36,084)</i>
<i>Income from cash</i>	-	<i>1,289</i>	<i>689</i>
<i>Net gains on fair value of financial instruments</i>	-	<i>2,315</i>	<i>7,551</i>
Net cost of debt	-	(32,078)	(27,845)
Net foreign exchange adjustment	-	3,985	27,618
Other financial income and expenses	-	(2,144)	(6,943)
FINANCIAL INCOME	4.1	(30,238)	(7,170)
Income before tax	-	(13,523)	(31,907)
Income tax	6.1	(8,950)	32,311
NET INCOME FROM CONSOLIDATED COMPANIES	-	(22,473)	404
Income from equity associates	2.4	(27,635)	(95,396)
NET INCOME FROM CONTINUING OPERATIONS	-	(50,108)	(94,992)
Income from discontinued operations	-	-	-
CONSOLIDATED NET INCOME	-	(50,108)	(94,992)
o/w: - Net income, Group share	-	(50,193)	(97,760)
- Non-controlling interests	-	85	2,768

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Net income for the period *(continued)*

<i>Earnings per share (€)</i>	31/12/2016	31/12/2015
Basic	-0.26	-0.82
Diluted	-0.26	-0.82

▼ Comprehensive income for the period

<i>In € thousands</i>	Note	31/12/2016	31/12/2015
NET INCOME FOR THE PERIOD		(50,108)	(94,992)
Foreign exchange adjustment for the financial statements of foreign entities		20,153	110,784
Profit (loss) on hedging of net investments in foreign entities		(81)	(3,210)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(30,036)	12,581
- Group share		(30,102)	10,128
- Non-controlling interests		66	2,454

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5.1.3. Changes in shareholders' equity

<i>In € thousands</i>	Share capital	Treasury shares	Additional paid-in capital and reserves	Fair value of net investment hedges	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2015	93,603	(70,507)	754,188	(4,144)	104,399	13,159	890,698	(3,181)	887,516
Net income	-	-	-	-	-	(97,760)	(97,760)	2,768	(94,992)
Other comprehensive income	-	-	-	(3,210)	111,099	-	107,888	(315)	107,573
TOTAL COMPREHENSIVE INCOME	-	-	-	(3,210)	111,099	(97,760)	10,128	2,454	12,581
Appropriation of income - dividends	-	-	13,159	-	-	(13,159)	-	-	-
MPI acquisition	56,793	-	146,628	-	-	-	203,421	-	203,421
Outstanding equity components for OCEANE bonds	-	-	(2,307)	-	-	-	(2,307)	-	(2,307)
Capital increase	17	-	242	-	-	-	259	-	259
Bonus shares	-	1,453	(2,443)	-	-	-	(990)	-	(990)
Changes in treasury shares	-	579	397	-	-	-	976	-	976
TOTAL TRANSACTIONS WITH SHAREHOLDERS	56,809	2,032	155,677	-	-	(13,159)	201,359	-	201,359
31 December 2015	150,412	(68,475)	909,865	(7,355)	215,498	(97,760)	1,102,185	(728)	1,101,458



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<i>In € thousands</i>	Share capital	Treasury shares	Additional paid-in capital and reserves	Fair value of net investment hedges	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2016	150,412	(68,475)	909,865	(7,355)	215,498	(97,760)	1,102,185	(728)	1,101,458
Net income	-	-	-	-	-	(50,193)	(50,193)	85	(50,108)
Other comprehensive income	-	-	-	(81)	20,173	-	20,091	(20)	20,072
TOTAL COMPREHENSIVE INCOME	-	-	-	(81)	20,173	(50,193)	(30,102)	66	(30,036)
Appropriation of income - dividends	-	-	(97,760)	-	-	97,760	-	-	-
Increase/Decrease in equity instruments	-	-	(914)	-	-	-	(914)	-	(914)
Bonus shares	-	-	2,311	-	-	-	2,311	-	2,311
Changes in treasury shares	-	335	715	-	-	-	1,050	-	1,050
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	335	(95,649)	-	-	97,760	2,446	-	2,446
31 December 2016	150,412	(68,140)	814,216	(7,436)	235,671	(50,193)	1,074,530	(662)	1,073,868

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5.1.4. Cash flow statement

<i>In € thousands</i>	31/12/2016	31/12/2015
Net income	(50,108)	(94,992)
Income tax	8,950	(32,311)
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS	(41,158)	(127,303)
Net increase (reversals) of amortisation, depreciation and provisions	123,833	143,189
Exploration and decommissioning expenses	3,984	125,460
Income from equity associates	27,635	95,396
Other calculated income and expenses	2,311	(2,462)
Gains (losses) on asset disposals	343	11
Badwill	-	(140,228)
Dilution gains and losses	-	(990)
Unrealised gains (losses) due to changes in fair value	(2,315)	(7,551)
Other financial items	40,168	27,796
CASH FLOW BEFORE TAX	154,801	113,319
Income tax paid	(23,337)	(21,200)
Change in working capital requirements for operations	(45,145)	(98,840)
<i>Inventories</i>	<i>(1,057)</i>	<i>(2,390)</i>
<i>Trade receivables</i>	<i>(4,885)</i>	<i>22,606</i>
<i>Trade payables</i>	<i>(16,352)</i>	<i>(55,016)</i>
<i>Other credits and liabilities</i>	<i>(22,851)</i>	<i>(64,040)</i>
NET CASH FLOW FROM OPERATING ACTIVITIES	86,319	(6,721)
Proceeds from disposals of property, plant & equipment and intangible assets	30	-
Disbursements for acquisition of property, plant & equipment and intangible assets	(43,600)	(177,767)
Cash contributed by subsidiaries acquired	-	182,689
Dividends received from SEPLAT	4,340	-
Change in deposits	(74,651)	-
Other cash flows from investing activities	-	(60)
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(113,881)	4,862
Amounts received for capital increases	-	17
Proceeds from new loans	-	112,437
Repayments	(32,047)	(81,038)
Treasury share acquisitions	335	579
Interest paid	(20,361)	(20,712)
NET CASH FLOW FROM FINANCING ACTIVITIES	(52,074)	11,283
Impact of exchange rate fluctuations	(1,540)	34,931
CHANGE IN CASH POSITION *	(81,176)	44,355
CASH * AT BEGINNING OF PERIOD	273,829	229,474
CASH * AT END OF PERIOD	192,653	273,829

* Bank loans are included in cash

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5.1.5. Notes to the consolidated financial statements

▼ Note 1. General information

Etablissements Maurel & Prom S.A. (the "Company") is domiciled in France. The Company's registered office is located at 51 rue d'Anjou, 75008 Paris, France. The Company's consolidated financial statements include the Company and its subsidiaries (the entity designated as the "Group" and each one individually as the "entities of the Group") and the Group's share in its joint ventures. The Group, which is listed for trading on Euronext Paris, acts primarily as an operator specialising in the extraction and production of hydrocarbons (oil and gas).

The consolidated financial statements were approved by the Board of Directors on 31 March 2017. The consolidated financial statements are presented in euros, which is the functional currency of the Company. Amounts are rounded off to the nearest thousand euros, except where otherwise indicated.

Note 1.1. Significant events

The economic environment continues to be characterised by the low price of Brent. The average sale price was US\$42.7/bbl versus US\$47.1/bbl in 2015, a drop of 9%. Total production (Gabon and Tanzania) for M&P's share was 25,202 boepd in 2016 versus 18,367 boepd for the same period in 2015, an increase of 37%. Sales were up 15% to €317 million in 2016, compared with €276 million at the end of December 2015. The increase in sales was due to the increase in quantities produced, despite an adverse price effect.

The US\$ exchange rate for 1 euro (€/US\$) at 31 December 2016 was 1.05 versus 1.09 at 31 December 2015. The average exchange rate for the period was 1.11 consistent with the same period in 2015. This change in the €/US\$ exchange rate is reflected in the Group's accounts with €4 million in foreign exchange gains recorded under financial income, as well as a €21 million increase in foreign currency translation reserves.

In August 2016, Pertamina and Pacifico announced that they had signed an agreement whereby Pertamina would acquire Pacifico's entire stake in Maurel & Prom (24.53%

of Maurel & Prom's capital). Simultaneously Pertamina undertook to launch a voluntary public takeover bid for all Maurel & Prom shares under the same financial conditions as those offered to Pacifico.

After the takeover bid, which closed on 9 February 2017, PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), the wholly owned subsidiary of Indonesian company Pertamina, held 72.65% of Maurel & Prom's capital.

In addition, following Pacifico's transfer of the Company's shares to Pertamina, Crédit Suisse informed the Company of its intent to trigger the change-in-control clause. The Group therefore decided to repay early – on 13 September 2016 – the US\$33.3-million balance on the credit agreement entered into by Maurel & Prom Drilling Services BV, Maurel & Prom, Caroil and Crédit Suisse dated 23 December 2013 for an initial amount of US\$50 million.

Given the economic environment in the first half of 2016, Maurel & Prom and its banking consortium decided to amend some of the terms of the Revolving Credit Facility as follows:

- ▶ the Group's net consolidated debt to EBITDAX ratio must now be below 6 at 30/06/2016, below 5.5 at 31/12/2016 and below 5 at 30/06/2017;
- ▶ a security deposit of US\$75 million was paid and is reported under non-current financial assets as a cash deduction;
- ▶ pledged SEPLAT shares are equivalent to US\$25 million. The Company confirms that as at 31 December 2016, it was in compliance with its commitments in respect of the RCF.

The improvement in the average production level and control of fixed costs allowed the Group to post a higher EBIDTA margin, from 39% to 45%.

The Group's share of the income of equity associates was -€30 million for SEPLAT (due to the heavy impact of the shutdown of the export terminal, operated by a third party, in mid-February 2016).

Note 1.2. Preparation basis

Normative framework

Pursuant to Regulation (EC) No 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the year ended 31 December 2016 have been prepared in accordance with IAS/IFRS international accounting standards applicable at 31 December 2016, as approved by the European Union and available at: http://ec.europa.eu/finance/accounting/ias/index_fr.htm.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Standards Interpretations Committee).

The application of IFRS as published by the IASB would have no material impact on the financial statements presented herein. New legislation or amendments adopted by the European Union and mandatory from 1 January 2016 do not have a material impact on the Group's financial statements as at 31 December 2016.

The Group has opted against the early application of any new standards, amendments or interpretations that have been published by the IASB but were not mandatory from 1 January 2016, including:

- ▶ IFRS 9 "Financial instruments": mandatory application for the Group from 1 January 2018;
- ▶ IFRS 15 "Income from customer contracts": mandatory application for the Group from 1 January 2018;

IFRS 16 "Leases": according to the IASB, this standard will be applicable for periods starting on or after 1 January 2019. This standard has not yet been approved by the EU.

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities valued at fair value (derivative instruments), in accordance with IFRS.

IFRS have been applied by the Group consistently for all the periods presented.



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Use of judgement and estimates

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities as at the reporting date, and the income and expenses for the period. Changes in facts and circumstances may lead the Group to review such estimates.

The results obtained may differ materially from such estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial

statements give a true and fair view of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared with prudence, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- ▶ *recognition of oil carry transactions and impairment tests on oil assets (see Note 3.3);*
- ▶ *provisions for site remediation (see Note 3.9);*
- ▶ *valuation of equity associates and underlying assets (see Note 2.4);*
- ▶ *accounting treatment of derivative instruments subscribed by the Group (see Note 4.4.1);*
- ▶ *recognition of deferred tax assets (see Note 6.1).*

▼ Note 2. Basis for consolidation

Note 2.1. Consolidation methods

Consolidation

The entities controlled by Maurel & Prom are fully consolidated.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements as from the date control is gained until the date control ceases.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

Equity associates

Joint ventures and affiliates are consolidated using the equity method.

▶ *joint ventures are arrangements giving the Group joint control, according to which it has rights to the net assets of the arrangement and not rights to the assets and obligations for the liabilities relating to the arrangement.*

▶ *affiliated entities are entities over whose financial and operating policies the Group has considerable influence without controlling or jointly controlling them. Considerable influence is assumed when the*



percentage of voting rights is greater than or equal to 20%, unless a lack of participation in the Company's management reveals a lack of considerable influence. When the percentage is less, the entity is consolidated using the equity method if significant influence can be demonstrated.

The gains resulting from transactions with the equity associates are eliminated by the contra entry to the securities accounting for using the equity method in the amount of the Group's stake in the company. Losses are eliminated in the same way as gains, but only insofar as they do not represent an impairment.

When the impairment criteria as defined in IAS 39 "Financial Instruments: Recognition and Measurement" indicate that equity associates may have declined in value, the amount of the impairment loss is measured using the rules specified in IAS 36 "Impairment of Assets".

Business combinations

Business combinations are recognised in accordance with IFRS 3 "Business Combinations" using the acquisition method. Thus, when control of a company is acquired, the assets and liabilities of the acquired company are measured at fair value (with exceptions) in accordance with IFRS guidelines.

The Group values the goodwill on the acquisition date as:

- ▶ the fair value of the transferred consideration; plus
- ▶ the amount recognised for non-controlling interests in the acquired company; plus
- ▶ if the business combination is carried out in stages, the fair value of any interest previously held in the acquired company; minus
- ▶ the net amount recognised (generally at fair value) for the identifiable assets acquired and the liabilities taken over.

When the difference is negative, a profit for acquisition under advantageous conditions must be posted directly as EBIT.

Costs related to the acquisition, other than those related to the issuance of a debt or equity securities, which the Group bears as a result of a business combination, are expensed as they are incurred.

Determination of goodwill is finalised within a period of one year from the date of acquisition.

Such goodwill is not amortised but is subjected to systematic impairment tests at the end of each accounting period and in the case of an impairment indicator; any losses in value recognised on goodwill are irreversible.

Changes in the percentage of the Group's stake in a subsidiary not resulting in loss of control are recognised as equity transactions.

Goodwill relating to equity associates is recognised under equity associates.

Currency translation

The financial statements of foreign subsidiaries for which the functional currency is not the euro are converted into euros using the closing price method. Assets and liabilities, including goodwill on foreign subsidiaries, are translated at the exchange rate in effect on the closing date of the period. Income and expenses are converted at the average rate for the period. Currency translation adjustments are recognised in items of other comprehensive income and on the balance sheet in shareholders' equity under "currency translation adjustments"; those related to minority interests are recognised under "non-controlling interests". Currency translation adjustments related to a net investment in a foreign activity are posted directly to other comprehensive income.



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Expenses and income in foreign currencies are posted at their equivalent in the functional currency of the entity concerned at the transaction date.

Assets and liabilities in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency of the entity concerned based on the closing rate. Differences resulting from conversion into foreign currencies at this rate are carried on the income statement as other financial income or other financial expenses.

When the payment of a monetary item that is a receivable or a debt payable to a foreign entity is neither planned nor probable in the foreseeable future, the resulting foreign exchange gains and losses are considered to be part of the net investment in a foreign activity and are recognised as other comprehensive income and are presented as a currency reserve.

The Group applies hedge accounting to foreign currency adjustments between the functional currency of the foreign activity and the functional currency of the Company (euro).

Foreign exchange adjustments resulting from the translation of financial liabilities designated as a net investment hedge of a foreign activity are recognised as other comprehensive income for the effective portion of the hedge and accumulated in the translation reserve. Any adjustment relating to the ineffective portion of the hedge is recognised in net income. When the net investment hedged is sold, the amount of the adjustments recognised as translation reserve related to it is reclassified as income at the level of the income from disposal.

Note 2.2. Information about reporting entities and non-consolidated equity interests

Pursuant to ANC recommendation 2016-01 of 2 December 2016, the full list of Group entities is presented in the period's Annual Report, paragraph 7.1.2. "List of all incorporated Group entities in 2016" on page 238.

Note 2.3. List of consolidated entities

There were no notable changes in the consolidation scope in 2016.

All assets and liabilities were transferred between wholly owned companies as follows:

- ▶ MPNATI S.A. merged with Maurel & Prom Assistance Technique International S.A.
- ▶ Saint-Aubin Energie S.A.S.; MP Québec S.A.S. and Maurel & Prom Volney 2 S.A.S. merged with Etablissements Maurel & Prom S.A.

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Consolidated companies are as follows:

Company	Registered office	Consolidation method *	% control	
			31/12/2016	31/12/2015
Etablissements Maurel & Prom S.A.	Paris, France	Parent	Consolidating company	
OIL AND GAS ACTIVITIES				
Caroil S.A.S	Paris, France	FC	100.00%	100.00%
Maurel & Prom Drilling Services	Amsterdam, Netherlands	FC	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania	FC	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	FC	100.00%	100.00%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Namibia S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru S.A.C.	Lima, Peru	FC	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania	liquidated	0.00%	100.00%
Maurel & Prom Volney 2 S.A.S.	Paris, France	Merged	0.00%	100.00%
Maurel & Prom West Africa S.A.S.	Paris, France	FC	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily	FC	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus	FC	60.08%	60.08%
Maurel & Prom Colombia BV	Rotterdam, Netherlands	EM	50.00%	50.00%
SEPLAT	Nigeria	EM	21.37%	21.37%
Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	EM	19.67%	19.67%
Maurel & Prom East Asia S.A.S.	Paris, France	FC	100.00%	100.00%
MP Energy West Canada Corp.	Calgary, Canada	FC	100.00%	100.00%
MP Québec S.A.S.	Paris, France	Merged	0.00%	100.00%
MP West Canada S.A.S.	Paris, France	FC	100.00%	100.00%
Saint-Aubin Energie Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Saint-Aubin Energie S.A.S.	Paris, France	Merged	0.00%	100.00%
Saint-Aubin Exploration & Production Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
OTHER ACTIVITIES				
Maurel & Prom Assistance Technique S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	FC	99.99%	99.99%
MPNATI S.A.	Geneva, Switzerland	Merged	0.00%	99.99%

* FC: Full consolidation / EM: Equity method

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Note 2.4. Investments in equity associates

<i>In € thousands</i>	Maurel & Prom Colombia BV	SEPLAT	Deep Well Oil	TOTAL
INVESTMENTS IN EQUITY ASSOCIATES AT 31/12/2015	5,930	119,397	361	125,688
Income	2,896	(30,444)	(86)	(27,635)
Capital transactions	(6,520)	-	-	(6,520)
Foreign currency translation reserves	(331)	2,967	8	2,643
Dividends received	-	(4,340)	-	(4,340)
INVESTMENTS IN EQUITY ASSOCIATES AT 31/12/2016	1,974	87,580	283	89,837

The data below are presented as reported in the financial statements of the joint ventures and associates (those wholly owned and not proportionately owned) at 31 December 2016, where applicable after translation into euros, adjustments to fair value and for accounting method consistency.

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<i>In € thousands</i>	Maurel & Prom Colombia BV	SEPLAT	Deep Well Oil	TOTAL
Location	Colombia Joint venture	Nigeria Associate	Canada Associate	
Activity	Exploration	Production	Exploration	
% INTEREST	50.00%	21.37%	19.67%	
Total non-current assets	21,161	1,438,263	547	
Other current assets	7,962	477,731	322	
Cash and cash equivalents	3,920	151,429	1,234	
TOTAL ASSETS	33,043	2,067,422	2,104	-
Total non-current liabilities	2,089	646,850	405	
Total current liabilities	26,379	254,922	263	
TOTAL LIABILITIES (EXCL. EQUITY)	28,467	901,772	667	-
Reconciliation with balance sheet values				
TOTAL SHAREHOLDERS' EQUITY OR NET ASSETS	4,576	1,165,650	1,436	-
Historical conversion adjustment	(627)	(24,020)	-	
NET ASSETS	3,948	1,141,630	1,436	-
SHARE HELD	1,974	243,950	283	
IFRS 3 fair value (1)	-	(156,371)	-	
BALANCE SHEET VALUE AT 31/12/2016	1,974	87,580	283	89,837
Sales	25	229,726	-	
Operating income	5,420	(37,375)	(439)	
Exchange loss	-	(91,681)	-	
Loss on derivatives on hydrocarbons	-	(13,617)	-	
Financial income	543	(13,449)	-	
Corporate income tax	(172)	(6,029)	-	
NET INCOME FROM EQUITY ASSOCIATES	5,791	(150,093)	(439)	
SHARE HELD	2,896	(32,073)	(86)	
Restatements for standardisation (2)	-	1,629	-	
P&L VALUE AT 31/12/2016	2,896	(30,444)	(86)	(27,635)

(1) Fair value adjustment for SEPLAT under IFRS 3 (consolidated at the stock market value) recorded in 2015 in connection with the merger with MPI.

(2) In relation to SEPLAT, mainly the recognition by income of equity movements for payments in shares and the deconsolidation of a subsidiary.

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SEPLAT's income was heavily impacted by the shutdown of the export terminal in mid-February 2016. Furthermore, SEPLAT suffered a fair value loss on its derivatives on hydrocarbons and a foreign exchange loss, mainly related to the NPDC receivable which was denominated in Nigerian naira, heavily devalued against the dollar.

Consolidated net income for 2016 showed a loss of US\$166 million, or US\$30 million for Maurel & Prom's share.

At 31 December 2016, the market price of the SEPLAT shares was 73.75 pence, which represents a total market value for Maurel & Prom's share of €104 million.

The 2015 comparative information is provided below:

<i>In € thousands</i>	Maurel & Prom Colombia BV	SEPLAT	DW	TOTAL
Location	Colombia Joint venture	Nigeria Associate	Canada Associate	
Activity	Exploration	Production	Exploration	
% INTEREST	50.00%	21.37%	19.67%	
Total non-current assets	20,225	1,198,677	530	
Other current assets	20,369	1,176,633	312	
Cash and cash equivalents	7,758	91,853	1,641	
TOTAL ASSETS	48,352	2,467,163	2,483	
Total non-current liabilities	-	653,072	392	
Total current liabilities	38,826	523,560	254	
TOTAL LIABILITIES (EXCL. EQUITY)	38,826	1,176,633	646	
TOTAL SHAREHOLDERS' EQUITY OR NET ASSETS	9,526	1,290,530	1,836	
Remeasurement at historical value	2,334	-	-	
NET ASSETS	11,860	1,290,530	1,836	
SHARE HELD	5,930	275,768	361	
Changes in fair value according to IFRS3 ⁽¹⁾	-	(156,371)	-	
BALANCE SHEET VALUE AT 31/12/2015	5,930	119,397	361	125,688
Financial income	(3,856)	-	-	
Other expenses	(2,810)	-	-	
Expenses and impairment of exploration assets	(177,149)	-	(17,736)	
NET INCOME FROM EQUITY ASSOCIATES	(183,815)	-	(17,736)	
SHARE OF INCOME OF EQUITY ASSOCIATES	(91,908)	-	(3,489)	(95,396)

(1) On SEPLAT, this is the fair value adjustment in accordance with IFRS 3 (integration with the stock market value) recorded in 2015 in connection with the merger with MPI.

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▼ Note 3. Transactions

Note 3.1. Segment reporting

In accordance with IFRS 8, segment information is reported based on identical principles to those for internal reporting and shows the internal sector information defined for managing and measuring the Group's performance.

Maurel & Prom's activities are split into three segments: exploration, production and drilling. Information by region is only relevant at the asset

level and is presented in the notes on fixed assets. The other activities mainly concern the holding companies' support and financial services. Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation restatements.

In € thousands	Gabon	Tanzania	Production	Exploration	Drilling	Other	31/12/2016
Sales	286,729	18,156	304,884	-	12,343	-	317,227
EBITDA	149,492	12,510	162,002	1,485	(8,890)	(13,856)	140,741
Depreciation and amortisation, impairment loss & provisions for assets in production	(106,878)	(5,372)	(112,250)	-	-	(9,887)	(122,137)
Depreciation and amortisation, impairment loss & provisions for drilling assets	-	-	-	-	(4,019)	-	(4,019)
Expenses and impairment of exploration assets	-	-	-	(3,984)	-	-	(3,984)
Other non-recurring expenses	-	-	-	-	-	6,487	6,487
Gain (loss) on asset disposals	-	-	-	-	-	(373)	(373)
OPERATING INCOME	42,613	7,139	30,444	(2,499)	(12,909)	(17,629)	16,714
SHARE OF INCOME OF EQUITY ASSOCIATES	-	-	(30,444)	2,809	-	-	(27,635)
Intangible investments	130	42	172	8,808	39	-	9,020
INTANGIBLE ASSETS (NET)	205,367	42,023	247,391	70,394	47	-	317,832
Investments in property, plant and equipment	31,937	2,142	34,080	-	160	353	34,593
PROPERTY, PLANT AND EQUIPMENT (NET)	1,399,563	41,403	1,440,967	1,848	22,308	436	1,465,558

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<i>In € thousands</i>	Gabon	Tanzania	Production	Exploration	Drilling	Other	31/12/2015
Sales	247,806	7,146	254,952	-	20,675	-	275,627
EBITDA	124,818	2,371	127,189	(9,269)	(1,079)	(9,918)	106,922
Property, plant & equipment and intangible assets depreciation and amortisation	(92,694)	(2,468)	(95,161)	(1,567)	(735)	(596)	(98,059)
Expenses and impairment of exploration assets	-	-	-	(125,460)	-	-	(125,460)
Impairment of drilling assets	-	-	-	-	(38,926)	-	(38,926)
Other production provisions	(5,670)	-	(5,670)	(718)	245	8,191	2,049
Other non-recurring expenses	-	-	-	(5,734)	-	(3,697)	(9,431)
Gain (loss) on asset disposals	-	-	-	-	-	(11)	(11)
Badwill	-	-	-	-	-	140,228	140,228
OPERATING INCOME	26,454	(96)	26,358	(142,748)	(40,494)	134,197	(22,688)
SHARE OF INCOME OF EQUITY ASSOCIATES	-	-	-	(95,396)	-	-	(95,396)
Intangible investments	11,674	814	12,488	30,588	60	-	43,136
INTANGIBLE ASSETS (NET)	220,022	33,317	253,340	65,728	131	-	319,199
Investments in property, plant and equipment	109,885	20,697	130,582	-	3,217	832	134,631
PROPERTY, PLANT AND EQUIPMENT (NET)	1,425,933	53,751	1,479,684	1,873	22,306	560	1,504,423

Note 3.2. Operating income

Sales

Oil sales representing the sale of the production on the fields operated by the Company under Production Sharing Agreements include the deliveries of crude oil for production royalties and the taxes (state share of profit oil) when they are effectively paid.

Oil sales are recognised when oil is delivered to the oil terminals. These sales are adjusted to reflect whether the Group is in an over-lift position (in which case the Group posts a debt to its partners), or under-lift position (in which case the Group posts a receivable).

Given that production is mainly located in Gabon and the country only has one supply route (Cap Lopez), the Group's financial statements can differ significantly depending on whether oil is loaded onto a tanker just before or just after the end of a period.

The Group therefore uses the "entitlement method" (method of lifting rights), which consists of measuring oil over- or under-lift positions at realisable value at the end of the period. This method is accepted as common practice in the oil industry.

Gas sales are recognised at the point of connection at customers' facilities.

Drilling services sales are recognised as drilling stages are completed, with progress measured in terms of the depth reached and time taken.

Operating income

The Group uses a number of indicators to assess the performance of its activities:

EBITDA represents revenues net of the following items:

- ▶ purchases of consumable and services (grouped in production purchases and expenses);
- ▶ taxes (including mining royalties and other taxes related to the activity);
- ▶ personnel expenses; and
- ▶ other income from the activity.

Current operating income corresponds to EBITDA before amortisation and depreciation of non-current assets, including depletion.

Items between current operating income and EBIT correspond to income and expenses considered unusual, non-recurring and material, including:

- ▶ material capital gains and losses resulting from asset sales;
- ▶ expenses and impairment related to discontinued exploration activities and asset impairment;
- ▶ costs relating to business combinations and restructuring.

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The 2016 production level was such that, despite the substantial drop in the average sale price, the Group was able to post current operating income of €15 million for the period (versus €8 million in 2015).

Investments made during the period in order to complete the work programmes approved for these exploration assets, which were impaired in 2015, were mostly expensed against the permits in Canada and Myanmar in the amount of €4 million.

Following the arbitration decision (made public on 22 November 2016) regarding the Group's claim against Dominion Oil & Gas Ltd and Dominion Petroleum Ltd for reimbursement of drilling expenses on the Mandawa Tanzanian drilling permit, the Group posted accrued income of US\$9.6 million less related legal costs, received in January 2017.

In addition, as part of Pertamina's takeover bid, the Group bore one-off fees for the period of €2 million.

Note 3.3. Assets

Maurel & Prom conducts its exploration and production activities partly under Production Sharing Agreements (PSAs). This type of contract, signed with the host country, sets rules for cooperation (in association with any partners) and for sharing production with the government or the state-owned company that represents it, and defines the rules for taxation.

Under these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange it receives a share of the production known as cost oil; the sale of this share of production should make it possible for it to recover its investments, as well as the operating costs incurred; the balance of the production (profit oil) is then shared in variable proportions with the Government; the Company thus pays its share of tax on the revenue from its activities.

Under such Production Sharing Agreements, the Company recognises its share of assets, income and profit in proportion to its percentage holding in the permit concerned.

The following methods were used to account for the costs of oil-related activities.

Oil search and exploitation rights

► *mining permits: Expenditures for the acquisition and allocation of mining permits are recorded as intangible assets and, during the exploration phase, amortised on a straight-line basis over the estimated duration of the permit or during the development phase, in line with the amortisation rate for the oil production facilities. If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded in full at once.*

► *acquired mining rights: Acquisitions of mining rights are recorded as intangible assets and, if they have led to the discovery of oil reserves, they are amortised according to the unit-of-production method based on proven and probable reserves. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven and probable hydrocarbon reserves at the beginning of the same year, re-estimated on the basis of an independent appraisal.*

Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs. Hydrocarbon production fees and assets are posted in accordance with the "full cost" method.

Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.



Charges incurred prior to the issuance of the exploration permit are recognised as expenses.

Expenditure incurred after that date is capitalised and amortised once exploitation commences.

Drilling expenditure that does not result in a commercial discovery is posted under expenses for the total amount incurred once it is decided to permanently abandon work in the zone concerned or in the connected zone.

When the technical feasibility and commercial viability of the oil production project become demonstrable (analysis based on the outcome of appraisal wells or seismic study work, etc.), following the award of an Exclusive Development and Production Authorisation (AEDE), these costs then become development costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

Once an indicator of impairment arises (expiration of a permit, additional unbudgeted expenses, etc.), an impairment test is carried out to verify that the carrying value of the expenses incurred does not exceed the recoverable amount.

In addition, when the technical feasibility and commercial viability of the oil production project become demonstrable, exploration assets are systematically subjected to an impairment test.

Impairment tests are carried out at the permit level, as defined by the contract, in accordance with the industry practice.

Oil production assets

Oil production assets include all exploration-related costs transferred to property, plant and equipment following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems, etc.).

Depletion

Assets are amortised using the unit-of-production method.

For general facilities, i.e. those which concern the entire field (pipelines, surface units, etc.), the amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year. If applicable, they are weighted by the ratio (proven)/(proven + probable) reserves for that field, in order to take into account their relative role in the production of all proven and probable reserves of the field in question.

For specific facilities, i.e. those dedicated to specific areas of a field, the amortisation rate used equals the ratio of the field's hydrocarbon production during the year to the proven reserves developed at the beginning of the same year.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

Costs of site remediation

Provisions for site remediation are made when the Group has an obligation to dismantle and restore sites.

The adjusted site remediation cost is capitalised and added to the value of the underlying asset and amortised at the same rate.

Financing of oil-related costs for third parties

The financing of third-party oil costs is an activity that consists of the substituting, as part of an oil partnership, for another member of the partnership to finance its share of the cost of works.



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When the contract terms give it characteristics similar to those of other oil assets, the financing of oil costs on behalf of third parties is treated as an oil asset.

Consequently and in accordance with paragraph 47 (d) of ASC 932 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the Group's own share (fixed assets, amortisation, impairment, operating costs as expenses):

- ▶ posting of exploration costs financed as intangible assets (partners' share entered as the Maurel & Prom share);
- ▶ if prospecting does not result in a producing asset: recognition of all costs as expenses;
- ▶ in the case of production: the transfer of costs booked as intangible to property, plant and equipment (technical facilities);
- ▶ the share of hydrocarbons accruing to the partners carried and used to repay that cost of carry is treated as sales for the partner that carries it;
- ▶ reserves corresponding to the costs carried are added to the reserves of the partner that carries the costs; and
- ▶ amortisation and depreciation of technical facilities (including the share of partners carried) according to the unit-of-production method by including in the numerator the production for the period allocated to recovery of the costs carried and in the denominator the share of reserves used to recover all of the costs carried.

Other non-current intangible assets

Other intangible assets are recognised at acquisition cost and posted on the balance sheet at that value, after deducting accrued amortisation and depreciation if any.

Amortisation is calculated on a straight-line basis, and the amortisation term is based on the estimated useful life of different categories of intangible assets amortised over a term ranging from one to three years.

Other property, plant and equipment

The gross amount of other property, plant and equipment corresponds to the acquisition or production cost. It is not revalued.

Depreciation is calculated on a straight-line basis, and the depreciation term is based on the estimated useful life of the different categories of property, plant and equipment, which are predominantly as follows:

- ▶ buildings: 10 years;
- ▶ infrastructure: 8 to 10 years;
- ▶ drilling equipment: 3 to 20 years;
- ▶ technical facilities: 3 to 10 years;
- ▶ fixtures and fittings: 4 to 10 years;
- ▶ transportation equipment: 3 to 8 years;
- ▶ office and computer equipment: 2 to 5 years; and
- ▶ office furniture: 3 to 10 years.

Finance lease contracts are agreements whose effect is to transfer virtually all risk and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet assets at fair value, or at the minimum discounted value of the leases in the contract, whichever is greater. The corresponding debt is recognised under balance sheet liabilities as financial debt. Such assets are amortised on the basis of the Group's estimation of their useful life.

Leasing contracts which are not finance leasing agreements as defined above are recognised as simple leasing contracts. Payments for operating leases are booked in the income statement on a straight-line basis over the period of the lease.



Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

Asset impairment

When events indicate a risk of impairment of intangible and tangible assets, and with regard to goodwill and intangible assets not amortised at least once a year, an impairment test is carried out in order to determine whether their net carrying value is lower than their recoverable amount; this amount is defined as the higher of fair value (less exit costs) or value in use. Value in use is determined by discounting future cash flows expected from the use and disposal of the assets.

Since these assets are oil assets in production, cash flows are determined in keeping with the reserves identified, the related production profile and the discounted sale prices after taking into account the applicable tax according to the Production Sharing Agreements.

The permit is generally used as the cash-generating unit (CGU). A CGU is a set of assets the ongoing use of which generates cash flows that are largely independent of the cash flows generated by the other groups of assets. In certain cases, a permit may contain exploration and production assets.

With regard to the Group's other activities, impairment tests are performed on the basis of the Company's business plans, including a terminal value.

The discount rate used takes into account the risk associated with the activity and its geographical location.

If the recoverable amount is lower than the net carrying value, an impairment is recognised for the difference between these two amounts.

This impairment may be reversed according to the net carrying value that the asset would have had on the same date, had it not been impaired. Impairment losses recorded on goodwill are irreversible.

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Note 3.3.1. Intangible assets

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Investments	Change in scope of consolidation	Transfer	Impairment and exploration expense	Amortisation	31/12/2016
Ezanga (Gabon)	220,022	220	130	-	(198)	-	(14,807)	205,367
Mnazi Bay (Tanzania)	33,317	1,455	42	-	10,776	-	(3,567)	42,023
ASSETS ATTACHED TO PRODUCING PERMITS	253,340	1,675	172	-	10,578	-	(18,374)	247,391
Kari (Gabon)	27,027	723	401	-	-	-	(316)	27,835
Nyanga Mayombe (Gabon)	18,986	677	2,513	-	-	-	-	22,175
Bigwa Rufiji Mafia - BRM (Tanzania)	14,549	-	664	-	-	(663)	-	14,550
Permits 44 & 45 (Namibia)	5,147	-	679	-	-	-	-	5,826
Fiume Tellaro (Italy)	7	-	-	-	-	-	(7)	-
Sawn Lake (Canada)	-	-	575	-	-	(575)	-	-
Anticosti (Canada)	-	-	1,383	-	-	(1,383)	-	-
Gaspésie (Canada)	-	-	-	-	-	-	-	-
Block M2 (Myanmar)	(1)	-	866	-	-	(865)	-	-
Other	13	-	33	-	-	-	(39)	8
ASSETS ATTACHED TO PERMITS IN EXPLORATION	65,728	1,400	7,114	-	-	(3,487)	(362)	70,394
Drilling	131	-	39	-	-	-	(124)	47
INTANGIBLE ASSETS (NET)	319,199	3,075	7,326	-	10,578	(3,487)	(18,859)	317,832

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For Mnazi Bay, transfers carried out were due to the reclassification of some carry receivables.

All the assets in the Group's exploration portfolio were analysed for recoverable value in accordance with IFRS6 and IAS 36.

No impairment was recognized on the intangible assets of Ezanga, Kari Nyanga, Mnazi Bay or Mkuranga (BRM permit).

The assets for Canada, Myanmar and Italy were impaired given that their recoverable value was null on the basis of the following elements:

(i) deactivation of the projects given the deterioration of the oil and gas market at 31 December 2016 (in line with that of 31 December 2015);

(ii) projects that have not received the necessary administrative authorisations, or with a close expiration date without significant investments planned;

(iii) projects for which there is no short-term development.

All exploration expenses for Canada, Myanmar and Mafia (BRM permit) in Tanzania corresponding to remaining work were expensed for the period.

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The changes in intangible assets for the previous year are stated below:

<i>In € thousands</i>	31/12/2014	Currency translation adjustment	Investments	Change in scope of consolidation	Transfer	Impairment and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	205,463	26,171	11,674	-	(9,429)	-	(13,857)	220,022
Mnazi Bay (Tanzania)	43,136	4,691	814	-	(10,099)	-	(5,224)	33,317
ASSETS ATTACHED TO PRODUCING PERMITS	248,599	30,862	12,488	-	(19,528)	-	(19,082)	253,340
Kari (Gabon)	24,179	2,886	135	-	-	-	(173)	27,027
Nyanga Mayombe (Gabon)	11,617	1,370	6,004	-	(6)	-	-	18,986
Bigwa Rufiji Mafia - BRM (Tanzania)	34,580	-	2,923	-	(6,068)	(16,887)	-	14,549
Permits 44 & 45 (Namibia)	3,187	-	1,960	-	-	-	-	5,147
Fiume Tellaro (Italy)	4,271	-	-	-	-	(4,265)	-	7
Rovuma (Mozambique)	105	-	17,750	-	-	(17,854)	-	-
Sawn Lake (Canada)	-	(78)	-	11,563	(4,120)	(7,364)	-	-
Anticosti (Canada)	-	(38)	-	7,170	-	(7,133)	-	-
Gaspésie (Canada)	-	-	-	496	-	(496)	-	-
Block M2 (Myanmar)	-	-	-	50,426	705	(51,132)	-	(1)
Other	1,529	83	1,816	(206)	-	(3,208)	-	13
ASSETS ATTACHED TO PERMITS IN EXPLORATION	79,468	4,224	30,588	69,449	(9,490)	(108,339)	(173)	65,728
Drilling	165	5	60	-	-	(99)	-	131
INTANGIBLE ASSETS (NET)	328,232	35,091	43,136	69,449	(29,017)	(108,438)	(19,255)	319,199

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The breakdown in the net values of intangible assets between the gross and the impairments is as follows:

<i>In € thousands</i>	Goodwill	Oil search and exploration rights	Exploration expenses	Other	TOTAL
Gross value at 31/12/2015	6,403	207,795	256,875	4,531	475,604
Impairments at 31/12/2015	(6,403)	(44,556)	(101,884)	(3,562)	(156,405)
NET BOOK VALUE AT 31/12/2015	-	163,239	154,991	969	319,199
Gross value at 31/12/2016	6,403	219,403	261,288	4,644	491,738
Impairments at 31/12/2016	(6,403)	(56,337)	(107,137)	(4,029)	(173,906)
NET BOOK VALUE AT 31/12/2016	-	163,066	154,152	615	317,832

Note 3.3.2. Property, plant and equipment

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Investments	Change in scope of consolidation	Transfer	Impairment and exploration expense	Amortisation	31/12/2016
Ezanga (Gabon)	1,425,933	35,642	31,937	-	(1,877)	-	(92,071)	1,399,563
Mnazi Bay (Tanzania)	53,751	1,273	2,142	-	(13,959)	-	(1,805)	41,403
ASSETS ATTACHED TO PRODUCING PERMITS	1,479,684	36,915	34,080	-	(15,836)	-	(93,876)	1,440,967
Nyanga Mayombe (Gabon)	1,873	47	-	-	(72)	-	-	1,848
Sawn Lake (Canada)	-	-	235	-	-	(235)	-	-
ASSETS ATTACHED TO PERMITS IN EXPLORATION	1,873	47	235	-	(72)	(235)	-	1,848
Drilling	22,306	697	160	-	225	-	(1,080)	22,308
Other	560	-	118	-	-	-	(242)	436
PROPERTY, PLANT AND EQUIPMENT (NET)	1,504,423	37,659	34,593	-	(15,683)	(235)	(95,199)	1,465,558

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Investments in property, plant and equipment over the period primarily concern production investments for the Ezanga permit. Transfers carried out were due to the reclassification of drilling equipment, some carry receivables, and to adjustments of provisions for site remediation on the Ezanga and Mnazi Bay permits.

Pursuant to IAS 36, impairment tests were performed in order to determine the recoverable value of the assets.

The fair value of the drilling assets was determined to be €22 million (consistent with what had been established at 31 December 2015).

Concerning the production activities in Gabon and Tanzania, the value in use was determined on the basis of the reserves, costs and future cash flows resulting from reports of independent appraisers.

The calculation assumptions are based on (i) a forward price for Brent of US\$48/bbl in 2017, US\$65/bbl in 2018 and US\$80/bbl as of 2018 for oil sale or the contract gas price for gas sales, and (ii) a discount rate of 10%. A reasonable change in one of the pertinent indicators of these impairment tests, i.e. a decrease in the selling price of 5% (in the case of Ezanga), of -5% in the production, or of 100 basis points in the discount rate would not lead to impairment of the production assets.

The changes in property, plant and equipment for the previous year are stated below:

<i>In € thousands</i>	31/12/2014	Currency translation adjustment	Investments	Change in scope of consolidation	Transfer	Impairment and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	1,224,451	146,222	109,885	-	24,211	-	(78,836)	1,425,933
Mnazi Bay (Tanzania)	16,770	2,538	20,697	-	14,671	-	(925)	53,751
ASSETS ATTACHED TO PRODUCING PERMITS	1,241,220	148,760	130,582	-	38,882	-	(79,761)	1,479,684
Nyanga Mayombe (Gabon)	1,668	199	-	-	6	-	-	1,873
Nyanga Mayombe (Gabon)	-	-	-	6,140	4,120	(10,261)	-	-
ASSETS ATTACHED TO PERMITS IN EXPLORATION	1,668	199	-	6,140	4,127	(10,261)	-	1,873
Drilling	49,514	4,036	3,217	-	1,791	(36,252)	-	22,306
Other	80	5	832	8	(1,864)	1,500	-	560
PROPERTY, PLANT AND EQUIPMENT (NET)	1,292,484	152,999	134,631	6,140	42,936	(45,012)	(79,761)	1,504,423

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The breakdown in net values of property, plant and equipment between gross and amortization is as follows:

<i>In € thousands</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other	TOTAL
Gross value at 31/12/2015	8,397	2,014,382	674	75,700	2,099,153
Amortization at 31/12/2015	(1,734)	(583,549)	-	(9,448)	(594,730)
NET BOOK VALUE AT 31/12/2015	6,664	1,430,833	674	66,252	1,504,423
Gross value at 31/12/2016	8,798	2,082,653	891	79,590	2,171,931
Amortization at 31/12/2016	(2,100)	(696,167)	(492)	(7,614)	(706,373)
NET BOOK VALUE AT 31/12/2016	6,698	1,386,486	398	71,976	1,465,558

Note 3.4. Inventories

Inventories are valued according to the FIFO ("First In, First Out") method at acquisition or production cost. Production cost includes consumables and direct and indirect production costs. Hydrocarbon inventories are valued at production cost, including

field and transportation costs and the depreciation of assets used in production. A provision is created when the net realisable value is lower than the cost of inventories.

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	31/12/2016
Ezanga (Gabon)	1,094	59	460	-	-	1,614
Mnazi Bay (Tanzania)	1,275	(21)	-	(1,254)	-	-
BRM (Tanzania)	6,942	(1,563)	-	-	-	5,379
Drilling	2,586	62	597	-	(1,056)	2,188
INVENTORIES (NET)	11,897	(1,463)	1,057	(1,254)	(1,056)	9,181

Inventories essentially consist of consumables.

Transfers carried out mainly reflect the reclassification of Mnazi Bay drilling equipment as assets.

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Note 3.5. Trade receivables

Trade receivables are initially recognised at fair value and then at amortised cost.

At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	31/12/2016
Ezanga (Gabon)	12,084	201	(3,935)	-	-	8,350
Mnazi Bay (Tanzania)	7,000	681	9,054	-	-	16,735
Drilling	4,997	179	273	-	30	5,479
Other	598	4	(508)	-	-	94
TRADE RECEIVABLES (NET)	24,678	1,064	4,885	-	30	30,657

Outstanding receivables on Ezanga for hydrocarbon sales for the most part reflect the receivables from TOTSA TOTAL OIL TRADING SA and Sogara, both of which purchase production from the Ezanga permit fields. The change in the balance of receivables for the period is due to variances in collections.

The outstanding receivables on Mnazi Bay for natural gas sales are mostly from the national company TPDC and Tanesco. The first gas delivery to TPDC, in August 2015, resulted in a deferred payment scheduled over a period of 6 to 24 months.

Outstanding receivables from drilling mainly correspond to receivables due from ENI. The recoverability of all of these receivables is not called into question.

There is no significant impaired receivable.

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Note 3.6. Other assets

Other current assets include assets related to the normal operating cycle, some of which can be produced more than 12 months after the reporting date. These other current assets are initially recognised at fair value and then at amortised cost.

At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

In € thousands	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	31/12/2016
Advances	4,283	74	(1,169)	-	-	3,183
Prepaid expenses	986	11	(120)	-	-	877
Tax and social security receivables	69,476	76	(5,281)	1,975	(301)	65,945
OTHER ASSETS (NET)	74,745	161	(6 570)	1,975	(301)	70 004
Gross	81,676	161	(6,570)	2,009	-	77,270
Impairment	(6,931)	-	-	(34)	(301)	(7,266)
NON-CURRENT	-	-	-	38,708	-	38,708
CURRENT	74,745	161	(6,570)	(36,733)	(301)	31,296

"Tax and social security receivables " primarily comprise VAT receivables from the Gabonese state, which offered to repay this debt over three years. As a result, the debt has been reclassified as non-current.

Note 3.7. Trade payables

In € thousands	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	31/12/2016
Ezanga (Gabon)	53,923	1,088	(13,686)	-	-	41,325
Mnazi Bay (Tanzania)	2,521	17	(1,314)	-	-	1,225
Drilling	2,102	74	230	-	-	2,405
Other	6,681	25	(1,582)	-	-	5,124
TRADE PAYABLES	65,227	1,205	(16,352)	-	-	50,079

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Note 3.8. Other debts

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Change	Transfer	Impairment / Reversals	31/12/2016
Social security liabilities	8,335	152	262	-	-	8,748
Tax liabilities	13,596	850	6,235	1,975	-	22,655
Fixed asset suppliers	3,372	2	(1,694)	-	-	1,680
Advances	24,966	819	-	-	-	25,785
Miscellaneous liabilities	32,204	-	(7,748)	8,323	-	32,779
OTHER DEBTS	82,472	1,823	(2,945)	10,298	-	91,648

The change in "Miscellaneous liabilities" is largely due to the payment of royalties on Ezanga production, which were provisioned as payables after the production threshold was exceeded in December 2014.

Completed transfers are essentially due to the reversal of offset with a carry receivable under "other financial assets".

Note 3.9. Provisions

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, provisions are recognised when the Group has an obligation at year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources that constitute economic benefits.

The site remediation obligation is recognised at the discounted value of the estimated cost for the contractual obligation for dismantling; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision. The effect of the accretion is posted under "Other financial income and expenses".

Severance payments on retirement correspond to defined benefit plans. They are provisioned as follows:

► *the actuarial method used is known as the projected unit credit method, which sees each year of service as giving rise to an additional unit of benefit. These calculations incorporate assumptions about mortality, staff turnover and projections of future salaries; and*

► *the differences between actual and forecast commitments (based on new projections or assumptions) as well as between the projected and actual return on funds invested are called actuarial gains and losses. They are recognised as other items of comprehensive income, without the possibility of being subsequently recycled through income. The cost of past services is recognised under income, whether they are acquired or not.*

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<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Increase / Reversal	Accretion	Transfer	31/12/2016
Site remediation	40,556	1,183	208	1,651	(4,591)	39,007
Pension commitments	1,119	-	(34)	-	-	1,085
Other	17,397	230	1,972	-	-	19,600
PROVISIONS	59,073	1,413	2,146	1,651	(4,591)	59,692
NON-CURRENT	49,222	1,183	174	1,651	(7,154)	45,076
CURRENT	9,851	230	1,972	-	2,563	14,616

Site remediation provisions for sites in production are established based on an appraisal and discounted using US Bloomberg Corporate AA rates to keep pace with the length of the commitment. For example, the rate fell from 4.83% at 31 December 2015 to 4.71% at 31 December 2016 with a 40-year rate projection for the provision related to site remediation at Ezanga. This update has resulted in the adjustment of assets and liabilities for site remediation totalling €5 million (recorded in the “transfer” column of the table).

Other provisions cover various risks including tax and employee-related risks in the Group’s various host countries. The “increase” on the “other” line reflects several risks of various types in different countries, presented in the income statement as an allocation to provisions under current operating income.

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▼ Note 4. Financing

Note 4.1. Financial income

<i>In € thousands</i>	31/12/2016	31/12/2015
Interest on overdrafts	14	(69)
Interest on OCEANE and ORNANE bonds	(13,499)	(15,679)
Interest on other borrowings	(22,197)	(20,337)
GROSS FINANCE COSTS	(35,682)	(36,084)
Income from cash	1,289	689
Net income from derivative instruments	2,315	7,551
NET FINANCE COSTS	(32,078)	(27,845)
Net foreign exchange adjustment	3,985	27,618
Other	(2,144)	(6,943)
OTHER NET FINANCIAL INCOME AND EXPENSES	1,841	20,675
FINANCIAL INCOME	(30,238)	(7,170)

The cost of gross debt takes the effective interest rate of the loan (i.e. the actuarial rate taking into account issuance fees), which explains the disconnect with the interest effectively paid over the period.

The net gains and losses on derivative transactions mainly reflect the change in the fair value of the option detached on the ORNANE bonds between the closing date of the previous fiscal year and period-end at 31 December.

Net foreign exchange variances mainly reflect the revaluation of the Group's currency positions (primarily US\$) at the closing rate.

Other financial income and expenses mainly include the accretion of the provision for site remediation and the non-current VAT receivable.

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Note 4.2. Other financial assets

Other current assets are initially recognised at fair value and then at amortised cost.

At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Change	Scope & Transfer	Impairment / Reversals	31/12/2016
Equity interests	74	-	-	(74)	-	-
Equity associates current accounts	14	-	560	(13)	1,146	1,707
Deposits	3,732	100	71,340	-	-	75,173
Miscellaneous receivables	72,318	9,220	20,781	10,080	(353)	112,046
OTHER FINANCIAL ASSETS (NET)	76,138	9,320	92,682	9,992	793	188,926
NON-CURRENT	3,820	100	71,901	(87)	1,146	76,879
CURRENT	72,318	9,220	20,781	10,080	(353)	112,046

The increase in the “deposits” item is related to the constitution of a US\$75 million deposit guarantee as part of the arrangement of the RCF covenants.

The increase in “miscellaneous receivables” for the most part concerns accrued income on the arbitration with Dominion Petroleum Ltd and Dominion Oil & Gas Ltd. Transfers of “miscellaneous receivables” are due to the reclassification of some carry receivables on the Mnazi Bay permit.

The “miscellaneous receivables” account includes some non-interest-bearing partner carry receivables from oil contract operating mechanisms. The pace of recovery of these carry receivables is based on the oil contracts in the activity’s normal operating cycle and consequently may exceed 12 months.

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Note 4.3. Cash and cash equivalents

Bank deposits represent short-term investments of surplus cash.

<i>In € thousands</i>	31/12/2016	31/12/2015
Liquid assets, banks and savings banks	77,845	70,287
Short-term bank deposits	114,954	212,115
CASH AND CASH EQUIVALENTS	192,799	282,403
Bank loans *	(147)	(8,574)
NET CASH AND CASH EQUIVALENTS	192,653	273,829

* Bank loans are stated under cash below

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Note 4.4. Borrowings

<i>In € thousands</i>	31/12/2015	Currency translation adjustment	Disbursements	Movements	Transfer	31/12/2016
ORNANE 2019 bonds	235,909	-	-	3,931	-	239,841
ORNANE 2021 bonds	96,486	-	-	4,048	-	100,534
Revolving credit facility	360,851	10,375	(12,386)	19,943	(90,495)	288,288
Crédit Suisse	30,536	1,005	(32,047)	506	-	-
Other	-	-	-	37	-	37
Lease financing debt	2,577	72	-	(537)	-	2,112
NON-CURRENT	726,360	11,452	(44,433)	27,928	(90,495)	630,812
Revolving credit facility	-	-	-	-	88,938	88,938
Lease financing debt	-	-	-	285	-	285
Current bank loans	8,574	(27)	-	(8,400)	-	147
Other	-	-	-	3	-	3
Accrued interest	11,597	(3)	(7,683)	5,199	1,557	10,667
<i>of which Accrued interest / ORNANE 2019 bonds</i>	<i>4,087</i>	<i>-</i>	<i>(3,583)</i>	<i>3,607</i>	<i>-</i>	<i>4,111</i>
<i>of which Accrued interest / ORNANE 2021 bonds</i>	<i>5,349</i>	<i>-</i>	<i>(4,100)</i>	<i>1,913</i>	<i>-</i>	<i>3,162</i>
<i>of which Accrued interest / CS</i>	<i>324</i>	<i>-</i>	<i>-</i>	<i>(324)</i>	<i>-</i>	<i>-</i>
<i>of which Accrued interest / RCF</i>	<i>1,837</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,557</i>	<i>3,394</i>
CURRENT	20,171	(30)	(7,683)	(2,913)	90,495	100,040
BORROWINGS	746,531	11,423	(52,116)	25,015	-	730,852

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Note 4.4.1. Bonds

Under IAS 32 and IAS 39, the ORNANE bonds are hybrid instruments with two separately recognised components:

- ▶ an option to convert to shares, recognised on the balance sheet as a debt derivative (interest rate derivative);

This option was measured at fair value (at level 2 in the fair value hierarchy) using a binomial model that assumes observable market volatility, spreads and maturities. Changes in fair value are then recognised in the income statement.

- ▶ a debt instrument, initially recorded on the balance sheet for the fair value of the ORNANE bonds, after deducting the corresponding transaction costs and the option's fair value. Subsequent valuations of this instrument are at amortised cost.

If holders exercise their rights to be allotted shares, and at the issuer's discretion, these bonds enable: either,

- ▶ a cash payment for an amount below the nominal value if the reference price for the underlying share is lower than this nominal value;

- ▶ a cash payment corresponding to the number of shares to be delivered multiplied by the reference price for the underlying share;

- ▶ at the issuer's discretion, a cash payment (ranging from 0 to 100% of the conversion value of the ORNANE bonds), combined with a payment in new and/or existing shares for the fraction exceeding the amount paid in cash.

or,

- ▶ total payment in shares: the number of shares to be delivered is then equivalent to the number that would be delivered for a conventional OCEANE bond with identical features.

ORNANE 2019 – On 6 June 2014, the Group issued 14,658,169 ORNANE bonds maturing on 1 July 2019, with a unit exercise price of €17.26 and a coupon of 1.625% payable every six months.

ORNANE 2021 – On 12 May 2015, the Group issued 10,435,571 ORNANE bonds maturing on 1 July 2021, with a unit exercise price of €11.02 and a coupon of 2.75% payable every six months.

The derivative instruments recognised in “non-current derivative financial instrument liabilities” on the balance sheet represent the fair value of the optional component of the ORNANE bonds. Changes in fair value are then recognised in the income statement.

In € thousands	31/12/2015	Change	Income	31/12/2016
FINANCIAL INSTRUMENTS	(8,090)	-	2,315	(5,776)

Note 4.4.2. Maurel & Prom Revolving Credit Facility

Other borrowings are initially recognised at fair value and then at amortised cost. Issuance costs are recognised as a deduction against the initial fair value of the loan. Financial expenses are then

calculated on the basis of a loan's effective interest rate (i.e. the actuarial rate taking issuance costs into account).

On 18 December 2014, Établissements Maurel & Prom signed a US\$650 million Revolving Credit Facility (RCF). The features of this loan have not changed since then the first repayment of US\$18 million was made in early January 2017, in accordance with the initial repayment schedule.

The RCF agreement contains a change in control clause which, if the lenders so decide, means that the credit arrangements granted to the Company may be cancelled and the immediate repayment of each line of credit may be demanded in the case of a change in control of the Company. After the takeover bid of Maurel & Prom by PIEP, this clause was considered to be activated. As at the date of this Annual Report, RCF's lending banks had confirmed that they did not intend to require the immediate repayment of their lines of credit following the change of control.

Note 4.4.3. Maurel & Prom Drilling Services BV loan agreement

In connection with the acquisition of Caroil from Tuscany in 2013, Maurel & Prom took on US\$50 million of Tuscany's debt. The balance of this loan at 31 December 2015 was US\$33.3 million, bearing interest of Libor +7.5%. Following Pacifico's transfer of the Company's shares to Pertamina, Crédit Suisse informed the Company of its intent to trigger the change-in-control clause. The Group therefore repaid the balance of the credit agreement in full (US\$33.3 million) on 13 September 2016.

▼ Note 5 . Financial risk & fair value

Note 5.1. Risks of fluctuations in hydrocarbon prices

Historically, oil and gas prices have always been highly volatile and can be impacted by a wide variety of factors, such as the demand for hydrocarbons directly related to the general economy, production capacities and levels, government energy policies and speculative practices. The oil and gas industry's economy and especially its profitability are very sensitive to fluctuations in the price of hydrocarbons expressed in US dollars.

The Group's cash flows and future results are therefore strongly influenced by changes in the price of hydrocarbons expressed in US dollars. No hedging on price of hydrocarbons took place in 2016.

The economic environment was marked by a sharp drop in the price of Brent as from mid-2014. This fell from US\$113/bbl at the end of June 2014 to US\$38/bbl at the end of December 2015 before eventually rising to US\$57/bbl at the end of December 2016. For the full year, the average price of Brent remained steady at US\$45/bbl versus US\$54/bbl in 2015.

A decrease of 10% in the price of oil from the average price in 2015 would have impacted sales and EBITDA by -€40 million.

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Note 5.2. Foreign exchange risk

Although the Group's reporting currency is the euro, its operating currency tends to be the US dollar since sales, most operating expenses and most investments are denominated in this currency. Consequently, the Group's accounts are highly sensitive to the €/US\$ exchange rate.

Given that its activity is to a large extent international, the Company is exposed to various types of foreign exchange risk:

- ▶ changes in foreign exchange rates affect the transactions recognised as operating income (sales flow, cost of sales, etc.);
- ▶ the revaluation at the closing rate of debts and receivables in foreign currencies generates a financial exchange risk;
- ▶ lastly, in parallel with these operating and financial exchange risks, the impact of which is recorded under income, there is a foreign exchange risk linked to the conversion into euros of the accounts of the Group's entities whose operating currency is the US dollar. The resulting exchange gain/loss is recorded in other comprehensive income.

The Group also holds liquid assets in US dollars intended to finance its projected investment expenses in that currency.

The impact on consolidated income and shareholders' equity as at 31 December 2016 of a 10% rise or fall in the €/US\$ exchange rate is shown below:

In € thousands	Impact on pre-tax income		Impact on exchange gain/loss (equity capital)	
	10% rise in €/US\$ exchange rate	10% decline in €/US\$ exchange rate	10% rise in €/US\$ exchange rate	10% decline in €/US\$ exchange rate
US\$	(36,161)	44,197	(66,617)	81,421
Other currencies	-	-	-	-
TOTAL	(36,161)	44,197	(66,617)	81,421

The average annual €/USD exchange rate remained unchanged at USD1.1095 for €1 in 2015 versus USD1.11 for €1 in 2016. The €/USD exchange rate at 31 December 2016 was 1.05 versus 1.09 at 31 December 2015.

Against this backdrop, the Group booked an exchange gain of €4 million in financial income and an increase in translation adjustment reserves of €20 million.

The Group holds liquid assets primarily in US dollars to finance its projected investment expenses in that currency. There were no foreign exchange transactions as at 31 December 2016.

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The Company's consolidated foreign exchange position at 31 December 2016 was US\$419 million, which is broken down as follows:

<i>In thousands of US\$</i>	Assets and liabilities	Commitments in currencies	Net position before hedging	Hedging instruments	Net position after hedging
Trade payables	17,843	-	17,843	-	17,843
Deposit	75,000	-	75,000	-	75,000
Borrowings	(400,000)	-	(400,000)	-	(400,000)
Other creditors and sundry liabilities	584,265	-	584,265	-	584,265
Cash and cash equivalents	142,180	-	142,180	-	142,180
EXPOSURE TO US\$	419,288	-	419,288	-	419,288

Note 5.3. Liquidity risk

Due to the nature of its industrial and commercial activity, the Group is exposed to a risk of insufficient liquidity or to a risk that its financing strategy is inadequate. This risk is exacerbated by the current level of oil prices which could affect the Group's ability to obtain refinancing should prices remain low over the long term.

A report on the sources of financing available at 31 December 2016 appears in Note 4.4: Loans.

The Group's liquidity is detailed in the consolidated cash flow statements drawn up weekly and sent to executive management.

Seven-day, monthly, quarterly and year-end forecasts are also prepared at the same time.

The earnings are compared to forecasts using these statements, which, in addition to liquidity, make it possible to see the exchange position.

As at 31 December 2016, the Group had cash and cash equivalents amounting to €193 million and a collateral deposit against the RCF of US\$75 million.

To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries.

It should be noted that in accordance with the stipulations of the RCF, Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December of each year:

- ▶ ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period, with a maximum limit of 5.5 at 31/12/2016 and 5 at 30/06/2017;

- ▶ ratio for P1+P2 Group share reserves x US\$10, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga Production Sharing Agreement must not drop below a net level of production set in the Credit Agreement.

The Company confirms that it has complied with the commitments made in respect of the RCF as renegotiated on 24 August 2016.

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The table below shows the breakdown of financial liabilities by contractual maturity (in € thousands):

<i>In € thousands</i>	2017	2018	2019	2020	2021	> 5 years	Total contractual flow	Total balance sheet value
ORNANE 2019 bonds	4,111	4,111	257,083	-	-	-	265,305	243,952
ORNANE 2021 bonds	3,162	3,162	3,162	3,171	118,132	-	130,791	103,697
Revolving Credit Facility	93,064	83,711	81,070	154,035	-	-	411,881	380,620
Other	3	37	-	-	-	-	40	40
Current bank loans	147	-	-	-	-	-	147	147
Lease financing debt	285	285	285	285	285	3,383,434	3,384,857	2,397
TOTAL	100,773	91,306	341,600	157,491	118,417	3,383,434	4,193,021	730,852

The Company has specifically reviewed its liquidity risk and its future maturities. As at 31 December 2016, the Company was compliant with all financial ratios and production thresholds set out in the Revolving Credit Facility as modified following the arrangements agreed on with the banks. As at the date of this Annual Report and especially in light of events occurring after the

reporting period, the Group believes that it is in a position to meet its contractual maturities.

For information, at 31 December 2015, the non-discounted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, were the following:

<i>In € thousands</i>	2016	2017	2018	2019	2020	> 5 years	Total contractual flow	Total balance sheet value
ORNANE 2019 bonds	4,123	4,111	4,111	255,039	-	-	267,384	239,997
ORNANE 2021 bonds	3,154	3,145	3,145	3,145	3,145	116,568	132,303	101,835
Revolving credit facility	29,820	78,562	76,113	74,117	144,117	-	402,729	362,688
Crédit Suisse	927	927	42,109	-	-	-	43,963	30,860
Current bank loans	8,574	-	-	-	-	-	8,574	8,574
Lease financing debt	402	402	402	402	402	1,776	3,787	2,577
TOTAL	46,999	87,147	125,881	332,703	147,664	118,344	858,739	746,531

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Note 5.4. Interest rate risk

Like any company that uses external lines of credit and investments of available cash, the Group is exposed to an interest rate risk.

The Group's consolidated gross debt at 31 December 2016 was €731 million. This consisted mainly of two

ORNANE fixed-rate bond borrowings amounting to principal plus accrued interest totalling €348 million and a variable-rate debt consisting of a line of credit (Revolving Credit Facility) of US\$400 million (€381 million on the balance sheet).

As at 31 December 2016, interest rate risk can be assessed as follows:

<i>In € thousands</i>	31/12/2016	31/12/2015
ORNANE 2019 bonds	243,952	239,997
ORNANE 2021 bonds	103,697	101,835
Other	40	
FIXED RATE	347,689	341,832
Revolving credit facility	380,620	362,688
Crédit Suisse		30,860
Lease financing debt	2,397	2,577
Current bank loans	147	8,574
FLOATING RATE	383,163	404,698
BORROWINGS	730,852	746,531

A one-point rise in interest rates would result in an additional interest expense of €4 million per year on the income statement.

A significant portion of cash is held in variable interest rate sight deposits. A one-point rise in interest rates would result in a €2 million increase in income.

Note 5.5. Equity risk

The ORNANE bonds issued by the Group in June 2014 and May 2015 contain both a financial debt component and a derivative instrument component corresponding to the share conversion options.

Pursuant to IFRS, a rise in the Maurel & Prom Group share price would result in an expense recognised in financial income.

Note 5.6. Counterparty risk

The Group is exposed to credit risk due to loans and receivables that it grants to third parties as part of its operating activities, short-term deposits that it holds at banks, and, if applicable, derivative instrument assets that it holds.

Maximum exposure corresponds to the balance sheet outstanding net of provisions. The Group believes that it does not incur any significant counterparty risk, as its production is mainly sold to a leading oil group: Total Gabon. For outstanding amounts on gas sales in Tanzania, securities are in place. Other financial and non-financial current assets do not present any significant credit risk.

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In € thousands	31/12/2016		31/12/2015	
	Balance sheet total	Maximum exposure	Balance sheet total	Maximum exposure
Non-current financial assets	76,879	76,879	3,820	3,820
Other non-current assets	38,708	38,708	-	-
Trade receivables and related accounts	30,657	30,657	24,678	24,678
Current financial assets	112,046	112,046	72,318	72,318
Other current assets	31,296	31,296	74,745	74,745
Cash and cash equivalents	192,799	192,799	282,403	282,403
TOTAL	482,386	482,386	457,964	457,964

Note 5.7. Country risks

No material restrictions were recorded that would limit the Group's ability to access or use its assets and settle its liabilities with regard to activities in geographic regions that are politically unstable or poorly regulated,

or with regard to financing agreements of Group entities/projects (subsidiaries, joint ventures or associates).

For example, Gabon's presidential election had no effect on the Group's activity.

Note 5.8. Fair value

IFRS 13 establishes a hierarchy for measuring fair value based on three levels:

Level 1: the quoted prices for assets or liabilities identical to those being measured, available on the valuation date in an active market to which the entity has access;

Level 2: inputs other than the prices in Level 1 that are observable market data for the asset or liability;

Level 3: inputs not based on observable market data (for example, these data come from extrapolations). The latter level applies when no market or observable data exists and the Company is required to make its own assumptions when estimating the data that other market operators would have used to measure the fair value of the asset.

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In € thousands	Level		31/12/2016		31/12/2015	
			Balance sheet total	Fair value	Balance sheet total	Fair value
Non-consolidated equity interests	Available-for-sale securities	a	-	-	74	74
Non-current loans and receivables	Loans and receivables	b	76,879	76,879	3,746	3,746
Trade receivables and related accounts	Loans and receivables	b	30,657	30,657	24,678	24,678
Other current financial assets	Loans and receivables	b	112,046	112,046	72,318	72,318
Cash and cash equivalents	-	c	192,799	192,799	282,403	282,403
TOTAL ASSETS			412,382	412,382	383,219	383,219
Other borrowings and financial debt	Liabilities at amortised cost	d	383,203	383,203	404,698	404,698
Bonds	Liabilities at amortised cost	e	347,649	360,300	341,833	234,200
Derivative financial instruments	Fair value	e	5,776	5,776	8,090	8,090
Trade payables	Fair value	b	50,079	50,079	65,227	65,227
Other creditors and sundry liabilities	Fair value	b	91,648	91,648	82,472	82,472
TOTAL LIABILITIES			495,151	507,802	497,621	389,988

The fair values are based on the following assumptions:

- ▶ a. Non-consolidated equity interests classed as available-for-sale securities, like non-current loans and receivables (linked primarily to equity associates or non-consolidated equity interests), are valued at cost since it is not possible to have a reliable fair value. Checks have been carried out to ensure that there are no impairments to be recorded;
- ▶ b. The net carrying value of trade receivables, other current financial assets, trade payables and other creditors and liabilities is judged to correspond to a reasonable approximation of their fair value given their short-term nature;
- ▶ c. The net carrying value of the Group's cash corresponds to its fair value given that it is considered to be liquid;
- ▶ d. As all other borrowings and financial debts were arranged at variable interest rates, their balance sheet value reflects fair value;
- ▶ e. The fair value of the ORNANE 2019 bonds was recalculated by applying the binomial valuation model (which was used to value the optional component) to the bond component. The valuation of the bonds was level 2 fair value. The revaluation at fair value of the derivative component of the ORNANE bonds was calculated at 31 December 2016.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

▼ Note 6. Other information

Note 6.1. Income taxes

The tax expense presented on the income statement includes the current tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are recorded based on the temporary differences between the carrying values of assets and liabilities and their tax bases. Deferred taxes are not adjusted. Deferred tax assets and liabilities are measured based on the tax rates adopted or quasi-adopted on the closing date.

Deferred tax assets, resulting primarily from losses carried forward or timing differences, are not taken into account unless their recovery is likely. To ascertain the Group's ability to recover these assets, the following elements in particular are taken into consideration:

- ▶ *the existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity, which will create taxable amounts on which unutilised losses for tax purposes and tax credits may be charged before they expire; and*
- ▶ *forecasts of future taxable income allowing prior tax losses to be offset.*

With the exception of the companies holding the Mnazi Bay permit, for which the possibility of recovery of deferred tax assets is demonstrated, the other deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities if it is not sufficiently likely that there will be future taxable profits against which the losses may be charged. From a structural perspective, this is notably the case for Etablissements Maurel & Prom S.A. (parent company).

The corporate income tax expense payable mainly reflects the income tax recognised for the state's share of profit oil on the Ezanga permits in Gabon.

Deferred tax income primarily results from the depreciation of the timing difference between recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga and Mnazi Bay permits.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]



Note 6.1.1. Reconciliation between the balance sheet total, the tax charge and tax paid

<i>In € thousands</i>	Deferred tax	Current tax	TOTAL
ASSETS AT 31/12/2015	31,468	2,050	33,518
LIABILITIES AT 31/12/2015	(382,047)	(7,792)	(389,839)
NET VALUE AT 31/12/2015	(350,579)	(5,742)	(356,322)
Tax expense	13,619	(22,569)	(8,950)
Payments	-	23,337	23,337
Currency translation adjustment	(10,829)	(116)	(10,945)
ASSETS AT 31/12/2016	30,375	1,264	31,639
LIABILITIES AT 31/12/2016	(378,164)	(6,355)	(384,519)
NET VALUE AT 31/12/2016	(347,789)	(5,091)	(352,880)

Note 6.1.2. Breakdown of deferred taxes

<i>In € thousands</i>	31/12/2016	31/12/2015
Remeasurement of property, plant and equipment	30,375	31,468
DEFERRED TAX ASSETS	30,375	31,468
Remeasurement of property, plant and equipment	378,164	382,047
DEFERRED TAX LIABILITIES	378,164	382,047
NET DEFERRED TAX	347,789	350,579

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

Note 6.1.3. Reconciliation between the tax expense and pre-tax income

<i>In € thousands</i>	31/12/2016	30/09/2015
Pre-tax income from continuing operations	(41,158)	(127,303)
- Net income from equity associates	(27,635)	(95,396)
PRE-TAX INCOME EXCLUDING EQUITY ASSOCIATES	(13,523)	(31,907)
Distortion taxable base Gabon	(37,564)	(36,077)
Distortion taxable base Tanzania	(4,028)	2,883
Distortion taxable base Badwill	-	(140,228)
TAXABLE INCOME (I)	(55,116)	(205,329)
(A) THEORETICAL TAX INCOME (I*33.33%)	18,370	68,436
(B) TAX RECOGNISED IN INCOME	(8,950)	32,311
DIFFERENCE (B-A)	(27,320)	(36,125)
- Tax difference on recoverable costs and Gabon tax rate	15,644	16,797
- Tax difference on recoverable costs and Tanzania tax rate	(2,025)	30,878
- Profit oil tax / notional sales	(22,469)	(20,547)
- Non-activated deficits and other	(18,470)	(63,252)
- Other differences	-	-

Note 6.2. Earnings per share

Two earnings per share are presented: the basic net earnings per share and the diluted earnings per share. In accordance with IAS 33, diluted earnings per share are equal to the income attributable to ordinary shareholders arising from the parent company divided by the weighted average number of outstanding ordinary shares at the price for the period, after adjusting the numerator and

denominator for the impact of any potentially dilutive ordinary shares. Potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the ordinary activities undertaken. Treasury shares are not taken into account in the calculation.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

	Note	31/12/2016	31/12/2015
NET INCOME FOR THE PERIOD in € thousands		(50,193)	(97,760)
Share capital		195,340,313	195,340,313
Treasury shares		5,448,245	5,576,271
AVERAGE NUMBER OF SHARES OUTSTANDING		189,892,068	119,059,915
NUMBER OF DILUTED SHARES		189,971,575	119,139,422
EARNINGS PER SHARE (€)			
Basic		-0.26	-0.82
Diluted		-0.26	-0.82

Note 6.3. Shareholders' equity

Treasury shares are recognised as a reduction of shareholders' equity measured at acquisition cost.

Subsequent changes in fair value are not taken into account. Similarly, proceeds from the disposal of treasury shares do not affect profit or loss for the year.

Bonus shares allocated by Maurel & Prom to its employees are recognised under personnel expenses when they are granted and are spread over the vesting period; the method by which they are spread depends on the respective vesting conditions of each plan. The fair value of bonus shares is determined on the basis of the share price on the allocation date (minus discounted future dividends).

Following the approval by the General Shareholders' Meeting of 18 June 2016, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital at a maximum unit price of €6.

Within the context of this repurchase plan, in 2016 no shares were bought and 51,840 shares were delivered in the form of a bonus share award.

Over the same period, 4,397,329 shares were bought and 4,473,515 shares were sold under the liquidity contract.

At 31 December 2016, the Company held 5,448,245 treasury shares (2.79% of share capital for a gross value of €68 million at end-2016), including 147,111 shares under the liquidity agreement.

At 31 December 2016, according to the table of capital transfers below, there were 195,340,313 shares of the Company, and the share capital was €150,412,041.01.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

<i>In €</i>	Number of shares	Treasury shares
AT 31/12/2014	121,562,094	5,628,676
- Issue for exercise of subscription warrants (BSA)	21,525	-
- Share buyback	-	-52,405
- Capital increase / MPI merger	73,756,694	-
AT 31/12/2015	195,340,313	5,576,271
- Share buyback	-	-128,026
- Capital increase	-	-
AT 31/12/2016	195,340,313	5,448,245

The allocations of bonus shares awarded are as follows:

Date of allocation decision	Vesting date *	Number of shares
30/08/2013	30/08/2015	34,000
28/03/2014	28/03/2016	56,840
28/02/2016	28/02/2017	1,080,600

* The minimum lock-in period for the shares held by beneficiaries is set at two years from the vesting date.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]



Note 6.4. Related parties

<i>In € thousands</i>	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
Maurel & Prom Colombia BV	-	-	1,707	-
SEPLAT	-	-	-	-
2) OTHER RELATED PARTIES				
- Pacifico (up to end-August 2016)	-	-	-	-

Note that Pacifico, a 24.53% shareholder, provided support services to Maurel & Prom until 25 August 2016. These services were invoiced in the amount of €75K for the year.

Maurel & Prom had also signed a subletting agreement for office premises with Pacifico. The rent received by the Company under the sublease agreement amounted to €164K for the fiscal year. This lease was terminated by an addendum dated 25 August 2016 with effect from 31 March 2017.

Note 6.5. Off-balance-sheet commitments - Contingent assets and liabilities

Note 6.5.1. Work commitments

Oil work-related commitments are valued based on the budgets approved with partners. They are revised on a number of occasions during the year to take various aspects into account, including the results of oil work carried out.

The table below shows the unconditional commitments made to states for 2017 under permits, with no mention of information about consolidation under equity method.

<i>In € millions</i>	For 2017
Gabon	-
Tanzania	-
Canada	-
Mozambique	-
<i>Other</i>	1
TOTAL	1

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

Note 6.5.2. Independent guarantee for the Anticosti project

The Company guaranteed the obligations of its wholly owned subsidiary Saint-Aubin Energie Exploration Production Inc, in addition to the payment of its share of a CAD60-million works programme in partnership with the Government of Quebec. To date, this obligation is fulfilled in full in the amount of CAD28 million while the remainder of the commitment is subject to government administrative approval.

Note 6.5.3. Maurel & Prom Revolving Credit Facility

The Company "Etablissements Maurel & Prom S.A." is the borrower in respect of the RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon.

The following sureties have also been set up:

- ▶ pledge against the bank account balance, granted by the Company;
- ▶ pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- ▶ pledge against Maurel & Prom West Africa shares held by the Company;
- ▶ transfer, as a guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out extractions;
- ▶ transfer, as a guarantee, of rights relating to any loan awarded to any Group company.

Under the amended terms of the RCF, the equivalent of US\$25 million was pledged against SEPLAT shares. Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:

▶ ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period;

▶ ratio for P1+P2 Group share reserves x US\$10, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga Production Sharing Agreement must not drop below a net level of production set in the Credit Agreement.

Note 6.5.4. Dominion arbitration

In Tanzania, on the Mandawa permit granted in January 2011, the Group received a commitment from Ophir (formerly Dominion) in the amount of US\$22.9 million, exercisable as an option to enter a permit after drilling an initial well or in the form of a reimbursement. The arbitration decision, which was made public on 22 November 2016, bound Dominion to compensate the Group in the amount of US\$9.6 million.

Note 6.5.5. Rockover

The agreement to acquire Rockover in February 2005 included a snap-back clause for former shareholders of 10% in the event of a discovery at any of the permits sold (Ofoubou/Ankani, Ezanga (formerly Omoueyi), Nyanga Mayombe and Kari) and 50% in the event of a discovery at Banio.

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

Maurel & Prom must pay the sellers a total royalty of US\$1.30 per barrel produced as from the date on which total production in all permit areas exceeds 80 MMbbl; Maurel & Prom must pay one of the two sellers a royalty equivalent to 2% of total available production up to 30 MMbbl and 1.5% above this limit, based on production from operational permits with the MT 2000- Nyanga Mayombe exploration permit. The production threshold was exceeded in December 2014 and the commitment is recognised as an expense commensurate with production. Debt accumulated since December 2014 was paid in August 2016.

Note 6.5.6. Other

Under the Ezanga PSA, the Gabonese state has a right of entry once an Exclusive Development Authorisation is granted.

Under the agreement signed on 26 July 2012 to acquire Cyprus Mnazi Bay Limited from Wentworth, Wentworth will be paid up to US\$5 million if gas production volumes exceed 100 million cubic feet per day over a period of 30 consecutive days. The production threshold was exceeded over the last quarter of 2015 and the commitment is recognised as an expense as payments are made.

Note 6.6. Group workforce

At 31 December 2016, the Group had 526 employees.

Note 6.7. Executive compensation

Principal Officers includes Directors (management team composed of the Chairman, the Chief Executive Officer and the Chief Operating Officer) and members of the Board of Directors.

<i>In thousands of euros</i>	31/12/2016	31/12/2015
Short-term benefits	1,562	1,626
Share-based payment	881	-
TOTAL	2,443	1,626

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FINANCIAL STATEMENTS

[Group consolidated financial statements at 31 december 2016]

Note 6.8. Auditors' fees

In € thousands	KPMG		IAC		KPMG		IAC	
	Amount	%	Amount	%	Amount	%	Amount	%
AUDIT	2016				2015			
<i>Statutory audit, certification, examination of individual and consolidated financial statements:</i>								
Issuer	569	87%	330	83%	538	97%	341	79%
Fully consolidated subsidiaries	11	2%	70	17%	-	-	90	21%
<i>Other measures and services directly related to the mission of the statutory auditor:</i>								
Issuer	60	9%	-	-	17	3%	-	-
Fully consolidated subsidiaries	17	3%	-	-	-	-	-	-
<i>Other services rendered via the networks to fully consolidated subsidiaries</i>								
TOTAL	657	100%	400	100%	555	100%	431	100%

Fees paid to statutory auditors (including members of their networks), are analysed below:

Note 6.9. Events after the reporting period

PT Pertamina Internasional EP (PIEP) offered Maurel & Prom shareholders and ORNANE bearers the option to buy their securities:

- ▶ at a unit price of €4.20 per Maurel & Prom share, plus a potential earn-out of €0.50 per share, if the price of Brent exceeded US\$65 per barrel on every trading day for a period of 90 consecutive calendar days between 1 January 2017 and 31 December 2017.
- ▶ at a unit price of €17.26 per ORNANE 2019 bond, plus the accrued coupon.
- ▶ at a unit price of €11.02 per ORNANE 2021 bond, plus the accrued coupon.

At the end of the takeover bid's opening period from 15 December 2016 to 19 January 2017, and the reopening of the bid from 27 January 2017 for a period of 10 trading days, PIEP held:

- ▶ 141,911,939 Maurel & Prom shares representing the same number of voting rights, i.e. 72.65% of Maurel & Prom's capital and at least 71.39% of its voting rights.
- ▶ 7,635,839 ORNANE 2019 bonds representing 52.09% of the ORNANE 2019 bonds outstanding, and 4,359,150 ORNANE 2021 bonds representing 41.77% of ORNANE 2021 bonds outstanding.

At the close of the first offer period, PIEP's majority stake in Maurel & Prom's capital constituted a change in control. Consequently, bearers of the 2019 and 2021 ORNANE had the option to request the early repayment

in cash of all or some of their bonds between 6 February 2017 and 3 March 2017.

The early repayment of 7,005,394 ORNANE 2019 bonds and 6,076,181 ORNANE 2021 bonds, which were cancelled, was made on 10 March 2017. This early repayment was financed through funds made available to Maurel & Prom by PIEP through a shareholder loan under the terms of the ORNANE. Currently there are 7,652,775 ORNANE 2019 bonds outstanding, 7,635,839 of them held by PIEP, and 4,359,390 ORNANE 2021 bonds outstanding, 4,359,150 of them held by PIEP.

As at the date of this Annual Report, the RCF lending banks had confirmed that they did not intend to require the immediate repayment of their lines of credit, following the change in control.

On 28 February 2017 the Company informed its shareholders that strike action was taking place in Gabon on the Ezanga permit. As a result, production was reduced for a few days. As at the date of this Annual Report, the situation is back to normal.

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FINANCIAL STATEMENTS

[Statutory auditors' report on the consolidated financial statements]

5.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- ▶ the audit of the accompanying consolidated financial statements of Etablissements Maurel & Prom S.A.;
- ▶ the justification of our assessments;
- ▶ the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 6.9 "Events after the reporting period" to the consolidated financial statements regarding the implications of the takeover bid initiated by PT Pertamina Internasional EP for your company's shares.

Justification of our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the matter set out in Note 3.3 "Non-current assets" to the consolidated financial statements regarding how your Company evaluates tangible and intangible assets.

Our audit involved assessing the data and assumptions used to determine the value of the above-mentioned

assets and to review the procedures for conducting impairment tests based on:

- ▶ the grounds for undertaking exploration work in the absence of certified oil reserves, as presented by the management of your company;
- ▶ the conclusions of independent experts appointed by your Company to assess the oil reserves of production assets;
- ▶ future discounted cash flows determined on the basis of the long-term plan established by the company for other operating assets or fair value of operational assets.

We have also verified that the notes to the financial statements provide appropriate information.

The resulting assessments form part of our audit of the consolidated financial statements as a whole, and have therefore contributed to the formation of our opinion expressed in the first part of this report.

Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the group, presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, on the 24 april 2017

KPMG Audit

Department of KPMG S.A.

Eric Jacquet

Partner

International Audit Company

François Caillet

Partner

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FINANCIAL STATEMENTS

[Five-year financial summary]

5.3. FIVE-YEAR FINANCIAL SUMMARY

In €	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
I – FINANCIAL POSITION AT THE END OF THE FISCAL YEAR					
a) Share capital	93,564,574	93,578,230	93,602,812	150,412,041	150,412,041
b) Number of shares issued	121,512,434	121,530,169	121,562,094	195,340,313	195,340,313
II – TOTAL INCOME FROM OPERATING ACTIVITIES					
a) Sales (exclusive of tax)	12,875,149	13,287,876	17,337,130	16,154,394	16,144,493
b) Income before tax, amortisation, depreciation and provisions	-9,844,960	-36,098,069	3,834,131	30,657,865	-75,647,169
c) Income tax	-10,726,043	420,004	5,795	-941,929	-63,838
d) Income after tax, amortisation, depreciation and provisions	46,661,303	-64,648,732	-140,559,277	-196,371,528	-37,492,782
e) Distributed profits*	46,270,690	-	-	-	-
III – EARNINGS PER SHARE					
a) Income after tax, but before amortisation, depreciation and provisions	0.007	-0.300	0.031	0.162	-0.387
b) Earnings after tax, amortisation, depreciation and provisions	0.384	-0.532	-1.156	-1.005	-0.192
c) Net dividend per share*	0.400	0.000	0.000	0.000	0.000
IV – PERSONNEL					
a) Number of employees	31	32	29.5	30	30
c) Total payroll	5,290,727	5,322,096	4,684,313	6,029,085	-5,750,170
c) Sums paid for employee benefits (social security, welfare schemes, etc.)	3,472,659	2,846,624	3,101,679	3,000,771	-3,547,316

* Amount payable for the year indicated, paid in the next fiscal year.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.1. INFORMATION ABOUT THE COMPANY

Company name:

Etablissements Maurel & Prom.

APE Code:

The Company's APE code (French business code) is 7010Z (Registered office activities).

Trade and Companies Register: the Company is registered in the Paris Trade and Companies Register (Registre du Commerce et des Sociétés de Paris) under number 457 202 331.

Company's date of incorporation (Registration in the Trade and Companies Register): 10 December 1919. The Company is incorporated under French law.

Company duration: 99 years, unless dissolved early or extended. Initially intended until 31 December 2018, the Company's duration was extended, by decision of the shareholders at the Extraordinary General Shareholders' Meeting of 13 October 2014, to 99 years from the date of the meeting, i.e. until 13 October 2113.

Since 14 June 2007, Maurel & Prom has been a public limited company (société anonyme) with a board of directors, governed by the French Commercial Code (in particular by the provisions of Articles L.225-17 et seq. of the Code), as well as by all other French laws and regulations applicable to it.

Registered office: 51, rue d'Anjou – 75008 Paris
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6.2. SHARE CAPITAL

6.2.1. Share capital and authorisations to increase capital

6.2.1.1. Subscribed capital

At 31 December 2016, the Company's share capital was €150,412,041.01 (one hundred and fifty million four hundred and twelve thousand and forty-one euros and one euro cent), divided into 195,340,313 (one hundred and ninety-five million three hundred and forty thousand and three hundred and thirteen) fully paid-up shares with a nominal value of €0.77 (seventy-seven euro cents) each.

Each share confers a right to the Company's profits and assets in proportion to the share of the capital that it represents. Maurel & Prom's share capital may be increased, reduced or amortised under the terms and conditions governed by law, the Articles of Association making no specific provision for this (see paragraph 6.3.7. on page 221 of this Annual Report).

6.2.1.2. Authorised capital

Authorities and delegations granted by the Company's General Shareholders' Meetings still in force or that were in force in fiscal year 2016 are described in the table below:

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Share capital]

Authorities and delegations granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 15 June 2016 with respect to issues of shares and securities conferring access to capital, in force at 31 December 2016:

Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Ten	Authority granted to the Board of Directors to purchase, hold and sell Company shares.	<p>10% of the share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting) or 5% in the case of acquisitions with a view to retaining them or their subsequent delivery in payment or exchange as part of a merger, demerger, capital contribution or external growth transaction.</p> <p>The Company may not hold more than 10% of its share capital.</p> <p>Maximum purchase price of €6 per share.</p> <p>Maximum amount of the share repurchase plan set at €117,204,186.</p>	18 months, until 15 December 2017.	<p>This authority replaced the previous authority granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This authority cannot be used in a public offering of Company shares.</p> <p>Authority implemented under a liquidity agreement (see paragraph 6.2.2.).</p> <p>The liquidity agreement, which was suspended on 2 December 2016, was reactivated on 20 February.</p>

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Share capital]

Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Eleven	Delegation of authority granted to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities, with shareholders' preferential subscription rights maintained. ⁽¹⁾	Total nominal value of capital increases: €75 million. Total par value of any debt securities that may be issued: €600 million.	26 months, until 15 August 2018.	This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015. This delegation cannot be used in a public offering of Company shares. This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.
Twelve	Delegation of authority granted to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities in the event of a public offering, with removal of shareholders' preferential subscription rights. ⁽¹⁾⁽²⁾	Total nominal value of capital increases: €45 million. Total par value of any debt securities that may be issued: €350 million.	26 months, until 15 August 2018.	This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015. This delegation cannot be used in a public offering of Company shares. This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Thirteen	<p>Delegation of authority granted to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities by private investment governed by Article L. 411-2 paragraph II of the French monetary and financial Code, with removal of shareholders' preferential subscription rights.⁽¹⁾⁽²⁾</p>	<p>Total nominal value of capital increases: €45 million.</p> <p>Limit: 20% per year of the Company's share capital as calculated at the date of the Board of Directors' decision to use the delegation.</p> <p>Total nominal value of any debt securities that may be issued: €350 million.</p>	26 months, until 15 August 2018.	<p>This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This delegation cannot be used in a public offering of Company shares.</p> <p>This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.</p>
Fourteen	<p>Authority granted to the Board of Directors, in the event of an issue, with removal of shareholders' preferential subscription rights, of shares or transferable securities conferring access to capital and/or which give the right to allocate debt securities to set the issue price in accordance with the conditions set by the shareholders' meeting.⁽¹⁾⁽²⁾</p>	<p>Total nominal value of capital increases: 10% of the Company's share capital (as it exists at the date of decision of the Board of Directors).</p> <p>This ceiling counts towards the ceiling of the resolution pursuant to which the issue was decided.</p>	26 months, until 15 August 2018.	<p>This authority replaced the previous authority granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This authority cannot be used in a public offering of Company shares.</p> <p>This authority was not used as at 31 December 2016, or as at the date of this Annual Report.</p>

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Fifteen	Authority granted to the Board of Directors to increase the number of instruments to be issued, in the event of capital increase with or without removal of shareholders' preferential subscription rights. ⁽¹⁾⁽²⁾	<p>The increase must be made within 30 days of the end of the initial subscription period and may not exceed 15% of the initial issue. The terms and conditions are the same as those of the initial issue.</p> <p>This ceiling counts towards the ceiling of the resolution pursuant to which the issue was decided.</p>	26 months, until 15 August 2018.	<p>This authority replaced the previous authority granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This authority cannot be used in a public offering of Company shares.</p> <p>This authority was not used as at 31 December 2016, or as at the date of this Annual Report.</p>
Sixteen	Delegation of authority granted to the Board of Directors to issue shares and securities conferring access to capital in the event of a public exchange offer initiated by the Company, without shareholders' preferential subscription rights. ⁽¹⁾⁽²⁾	<p>Total nominal value of capital increases: €45 million.</p> <p>Total nominal value of any debt securities that may be issued: €350 million.</p>	26 months, until 15 August 2018.	<p>This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This delegation cannot be used in a public offering of Company shares.</p> <p>This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.</p>

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Seventeen	Delegation of authority granted to the Board of Directors to issue shares and securities conferring access to capital with a view to compensating in-kind contributions granted to the Company, without shareholders' preferential subscription rights. ^{[1][2]}	Nominal amount of capital increases: dual limit of €45 million and 10% of the Company's share capital (as existing at the date of the Board of Directors' decision). Total nominal value of any debt securities that may be issued: €350 million.	26 months, until 15 August 2018.	This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015. This delegation cannot be used in a public offering of Company shares. This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.
Eighteen	Delegation of authority granted to the Board of Directors to increase the Company's capital by incorporating reserves, profits, premiums or other sums which may be capitalised.	Maximum nominal value equal to the total sums that may be incorporated into the capital pursuant to the regulations in force.	26 months, until 15 August 2018.	This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015. This delegation cannot be used in a public offering of Company shares. This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Nineteen	Authority granted to the Board of Directors to allocate Company shares free of charge to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' pre-emptive subscription rights.	Total number of ordinary bonus shares awarded: 1% of the Company's share capital (as existing at the date of the Board of Directors' decision to award them).	38 months, until 15 August 2019.	<p>This authority replaced the previous authority granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This authority was not used as at 31 December 2016, or as at the date of this Annual Report.</p>
Twenty	Delegation of authority granted to the Board of Directors to execute capital increases reserved for employees enrolled in the Company savings plan, with the removal of shareholders' preferential subscription rights.	Total nominal value of capital increases: €1 million.	26 months, until 15 August 2018.	<p>This delegation replaced the previous delegation granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This delegation was not used as at 31 December 2016, or as at the date of this Annual Report.</p>

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 15/06/2016	Comments
Twenty one	Authority granted to the Board of Directors to reduce share capital by cancelling shares.	Limit: 10% of the Company's share capital per 24-month period.	18 months, until 15 December 2017.	<p>This authority replaced the previous authority granted for the same purpose by the General Shareholders' Meeting of 18 June 2015.</p> <p>This authority was not used as at 31 December 2016.</p> <p>This authority was used on 31 March 2017 to cancel 1,080,600 shares.</p>

(1) Counts towards €75 million total ceiling on capital increases and the €600 million total ceiling on debt securities.

(2) Counts towards the €45 million ceiling on capital increases and the €350 million ceiling on debt securities.

Authorities and delegations granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015 with respect to issues of shares and securities conferring access to capital, in force at 31 December 2016:

Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 18/06/2015	Comments
Twenty-two	Authority granted to the Board of Directors to allot preference shares in the Company for free to employees and/or corporate officers of the Company and its subsidiaries, entailing the waiver of shareholders' pre-emptive subscription rights.	<p>Maximum number of preference shares freely allotted: 0.2% of the Company's share capital (as existing at the date of the Board of Directors' decision to allocate them).</p> <p>Total number of ordinary shares that may be issued upon conversion of preference shares: 2% of the Company's share capital (as existing at the date of the Board of Directors' decision to allocate them).</p>	38 months, until 18 August 2018.	This authority was not used as at 31 December 2016, or as at the date of this Annual Report.

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Authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015:

Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 17/12/2015	Comments
Two	Authority granted to the Board of Directors to award bonus Company shares to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' pre-emptive subscription rights.	Number of ordinary bonus shares awarded: 1% of the Company's share capital (as existing at the date of the Board of Directors' decision to award them).	38 months.	This authority was used on 25 February 2016 for the award of 1,080,600 shares (see paragraphs 3.2.3.2.1. and 4.1.1.3.1.). This resolution was replaced by Resolution Nineteen approved by the General Shareholders' Meeting of 15 June 2016.

Authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015:

Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 18/06/2015	Comments
Twelve	Authority granted to the Board of Directors to purchase, hold and sell Company shares.	10% of share capital at any time (this percentage applying to share capital adjusted for transactions affecting it subsequent to this General Shareholders' Meeting) or 5% for shares purchased to be held or subsequently delivered in payment or exchange as part of a merger, demerger, capital contribution or external growth transaction. The Company may not hold more than 10% of its share capital. Maximum purchase price of €18 per share. Maximum amount of the share repurchase plan set at €218,811,762.	18 months.	Authority for use under a liquidity agreement (see paragraph 6.2.2.). This resolution was replaced by Resolution Ten approved by the General Shareholders' Meeting of 15 June 2016.

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Resolution No.	Type of authority or delegation	Ceiling	Duration of authority from 18/06/2015	Comments
Twenty-five	Authority granted to the Board of Directors to reduce share capital by cancelling shares.	Limit: 10% of the Company's share capital per 24-month period.	18 months.	This authority was used on 31 March 2016 for the cancellation of 51,840 shares. This resolution was replaced by Resolution Twenty-one approved by the General Shareholders' Meeting of 15 June 2016.

6.2.2. Treasury shares held by the issuer or on its behalf, or by its subsidiaries – Treasury share repurchase plan

6.2.2.1. 2016 share repurchase

Authority granted by the General Shareholders' Meeting of 15 June 2016

Authority granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015 (Resolution Twelve) was renewed by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 15 June 2016 under Resolution Ten.

The share repurchase plan adopted on 15 June 2016 can be summarised as follows:

- ▶ the Board of Directors has authority to purchase, hold or transfer shares of the Company, within the limit of the number of shares representing 10% of the existing share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting);

- ▶ where the shares are redeemed to boost liquidity (under the conditions detailed below), the number of shares used for the calculation of this 10% limit corresponds to the number of shares purchased, less the number of shares resold over the term of this authority;

- ▶ the maximum purchase price must not exceed €6 per share. This price may be adjusted in the event of transactions relating to the share capital such as, in particular, the incorporation of reserves followed by the creation and allocation of bonus shares and/or the splitting or grouping of shares;

- ▶ the maximum value of funds designated for the repurchase plan is €117,204,186 (calculated on the basis of the share capital at 31 December 2015);

- ▶ the authority is granted for a period of 18 months, beginning on 15 June 2016 and expiring on 15 December 2017; and

- ▶ the authority cannot be used in a public offering of Company shares.

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Number of securities and proportion of capital that the issuer directly or indirectly holds

At 31 December 2016, the Company holds 5,448,245 of its own shares, or 2.79% of share capital. The breakdown of securities held by the Company by objective as at 31 December 2016 is indicated below:

- ▶ 147,111 shares or 2.70% of the treasury shares held (representing 0.08% of the Company's share capital) were held under a liquidity agreement;
- ▶ 4,220,534 shares or 77.5% of treasury shares (representing 2.16% of the Company's share capital) were held as part of the Company's share retention objective

with a view to their subsequent use in payment or exchange as part of potential external growth transactions and to honour obligations relating to negotiable securities conferring access to ordinary Company shares, by any means, immediately or in future; and

- ▶ 1,080,600 or 19.8% of treasury shares (representing 0.55% of the capital) are allocated for cancellation.

During the fiscal year ended 31 December 2016, 51,840 shares were cancelled. For information purposes, it should also be noted that following the capital increase for the purpose of delivering bonus shares to the beneficiaries in the plan dated 25 February 2016, on 31 March 2017 a total of 1,080,600 shares were cancelled.

6.2.2.2. Report on previous plans

During the past year, the Company made use of its share repurchase plan (share repurchase agreement and liquidity agreement):

Situation at 31/12/2016

Percentage of capital held as treasury shares	2.79%
Number of shares cancelled in the past 24 months (51,840) i.e.	0.03%
Number of shares held in portfolio	5,448,245
Carrying value of the portfolio in €	68,140,155
Market value of the portfolio in € (Based on the weighted average share price in December 2016 of €4.2197)	22,989,960

From 1 January to 31 December 2016, there was no movement in the repurchased shares.

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The report on the completion of previous plans between 1 January and 31 December 2016 under the liquidity agreement with an investment services provider is as follows (note that the liquidity agreement was suspended on 2 December 2016 due to the takeover bid and reactivated on 20 February 2017):

	Total gross flows*		Positions open on the date that the plan was published			
	Purchases	Sales/transfers	Open buy positions		Open sell positions	
Number of securities	4,397,329	4,473,515	-	-	-	-
Average maximum term	-	-	-	-	-	-
Average transaction price	3.18461	3.21317	-	-	-	-
AMOUNT	14,003,778	14,374,164	-	-	-	-

* Total gross flows include cash purchases and sales as well as exercised or expired options and futures.

6.2.2.3. Description of the share repurchase plan pursuant to Articles 241-1 *et seq.* of the General Regulations of the French Financial Markets Authority (AMF)

Legal framework

The plan is implemented in accordance with the provisions of Articles L.225-209 *et seq.* of the French Commercial Code, Regulation (EC) No. 596/2014 of the European Parliament and Council of 16 April 2014 and the General Regulations, instructions and communications of the AMF.

Objectives of the new repurchase plan submitted to the General Shareholders' Meeting of 22 June 2017

The Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 22 June 2017 will be asked, in a resolution, to renew the authority granted by the

Combined Ordinary and Extraordinary Shareholders' Meeting of 15 June 2016.

The purpose of the new plan will be:

- ▶ to honour obligations under share option plans or other share allocations to employees and/or corporate officers, specifically as part of (a) company profit-sharing, (b) any share purchase plan or bonus share allocation or preference share allocation for employees under the conditions laid down by law, in particular Article L.3331-1 *et seq.* of the French Labour Code (including any sale of shares referred to in Article L.3332-24 of the French Labour Code), or (c) any share option plan or bonus share allocation or preference share allocation for employees and corporate officers or for some of them;
- ▶ to honour obligations relating to transferable securities conferring access to Company shares, by any means, immediately or in the future (including any hedging transactions by virtue of the Company's obligations relating to such transferable securities);

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- ▶ to ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter prepared by the French Financial Markets Association (AMAFI) recognised by the French Financial Markets Authority;
- ▶ to hold shares for subsequent use as exchange or payment in a potential external growth operation;
- ▶ to reduce the Company's capital;
- ▶ to implement any market practices authorised or to be authorised by market authorities; and
- ▶ any other purpose authorised or that comes to be authorised by the laws and regulations in force.

Number of securities and proportion of capital that the issuer directly or indirectly holds

At 31 March 2017, the Company held 4,459,480 of its own shares, or 2.28% of share capital. The breakdown of securities held by the Company by objective at 31 March 2017 is indicated below:

- ▶ 238,946 shares or 5.36% of the treasury shares held (representing 0.12% of the Company's share capital) were held under a liquidity agreement;
- ▶ 3,220,534 shares or 72.21% of treasury shares (representing 1.65% of the Company's share capital) were held as part of the Company's share retention objective with a view to their subsequent use in payment or exchange as part of potential external growth transactions and to honour obligations relating to securities conferring access to ordinary Company shares, by any means, immediately or in future; and
- ▶ 1,000,000 or 22.42% of treasury shares (representing 0.51% of the capital) are allocated for cancellation.

Maximum share of capital, maximum number and characteristics of securities, maximum purchase price

Securities concerned

The repurchase plan concerns Company shares (ISIN code FR0000051070), traded on Euronext Paris (compartment B).

Maximum share of capital

No more than 10% of the total number of shares making up the Company's share capital may be purchased (i.e. 19,534,031 shares, for example, at the date of this publication), it being stated that:

- ▶ the number of shares purchased by the Company to hold for use as payment or exchange in a merger, demerger or capital contribution may not exceed 5% of its share capital, (i.e. 9,767,015 shares, for example, at the date of this publication); and
- ▶ this limit refers to the Company's share capital which may, if necessary, be adjusted to account for subsequent transactions affecting the share capital that take place after the general shareholders' meeting of 22 June 2017. Under no circumstances may the purchases made by the Company cause it to directly or indirectly hold more than 10% of its share capital.

Purchase price

The Company may not pay more than €10 per share for its treasury shares. Consequently, the maximum amount of funds that the Company may use for this repurchase plan is €195,340,310.

Repurchase procedures

Shares may be purchased, sold, transferred, delivered or exchanged at any time, on one or more occasions, by any means authorised or to be authorised under statutory regulations, and most notably by purchase or sale on the stock market or over the counter, including in blocks (without limiting the portion of the repurchase plan that may be carried out by this method), by a takeover bid or public exchange offer, by sale with right of redemption, by the use of optional mechanisms, and by the use of derivative financial instruments traded on regulated markets, multilateral trading platforms, systematic internalisers or over the counter, and in all cases, either directly or indirectly through an investment services provider.

These transactions may occur at any time except during periods of public offering concerning the shares of the Company.

Duration of the repurchase plan

The duration of this share repurchase plan is 18 months from the General Shareholders' Meeting of 22 June 2017, i.e. until 22 December 2018.

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6.2.3. Convertible or exchangeable securities and warrants

2019 ORNANE bonds

On 6 June 2014, the Company launched an issue, reserved for qualified investors, of bonds redeemable in cash and/or new shares and/or existing shares (ORNANE) maturing on 1 July 2019, with an initial nominal value of approximately €220 million. This initial nominal value was increased to a maximum nominal value of approximately €253 million on 9 June 2014, by the exercise of the entire over-allocation option. This bond issue is represented by 14,658,169 ORNANE issued on 11 June 2014 at a par value of €17.26 at a rate of 1.625% (2019 ORNANE, ISIN code FR0011973577).

Between their issue date and 31 December 2016, no 2019 ORNANE bonds were redeemed. At 31 December 2016, 14,658,169 2019 ORNANE bonds therefore remained outstanding.

In accordance with the stipulations of the issue agreement for the 2019 ORNANE bonds, the Company issued a press release on 3 February 2017 informing bearers of 2019 ORNANE bonds that following the first settlement of securities tendered as part of the takeover bid initiated by PIEP for Company shares on 1 February 2017, the Company was subject to a change in control, as defined in the 2019 ORNANE issue agreement, in favour of PIEP. As a consequence of this change in control, a period of early repayment of the 2019 ORNANE bonds was opened on 6 February 2017 until 3 March 2017. Accordingly, the Company was informed that bearers of 2019 ORNANE bonds had demanded the early repayment of 7,005,394 2019 ORNANE bonds. Following the early repayment of those 7,005,394 2019 ORNANE bonds on 10 March 2017 and their cancellation, 7,652,775 2019 ORNANE bonds remain outstanding (of which 7,635,839 are held by PIEP).

2021 ORNANE bonds

On 12 May 2015, the Company launched an issue, reserved for qualified investors, of ORNANE maturing on 1 July 2021, with a total initial nominal value of approximately €115 million (after exercise of the extension clause). This bond issue is represented by 10,435,571 ORNANE issued on 15 May 2015 at a par value of €11.02 at a rate of 2.75% (2021 ORNANE, ISIN code FR0012738144).

Between their issue date and 31 December 2016, no 2021 ORNANE bonds were redeemed. At 31 December 2016, 10,435,571 2021 ORNANE bonds therefore remained outstanding. In accordance with the stipulations of the issue agreement for the 2021 ORNANE bonds, the Company issued a press release on 3 February 2017 informing bearers of 2021 ORNANE bonds that following the first settlement of securities tendered as part of the takeover bid initiated by PIEP for Company securities on 1 February 2017, the Company was subject to a change in control, as defined in the 2021 ORNANE issue agreement, in favour of PIEP. As a consequence of this change in control, a period of early repayment of the 2021 ORNANE bonds was opened on 6 February 2017 until 3 March 2017. Accordingly, the Company was informed that bearers of 2021 ORNANE bonds had demanded the early repayment of 6,076,181 2021 ORNANE bonds. Following the early repayment of those 6,076,181 2021 ORNANE bonds on 10 March 2017 and their cancellation, 4,359,390 2021 ORNANE bonds remain outstanding (of which 4,359,150 are held by PIEP).

The aim with the 2019 and 2021 ORNANE issue was to refinance the Company's debt and extend its maturity through the amortisation, via in particular an off-market purchase, of 2015 OCEANE.

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6.2.4. Share capital history

The table below shows the change in the share capital of Maurel & Prom during fiscal years 2014, 2015 and 2016.

Date and transaction	Change in capital		Total share capital after transaction	Total number of shares outstanding
	Nominal value of the transaction	Number of shares		
01/04/2014 Capital increase on exercise of share subscription warrants	€1,596.98	2,074	€93,579,827.11	121,532,243
01/10/2014 Capital increase on exercise of share subscription warrants	€22,985.27	29,851	€93,602,812.38	121,562,094
21/12/2014 Capital increase (bonus share allocation plan)	€55,787.27	72,451	€93,658,599.65	121,634,545
21/12/2014 Cancellation of treasury shares	€(55,787.27)	72,451	€93,602,812.38	121,562,094
01/10/2015 Capital increase on exercise of share subscription warrants	€1,623.93	2,109	€93,604,436.31	121,564,203
23/12/2015 Capital increase through the merger by absorption of MPI	€56,792,654.38	73,756,694	€150,397,090.69	195,320,897
31/12/2015 Capital increase on exercise of share subscription warrants	€14,950.32	19,416	€150,412,041.01	195,340,313
31/03/2016 Capital increase on exercise of share subscription warrants (bonus share allocation plan)	€39,916.80	51,840	€150,451,957.81	195,392,153
31/03/2016 Cancellation of treasury shares	€(39,916.80)	51,840	€150,412,041.01	195,340,313

To the Company's knowledge, none of its shares have been pledged.

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6.2.5. Potential capital dilution

The table below shows the maximum potential dilution of the Company's share capital resulting from the redemption or exercise of all securities conferring access to the Company's share capital existing at 31 December 2016 (2019 ORNANE, 2021 ORNANE) or the allocation of bonus shares.

Capital at 31 December 2016		€150,412,041.01	195,340,313 shares	
	Issue date	Conversion expiration	Number of potential shares	Potential dilution
2019 ORNANE bonds Balance at 31 December 2016: 14,658,169	06/06/2014	01/07/2019	14,658,169	7.50%
2021 ORNANE bonds Balance at 31 December 2016: 10,435,571	12/05/2015	01/07/2021	10,435,571	5.34 %
TOTAL ORNANE BONDS	-	-	25,093,740	12.84%

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	Issue	Vesting date	Number of potential shares	Potential dilution
Bonus shares	25/02/2016	25/02/2017	1,080,600	0.55%
TOTAL BONUS SHARES	-	-	1,080,600	0.55%
TOTAL including bonus shares (note that bonus shares will have no dilutive impact because the same number of treasury shares will be cancelled as the number of shares issued and bonus shares granted)	-	-	26,174,340	13.40%

In light of the events that have taken place since 31 December 2016 (change in control of the Company in favour of PIEP, early repayment and cancellation of a portion of the 2019 and 2021 ORNANE bonds and definitive vesting of bonus shares), the above table has been updated to show the maximum potential dilution of the Company's share capital at 30 March 2017:

Capital at 30 March 2017	€150,412,041.01	195,340,313 shares
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	Issue date	Conversion expiration date	Number of potential	Potential dilution
2019 ORNANE bonds Balance at 30 March 2017: 7,652,775	06/06/2014	01/07/2019	7,652,775	3.92%
2021 ORNANE bonds Balance at 30 March 2017: 4,359,390	12/05/2015	01/07/2021	4,359,390	2.23%
TOTAL	-	-	12,012,165	6.15%

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[Charter and Articles of Association]

6.3. CHARTER AND ARTICLES OF ASSOCIATION

The following information:

- ▶ corporate purpose;
 - ▶ provisions relating to administrative and management bodies;
 - ▶ conditions for exercising voting rights – double voting rights;
 - ▶ disposal and transfer of shares;
 - ▶ procedure for modifying shareholders' rights;
 - ▶ Shareholders' Meeting notices and conditions of admission;
 - ▶ statutory thresholds;
 - ▶ rights and obligations attached to each share class;
- is included in the Company's Articles of Association and available on the website: www.maureletprom.fr

In addition to the amendments to the Company's Articles of Association relating to share capital (as presented in paragraph 6.2.4. of this Annual Report, page 215), in the last three fiscal years, the following amendments to the Articles of Association were approved by the Company's General Shareholders' Meeting:

(i) transfer of the Company's registered office by the Board of Directors' decision of 27 March 2013 as ratified by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 13 June 2013;

(ii) amendment to Article 17 of the Company's Articles of Association relating to the officers of the Board of Directors as ratified by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 13 June 2013; and

(iii) amendment to Article 5 of the Company's Articles of Association relating to the extension of the Company's life to 13 October 2113 by decision of the Extraordinary General Shareholders' Meeting of 13 October 2014.

6.3.1. Corporate purpose

The Company's corporate purpose is described in Article 3 of its Articles of Association. The Company has the following purpose, both in France and abroad:

- ▶ the management of all shares and membership rights and, to this end, the acquisition of interests in any company, group or association, particularly by way of purchase, subscription and contribution, as well as the sale in any form of said shares or membership rights;
- ▶ the prospecting and exploitation of all mineral deposits, particularly liquid or gaseous hydrocarbon deposits and related products;
- ▶ the leasing, acquisition, transfer and sale of all wells, land, deposits, concessions, operating permits and prospecting permits, either on its own account or on behalf of third parties, whether by participation or otherwise, and the transportation, storage, processing, transformation and trading of all natural or synthetic hydrocarbons, all liquid or gaseous products or by-products of the subsoil, and all minerals or metals;
- ▶ the acquisition of any buildings and their management or sale;
- ▶ trading in all products and commodities; and
- ▶ generally speaking, the Company's direct or indirect participation in all commercial, industrial, property, agricultural and financial transactions, in France or other countries, either by the formation of new companies or by the contribution, subscription or purchase of shares or membership rights, merger, joint venture or otherwise, and generally all transactions of any kind whatsoever directly or indirectly related to these activities and likely to facilitate development or management.

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[Charter and Articles of Association]

6.3.2. Provisions relating to administrative and management bodies

At its meeting of 24 April 2017, the Company's Board of Directors updated the Bylaws.

These Bylaws reprise and set out certain articles in the Articles of Association including membership of the Board and the concept of independent director, the operating rules, missions, rights and obligations incumbent on directors laid down in a charter, the appointment and role of observers and the membership and remits of the Audit Committee, of the Risk Observatory and of the Appointments and Compensation Committee.

Furthermore, following the legal and regulatory provisions regarding the restrictions or prohibition of members of the Board of Directors from trading in the Company's shares, the Company is still revising its code of conduct to prevent insider trading in order to take account of the amendments resulting from the entry into force of European Regulation No. 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse (see paragraph 3.2.2.2.6. of this Annual Report).

6.3.3. Rights, privileges and restrictions attached to each class of existing shares

At all General Shareholders' Meetings, every shareholder who is a member of such meetings has as many votes as the shares that he/she owns or represents, without any limitations other than those arising from statutory provisions.

Each share entitles the holder to one vote. A double voting right is conferred upon the holders of fully paid-up registered shares who are able to prove that they have

been shareholders for at least four years without interruption. Furthermore, in the event of a capital increase through the capitalisation of reserves, profits or issue premiums, the double voting right is conferred – immediately upon the issue of any registered shares allocated free of charge – to a shareholder who had old shares benefiting from this same entitlement.

This double voting right will automatically lapse in respect of any shares that were able to be converted into bearer shares or transferred, but it may be reinstated if the new holder of the shares can prove that he/she has been their registered holder for at least four years.

Nevertheless, any transfer from registered share to registered share following an "ab intestate" succession or testamentary succession or division of jointly owned assets or joint property as between spouses shall not interrupt the above four-year period or shall retain the acquired right. The same applies in the case of inter vivos gifts between living persons in favour of a spouse or of a relative entitled to inherit.

The double voting right may be removed by decision of the Extraordinary General Shareholders' Meeting after ratification by the special meeting of beneficiary shareholders.

Details of double voting rights are given in the share ownership tables in paragraph 6.4. on page 222 of this Annual Report.

6.3.4. Necessary procedures for modifying shareholders' rights

Any amendment to the Company's Articles of Association must be decided or authorised by the Extraordinary General Shareholders' Meeting, acting with the quorum and majority required by the provisions of Article L.225-96 of the French Commercial Code.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Charter and Articles of Association]

6.3.5. Provisions to delay, defer or prevent a change in control

Statutory restrictions on the exercise of voting rights

Article 10 of the Articles of Association, which also appears in paragraph 6.3.6. on page 220 of this Annual Report, deprives any shareholder of the right to vote who has not declared to the Company that they have exceeded a threshold of 2% of the capital or voting rights or any multiple of this 2% threshold, with respect to the shares exceeding the percentage which should have been declared. This restriction may, as the case may be, have an impact in the event of a public offering.

Agreements modified or terminated in the event of a change in control of the company

The 2019 ORNANE and 2021 ORNANE bonds, issue contracts described in paragraph 7.3.1. on page 244 of this Annual Report), each contain a change in control clause, stipulating that bearers may request the early repayment of their bonds in cash in the event of a change in control of the Company.

Following the first settlement of securities tendered as part of the takeover bid initiated by PIEP for Company securities on 1 February 2017, the Company was subject to a change in control in favour of PIEP. As a consequence of this change in control, a period of early repayment of the 2019 and 2021 ORNANE bonds was opened on 6 February 2017 until 3 March 2017. Accordingly, the Company was informed that *(i)* bearers of 2019 ORNANE bonds had demanded the early repayment of 7,005,394 2019 ORNANE bonds, and *(ii)* bearers of 2021 ORNANE bonds had demanded the early repayment of 6,076,181 2021 ORNANE bonds. Following the early repayment of those 7,005,394 2019 ORNANE bonds and 6,076,181 2021 ORNANE bonds and their cancellation, there are *(i)* 7,652,775 outstanding 2019 ORNANE bonds (of which 7,635,839 are held by PIEP) and *(ii)* 4,359,390 outstanding 2021 ORNANE bonds (of which 4,359,150 are held by PIEP).

The Revolving Credit Facility (RCF), described in paragraph 7.3.2. on page 246 of the this Annual Report), also contains a change-in-control clause whereby any lender can cancel the credit arrangements granted to the Company and require it to repay all or part of the outstanding line of credit immediately in the event of a change in control of the Company. As at the date of this Annual Report, neither the Block Sale nor the change in control of the RCF in favour of PIEP have led to early repayment demands by the RCF lenders.

The credit agreement signed with Crédit Suisse also contained a change-in-control clause whereby the lender could obtain the early repayment of the credit agreement in the event of a change in control. Following the Block Sale, Crédit Suisse invoked the Company's change in control to demand the early repayment of its outstanding line of credit which was arranged on 13 September 2016.

The Group reminds investors that the regulatory and contractual environment inherent to the Group's activities in the hydrocarbon sector as described in paragraph 2.3.3. on page 35 of this Annual Report includes, in certain jurisdictions, provisions that may apply in the event of a change in control of the Company (notably in Gabon and Tanzania).

6.3.6. Ownership disclosure thresholds

In addition to the thresholds provided by the applicable legal and regulatory provisions, as stipulated in Article L.233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert, that comes to directly or indirectly hold a number of shares representing a percentage of the capital or voting rights equal to or greater than 2%, or a multiple of 2%, as long as it does not hold, alone or in concert, a total number of shares representing more than two thirds of the Company's capital and voting rights, must inform the Company of the total number of shares conferring entitlement to the Company capital that it owns, by registered mail with acknowledgement of receipt sent to the registered office within a period of five trading days from the date on which the aforementioned ownership thresholds are exceeded.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Charter and Articles of Association]

At the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 2% of the Company's capital or voting rights, any failure to comply with this disclosure obligation shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period after the date on which the notification was formally recorded.

The same duty of information applies, with the same timescale and under the same conditions, each time the fraction of capital or voting rights held by a shareholder falls below one of the thresholds mentioned above.

For the calculation of the thresholds mentioned above, account is taken of the shares and voting rights held, as well as – even if the person concerned does not personally hold shares or voting rights in another manner – comparable shares or voting rights in application of Article L.233-9 of the French Commercial Code, in relation to the total number of shares comprising the Company's capital and the total number of voting rights attached to those shares. The total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares not eligible for voting rights.

In order to identify the owners of bearer shares, the Company is at all times entitled, in accordance with the conditions and the methods laid down by the legal and regulatory provisions, to request that the central depository keeping its share issue account disclose the identity of the owners of shares conferring immediate or future voting rights at General Shareholders' Meetings, as well as the number of shares held by each of them and, if applicable, any restrictions relating to the shares.

6.3.7. Provisions of the Articles of Association reinforcing the laws governing changes to share capital

The Company's share capital may only be changed in accordance with the laws and regulations in force, namely Articles L.225-127 *et seq.* of the French Commercial Code. The law takes precedence over any provision of the Articles of Association, Charter or Bylaws in matters concerning changes to the Company's share capital.

6.3.8. Disposal and transfer of shares

Subject to the legal and regulatory provisions, the shares are freely transferable. The shares are registered in an account and are transferred by means of a transfer from one account to another.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Shareholding]

6.4. SHAREHOLDING

6.4.1. Current shareholding structure

6.4.1.1. Composition

At 28 February 2017, the capital and voting rights of the Company were distributed as follows:

At 28/02/2017	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				out of 193,011,969	out of 197,442,633
PIEP	141,911,939	72.65%	141,911,939	73.52%	71.88%
INSTITUTIONAL INVESTORS	9,312,484	4.77%	9,312,484	4.82%	4.72%
PUBLIC AND OTHER	38,112,648	19.51%	40,148,738	20.80%	20.33%
MAUREL & PROM (treasury shares)	4,430,664	2.27%	—	—	—
EMPLOYEES	1,572,578	0.80%	1,638,808	0.85%	0.83%
TOTAL	195,340,313	100%	193,011,969	100%	97.76%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to thresholds disclosure, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

The composition of the Company's capital at the end of fiscal years 2015 and 2014 is shown in the following tables.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Shareholding]

At 31 January 2016, the capital and voting rights of the Company were distributed as follows:

At 31/01/2016	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				out of 205,815,607	out of 211,348,946
INSTITUTIONAL INVESTORS	102,476,826	52.46%	116,135,643	56.43%	54.95%
o/w Pacifico S.A.*	47,916,026	24.53%	61,574,843**	29.92%	29.13%
o/w Macif	14,255,700	7.30%	14,255,700	6.93%	6.75%
o/w other institutional investors	40,305,100	20.63%	40,305,100	19.58%	19.07%
MAUREL & PROM (Treasury shares)	5,533,339	2.83%	-	-	-
EMPLOYEES	1,329,912	0.68%	1,930,397	0.94%	0.91%
PUBLIC AND OTHER	86,000,236	44.03%	87,749,567	42.63%	41.52%
TOTAL	195,340,313	100%	205,815,607	100%	97.38%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to disclosure thresholds, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

* At 31 December 2015, Pacifico S.A. held a total of 47,916,026 shares, representing 24.53% of the share capital and 29.92% of exercisable voting rights (and 29.13% of theoretical voting rights).

** The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Shareholding]

At 31 December 2014, the capital and voting rights of the Company were distributed as follows:

At 31/12/2014	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				out of 127,859,733	out of 133,488,409
INSTITUTIONAL INVESTORS	77,114,720	63.44%	86,720,010	67.82%	64.96%
o/w Pacifico S.A.*	28,749,616	23.65%	38,354,906**	30%	28.73%
o/w Macif	8,324,204	6.85%	8,324,204	6.51%	6.24%
o/w other institutional investors	40,040,900	32.94%	40,040,900	31.32%	30.00%
MAUREL & PROM (Treasury shares)	5,628,676	4.63%	-	-	-
EMPLOYEES	1,239,357	1.02%	1,772,661	1.39%	1.33%
PUBLIC AND OTHER	37,579,341	30.91%	39,367,062	30.79%	29.49%
TOTAL	121,562,094	100%	127,859,733	100%	95.78%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to disclosure thresholds, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

* At 31 December 2014, Pacifico S.A. held a total of 28,749,616 shares, representing 23.65% of the share capital and 30% of exercisable voting rights (and 28.73% of theoretical voting rights). Between 31 December 2013 and 31 December 2014, a total of 10,585,826 shares out of 10,644,326 bearer shares held by Pacifico S.A. as at 31 December 2013 were registered.

** The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

6.4.1.2. Shareholders with more than 5% of capital

To the Company's knowledge, at the date of this Annual Report, only PIEP held more than 5% of the share capital and/or voting rights of the Company.

The percentage of shares held by the Company fluctuates depending on the share repurchase plan and changes in the liquidity agreement (described in paragraph 6.2.2. on page 210 of this Annual Report). At 31 March 2017, the Company held 2.28% of its share capital.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Shareholding]

6.4.1.3. Legal disclosure thresholds

Between 1 January 2016 and 28 February 2017, the Company was notified of the following declarations of legal disclosure thresholds:

Shareholder	Date of declaration ⁽¹⁾	Date of transaction ⁽¹⁾	Number of shares held ⁽¹⁾	Percentage of capital declared ⁽¹⁾	Number of voting rights held ⁽¹⁾	Percentage of declared voting rights (theoretical) ⁽¹⁾	Disclosure threshold/direction ⁽¹⁾	Origin of change ⁽¹⁾	Comments ⁽¹⁾
Pacifico	26/08/2016	25/08/2016	0	0%	0	0%	25% of voting rights, 20%, 15%, 10% and 5% of capital and voting rights / Downward	Shares sold off-market	-
PIEP	29/08/2016 and 30/08/2016	25/08/2016	47,916,026	24.53%	47,916,026	24.12%	5%, 10%, 15%, 20% of capital and voting rights / Upward	Shares purchased off-market	-
UBS AG	05/10/2016	30/09/2016	9,770,690	5.002%	9,770,690	4.92%	5% of capital / Upward	Shares purchased off-market	UBS AG acting on behalf of companies in the UBS Group AG group. Of which 8,641,978 shares assimilated under Article L.233-9 I, paragraph 4 and 4 bis of the French Commercial Code.
UBS AG	07/10/2016	03/10/2016	10,141,426	5.19%	10,141,426	5.11%	5% of voting rights / Upward	Shares purchased off-market	UBS AG acting on behalf of companies in the UBS Group AG group. Of which 8,641,978 shares assimilated under Article L.233-9 I, paragraph 4 and 4 bis of the French Commercial Code.
UBS AG	27/10/2016	21/10/2016	9,501,076	4.86%	9,501,076	4.78%	5% of capital and voting rights / Downward	Shares sold off-market	UBS AG acting on behalf of companies in the UBS Group AG group. Of which 9,362,754 shares assimilated under Article L.233-9 I, paragraph 4 and 4 bis of the French Commercial Code.



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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

Shareholder	Date of declaration ⁽¹⁾	Date of transaction ⁽¹⁾	Number of shares held ⁽¹⁾	Percentage of capital declared ⁽¹⁾	Number of voting rights held ⁽¹⁾	Percentage of declared voting rights (theoretical) ⁽¹⁾	Disclosure threshold/direction ⁽¹⁾	Origin of change ⁽¹⁾	Comments ⁽¹⁾
PIEP	27/01/2017	25/01/2017	125,924,574	64.46%	152,924,574	63.35%	25%, 30%, 1/3 and 50% of capital and voting rights / Upward	Shares purchased as part of the takeover bid initiated by PIEP for Company securities	PIEP also declared it held 6,845,626 2019 ORNANE and 3,848,620 2021 ORNANE
Bank of America Corporation	03/02/2017 and 07/02/2017	30/01/2017	10,375,521	5.31%	10,375,521	5.22%	5% of capital and voting rights / Upward	Shares purchased through the open market	Threshold crossed indirectly through Merrill Lynch International, which it controls. Of which 635,225 shares assimilated under Article L.233-9 I, paragraph 4 of the French Commercial Code.
Bank of America Corporation	09/02/2017	03/02/2017	9,339	0.005%	9,339	0.005%	5% of capital and voting rights / Downward	Shares sold through the open market and tendered as part of the takeover bid initiated by PIEP on Company shares	Shares held by assimilation under Article L.233-9 I, paragraph 4 bis of the French Commercial Code.
PIEP	20/02/2017	15/02/2017	141,911,939 ⁽⁹⁾	72.65%	141,911,939	71.39%	2/3 of capital and voting rights / Upward	Shares sold through the open market and tendered as part of the takeover bid initiated by PIEP on Company shares	PIEP also disclosed it held 7,635,839 2019 ORNANE and 4,359,150 2021 ORNANE

(1) Information from statements of declaration of ownership disclosure thresholds published by the French Financial Markets Authority.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

6.4.1.4. Voting rights of the main shareholders exceeding their share of capital

In accordance with Article 11, paragraph 7. of the Company's Articles of Association, "Rights and obligations attached to shares", "a double voting right is granted to fully paid-up shares for which registration in the name of the same shareholder in the Company's registers can be proven for at least four uninterrupted years from the date on which they were fully paid up".

6.4.2. Dividends

In accordance with Article 243 bis of the French General Tax Code, no dividend was paid out for the previous three fiscal years.

No resolution will be submitted to the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 22 June 2017 regarding the payment of a dividend for the fiscal year ended 31 December 2016.

6.4.3. Control of the issuer exercised by one or more shareholders

6.4.3.1. Control of the issuer exercised by one or more shareholders

Since the first settlement of securities tendered as part of the takeover bid initiated by PIEP for Company securities on 1 February 2017, control of the Company

has been held by PIEP. As at the date of this Annual Report, PIEP held 72.65% of the Company's share capital, 71.88% of theoretical voting rights and 73.52% of exercisable voting rights.

It should be noted that as at the date of this Annual Report, the organisation and operating procedures of the Board of Directors and its special committees, the number of independent directors (forming the half of the Board that ensures there are no conflicts of interest and regularly conducts assessments, two-thirds of the Audit Committee, two-thirds of the Appointments and Compensation Committee and the three-quarters of the Risk Observatory), the separation of the offices of chairman and chief executive officer (with this office being held by a person outside PIEP), compliance with the Bylaws and the AFEP-MEDEF Code contribute to the oversight of the Company's control by PIEP.

6.4.3.2. Agreements known to the issuer, the implementation of which could result in a change in control

To the Company's knowledge, there are no agreements between its shareholders or clauses in any agreement providing for preferential terms for the sale or purchase of Maurel & Prom shares affecting 0.5% or more of the share capital or voting rights of the Company, the implementation of which could result in a change in control of the Company.

6.5. RELATED-PARTY TRANSACTIONS

Beyond its traditional holding business, through technical and general assistance contracts, cash centralisation and current account advances, the Company has not rendered any specific services to its subsidiaries either during the fiscal year ended 31 December 2016 or during the three previous fiscal

years, except for providing employees to its subsidiaries (Maurel & Prom Exploration Production Tanzania Ltd in Tanzania, Maurel & Prom Colombia in Colombia and Maurel & Prom Gabon in Gabon). This provision was re-invoiced at cost plus a margin.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

6.6. SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2016

Dear Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main characteristics and terms of the agreements and commitments that have been disclosed to us or of which we have become aware during our assignment, including the reasons justifying their interest to the Company, without commenting on their relevance or substance or inquiring about the existence of other agreements or commitments. It is your responsibility, under the provisions of Article R.225-31 of the French Commercial Code, to assess the benefits of entering into these agreements and commitments when they are submitted for your approval.

In addition, we are required, where applicable, to inform you, in accordance with Article R.225-31 of the French Commercial Code, about the continuation during the past fiscal year of agreements and commitments previously approved by the Shareholders' Meeting.

We planned and performed our audit in compliance with the professional guidelines issued by the French national auditing body (Compagnie nationale des commissaires aux comptes). Those guidelines require that we verify that the data and disclosures provided to us are consistent with the documents on which they were based.

Agreements and commitments submitted for approval by the General Shareholders' Meeting

Agreements and commitments authorised during the past fiscal year

In accordance with Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were subject to the prior approval of your Board of Directors.

Signature of a Tender Offer Agreement

Nature and purpose

In connection with the takeover bid (the "Offer", initiated by PT Pertamina Internasional Eksplorasi dan Produksi/PIEP) over the company's securities, at its meeting of 24 August 2016 your Board of Directors authorised the signature of an agreement entitled "Tender Offer Agreement" (TOA) between your Company and PT Pertamina and PIEP, the purpose of which was to describe the respective commitments of the parties to the agreement.

Persons concerned

Jean François Hénin and Emmanuel de Marion de Glatigny, Chairman and director of your Company respectively at the date on which the TOA was signed.

Terms and reasons justifying the interest of this agreement

This agreement stipulated in particular:

- ▶ the conditions to which the Offer was subject;
- ▶ your Company's commitments in terms of governance;
- ▶ the commitments to run the Company's operations in the normal course of business during the TOA;

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

- ▶ the commitments of PT Pertamina and PIEP and your Company to cooperate and make all commercially reasonable efforts to obtain, as soon as possible and in any event as from the filing of the Offer up until the settlement of the Offer, the third-party agreement required under the change-in-control clauses in the agreements entered into by the Company (and in particular the financing agreements) or in respect of permits or authorisations that could be triggered under the Offer;
- ▶ the prohibition of requests for a “Takeover Proposal” (meaning, in particular, any merger, public offering or similar transaction) targeted at your Company, its subsidiaries and their assets, as well as the Company’s commitment not to issue any unfavourable recommendation or to approve or allow the signature of a letter of intent, sale agreement or similar agreement related to a “Takeover Proposal”;
- ▶ the fact that PT Pertamina and PIEP would implement a liquidity facility of bonus shares for beneficiaries of such shares; and
- ▶ a commitment by your Company and its subsidiaries not to (i) contribute treasury shares to the Offer, or (ii) transfer treasury shares to third parties, except exceptions provided for in the TOA.

This agreement follows on from the agreement entered into by PT Pertamina and Pacifico to purchase all of your Company’s shares that are held by Pacifico, and allows your Company firstly to pursue its strategy while enjoying the support of an industrial company undergoing sustained growth and secondly to benefit from the resources required for its development.

Agreements and undertakings authorised since the fiscal year end

We have been informed of the following agreements and commitments authorised since the past fiscal year end, which required the prior approval of your Board of Directors.

Agreement with Ison Holding Sarl (“ISON”)

Nature and purpose

At its meeting of 24 April 2017, your Board of Directors authorised the renewal of the cash pooling agreement between ISON and your Company.

This agreement, initially entered into by your Company and New Gold Mali (and subsequently transferred to ISON), had already been approved by the Supervisory Board on 30 September 1999.

Persons concerned

Jean-François Hénin, Chairman of your Company until 10 April 2017 and a shareholder of ISON through Pacifico, and Emmanuel de Marion de Glatigny, director of your Company until 25 August 2016 and Chairman of the Pacifico S.A. Supervisory Board.

Terms and condition

This agreement, initially entered into on 20 March 2000 by your Company and New Gold Mali, took effect on 1 January 2000 for a one-year term, automatically renewable for equivalent terms. Interest on current account advances are paid at the tax-deductible rate.

The receivable, which at 30 June 2012 amounted to €11,430,616 principal and interest was transferred to ISON, the company in which your Company holds an 18.64% equity interest, in consideration for the signing of a loan agreement between ISON and your Company under the same terms and for a debit balance of principal and interest in the same amount.

At 31 December 2016, the current account (interest included) amounted to €12,651,658 in favour of your Company. Interest income in respect of fiscal year 2016 was €263,860.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

Signature of an addendum to the Tender Offer Agreement

Nature and purpose

At its meeting of 2 March 2017, your Board of Directors authorised the signature of an addendum to the agreement entitled "Tender Offer Agreement" (TOA) initially signed on 25 August 2016 for the purpose of clarifying the terms and conditions for the provision of the funds required for the early repayment of certain financing that had become potentially due as a result of the exercise of change-in-control clauses. This addendum was signed by your Company and PT Pertamina and PT Pertamina Internasional Eksplorasi dan Produksi (PIEP).

Persons concerned

PIEP, a shareholder holding more than 10% of your Company's capital, and Denie Samuel Tampubolon, a director of your Company and senior manager at PT Pertamina.

Terms and reasons justifying the interest of this agreement

The addendum to the TOA stipulates that the funds corresponding to the amount of the early repayments in respect of the Revolving Credit Facility (RCF) and the 2019 ORNANE and 2021 ORNANE bonds as a result of the change in control related to the takeover bid initiated by PIEP on your Company's shares shall be provided through shareholder loans based on similar terms and conditions to those applicable to the RCF and 2019 ORNANE and 2021 ORNANE bonds.

This addendum to the TOA also contains the parties' agreement firstly to the signature of liquidity agreements for your Company's employees to buy back their bonus shares and secondly to the terms and conditions on which the lock-up and long-term incentive plan will be implemented.

The signature of this addendum allows your Company to benefit from financing for the early repayment of the RCF and 2019 and 2021 ORNANE bonds on similar terms and conditions to those provided for in these agreements, without using your Company's cash.

Signature of shareholder loans with PIEP

Nature and purpose

At its meeting of 2 March 2017, your Board of Directors authorised the signature of two shareholder loans with PT Pertamina Internasional Eksplorasi dan Produksi (PIEP) to provide your Company with the amounts required to repay early the 2019 ORNANE bonds (the "2019 ORNANE Shareholder Loan") and the 2021 ORNANE bonds (the "2021 ORNANE Shareholder Loan") not held by PIEP, as a result of the change in control of your Company following the takeover bid initiated by PIEP.

Persons concerned

PIEP, a shareholder holding more than 10% of your Company's capital, and Denie Samuel Tampubolon, a director of your Company and senior manager at PT Pertamina, PIEP's majority shareholder.

Terms and reasons justifying the interest of this agreement

As a result of the authority granted by your Board of Directors to sign the addendum to the "Tender Offer Agreement" (TOA) and the early repayment requests that could be made by holders of 2019 and 2021 ORNANE bonds, your Company signed two shareholder loans with PIEP to provide your Company with the amounts required to repay early the 2019 and 2021 ORNANE bonds not held by PIEP.

The 2019 and 2021 ORNANE shareholder loans bear annual interest of 1.625% and 2.75% respectively, payable twice yearly in arrears on 1 January and 1 July each year. These terms are similar to those in the 2019 ORNANE issue agreement and in the 2021 ORNANE Transaction Note.

The signature of these loans allows your Company to benefit from financing for the early repayment of the 2019 and 2021 ORNANE bonds on similar terms and conditions to those provided for in these agreements, without using your Company's cash.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

Signature of a subordination agreement with PIEP

Nature and purpose

At its meeting of 2 March 2017, your Board of Directors authorised the signature of an agreement to subordinate the debt of the 2019 ORNANE Shareholder Loan and the 2021 ORNANE Shareholder Loan to the Revolving Credit Facility (RCF).

Persons concerned

PIEP, a shareholder holding more than 10% of your Company's capital, and Denie Samuel Tampubolon, a director of your Company and senior manager at PT Pertamina, PIEP's majority shareholder.

Terms and reasons justifying the interest of this agreement

Given the commitments initially made by your Company with regard to the Revolving Credit Facility (RCF), the early repayment of the 2019 and 2021 ORNANE bonds through the signature of the 2019 ORNANE Shareholder Loan and the 2021 ORNANE Shareholder Loan with PIEP required entering into an agreement to subordinate these loans to the Revolving Credit Facility (RCF). This subordination agreement was signed on 17 April 2017.

The signature of this subordination agreement is the consequence of the implementation of the 2019 ORNANE Shareholder Loan and the 2021 ORNANE Shareholder Loan.

Agreements and commitments with no prior authorisation

In accordance with Articles L.225-42 and L.823-12 of the French Commercial Code, we hereby inform you that the following agreements and commitments were not subject to the prior approval of your Board of Directors.

We are required to communicate to you the reasons why the authorisation procedure was not respected.

Termination of the support and consulting agreement with Pacifico

Nature and purpose

Termination of a support and consulting agreement entered into with Pacifico.

Persons concerned

Jean-François Hénin, Chairman of your Company until 10 April 2017 and a shareholder and executive of Pacifico.

Terms and reasons justifying the interest of this agreement

At its meeting of 24 August 2016, your Board of Directors duly noted the signature of the agreement by PT Pertamina and Pacifico whereby PT Pertamina would purchase all of your Company's shares held by Pacifico, and authorised the signature of a "Tender Offer Agreement", which took place on 25 August 2016. This agreement mainly referred to the payments that were to be made by your Company to Pacifico in respect of the support and consulting agreement of 22 December 2005 (as modified by an addendum dated 11 June 2007) (the "Support and Consulting Agreement"). These payments were intended to be used in relation to the termination of this agreement which occurred on 25 August 2016 with immediate effect.

A detailed description of the agreement and its impact on the 2016 fiscal year is provided in the agreements and commitments already approved by the General Shareholders' Meeting in the last section of this report.

Due to an omission, your Board of Directors did not formally approve the termination of the support and consulting agreement. However, to the extent that this agreement had initially been subject to the regulated agreement procedure, its termination would have followed the same procedure.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

Agreements and commitments already approved by the General Shareholders' Meeting

Agreements and commitments approved in previous fiscal years whose implementation continued during the past fiscal year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous fiscal years, continued to be implemented during the past fiscal year.

Addendum to the suspended employment contract of Michel Hochard

Nature and purpose

At its meeting of 26 May 2014, your Board of Directors voted to appoint Michel Hochard as the Company's chief executive officer.

Persons concerned

Michel Hochard, Chief Executive Officer of your Company as from 26 May 2014.

Terms and condition

Insofar as Michel Hochard was the Company's Chief Financial Officer prior to his appointment as the Company's Chief Executive Officer, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, duly noted the automatic suspension of Michel Hochard's employment contract dated 27 November 2007 (and its addendum dated 10 October 2011) (the "Employment Contract"), it being specified that the Employment Contract would automatically go back into effect when Michel Hochard's term of office as Chief Executive Officer expired for any reason whatsoever.

Accordingly, your Board of Directors authorised the formalisation of this suspension of the Employment Contract in an addendum dated 26 May 2014, describing the system for suspending and resuming said contract.

Agreement with Pacifico S.A. for the provision of services

Nature and purpose

A service agreement was entered into on 21 June 2005 by your Company and Pacifico S.A., your Company's main shareholder. This agreement was subject to an addendum dated 11 June 2007, previously authorised by your Board of Directors on 29 May 2007.

Persons concerned

Jean-François Hénin, Chairman of your Company until 10 April 2017.

Terms and condition

This addendum amended several articles of the agreement, in particular Article 1, in order to clarify the parties' respective duties and to eliminate any ambiguities in the wording.

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INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

[Special report of the Statutory Auditors on regulated agreements and commitments]

For the record, the services provided by Pacifico S.A. to your Company are as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and development of acquisition or disposal scenarios and determination of financing policy;
- ▶ advise and follow up on any negotiations entrusted to it (draft contracts, Group development), in particular with respect to technical cooperation proposals;
- ▶ provide monitoring and technical, accounting, financial and administrative support for drilling activities.

The financial terms of the agreement are as follows:

- ▶ an annual lump-sum fee of €100,000, excluding taxes; and
- the payment of additional fees calculated based on services rendered, and the actual cost of services in the field of financial consultation and tasks related to the drilling area of the subsidiary of your Company.

This agreement was terminated on 25 August 2016 following the sale of your Company's shares held by Pacifico to PT Pertamina.

The amount paid by your Company up to 25 August 2016 was €75,000 excluding taxes.

Paris and Paris-La Défense, le 24 april 2017

Statutory Auditors

KPMG Audit

Department of KPMG S.A.

Eric Jacquet

Partner

International Audit Company

François Caillet

Partner

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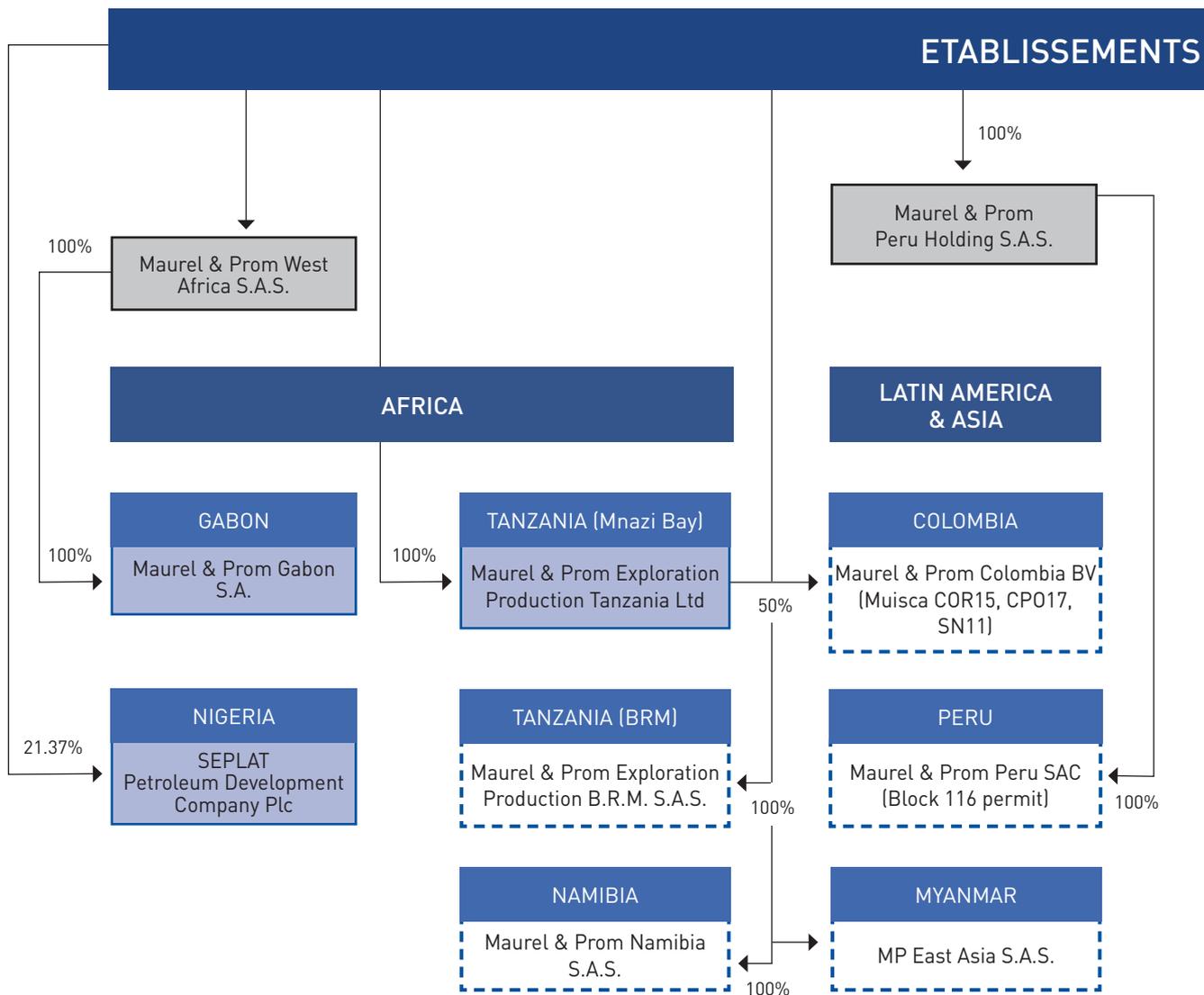
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ADDITIONAL INFORMATION

[Organisation chart]

7.1. ORGANISATION CHART

7.1.1. Organisation chart of the main group entities



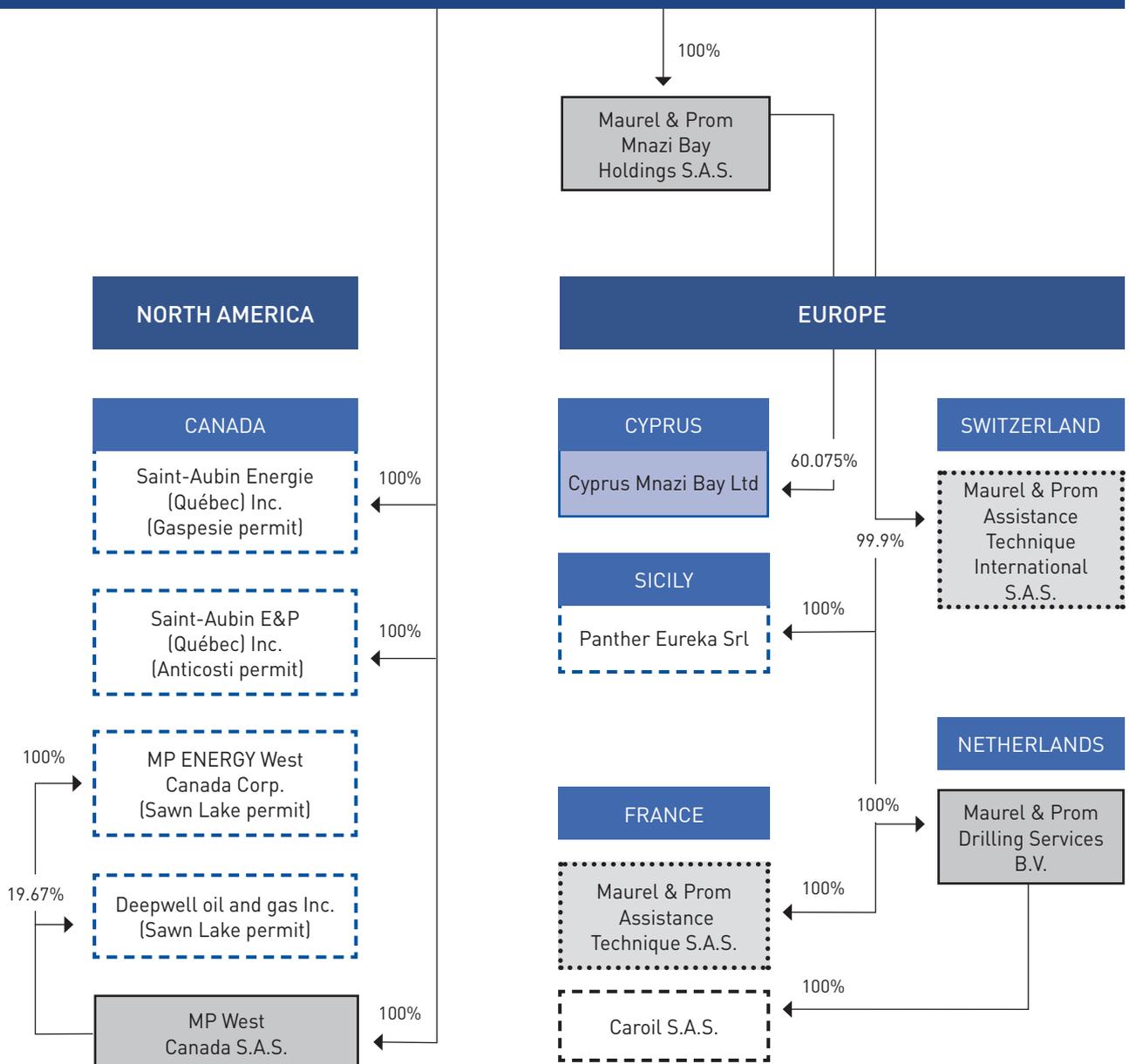
- Holding companies
- Companies whose main activity is production
- Companies whose main activity is drilling
- Companies whose main activity is exploration
- Umbrella companies

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ADDITIONAL INFORMATION

[Organisation chart]

MAUREL & PROM S.A.



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ADDITIONAL INFORMATION

[Organisation chart]

7.1.2. List of all incorporated Group entities in 2016

Pursuant to the OECD recommendation under Action 13 of its Base Erosion and Profit Shifting (BEPS) Project, the Group has included country-by-country reporting in its legal organisation chart with an overview of the breakdown of income, taxes and activities per tax jurisdiction in paragraph 7.1.3., "Overview of the breakdown of activities, income and taxes by tax jurisdiction", on page 243 of this Annual Report.

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydrocarb on sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Bahamas	Zetah Nombie Ltd	Pointe Noire, Congo									x	d
Brazil	MP Oleo & Gas do Brazil	Paris, France									x	d
Cameroon	Caroil S.A.S. (Cameroon-based)	Paris, France	x				x					e
Canada	Saint-Aubin Energie Québec Inc (Gaspesie)	Montreal, Canada	x	x		x						
Canada	Saint-Aubin Exploration & Production Québec Inc (Anticosti)	Montreal, Canada	x	x		x						
Canada	MP Energy West Canada Corp. (Sawn Lake)	Calgary, Canada	x	x		x						
Canada	Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	x	x		x						
Colombia	Maurel & Prom Colombia BV	Rotterdam, Netherlands	x	x		x						
Colombia	Etablissements Maurel & Prom S.A. (Bogota-based South American company)	Paris, France	x				x					
Colombia	Caroil S.A.S. (Colombia-based)	Paris, France	x				x				x	



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ADDITIONAL INFORMATION

[Organisation chart]

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydrocarbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Congo	Caroil S.A.S. (Congo-based)	Paris, France	x				x					
France	Etablissements Maurel & Prom S.A. (registered office)	Paris, France	x	x				x	x	x		
France	Maurel & Prom Assistance Technique S.A.S.	Paris, France	x					x				
France	Maurel & Prom West Africa S.A.S.	Paris, France	x							x		
France	Maurel & Prom Peru Holdings S.A.S.	Paris, France	x							x		
France	Etablissements Maurel & Prom S.A. (Mios-based)	Paris, France	x	x		x						
France	Etablissements Maurel & Prom S.A. (Lavignolle-based)	Paris, France	x	x		x						
France	Maurel & Prom Volney 2 S.A.S.	Paris, France	x							x		e
France	Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	x							x		
France	Saint-Aubin Energie S.A.S.	Paris, France	x							x		e
France	Caroil S.A.S. (registered office)	Paris, France	x							x		



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ADDITIONAL INFORMATION

[Organisation chart]

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydrocarbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
France	MP West Canada S.A.S.	Paris, France	x							x		
France	MP Québec S.A.S.	Paris, France									x	e
France	M&P Exploration Production France S.A.S.	Paris, France				x					x	
France	Volney 5 S.A.	Paris, France									x	
France	Volney 6 S.A.S.	Paris, France									x	
France	Integra Oil S.A.S.	Paris, France		x						x		b
Gabon	Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	x	x	x	x						
Gabon	Caroil S.A.S. (Gabon-based)	Port-Gentil, Gabon	x				x					
Gabon	Maurel & Prom Exploration Production Gabon S.A.	Port-Gentil, Gabon		x							x	
Gabon	Maurel & Prom Développement Gabon S.A.	Port-Gentil, Gabon		x							x	d
Iraq	Maurel & Prom Exploration Production Iraq S.A.S.	Paris, France		x		x					x	e
Luxembourg	Ison Holding S.a r.l.	Luxembourg, Luxembourg		x						x		a
Mozambique	Etablissements Maurel & Prom S.A. (Mozambique-based)	Paris, France		x		x						e



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ADDITIONAL INFORMATION

[Organisation chart]

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydrocarbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Myanmar	Maurel & Prom East Asia S.A.S.	Paris, France	x	x		x						
Namibia	Maurel & Prom Namibia S.A.S.	Paris, France	x	x		x						
Nigeria	SEPLAT Petroleum Development Company Plc	Lagos, Nigeria, London, UK	x	x	x	x						
Nigeria	SEPLAT Petroleum Energy Ltd	Lagos, Nigeria									x	d
Nigeria	Cardinal	Nigeria					x					
Uganda	Caroil S.A.S. (Uganda-based)	Paris, France	x				x				x	d
Netherlands	Maurel & Prom Drilling Services	Amsterdam, Netherlands	x						x	x		
Netherlands	Maurel & Prom Netherlands B.V	Amsterdam, Netherlands									x	
Peru	Maurel & Prom Peru S.A.C.	Lima, Peru	x	x		x						
Sicily	Panther Eureka S.r.l.	Ragusa, Sicily	x	x		x						
Switzerland	Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	x					c				
Switzerland	MPNATI	Geneva, Switzerland	x					c				e



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ADDITIONAL INFORMATION

[Organisation chart]

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydrocarbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Tanzania	TAMBEC	Dar es Salaam, Tanzania									x	d
Tanzania	Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania									x	d
Tanzania	Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania	x	x	x	x						
Tanzania	Cyprus Mnazi Bay Limited	Nicosia, Cyprus	x	x	x	x						
Tanzania	Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	x	x		x						
Tanzania	Caroil S.A.S. (Tanzania-based)	Paris, France	x				x					

This list also fulfils the disclosure obligations required by the EU Directive 2013/34/EU of the European Parliament and Council of 26 June 2013 relating to the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

- Since 2012, the Company has held an 18.64% stake in Ison Holding SARL, a company incorporated under Luxembourg law. This company manages interests in gold-mining activities in Mali and owns New Gold Mali (NGM) and Tichit.
- In 2015, the Company received US\$9 m plus a 10% stake in that holding company which owns assets in Venezuela, along with preemptive rights on 50% of the dividends as payment for its receivable against the Integra Oil group.
- Maurel & Prom Assistance Technique International is a company entirely devoted to managing the majority of the personnel dedicated to the Group's international activities.
- These dormant entities were still in the process of liquidation at 31 December 2016.
- These entities left the Group in 2016.

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ADDITIONAL INFORMATION

[Organisation chart]

7.1.3. Overview of the breakdown of activities, income and taxes by tax jurisdiction

Tax jurisdiction	Original currency	External sales	Related-party sales	Total sales	Profit (loss)	Tax	Pre-tax profit (loss)	Tax liability paid	Tax liability due	Share capital paid	Number of employees	Property, plant and equipment
Bahamas	USD	-	-	-	-	-	-	-	-	-	-	-
Brazil	USD	-	-	-	-	-	-	-	-	-	-	-
Cameroon	USD	-	-	-	-	-	-	-	-	-	-	-
Canada	CAD	-	-	-	(3,025)	3	(3,028)	-	(3)	8,553	-	10,502
Colombia	USD	1,286	-	1,286	(97,222)	(270)	(96,952)	872	270	58	6.0	8,628
Congo	USD	9,522	-	9,522	3,446	(627)	4,074	-	627	-	5.0	1,391
France	EUR	-	15,817	15,817	(20,014)	-	(20,014)	(347)	-	176,347	37.0	470
Gabon	USD	287,148	1,696	288,844	33,976	-	56,152	42,817	38,399	119	359.0	164,269
Iraq	EUR	-	-	-	-	-	-	-	-	-	-	-
Luxembourg	EUR	-	-	-	-	-	-	-	-	-	-	-
Mozambique	EUR	-	-	-	-	-	-	-	-	-	-	-
Myanmar	EUR	-	-	-	(4,155)	-	(4,155)	-	-	37	-	-
Namibia	EUR	-	-	-	(261)	-	(261)	-	-	37	-	-
Nigeria	USD	-	-	-	-	-	-	-	-	-	-	-
Uganda	USD	-	-	-	(1)	-	(1)	-	-	-	-	-
Netherlands	EUR	-	-	-	(3,440)	-	(3,440)	-	-	19	-	-
Peru	USD	-	-	-	(6,040)	-	(6,040)	-	-	2,611	3.0	-
Sicily	EUR	-	-	-	(187)	-	(187)	-	-	129	-	622
Switzerland	EUR	-	8,837	8,837	216	(33)	248	90	33	195	40.0	-
Syria	EUR	-	-	-	-	-	-	-	-	-	-	-
Tanzania	USD	19,271	-	19,271	(16,389)	(29)	(16,360)	1,544	1,573	38	76.0	40,273
TOTAL		317,227	26,350	343,577	(113,094)	(23,132)	(89,963)	44,976	-	-	526.0	-

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ADDITIONAL INFORMATION

[Major operating agreements / Financing]

7.2. MAJOR OPERATING AGREEMENTS

Apart from the agreements below and those signed in the course of its normal activities, the Company has not entered into any significant agreements.

7.3. FINANCING

7.3.1. ORNANE AND ORNANE SHAREHOLDER LOANS

7.3.1.1. 2019 ORNANE and 2019 ORNANE shareholder loan

2019 ORNANE

On 6 June 2014, the Company launched an issue, reserved for qualified investors, of bonds redeemable in cash and/or new shares and/or existing shares (2019 ORNANE) maturing on 1 July 2019, with an initial nominal value of approximately €220 million. This initial nominal value was increased to a maximum nominal value of approximately €253 million on 9 June 2014, by the exercise of the entire over-allocation option. This bond issue is represented by 14,658,169 ORNANEs issued on 11 June 2014 at a par value of €17.26 and at an interest rate of 1.625% (2019 ORNANE, ISIN code FR0011973577).

The 2019 ORNANE issue agreement contains a change-in-control clause described in paragraph 2.3.2. of this Annual Report, page 33, as well as an early repayment clause that is common in this type of agreement.

Between their issue date and 31 December 2016, no 2019 ORNANE bonds were redeemed. As at 31 December 2016, 14,658,169 2019 ORNANE bonds therefore remained outstanding.

In compliance with the provisions of the 2019 ORNANE issue agreements, on 3 February 2017 the Company issued a press release informing holders of 2019 ORNANE that following the first settlement-delivery of the securities tendered in the takeover bid initiated by PIEP on the Company's shares on 1 February 2017, the Company was subject to a change in control, as defined

in the 2019 ORNANE issue contract, to the benefit of PIEP. As a result of this change in control, an early repayment period for 2019 ORNANE was opened from 6 February 2017 to 3 March 2017. The Company thus was informed that 2019 ORNANE holders requested early repayment of 7,005,394 2019 ORNANE for a total repayment amount of €121,279,132.28 (capital increased by accrued interest). For the early repayment of the 7,005,394 2019 ORNANE, funds were made available to the Company by PIEP through a shareholder loan; the terms and conditions of this shareholder loan are broadly similar to those planned in the issue agreement for 2019 ORNANE. Following the early repayment of these 7,005,394 2019 ORNANE on 10 March 2017 and their cancellation, there remained 7,652,775 2019 ORNANE in circulation (including 7,635,839 2019 ORNANE held by PIEP).

2019 ORNANE SHAREHOLDER LOAN

On 2 March 2017, the Company and PIEP concluded a shareholder loan stipulating that PIEP make available to the Company a maximum amount of €121,572,332.5425 corresponding to the nominal value plus accrued interest of the 2019 ORNANE not held by PIEP. The sole purpose of this sum, as of the date of this Annual Report, was to allow the Company to finance the early repayment that requested by holders of the 2019 ORNANE (other than PIEP) following the change in control as defined in the 2019 ORNANE issue contract (this concept being laid out in paragraph 2.3.2. on page 33 of this Annual Report), of the Company to the benefit of PIEP following the first settlement-delivery of the securities tendered in the takeover bid initiated by PIEP on the Company's shares on 1 February 2017.

The terms and conditions of the shareholder loan are broadly similar to those in the ORNANE issue agreement: maturity on 1 July 2019, interest rate of 1.625% and write back of amortisation at the discretion of the Company, as well as the early redemption clause in the 2019 ORNANE issue agreement.

7.3.1.2. 2021 ORNANE and 2021 ORNANE shareholder loan

2021 ORNANE

On 12 May 2015, the Company launched an issue, reserved for qualified investors, of bonds redeemable in cash and/or new shares and/or existing shares (2021 ORNANE) maturing on 1 July 2021, with an initial nominal value of approximately €115 million (after exercise of the extension clause in its totality). This bond issue is represented by 10,435,571 ORNANEs issued on 15 May 2015 at a par value of €11.02 at a rate of 2.75% (2021 ORNANE, ISIN code FR0012738144).

The 2021 ORNANE issue agreement contains a change-in-control clause described in paragraph 2.3.2. of this Annual Report, page 33, as well as an early repayment clause that is common in this type of agreement.

Between their issue date and 31 December 2016, no 2021 ORNANE bonds were redeemed. As at 31 December 2016, 10,435,571 2021 ORNANE bonds therefore remained outstanding.

In compliance with the provisions of the 2021 ORNANE issue agreements, on 3 February 2017 the Company issued a press release informing holders of 2021 ORNANE that following the first settlement-delivery of the securities tendered in the takeover bid initiated by PIEP on the Company's shares on 1 February 2017, the Company was subject to a change in control, as defined in the 2021 ORNANE issue agreement, to the benefit of PIEP. As a result of this change in control, an early repayment period for 2021 ORNANE was opened from 6 February 2017 to 3 March 2017. The Company thus was informed that 2021 ORNANE holders requested early repayment of 6,076,181 2021 ORNANE for a total repayment amount of €67,303,515.04 (capital increased by accrued interest). For the early repayment of the 6,076,181 2021 ORNANE, funds were made available to Maurel & Prom by PIEP through a shareholder loan; the terms and conditions of this

shareholder loan are broadly similar to those planned in the issue agreement for 2021 ORNANE. Following the early repayment of these 6,076,181 2021 ORNANE on 10 March 2017 and their cancellation, there remained 4,359,390 2021 ORNANE in circulation (including 4,359,150 2021 ORNANE held by PIEP).

2021 ORNANE SHAREHOLDER LOAN

On 2 March 2017, the Company and PIEP concluded a shareholder loan stipulating that PIEP make available to the Company a maximum amount of €67,305,173.38545 corresponding to the nominal value plus accrued interest of the 2021 ORNANE not held by PIEP. The sole purpose of this sum, was to allow the Company to finance the early repayment requested by holders of the 2021 ORNANE (other than PIEP) following the change in control (as defined in the 2021 ORNANE issue agreement (this concept being laid out in paragraph 2.3.2. of this Annual Report, page 33) of the Company to the benefit of PIEP following the first settlement-delivery of the securities tendered in the takeover bid initiated by PIEP on the Company's shares on 1 February 2017.

The terms and conditions of the shareholder loan are broadly similar to those in the 2021 ORNANE issue agreement: maturity on 1 July 2021, rate of 2.75% and write-back of amortisation at the discretion of the Company, as well as the early redemption clause in the 2021 ORNANE issue agreement.

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ADDITIONAL INFORMATION

[Major operating agreements / Financing]

7.3.2. RCF

On 18 December 2014, the Company signed a Revolving Credit Facility (the "RCF") for US\$650 million with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, and Standard Chartered Bank), based on an initial tranche of US\$400 million and a US\$250-million accordion feature until 31 December 2016, which may be drawn down on two occasions under certain conditions.

The features of this line of credit are as follows:

- ▶ initial amount: \$400 million
- ▶ additional amount: \$250 million until 31 December 2016
- ▶ maturity: 31 December 2020, i.e. 6 years
- ▶ first repayment: 31 December 2016
- ▶ borrowing rate: LIBOR +3.40% until 31 December 2018, then +3.65%.

The Company is the borrower in respect of the RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon. The following sureties have also been set up:

- ▶ pledge against bank account balance, granted by the Company on the Company's collection account;
- ▶ pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- ▶ pledge against Maurel & Prom West Africa shares held by the Company;
- ▶ transfer, as a guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out extractions;
- ▶ transfer, as a guarantee, of rights relating to any loan awarded to any Group company.

The Credit Agreement comes with an amortisation schedule that stipulates the final repayment on 31 December 2020.

Maurel & Prom will have to pay interest on the facility, when due, at a rate equal to the three-month LIBOR plus the mandatory costs and a margin of 3.40% per year until 31 December 2018 and then 3.65% per year until 31 December 2020. Interest will be calculated per three-month period, unless specified otherwise.

Under the terms of the RCF (subject to certain exceptions), the Company is not authorised to - and must ensure that its subsidiaries do not - (i) grant any sureties on its assets, (ii) take on any additional financial debt or (iii) dispose of all or part of the underlying assets.

Subject to certain exceptions, the Company has also made commitments (and must ensure that Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services respect these same commitments) to not (x) grant any new loans or (y) grant guarantees to any parties.

In addition, the Company has made commitments to ensure that Maurel & Prom Gabon maintains a minimum level of production as stipulated with the RCF.

Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:

- ▶ ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period, with a maximum limit of 3.00;
- ▶ ratio for P1+P2 Group share reserves x US\$10, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga PSA must not drop below a net level of production set in the RCF.

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ADDITIONAL INFORMATION

[Financing]

The covenants for 31 December 2015 resulting from adjustments approved by the RCF bank consortium on 13 October 2015 are described below:

- ▶ a Group net debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 4.20 at 31 December 2015; and
- ▶ regarding the level of production for Maurel & Prom Gabon's rights on oil production in fields included in the Ezanga PSA, the minimum production level at 31 December 2015 is an average of 19,000 barrels per day (in Company share) calculated over the final quarter of 2015 (instead of the second-half year 2015).

Lastly, the Company has also obtained a deferral of the calculation period for a minimum level of production likely to trigger the accelerated repayment of the RCF: the level

of production for Maurel & Prom Gabon's rights on oil production in fields covered by the Ezanga PSA, which must not be less than an average of 22,000 barrels per day, will be calculated over the period from 1 December 2015 to 29 February 2016, rather than the last quarter of 2015.

Adjustments were accepted by the banking consortium on 24 August 2016, extending the loan's initial maturity. Specifically, they involve:

- ▶ a revised ratio for Group net consolidated debt to EBITDAX of 6 at 30 June 2016, 5.5 at 31 December 2016, 5 at 30 June 2017, 4 at 31 December 2017, 3 at 30 June 2018 and so on;
- ▶ a security deposit of \$75 million;
- ▶ the pledge of SEPLAT shares equivalent to \$25 million.

The summary table below shows the Company's commitments under the RCF after adjustment of specific RCF provisions approved by the banking consortium on 24 August 2016:

Initial commitments(*)			Commitments adjusted since 24 August 2016
Title	Definition	Frequency	Change
Financial commitment	Group net debt / EBITDAX < 3	Half-yearly	Revised ratio for Group net consolidated debt to EBITDAX of 6 at 30 June 2016, 5.5 at 31 December 2016, 5 at 30 June 2017, 4 at 31 December 2017, 3 as from 30 June 2018; Security deposit of \$75 m; Pledge of SEPLAT shares equivalent to \$25 m.
Commitment regarding reserves	[(P1 + P2 reserves in Group share \$10 per barrel)/Group net debt] > 1.5	Yearly	No change
Production compliance certificate	Production in Group share > 19 Kbbbls from July 2015 to end 2016, 17.5 Kbbbls in 2017, 16 Kbbbls in 2018, 15 Kbbbls in subsequent years.	Half-yearly	No change

(*) Initial commitments had been adjusted in the context of the merger with MPI. Adjustments were as follows: (i) re the financial commitments, ratio for Group net consolidated debt to EBITDAX of 4.2 at 31 December 2015 and (ii) re the production compliance certificate, the first test was to take place only over the fourth quarter 2015 (versus the third and fourth quarter 2015).

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ADDITIONAL INFORMATION

[*Financing*]

The RCF agreement contains the default and early repayment clauses that are usual in this type of agreement, as well as a change-in-control clause. The change-in-control clause (as defined in paragraph 2.3.2. of this Annual Report, page 33) allows the lenders, if they so decide, to cancel the credit arrangements granted to the Company and to demand the immediate repayment of each line of credit in the case of a change in control of the Company. The Block Sale, as well as the change in control for the RCF to the benefit of PIEP following the takeover bid, have not resulted in a demand for early repayment from the RCF lenders as at the date of this Annual Report.

7.3.3. Maurel & Prom Drilling Services BV loan agreement

It should be noted that in order to finance the acquisition of Tuscany's African drilling operations through the acquisition of shares in Caroil, a credit agreement for an initial amount of US\$50 million was agreed between Maurel & Prom Drilling Services BV, Maurel & Prom, Caroil and Crédit Suisse on 23 December 2013 (the "**Credit Agreement**"). The Credit Agreement contains certain commitments and financial covenants (Group net debt/EBITDAX ratio and current ratio). The Credit Agreement also contains a change-in-control clause as described in paragraph 2.3.2. of this Annual Report, page 33. Following the Block Sale, Crédit Suisse demanded the early repayment of its credit line which occurred on 13 September 2016. The Group also repaid the balance of the Credit Agreement for the total remaining amount due for this loan on 13 September 2016, an amount of US\$33,713,633.92.

7.3.4. Restrictions on the use of capital having a significant impact on transactions

With the exception of the limits set out above, the Company has made no commitments having a significant impact on transactions that would restrict the use of capital.

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ADDITIONAL INFORMATION

*[Property, plant and equipment / Research and development, patents and permits /
Third party information and statement by experts and declarations of interest]*

7.4. PROPERTY, PLANT AND EQUIPMENT

With the exception of one building located in Gabon, no company in the Group owns any buildings.

The Company's registered office is under a commercial lease signed on 31 January 2013 for the offices at 51, rue d'Anjou, 75008 Paris. It expires on 31 January 2022 after a nine-year period.

The Group is co-owner, with its associated companies, of the equipment and facilities needed to produce hydrocarbons at the fields it operates for the duration of their exploitation, as well as certain pipelines used to deliver crude oil to the point of extraction.

7.5. RESEARCH AND DEVELOPMENT, PATENTS AND PERMITS

The Group does not conduct research and development and does not own any patents or significant permits.

7.6. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

Any information relating to the Group's hydrocarbon reserves and resources provided in this Annual Report is based on the certification or appraisal of independent experts, whose names are given in paragraph 1.1.1. on page 13 of this Annual Report.

7.7. LITIGATION AND ARBITRATION

The main disputes in which the Company or its subsidiaries are involved are described below.

Beside these disputes, no other governmental, legal or arbitration proceeding exists, including any proceeding of which the Company is aware, whether pending or threatened, that could have or that has had a significant impact on the financial position or profitability of the Company and/or the Group over the course of the last twelve months.

7.7.1. Jointly interested parties Rolland & Graff litigations

In relation to the planned merger between MPI and Maurel & Prom, on 13 November 2015 under Article 236-6 of its general regulations, the French Financial Markets Authority issued decision no. 2015C1692, under the terms of which it considered that *"the planned merger between Maurel & Prom and MPI would not require modification of the rights and interests of the shareholders involved, in order to justify the implementation of a buyout bid"* by Pacifico.

Ledbury Capital Partners LLP and Allan Gray Africa Equity Fund Limited and Allan Gray Africa formerly SA Equity Fund Limited, as a party, as well as Rolland & Graff and Vintage investment club, as another party, have filed two appeals with the Paris Court of Appeals against this decision (the "Appeals"). In a decision on 31 March 2016, the Paris court of appeals rejected the Appeals.

An appeal on points of law was lodged by the jointly interested parties Rolland & Graff and Vintage investment club on 3 June 2016 (notified 6 June 2016). The proceedings are currently pending before the Court of Cassation.

Furthermore, by writ dated 7 March 2016, the jointly interested parties Graff & Rolland and Vintage Investment Club commenced proceedings against Pacifico, Maurel & Prom and MPI in the Paris Commercial Court seeking to establish that Pacifico *"had allegedly filed a takeover bid on MPI and Maurel & Prom prior to the Combined General Shareholders' Meetings of each of these two companies"*, which was done in application of Article 234-1 of the General Regulations of the AMF, and therefore to *"cancel MPI's and Maurel & Prom's Combined General Shareholders' Meetings held on 17 December 2015"* that approved the merger between the Company and MPI, as well as Maurel & Prom's General Shareholders Meetings of 18 June 2015, 13 October 2014 and 12 June 2014. Damages are also sought from MPI and Maurel & Prom in the amount of €1,000,000 (from each, a sum of €500,000) as well as from Pacifico. After a preparatory hearing on 31 March 2016, several remittal orders (notably after the matter was stricken out and then reintroduced) and the filing of defence briefs by Pacifico and by the Company, the Paris Commercial Court remitted the case for a new preparatory hearing to be held on 11 May 2017.

7.7.2. Dominion arbitration

In Tanzania, on the Mandawa permit granted in January 2011, the Group received a commitment from Dominion Petroleum Limited (Dominion) in the amount of US\$22.9 million, exercisable as an option to enter a permit after drilling a first well or as reimbursement. As Dominion was bought by UK group Ophir Energy Plc in February 2012, that commitment was not honoured. The Group therefore initiated arbitration proceedings in December 2013. In an award dated 22 November 2016, the International Chamber of Commerce's (ICC) arbitration panel validated some of the Group's demands and granted an award in favour of the Group, ordering Dominion Ltd to pay the Group the sum of US\$9.418 million. Ophir Energy Group Plc, acting in the name and on behalf of its wholly owned subsidiary Dominion, carried out the aforementioned award in a payment dated 30 January 2017, according to the ICC's instructions, thus ending this dispute.

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ADDITIONAL INFORMATION

[Sums paid to governments of countries where extractive activities are carried out]

7.7.3. Golden Palm arbitration

On 17 March 2017 the Group received official notification that a request for arbitration proceedings had been initiated against it by Golden Palm SAL and PIA S.A. (it being specified that PIA S.A. was a joint shareholder of MP Iraq and "partner" on this project), which claimed that the Group owed them the sum of approximately \$33.326 million as payment for an oil project in Iraq that was never completed. The Group deems the claims issued by Golden Palm SAL and PIA S.A. to have no legal basis and therefore will vigorously defend its legitimate interests.

7.8. SUMS PAID TO GOVERNMENTS OF COUNTRIES WHERE EXTRACTIVE ACTIVITIES ARE CARRIED OUT

Sums paid in fiscal year 2016 to governments of countries in which the Maurel & Prom Group operates are presented below:

<i>In € thousands 2016</i>	Taxes and contributions (A)	Premiums and rights (B)	Subsidies (C)	Production rights (D)	Total payments to governments
Gabon	27,768	-	3,666	42,817	74,252
Tanzania (Mnazi Bay)	5,096	485	4	1,544	7,128
Tanzania (BRM)	48	174	2	-	224
Colombia	455	-	-	-	455
TOTAL	33,366	659	3,672	44,361	82,059

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ADDITIONAL INFORMATION

[*Litigation and arbitration / Documents accessible to the public*]

The publication of this information was made compulsory for the extractive industries by Transparency Directive 2004/109/EC of the European Parliament and Council of 15 December 2004, transposed into French law by Law 2014-1662 of 30 December 2014 with various provisions for adapting the legislation to European Union law in economic and financial terms.

This information was established on the basis of specific consolidated reporting which listed, per project, payments made to each government authority in countries where extractive activities were carried out.

“Projects” mean operating activities governed by a set of agreements that are significantly linked to one another (i.e. permits governed by the same exploration and production sharing agreement) and constitute the basis of payment obligations.

“Authorities of each government” mean any national, regional or local authority of a government or territory, or any administration, agency or controlled undertaking.

“Payments” mean disbursements and payments in kind made in respect of each of the following payment categories:

- ▶ A - Royalties, contributions or taxes levied on income (excluding taxes or levies on consumption, such as value added tax, personal income tax or sales tax);
- ▶ B - Signature, discovery or production premiums; permit rights, rental fees, entry rights or other permit and/or concession considerations;
- ▶ C - Payments for infrastructure improvements;
- ▶ D - Production rights and taxes levied on company benefits.

7.9. DOCUMENTS ACCESSIBLE TO THE PUBLIC

In compliance with the recommendations of the French Financial Markets Authority, the Company’s Articles of Association and bylaws are available on the Company website (www.maureletprom.fr). In addition, as for the minutes of General Shareholders’ Meetings, the Statutory Auditors’ reports and other corporate documents related to Maurel & Prom, they may be consulted at the Company’s registered office: 51, rue d’Anjou – 75008 Paris, France.

The nature of these documents and the conditions for delivering or making them available are established by the applicable laws and regulations.

Information on the Company is also available on the Company’s website (www.maureletprom.fr), which allows shareholders, employees and the general public to access an overview of the Group and its key financial information, such as results, press releases on sales, results of operations, and other important events in the life of the Company or of the Group, annual reports (including the Company and the Group’s historic financial information) filed with the French Financial Markets Authority, as well as their updates where applicable, interim reports, presentations to analysts, share prices, key figures,

information on shareholders and corporate governance and all other significant events concerning the Company and the Group. A copy of these documents and information can also be obtained from the Company’s registered office.

In compliance with Article 221-3 of the French Financial Markets Authority’s general regulations, the regulated information (defined in Article 221-1 of the AMF’s general regulations) is made available online on the Company’s website. It remains there for at least five years, with the exception of Annual Reports and interim financial reports which remain there for at least 10 years.

Lastly, the statements of declaration of ownership disclosure thresholds are published on the French Financial Markets Authority’s website (www.amf-france.org).

For information:

Press, shareholder and investor relations

Tel.: +33 1 53 83 16 45

Email: ir@maureletprom.fr

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ADDITIONAL INFORMATION

[Persons responsible for auditing the financial statements /
Historical financial information]

7.10. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Statutory Auditors Incumbent Auditors	Date of first appointment	Term of current appointment	Expiry of appointment
International Audit Company 46, rue du Général Foy 75008 Paris, France	General Shareholders' Meeting of 12 June 2014	6 years from 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
KPMG S.A. Tour EQHO 2, avenue Gambetta 92066 Paris La Défense Cedex, France	General Shareholders' Meeting of 12 June 2014	6 years from 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
Alternate Statutory Auditors			
Fabienne Hontarrede 459, avenue de Circourt 78170 La Celle-Saint-Cloud, France	General Shareholders' Meeting of 12 June 2014	6 years from 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
Salustro Reydel Tour EQHO 2, avenue Gambetta 92066 Paris La Défense Cedex, France	General Shareholders' Meeting of 12 June 2014	6 years from 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019

7.11. HISTORICAL FINANCIAL INFORMATION

The management report, the consolidated and annual financial statements for fiscal years ended 31 December 2015 and 31 December 2014, including the Statutory Auditors' reports on these fiscal years, appear, respectively, in the Annual Reports filed on

22 April 2016 with the French Financial Markets Authority (AMF) under number D.16-0390 and on 17 April 2015 under number D.15-0366, which are incorporated by reference in this Annual Report.

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ADDITIONAL INFORMATION

[Statement by the person responsible for the annual report and its updating]

7.12. STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT AND ITS UPDATING

Michel Hochard, the Company's Chief Executive Officer, is responsible for the financial information and the Annual Report.

His contact details are as follows:

Michel Hochard

Chief Executive Officer

Etablissements Maurel & Prom
51, rue d'Anjou – 75008 Paris, France
Tel.: 01 53 83 16 00
Fax: 01 53 83 16 04

"I hereby certify, after having taken every reasonable measure to this effect, that the information contained in this Annual Report is, to my knowledge, accurate and does not contain any omission that could affect its scope.

I also hereby certify, to my knowledge, that the financial statements have been prepared in compliance with applicable standards in France and accurately represent the assets, financial position and earnings of the Company and all companies included in the consolidation,

and that the management report included in this Annual Report presents a true and fair view of the progress of the business, earnings and financial position of the Company and of all companies included in the consolidation and that it describes the main risks and uncertainties it faces.

I have obtained a completion of work letter from the Statutory Auditors, in which they indicate that they have verified the financial data and the financial statements contained in this Annual Report and have read the Annual Report in its entirety".

Paris and Paris-La Défense, 26 April 2017

Michel Hochard

Chief Executive Officer

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ADDITIONAL INFORMATION

[Glossary]

7.13. GLOSSARY

€	Euro(s).
US\$	US dollar(s).
bbl (barrel)	Unit of volumetric measurement of crude oil, which is 159 litres (42 US gallons). One tonne of oil contains approximately 7.5 barrels.
bopd	Barrels per day
boepd	Barrel of oil equivalent per day
AEDE	Exclusive Development and Production Authorisation.
ANH	National Hydrocarbons Agency
Annual production	Production available for sale (after oil taxes).
Assessed reserves	Maurel & Prom's share of reserves, as assessed by an independent expert, after deducting royalties in kind, and before the taxes applicable to each type of agreement (production sharing, concession).
Block Sale	Sale of 47,916,026 shares held by Pacifico S.A. representing 24.53% of Maurel & Prom's capital to PT Pertamina (Persero) or to one of its subsidiaries.
Brent	Class of North Sea oil.
Bylaws	Bylaws of the Company's Board of Directors and its special committees.
Credit Agreement	Credit agreement for an initial amount of US\$50 million agreed between Maurel & Prom Drilling Services BV, Maurel & Prom, Caroil and Crédit Suisse on 23 December 2013
Current operating income	This Intermediate Management Balance corresponds to EBITDA minus amortisation and depreciation.
EBITDA	This Intermediate Management Balance corresponds to sales net of purchases of consumables and services, taxes and personnel expenses.
EBITDAX	EBITDAX is equal to income before interest, tax, amortization and depreciation and before the impact of exchange gains and losses.
EPSA	Exploration and production sharing agreement.
Drilling	Drilling consists of creating a passage through the surface of the earth in order to take samples from the subsoil or extract fluids. Originally, drilling was always performed vertically. Today, however, when drilling cannot be done vertically, it is done at an angle, whether directed or not towards specific objectives, as in downhill deviated drilling.
HSE	Health, Safety and Environment.
Maurel & Prom production share / own share	Operated production less the Partners' share.



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ADDITIONAL INFORMATION

[Glossary]

Maurel & Prom production share net of royalties	<i>Maurel & Prom share of production minus royalties.</i>
Mbbl	<i>Thousand barrels.</i>
Mboe	<i>Thousands of barrels of oil equivalent.</i>
Mcf	<i>Million cubic feet.</i>
MMboe	<i>Millions of barrels of oil equivalent.</i>
MMcf/d	<i>Million cubic feet per day.</i>
MN/m³	<i>Meganewton per cubic metre</i>
MPI	<i>Public limited company with its registered office at 51, rue d'Anjou – 75008 Paris, and listed in the Paris Trade and Companies Register (RCS) under number 517 518 247, merged with Etablissements Maurel & Prom S.A.</i>
MW	<i>Milliwatt.</i>
Net reserves	<i>The proportion of total reserves from fields reverting to the Company (according to its interest share), taking into consideration the stipulations of the Production Sharing Agreement for the cost oil and profit oil.</i>
Oil pipeline	<i>Pipeline for transporting fluids.</i>
OML	<i>Oil Mining Licence.</i>
Operator	<i>Company responsible for the operations on an oil field.</i>
Operated production	<i>The total production of a field, before production sharing.</i>
ORNANE	<i>Bonds redeemable in cash and/or in new shares and/or existing shares.</i>
PET	<i>Positron emission tomography.</i>
PIEP	<i>PT Pertamina Internasional Eksplorasi dan Produksi, an Indonesian company with registered office at Patra Jasa Office Tower 3A Fl., Jalan Gatot Subroto, Kav. 32-34, Jakarta South 12950, Indonesia.</i>
Production available for sale after oil taxes/entitlements	<i>Maurel & Prom's net share of production after royalties and oil taxes. This is the production sold.</i>
PSA (Production Sharing Agreement)	<i>Agreement signed by the government and the company operating under the permit. This agreement determines all the rights and obligations of the operator, in particular the percentage of cost oil (so that the operator can be reimbursed for exploration and development costs borne by the operating company) and the share of the profit oil (remuneration).</i>
P1 reserves (proven)	<i>Gas and oil reserves "reasonably certain" to be producible using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P1 reserves. Some industry specialists refer to them as P90 reserves, because they have at least a 90% chance of being produced.</i>



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ADDITIONAL INFORMATION

[Glossary]

P2 reserves (probable)	<i>Gas and oil reserves “reasonably probable” of being produced using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P2 reserves. Some industry specialists refer to them as P50 reserves, because they have at least a 50% chance of being produced.</i>
P3 reserves (possible)	<i>Gas and oil reserves defined as “having a chance of being developed under favourable circumstances”. In the industry, these are also known as P3 reserves. Some industry specialists refer to them as P10 reserves, because they have at least a 10% chance of being produced.</i>
RCF	<i>Revolving Credit Facility of US\$650 million, based on an initial tranche of US\$400 million and a US\$250 million accordion feature, until 31 December 2016 which may be drawn down on two occasions under certain conditions, agreed on 18 December 2014 by the Company with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, and Standard Chartered Bank).</i>
Reserves net of royalty	<i>The total reserves of a field after deducting royalties.</i>
Royalties	<i>Oil taxes paid in kind, corresponding to a percentage of a field’s production.</i>
Rig	<i>Drilling rig.</i>
TCO_{2e}	<i>Tonne of carbon dioxide equivalent.</i>
Takeover bid	<i>Takeover bid initiated by PIEP, a wholly owned subsidiary of the Indonesian company PT Pertamina (Persero), on Maurel & Prom shares, which opened on 15 December 2016 until 19 January 2017, and then reopened on 27 January 2017 until 9 February 2017 when it was completed.</i>
2D/3D seismic survey	<i>Geophysical surveying method consisting of sending sound waves into the subsoil and recording their propagation, thus making it possible to obtain information on the structure of the subsoil. They may be in 2 or 3 dimensions.</i>

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ADDITIONAL INFORMATION

[Cross-reference table]

7.14. CROSS-REFERENCE TABLE

7.14.1. Management report

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE FRENCH FINANCIAL MARKETS AUTHORITY	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
Analysis of the development of the business, earnings and financial position of the Company, the Company's position during the fiscal year just ended (L.225-100 and L.232-1 of the French Commercial Code)	1.3.; 5.1.; 5.3.	18-20; 141-195; 198
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ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE FRENCH FINANCIAL MARKETS AUTHORITY	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
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ADDITIONAL INFORMATION

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ADDITIONAL INFORMATION

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