5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year ended 31 December 2017

To the Etablissements Maurel & Prom S.A. General Shareholders' Meeting,

Opinion

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we have audited the consolidated financial statements of Etablissements Maurel & Prom S.A. for the fiscal year ended 31 December 2017, as appended to this report.

In our opinion, the consolidated financial statements present a true and fair view of the income from operations for the past fiscal year, as well as the financial position and assets at the end of the fiscal year of the group formed by the persons and entities included in the consolidation, in accordance with International Financial Reporting Standards, as adopted in the European Union.

The opinion expressed below is consistent with the content of our report to the audit committee.

Basis for opinion

Audit protocol

We conducted our audit in accordance with auditing standards applicable in France. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis on which to form our opinion.

Our responsibilities under these standards are described in the section "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from 1 January 2017 to the issue date of our report. In particular we have not provided any services prohibited under Article 5 (1) of EU Regulation 537/2014 or by the statutory auditors' professional code of ethics.

Observation

In due respect of the opinion expressed above, we draw your attention to the following point described in Note 1.3 to the consolidated financial statements regarding the change in accounting method for exploration assets as reflected in the change from the "full cost" method to the "successful efforts" method.

Justification of our assessments – Key audit matters

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code regarding the justification of our assessments, we bring to your attention the key audit matters related to the risk of material misstatements which, based on our professional opinion, were the most important for the audit of the consolidated financial statements for the financial year and our response in respect of those risks.

These assessments were performed as part of the audit of the consolidated financial statements taken as a whole and led to our opinion as expressed above. We express no opinion on the information contained in these consolidated financial statements taken in isolation.

Impact of the estimate of reserves on the recognition and amortisation of production assets	
Risk identified	**Our response**
Every year the Group engages specialists to independently appraise the reserves for each oil producing permit. Proven and probable reserves correspond, respectively, to oil and gas reserves that are "reasonably certain" and "reasonably probable" to be producible using current technology, at current prices, with current commercial terms and government consent. The estimation of hydrocarbon reserves is fundamental to recognising assets related to the Group's oil operations, especially with regard to recognising exploration expenditures in accordance with the "successful efforts" method that the Group applied for the first time in this fiscal year, determining the depreciation rate of those assets according to the unit-of-production method described in Note 3.3 to the consolidated financial statements, as well as to the impairment tests conducted by the Cash Generating Units (CGUs) on production activities. Reserve estimates are by nature uncertain because of the geoscience and engineering data used to determine the volume in the fields. It is also complex because of the contractual terms and conditions that determine the Group's share of reserves. For these reasons, we have considered the estimate of proven and probable reserves to be a key audit matter.	The procedures carried out consisted in: - Noting the procedures set up by the Group to determine its hydrocarbon reserves; - Assessing the qualifications of the independent appraisers tasked with estimating and certifying the reserves; - Analysing changes in reserves compared to the end of the previous fiscal year so that our audit can focus on the main changes for the period; - Comparing actual production in previous years with the corresponding expected production; - Analysing the assumptions used by the group and the independent appraisers to determine the proven and probable reserves recoverable before the agreements conferring the production permits expire and, as necessary, the reasons that led the Group to consider that the renewal of this entitlement was reasonably certain, for the estimate of the reserves; in the case of gas reserves, corroborating their recognition level based on existing sales agreements; - Assessing whether the revised reserve estimates were properly taken into account by the Group during impairment tests and for recording depreciation and amortisation expenses.

<table>
<tr><th colspan="2">Impairment of non-current assets net of oil and gas production</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
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As at 31 December 2017, the Group’s production activity was split between the Ezanga and Mnazi Bay permits, which represent €1,343 million in net non-current assets and account for 89% of the Group’s non-current assets.
We deemed that the impairment of non-current production activity assets was a key audit matter because of their material importance in the Group’s financial statements. Furthermore, the determination of their recoverable value, based on the value of their expected updated future cash flow, requires the use of assumptions, estimates and material assessments by management, as indicated in Note 3.3 to the consolidated financial statements.
Specifically, a sustained climate of low hydrocarbon prices would adversely affect the Group’s results and, as a consequence, significantly impact the recoverable value of production activity assets.
The Group deems that a permit generally constitutes a Cash Generating Unit (CGU). A CGU is a set of assets whose ongoing utilisation generates cash flows that are largely independent of the cash flows from the other asset groups.
The Group performs impairment tests on those assets, the procedures for which are described in Note 3.3 to the consolidated financial statements.
The main assumptions that Management takes into consideration when assessing recoverable value are, as mentioned in Note 3.3.2 to the consolidated financial statements, as follows:

The future price of hydrocarbons
Operating costs
Estimates of hydrocarbon reserves
Forecasts of produced, marketed volumes
The discount rate after tax

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For those two assets subject to an impairment test, our audit involved obtaining the value in use (future discounted cash flows) and analysing whether, in the event that the value thus obtained is lower than the net book value, an impairment was recognised.
To assess the relevance of Management’s assumptions and the data included in the assessment models, we produced a comparative analysis of industry practices relating to hydrocarbon prices (in the short, medium and long term) and discount rates.
In addition, we analysed the data underlying future cash flows used to determine the recoverable value of assets included in the tested CGUs:

the production profiles used were compared to reserves certified by independent appraisers;
Assumptions of operating costs were corroborated with the levels of actual budgeted costs resulting from forecasts established by Management and presented to the Board of Directors;
We assessed whether the tax rates used were consistent with applicable tax regimes or prevailing oil contracts.

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Verification of disclosures relating to the Group provided in the Management Report

In accordance with generally accepted auditing standards applicable in France, we also carried out the specific verifications required by law on the disclosures presented in the Management Report prepared by the Board of Directors.

We have no matters to report concerning their fair presentation or consistency with the consolidated financial statements.

Disclosures resulting from other legal and regulatory requirements

Appointment of the statutory auditors

We were appointed statutory auditors of Etablissements Maurel & Prom by the General Shareholders' Meeting of 12 June 2014 in the case of KPMG SA and International Audit Company.

As at 31 December 2017, KPMG and International Audit Company were in their fourth consecutive year as statutory auditors.

Responsibilities of management and individuals charged with corporate governance in respect of the consolidated financial statements

It is management's responsibility to prepare the consolidated financial statements giving a true and fair view in accordance with IFRS as adopted in the European Union and to implement the internal control procedures it deems necessary in order to ensure that the consolidated financial statements it has prepared are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is incumbent on management to assess the company's ability to continue as a going concern, to include in these statements, where applicable, the information related to continuing as a going concern, and to apply the going concern basis of accounting, except if the company is expected to be wound up or cease operating.

It is incumbent on the audit committee to monitor the process for preparing financial information and the effectiveness of internal control and risk management systems, and, where applicable, internal audit systems, as these apply to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities regarding the audit of the consolidated financial statements

Audit objectives and approach

We are required to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards of our profession will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-2 of the French Commercial Code, our role in certifying the financial statements does not consist in guaranteeing the viability or quality of your company's management.

As part of an audit conducted in accordance with auditing standards applicable in France, the statutory auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as related disclosures provided in the consolidated financial statements;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. These conclusions are based on the audit evidence obtained up to the date of their report. However, future events or conditions may cause the company to cease to continue as a going concern. If they conclude that a material uncertainty exists, they will draw attention in their report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, they will either issue a qualified opinion or refuse to certify the statements;

- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- with regard to the financial information about the persons or entities included in the consolidation scope, collect information that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the audit committee

We provide a report to the audit committee which includes information about the scope and timing of our audit and our audit findings. If applicable, we also bring to its attention material weaknesses in internal control that we identified as pertaining to the procedures for preparing and processing accounting and financial information.

The information contained in our report to the audit committee includes the risks of material misstatement that we consider to have been the most important to the audit of the 2017 consolidated financial statements and which therefore constitute the audit's key matter. We are required to described these in this report.

We also provide the audit committee with the statement provided for by Article 6 of EU Regulation 537-2014 confirming our independence, within the meaning of the rules applicable in France as set forth in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the statutory auditors' professional code of ethics. Where applicable, we discuss with the audit committee any risks to our independence and the safeguards applied.

Statutory Auditors

Paris La Défense, 24 April 2018
KPMG Audit
Department of KPMG S.A.

Eric Jacquet
Partner

Paris, 24 April 2018
International Audit Company

François Caillet
Partner