BOARD OF DIRECTORS' REPORT
ON THE DRAFT RESOLUTIONS FOR THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING OF 12 DECEMBER 2018

The purpose of this report is to introduce you to significant elements of the draft resolutions, in accordance with the regulations in force and the best governance practices recommended for use on the Paris market. It is not intended, therefore, to be exhaustive, so it is essential that you carefully and closely read the following document about the draft resolutions before exercising your right to vote.

Dear Shareholders,

The notice of the Extraordinary General Shareholders' Meeting (the "**Meeting**") of Etablissements Maurel & Prom S.A. (the "**Company**") complies with the agreement (the "**Agreement**") concluded with Rockover Energy Limited, a company whose registered office is at Trident Trust Chambers, Wickhams Cay, PO Box 146, Road Town, Tortola, British Virgin Islands and recorded under number 454285 ("**Rockover**").

1. TRANSACTION OVERVIEW

1.1 Reminder of Rockover's entitlements to receive earn-outs

Under the Share Purchase Agreement on the acquisition of 100% of company shares from Rockover Oil & Gas Limited (which holds several oil assets in Gabon), concluded on 14 February 2005, as amended (the "**Share Purchase Agreement**"), between the Company, Rockover and Mayfair Trustees Limited as a trustee of Masasa Trust ("**Masasa**"), the Company is liable to pay earn-outs dependent on the actual future production from the areas where the upstream assets were located (the "**Deferred Payments**").

The Deferred Payments are due on a monthly basis and are composed of:

- a payment equivalent to 2% of production when the total production exceeds 39 million barrels on all fields sold to the Company, excluding Banio ("**Deferred Payment A**");

- a payment of US$1.30 for every barrel produced from the date that total production in all licensed zones exceeds 80 million barrels ("**Deferred Payment B**"); and

- a payment equivalent to 10% of sales on the production from the sole Banio deposit when total production from this deposit exceeds 3.865 million barrels ("**Deferred Payment C**").

To date, only Deferred Payment A is effectively being paid. Deferred Payments B and C are not active, respectively because the 80 million barrels threshold has not yet been met and because the Banio field is not in production.

Rockover is currently entitled to receive 30% of Deferred Payments A and C and 50% of Deferred Payment B (the "**Rockover Entitlements**").

1.2 Agreement with Rockover

The Deferred Payments are recurring charges for the Company. During discussions with Rockover, it appeared that Rockover was willing to sell the Rockover Entitlements to the Company in return for cash.

At its meeting of 5 November 2018, the Board of Directors of the Company authorised the conclusion of the Agreement, providing for:

- the sale by Rockover to the Company of the Rockover Entitlements for a total amount of US$43 million (the "**Disposal Price**").

  The Disposal Price is based on a valuation of the Deferred Payments carried out using the discounted cash flow (DCF) method. The assumptions on which this valuation is based include a price of Brent at US$65 per barrel, and a production profile in line with the report on reserves for assets held by the Company in Gabon, which was certified by DeGolyer and MacNaughton on 31 December 2017.

- a capital increase reserved for Rockover, with removal of shareholders' pre-emptive subscription rights ("**PSR**"), totalling (nominal and issue premium) approximately 75% of the Disposal Price, which is equivalent to approximately US$32.25 million (the "**Receivable**"). The subscription price per share, calculated on the basis of the closing price of the Company's shares on the Euronext regulated market in Paris over a period of 60 calendar days to 29 October 2018, comes to €5.182 (including issue premium), corresponding to US$6.002[1] per share. On the basis of this issue price, 5,373,209 new Company shares would be issued (approximately 2.75% of the Company's existing capital at 5 November 2018). Subscription to the aforementioned capital increase by Rockover shall be made by offsetting against the Receivable;

[1] Based on an average exchange rate of US$1.158 to €1.00, calculated over a period of 60 calendar days to 29 October 2018.

- restrictions on the sale on the market of Company shares issued to Rockover before 30 June 2019. During this period, sales on the market shall be limited to 750,000 Company shares per calendar month, with the possibility of carrying forward the balance of shares not sold if the sale is below this threshold over a calendar month, without exceeding a maximum of 900,000 Company shares sold on the market over a calendar month. Note that disposals outside of markets are not covered by these restrictions;

- payment by the Company to Rockover of approximately 25% of Disposal Price, i.e. US$10.75 million, in cash;

- the transaction, as described in the Agreement (the "**Transaction**"), is subject to a vote by shareholders of the Company in favour of the capital increase reserved for Rockover, which is the subject of the first resolution submitted to your General Shareholders' Meeting (and described below).

Completing the Transaction shall end the payment of the Rockover Entitlements, which should allow the Company to save an annual amount estimated of between US$6 million and US$10 million in the future and increase future net income.

Furthermore, the issue of new Company shares will increase the market float and should enhance stock liquidity.

Note that no prospectus is required as part of this Transaction.

2. OVERVIEW OF RESOLUTIONS

Issuance of Company shares to Rockover with removal of PSR (*first resolution*)

Purpose

In order to complete the Transaction, you are asked to grant your Board of Directors a delegation of authority to issue shares to Rockover, on the basis of Article L. 225-138 of the French Commercial Code, in accordance with the procedures stipulated in the Agreement.

Procedures for implementation, price and ceiling

The main features of the capital increase shall be:

- Overall amount of the capital increase: €27,843,969,038 (of which €4,137,370.93 is the nominal value and €23,706,598,108 is the issue premium), or an amount corresponding to the Receivable;

- Number of shares issued: 5,373,209 new Company shares (the "**New Shares**");

- Unit subscription price: €5.182 (of which €0.77 is the nominal value and €4.412 is the issue premium). Note that the subscription price of the Company share has been calculated on the basis of the closing price of the Company share on the regulated Euronext market in Paris over a period of 60 calendar days to 29 October 2018 – the price chosen for the share issue is €5.182, representing a premium of 27% compared to the closing price of the Company share on 29 October 2018, which was €4.08[2].

- Payment of subscriptions: only by offsetting against the Receivable;

- PSR: removal of PSR in favour of Rockover.

Your Board of Directors shall have all necessary powers to implement this delegation of authority (with the option to sub-delegate under the conditions stipulated by the applicable legal provisions).

Term

This delegation of authority shall be granted for a period of six months starting from the date of the General Shareholders' Meeting.

Issuance of shares or transferable securities providing access to the Company's capital reserved for employee members of the company savings plan, with removal of PSR (*second resolution*)

Purpose

This resolution allows employees of the Etablissements Maurel & Prom group (the "**Group**"), in France and abroad, to be offered the possibility of subscribing to Company securities in order to be more closely involved with the development and success of the Company, both in its traditional markets and in emerging markets, which are essential for future growth of the Group.

The previous resolution on this subject had been approved by the General Shareholders' Meeting of the Company of 20 June 2018 regarding the terms of its 27th resolution.

[2] Please note for your information that the price chosen for the share issue – €5.182 – represents (i) a premium of 10.7% compared to the closing price of the share over the last month, which was €4.68; (ii) a discount of 5.5% compared to the closing price of the share over the last three months, which was €5.48; (iii) a discount of 7.8% compared to the closing price of the share over the last six months, which was €5.62; and (iv) a premium of 9.8% compared to the closing price of the share over the last 12 months, which was €4.72.

This resolution, however, is being proposed again as part of the General Shareholders' Meeting in order to comply with the applicable legal provisions. In fact, the law stipulates that a General Shareholders' Meeting must vote on a draft resolution that allows for a capital increase reserved for employee members of a company savings plan as soon as the meeting agenda includes the approval of resolutions on the terms under which a capital increase in cash is decided or delegated, unless the capital increase results in an advance issuance of transferable securities providing access to the Company's capital.

Procedures for implementation

This resolution would allow your Board of Directors to issue (i) Company shares and (ii) transferable securities that are equity securities providing access to other equity securities of the Company.

These issues shall be carried out with the removal of PSR in favour of the members of a Company or Group savings plan.

Your Board of Directors shall have all necessary powers (with the option to sub-delegate under the conditions stipulated by the applicable legal provisions) to implement this delegation of authority.

Price

The issue price of the securities shall be determined under the conditions stipulated by law and shall be at least equal to 80% of the Reference Price or 70% of the Reference Price when the lock-up period is 10 years or more. The "Reference Price" refers to the average price of a Company share on the regulated Euronext market in Paris over the 20 trading sessions preceding the day on which the subscription opening date is set.

Your Board of Directors may also decide to reduce or remove this discount, within the legal and regulatory limits, so as to take into account legal, accounting, tax and social security rules that apply locally. Your Board of Directors may also decide to grant additional securities in order to substitute all or part of the discount in relation to the Reference Price and/or employer matching contribution, it being understood that the benefit resulting from this assignment may not exceed the legal or regulatory limits.

Ceiling

The maximum nominal amount of capital increases shall be set at €1 million.

Term

The delegation shall be granted for a period of 26 months from the date of this Meeting and, from this same date, for the shares unused on the date of the Meeting, shall supersede the delegation granted by the general meeting of 20 June 2018 pursuant to its 27th resolution.

Powers for completing formalities (*third resolution*)

We propose that you grant authority to complete the formalities required by law once this Meeting has been held.

3. IMPACT OF THE TRANSACTION

3.1 Theoretical impact of the Transaction on the portion of shareholders' equity

As a guideline, the theoretical impact of the issuance of New Shares on the portion of shareholders' equity per share (*calculations made on the basis of shareholders' equity as arising from the consolidated financial statements, Group share, as at 30 June 2018, which was subject to a limited review, an intermediate financial position in terms of share capital as at 30 June 2018, and 195,340,313 shares comprising the share capital of the Company as at 31 October 2018, after deducting 3,494,558 Company treasury shares on this date*) shall be:

	Consolidated shareholders' equity (euros)	Number of shares(1)	Portion of consolidated shareholders' equity per share (euros)	Corporate shareholders' equity (euros)	Number of shares(1)	Portion of corporate shareholders' equity per share (euros)
Before New Share issue	889,349,517	191,845,755	4.636	212,932,872	191,845,755	1.110
Issuance of New Shares	27,843,969	5,373,209	5.182	27,843,969	5,373,209	5.182
After New Share issue	917,193,486	197,218,964	4.651	240,776,841	197,218,964	1.221

(1) The Company has issued no security that is likely to provide access to capital. Furthermore, it is noted that as the bonus shares (including performance shares) are not securities issued that are likely to provide access to capital, these are not factored into the dilution calculation.

3.2 Theoretical impact of the Transaction on the shareholder situation

As a guideline, the theoretical impact of the issuance of New Shares on the capital holding of a shareholder that holds 1% of Company share capital prior to the issuance of New Shares and who does not subscribe to these New Shares (*calculations made on the basis of 195,340,313 shares forming the share capital of the Company as at 30 June 2018 – this figure remains unchanged as at 31 October 2018*) shall be:

	Shareholder's capital holding (in %)	
	Undiluted basis	Diluted basis(1)
Before New Share issue	1.00%	1.00%
After New Share issue	0.97%	0.97%

(1) The Company has issued no security that is likely to provide access to capital. Furthermore, it is noted that as the bonus shares (including performance shares) are not securities issued that are likely to provide access to capital, these are not factored into the dilution calculation.

3.3 Theoretical impact of the issuance of New Shares on the current market value of Company shares

The theoretical impact on the current market value of Company shares (*on the basis of 195,340,313 shares forming the share capital of the Company as at 30 June 2018 – this figure remains unchanged as at 31 October 2018*) shall be:

	Number of shares (undiluted basis)	Market value per share (in euros) (undiluted basis)	Number of shares (diluted basis(1))	Market value per share (diluted basis(1))
Before New Share issue	195,340,313	4.30	195,340,313	4.30
After New Share issue	200,713,522	4.33	200,713,522	4.33

(1) The Company has issued no security that is likely to provide access to capital. Furthermore, it is noted that as the bonus shares (including performance shares) are not securities issued that are likely to provide access to capital, these are not factored into the dilution calculation.

The market value (undiluted and diluted basis following the issuance of New Shares) was obtained by taking the market capitalisation prior to the approval of the Transaction, which is the average of the 20 trading sessions preceding 5 November 2018 (€4.305), multiplied by the total number of shares (195,340,313 shares at 30 June 2018 – this figure remains unchanged at 31 October 2018), then adding the revenue from the New Share issue and dividing the total by 200,713,522, which is the sum of the number of shares at 30 June 2018 (unchanged at 31 October 2018 with 195,340,313 shares) and the sum of all shares resulting from the New Share issue (5,373,209).

4. PROGRESS OF BUSINESS ACTIVITIES

In accordance with the legal and regulatory provisions applicable to financial authorisations and capital increases, the Board of Directors shall report to you on the Company's business activities from the beginning of 2018 in (i) its 2017 Annual Report that includes the management report for fiscal year 2017, which has been published and made available in accordance with the applicable laws and regulations on the Company's website[3] and on the French Financial Markets Authority's website (www.amf-france.org); and (ii) the 2018 Interim Financial Report (the "**IFR**"), which is available on the Company's website[4].

Please note for your information that since the publication of the IFR, the Company has published the following before the closing date for this report:

- on 12 October 2018, a press release in which it confirmed that the Company is working on the acquisition of Shell's stake in the Urdaneta West oil field in Venezuela;
- on 23 October 2018, a press release announcing the signature of a sale and purchase agreement for the acquisition of the 20% working interest owned by AJOCO in two production and development blocks in shallow waters offshore Angola;
- on 24 October 2018, its activity and sales for the first nine months of 2018 which amounted to US$342 million (+19% compared to Q3 2017), with total working interest production of 22,681 barrels of oil equivalent per day in the first nine months of 2018, down 5% compared to the same period in 2017 and a strong cash position allowing the Group to implement its internal and external growth strategy.

All press releases listed above are available on the Company's website[5].

[3] www.maureletprom.fr/en/, click on "Investor relations" on the menu, then "Annual reports", "2018", and "2017 Annual Report"

[4] www.maureletprom.fr/en/, click on "Investor relations" on the menu, then "Results & Presentations", "Results", "2018", and "Half Year Results to 30 June 2018".

[5] www.maureletprom.fr/en/ click on "Investor relations" on the menu, then "Press releases", "2018", and then (i) "Maurel & Prom confirms it is working on the acquisition of Shell's stake in the Urdaneta West field in Venezuela", (ii) "Entry of Maurel & Prom into Angola", and (iii) "Activity and sales for the first 9 months of 2018: US$342m (€286m)".