



109

ANNUAL REPORT

MAUREL  PROM

# The Group's business model

**Imagine:**  
imagine oil systems

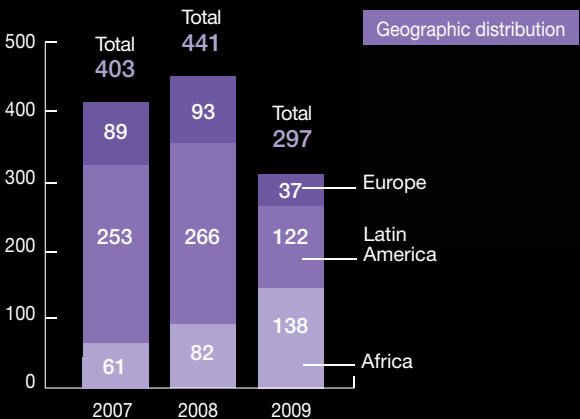
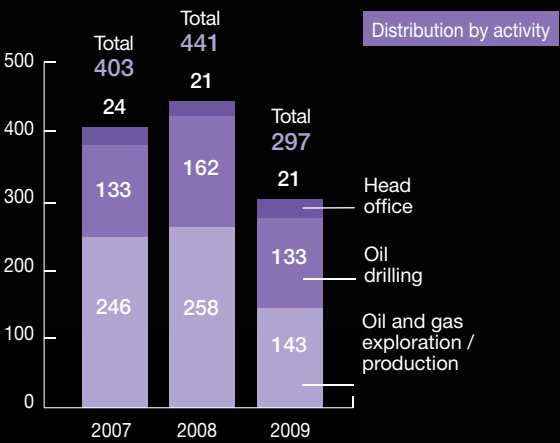
**Research:**  
research oil themes

**Discover:**  
discover new marketable reserves

**Hedge:**  
buy and sell assets

Maurel & Prom founded its strategy on research, discovery, rapid production of hydrocarbons, and the optimisation of its asset portfolio. For this, the Group selected promising territories for exploration and experts with real knowledge of the exploration zones concerned.

## The teams



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# Person in charge of the Annual Report and its updating Certification

As Chairman and Chief Executive Officer of Etablissements Maurel & Prom (hereinafter “Maurel & Prom” or the “Company”), Jean-François Hénin is responsible for the financial information and the Annual Report.

His contact information is the following:

## Jean-François Hénin

Chairman and Chief Executive Officer

Maurel & Prom :

12, rue Volney – 75002 Paris

Telephone: +33 (0)1 53 83 16 00

Fax: +33 (0)1 53 83 16 04

## Certification

*“I hereby certify, after having taken every reasonable measure to this effect, that the information contained in this Annual Report is, to the best of my knowledge, accurate and does not contain any omission that could affect its scope.*

*I also hereby certify, to the best of my knowledge, that the financial statements have been prepared in compliance with applicable standards in France and accurately represent the assets and financial position and performance of the Company and of all companies included in the consolidation, and that this Annual Report including the management report, the chapters of which are listed in the Table of Concordance, presents a true picture of the progress of activities, results and the financial position of the Company and of all companies included in the consolidation as well as a description of 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 document and have read the document in its entirety.*

*The historical financial data presented in the reference document are covered in the Statutory Auditors’ reports. The Statutory Auditors’ reports for the period ended 31 December 2009, shown in paragraph 10 of said document, contain a number of comments.*

*The report on the 2009 consolidated financial statements contains the following comments: In due respect of the opinion expressed above, we draw your attention to:*

- Note 2 “Accounting methods” which indicates the changes in the accounting methods resulting from the application, starting 1 January 2009, of new IFRS 8 standards “Operating Sectors” and revised IAS 1 “Presentation of Financial Statements”.
- Notes 1 “General Information”, 4 “Intangible assets” and 27 “Events occurring after closing” which describe the situation of the drilling of the well Mafia Deep being tested and indicate the amounts committed and entered as assets of your company at the close of the year 2009.

*The reports on the individual corporate statements 2009 contain the following observation: In due respect of the opinion expressed above, we draw your attention to Notes 1.2 “Continuation of Investment”, 3.1 “Immobilisations” and 3.32 “Events occurring after closing” that describe the situation of the drilling of the well Mafia Deep being tested and indicate the amounts committed and entered as assets in your company’s balance sheet at the close of the year 2009.*

*The report on the 2008 consolidated financial statements contains the following comment: In due respect of the opinion expressed above, we draw your attention to Note 27 of the Annexe on events occurring after closing, that describes the significant Group events occurring since 31 December 2008.*

*The report on the 2008 corporate financial statements contains the following comment: In due respect of the opinion expressed above, we draw your attention to Note 3.26 of the Annexe on events occurring after closing, that describes the significant Company events occurring since 31 December 2008.*

*The report on the 2007 consolidated financial statements contains the following comment: In due respect of the opinion expressed above, we draw your attention to the change in accounting method used on the financing of oil investment transactions for third parties, presented in Notes 2.26 and 19 of the Annexe.*

## Jean-François Hénin

Chairman and Chief Executive Officer

Paris, 16 April 2010

## Persons in charge of auditing the financial statements

Incumbent auditors	Date of election	Duration of present mandate	Expiration of mandate
<b>Daniel de Beaurepaire</b> 119, avenue de Wagram 75017 Paris	General Meeting of 12 June 2008	6 years starting on 12 June 2008	To the end of the Shareholders’ General Meeting to approve the annual financial statements on 31 December 2013
<b>Ernst &amp; Young Audit</b> Represented by Patrick Cassoux Tour Ernst & Young Faubourg de l’Arche 92400 Courbevoie	General Meeting of 27 June 1996	6 years starting on 12 June 2008	To the end of the Shareholders’ General Meeting to approve the annual financial statements on 31 December 2013
Alternate auditors	Date of election	Duration of present mandate	Expiration of mandate
<b>Société IAC</b> 46, rue du Général Foy 75008 Paris	General Meeting of 12 June 2008	6 years starting on 12 June 2008	To the end of the Shareholders’ General Meeting to approve the annual financial statements on 31 December 2013
<b>Société Auditex</b> Faubourg de l’Arche 92400 Courbevoie	General Meeting of 12 June 2008	6 years starting on 12 June 2008	To the end of the Shareholders’ General Meeting to approve the annual financial statements on 31 December 2013

# '09 Annual Report



## Etablissements Maurel & Prom

Société anonyme à conseil d'administration  
Limited Corporation with Board of Directors  
with capital of €93,364,248.67

Registered Office: 12 rue Volney – 75002 Paris

Tel: +33 (0)1 53 83 16 00 – Fax: +33 (0)1 53 83 16 04

R.C.S. Paris 457 202 331 – Siret 457 202 331 00064

This 2009 Annual Report or Registration Document incorporates the annual financial report as specified by Article L 222-3 of the AMF regulations.



This Annual Report or Registration Document (Document de Référence) was filed with the Autorité des marchés financiers on 16 April 2010, 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 binding on those who sign it.

Reference documents: pursuant to Article 28 of European Regulation No. 809/2004 dated April 29, 2004, the reader is referred to prior Annual Reports with regard to certain information:

1 – For fiscal year 2007: the management report, consolidated and annual financial statements, including reports from the statutory auditors on these statements, appear in paragraphs 13.2.2 and 13.2.4 of the Annual Report, respectively, filed on April 29, 2008 with the Autorité des marchés financiers under number D.08-0330.

2 – For fiscal year 2008: the management report, consolidated and annual financial statements, including reports from the statutory auditors on these statements, appear in paragraphs 13.2.2 and 13.2.4 of the Annual Report, respectively, filed on April 30, 2009 with the Autorité des marchés financiers under number D.09-0368;

These documents are available on the web at [www.maureletprom.fr](http://www.maureletprom.fr) and from the Autorité des marchés financiers at [www.amf-france.org](http://www.amf-france.org).

# History

<h2>1813</h2> <ul style="list-style-type: none"><li>• Creation of the Company</li><li>• Development of shipping lines and trading posts in West Africa</li></ul>	<h2>1998/1999</h2> <ul style="list-style-type: none"><li>• Strategic re-centering around hydrocarbon exploration and production activities</li><li>• Entry into the Congo</li></ul>	<h2>2000</h2> <ul style="list-style-type: none"><li>• Initial production from the Kouakouala field in the Congo</li></ul>
<h2>2001</h2> <ul style="list-style-type: none"><li>• Investment in Cuba</li><li>• Sale of the drill ship Energy Searcher</li><li>• Discovery of the M'Boundi field in the Congo</li></ul>	<h2>2003</h2> <ul style="list-style-type: none"><li>• Development of the M'Boundi field in the Congo</li><li>• Creation of the drilling subsidiary Caroil</li></ul>	<h2>2004</h2> <ul style="list-style-type: none"><li>• Change from partnership limited by shares (<i>société en commandite</i>) to corporation (<i>société anonyme</i>) with management board and supervisory board</li><li>• Entry into Tanzania</li><li>• Par value split by 10</li></ul>
<h2>2005</h2> <ul style="list-style-type: none"><li>• Disengagement from shipping activity</li><li>• Entry into Gabon</li><li>• Entry into Colombia and Venezuela</li><li>• Entry into Sicily</li></ul>	<h2>2006</h2> <ul style="list-style-type: none"><li>• First certification of reserves by DeGolyer &amp; Mac Naughton</li><li>• Discovery of the Onal field in Gabon</li><li>• Entry into Syria</li><li>• Acquisition of seven new exploration licenses</li></ul>	<h2>2007</h2> <ul style="list-style-type: none"><li>• Acquisition of three new exploration licenses</li><li>• Discovery of the Ocelot field in Colombia</li><li>• Discovery of natural gas in Tanzania</li><li>• Sale of M'Boundi and Kouakouala fields to ENI for \$1.434 billion</li><li>• Production start-up of the Banio field in Gabon</li><li>• Change of governance structure to Board of Directors</li></ul>
<h2>2008</h2> <ul style="list-style-type: none"><li>• Discovery of Omko and Ombg fields in Gabon</li><li>• Production start-up of Ocelot</li><li>• Acquisition of new exploration licenses in Colombia and Tanzania</li></ul>	<h2>2009</h2> <ul style="list-style-type: none"><li>• Sale of Hocol Colombia for \$740 million</li><li>• Production start-up of Onal and Omko in Gabon</li><li>• Discovery of a new reservoir southeast of Onal in Gabon</li><li>• Discovery of Omoc and Omgw fields in Gabon</li><li>• Investment in assets of Artumasin Tanzania and in Mozambique</li></ul>	

# Imagine Explore Discover

## THE **GROUP**

As a mid-size player among petroleum companies and listed on the Paris Stock Exchange, Maurel & Prom has proved itself as an independent operator primarily active in Africa and Latin America.



# Note

from  
the chairman



**Jean-François Hénin**

Chairman and  
Chief Executive Officer

Maurel & Prom has suffered more than others from the financial crisis that broke in 2008. In just a few months, the theoretical lines of credit available to the company declined from \$ 800 M to nothing. Nevertheless, we succeeded in selling our Colombian assets under acceptable conditions, mitigating the financial constraints. That allowed us to reassure the markets and renew a portion of the OCEANE coming due in January 2010. This necessary action took a very high toll in terms of brokerage fees and interest rates.

We might add that the exploratory drilling campaigns yielded disappointing immediate results until the OMOC-N-1 and OMGW-1 wells, which were operable immediately, were successfully brought into operation. In effect, they allowed us to confirm the existence of a new type of reservoir that had already been discovered at Omko: the Kissenda, which appears to be present in abundance on our permit. Their development, which will use the Onal facilities, will require modest investment.

Moreover, after 10 years of fruitless attempts, agreements on Nigeria opened the door to rapid and very significant development in a major oil-producing company with high-quality partners.

These two successes will allow the Group to significantly increase its reserves in the very near future. Other sources: Banio (Gabon), Congo, Tanzania and South America will then enhance our new flows in 2010. This financial year will see a gradual decline in high-risk exploratory efforts in favour of assessment-delineation and development activities.

This reorientation, which follows on the work completed in 2008 and 2009, will give the Maurel & Prom stock a less risky profile, consistent with an activity that is more easily predictable.

In only a few years, the various phases of development of Maurel & Prom have allowed us to accumulate a little over €1 billion in shareholders' equity; this now allows us to prioritise by value the various regions we have acquired and to which we have dedicated so much effort in recent years.



# The Management Team

**Years of professional  
experience**  
(in oil)

**Professional  
cursus**

**Jean-François Hénin**  
Chairman and Chief Executive  
Officer

**40**  
(10)

**Graduate of the Paris IAE in Economics**

Director of Treasury and Foreign Exchange of the Lyonnaise de Dépôts company, Treasurer of THOMSON CSF, Chief Executive Officer of Altus Finance, Vice-Chairman of the supervisory board of Altus Finance, Chairman and Chief Executive Officer of Electricité et Eaux de Madagascar (EEM), Manager, then Chairman of the management board, and then Président Directeur Général of Maurel & Prom since 14 June 2007.

**Michel Hochard**  
Administrative and Financial  
Director

**35**  
(25)

**Graduated from the Commercial Institute of Nancy (ICN)  
in Accounting**

Internal auditor in the Department of Finances of ELF Aquitaine, Head of the Finance Division of Afrique-Moyen Orient, Director of Finances of the SNEAP, then of ELF Aquitaine production and of ELF E&P, DRH delegate of ELF E&P, Director of Operations of Price Waterhouse Cooper BPO, member of the Management Committee of GEOS. Administrative and Financial Manager of Maurel & Prom since September 2007.

**Daniel Pèlerin**  
Director of Exploration

**35**  
(35)

**Graduate in Chemistry, Physics, Oceanography and  
Geophysics**

Head of the Geophysics Department of ELF Congo, Director of Exploration of several subsidiaries of ELF Aquitaine, in particular in Latin America, Director of Exploration of Maurel & Prom since October 2001.

**Michel Perret**  
Director of Drilling

**43**  
(43)

**Graduate from the Institut Français du Pétrole (IFP)**

Engineer for Forex, Forex Neptune and ELF Aquitaine, Independent Consultant for Shell, ELF, ENI, BHP Petroleum, participated in the creation of BHP Petroleum in Australia, of Joint Oil in Libya, participated in the transformation of Maurel & Prom into an oil exploration and production company. Drilling director of Maurel & Prom since October 2001.

**Philippe Corlay**  
Director of Production

**28**  
(28)

**Graduate of Hautes Etudes Industrielles in Lille  
and the School of Oil and Motors**

Engineer for Beicip-Franlab, Manager of the assisted hydrocarbons recovery project, Head of the Reservoir Department of Coparex, in charge of oil field activities, then Director of Production of Maurel & Prom since August 2007.

# Territories

More than 80,000 km<sup>2</sup> of land in exploration  
26 exploration permits, including 16 directly operated in 12 countries on 4 continents.

## Venezuela

Bloc B2X 70/80  
M&P 26.35% \*\*\*\*

## Colombia

Sabanero	433 km <sup>2</sup>	100%
Tangara	1,300 km <sup>2</sup>	24.50%
SSJN-9	2,647 km <sup>2</sup>	100%
Muisca	2,320 km <sup>2</sup>	100%

## Peru

Bloc 116 6,600 km<sup>2</sup> 100%

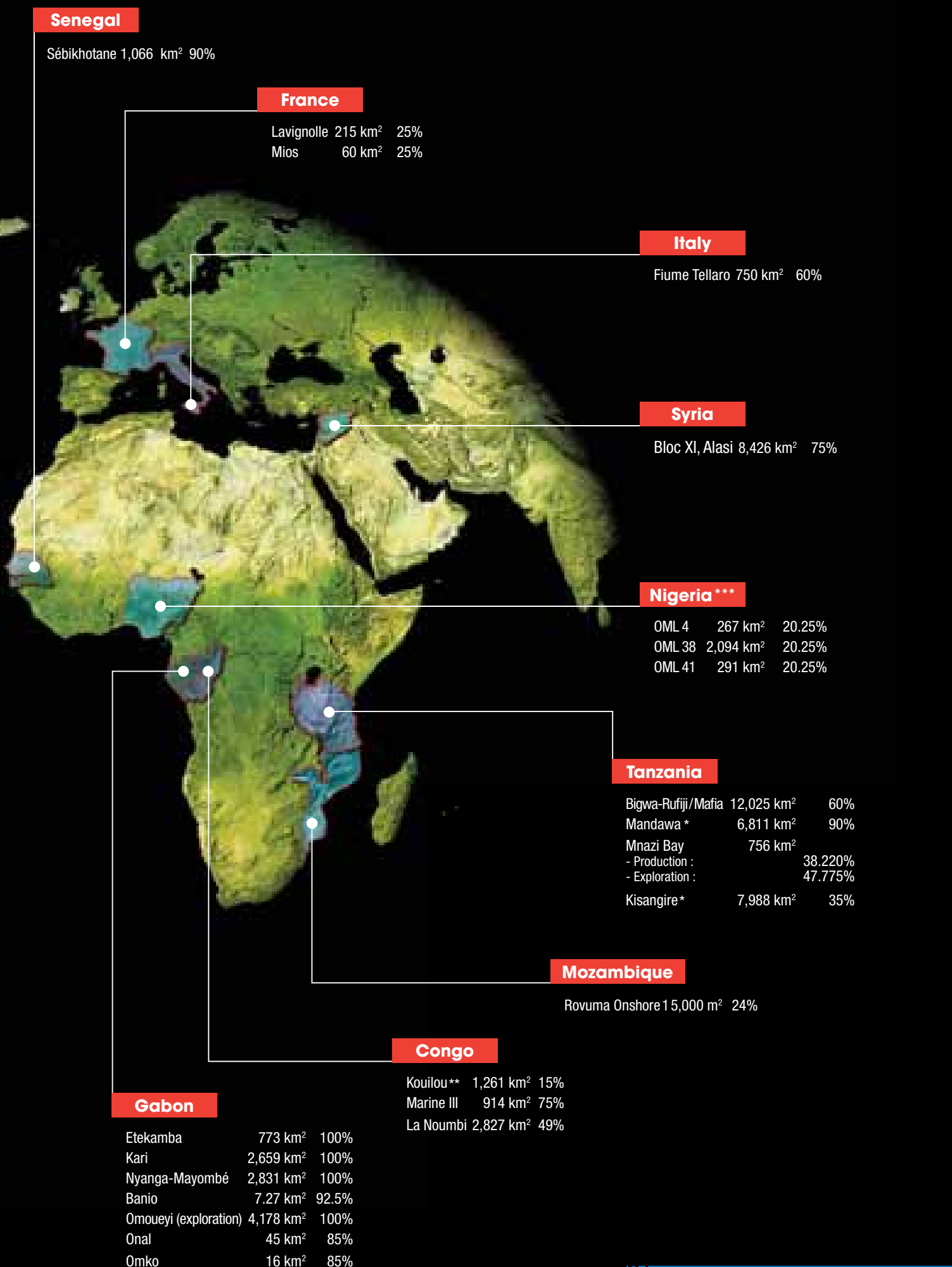


\* Kisangire: opened by M&P under permit on 12 February 2010 pending approval by authorities. Mandawa: acquisition of an additional 40% on this permit.

\*\* Kouilou: the exploration permit was relinquished on 10 October 2009.

\*\*\* Signature of an agreement for the acquisition by SEPLAT (a Nigerian company in which Maurel & Prom holds 45%) of interests in the OML 4, 38 and 41 (29 January 2010) permits, acquisition process underway.

\*\*\*\* Maurel & Prom holds 26.35% of the rights of the public-private company Lagopetrol.



**Senegal**

Sébikhotane 1,066 km<sup>2</sup> 90%

**France**

Lavignolle 215 km<sup>2</sup> 25%  
Mios 60 km<sup>2</sup> 25%

**Italy**

Fiume Tellaro 750 km<sup>2</sup> 60%

**Syria**

Bloc XI, Alasi 8,426 km<sup>2</sup> 75%

**Nigeria \*\*\***

OML 4 267 km<sup>2</sup> 20.25%  
OML 38 2,094 km<sup>2</sup> 20.25%  
OML 41 291 km<sup>2</sup> 20.25%

**Tanzania**

Bigwa-Rufiji/Mafia 12,025 km<sup>2</sup> 60%  
Mandawa \* 6,811 km<sup>2</sup> 90%  
Mnazi Bay 756 km<sup>2</sup>  
- Production : 38.220%  
- Exploration : 47.775%  
Kisangire\* 7,988 km<sup>2</sup> 35%

**Mozambique**

Rovuma Onshore 15,000 m<sup>2</sup> 24%

**Congo**

Kouilou\*\* 1,261 km<sup>2</sup> 15%  
Marine III 914 km<sup>2</sup> 75%  
La Noumbi 2,827 km<sup>2</sup> 49%

**Gabon**

Etekamba 773 km<sup>2</sup> 100%  
Kari 2,659 km<sup>2</sup> 100%  
Nyanga-Mayombé 2,831 km<sup>2</sup> 100%  
Banio 7.27 km<sup>2</sup> 92.5%  
Omoueyi (exploration) 4,178 km<sup>2</sup> 100%  
Onal 45 km<sup>2</sup> 85%  
Omko 16 km<sup>2</sup> 85%

# The year 2009 in Numbers

The year 2009 began in a difficult economic and financial environment marked by the volatility of commodities and exchange rates, by very low company valuation levels as well as by a quasi-nonexistent banking market.

# 12

**Number of exploration wells drilled and completed in 2009**

# €439 M

**Investments**

€251 M in exploration  
€173 M in production and development  
€15 M in oil services

# €428 M

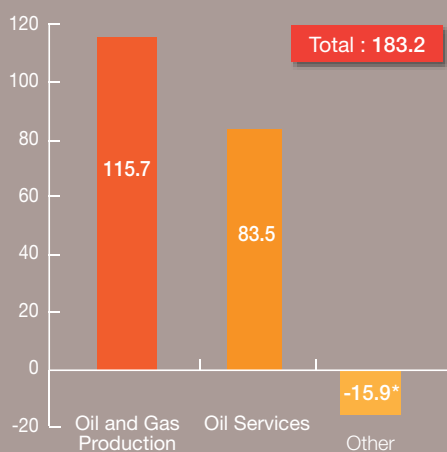
Cash as of 31/12/2009

# 6975 boepd

Net production  
(8,578 bbl/d with Venezuela)

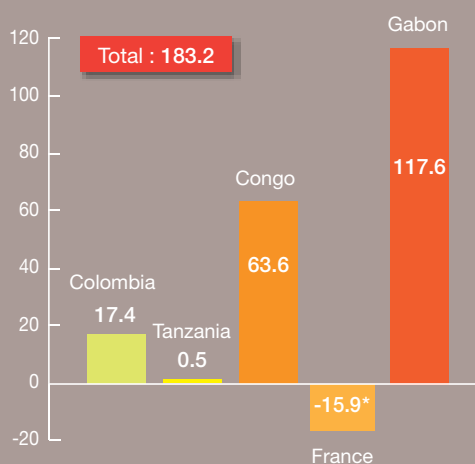
## Sales

(in millions of euros)



## Sales by geographical sector

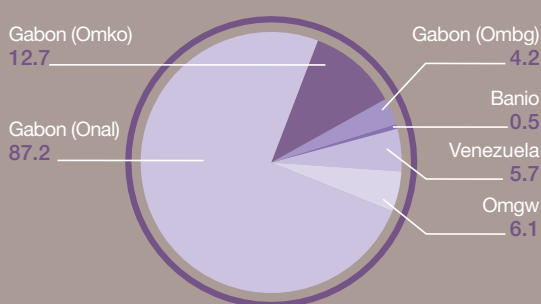
(in millions of euros)



\* Impact of crude oil hedges.

### Breakdown of P1+P2 reserves net of royalties

(at 01/01/2010 in Mbbbl)



P1 + P2 oil reserves, net of royalties  
on 1 January, 2010 at

**116.4** Mbbbl

Detailed information on the oil and gas reserves  
and resources is provided in paragraph 1.2.

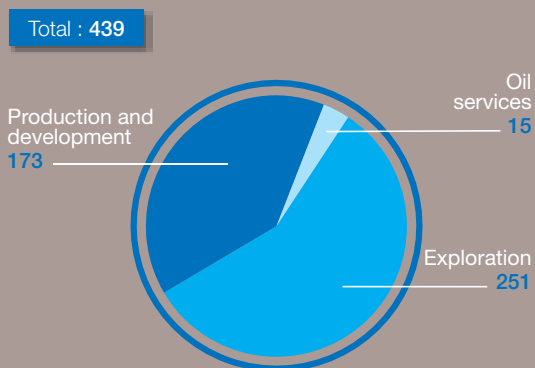
### Financial data (million of euros)

	2009	2008*
Sales	183	93
Income from oil production and service activities	39	7
Exploration expenses	-53	-25
Other	-3	-
Income from oil production, exploration and service activities	-18	-18
Operating income	-28	-10
Financial income	-25	-18
Income before tax	-53	-28
Net income from continuing activities	-46	-22
Net income from discontinued activities	-5	84
<b>NET CONSOLIDATED INCOME</b>	<b>-51</b>	<b>63</b>
Net cash flow from operations	53	49
Investments (including activities sold)	439	539
<b>CASH AT CLOSING</b>	<b>428</b>	<b>189</b>

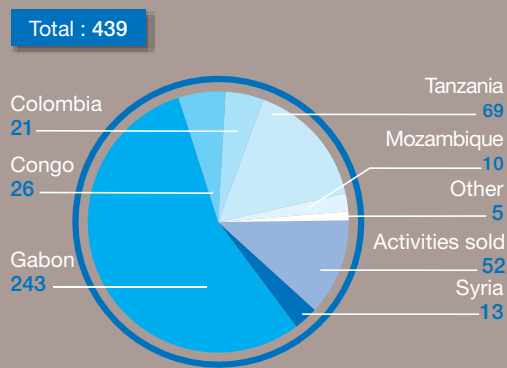
\*Data restated to account for the Colombia sale.

# the year 2009 in Numbers

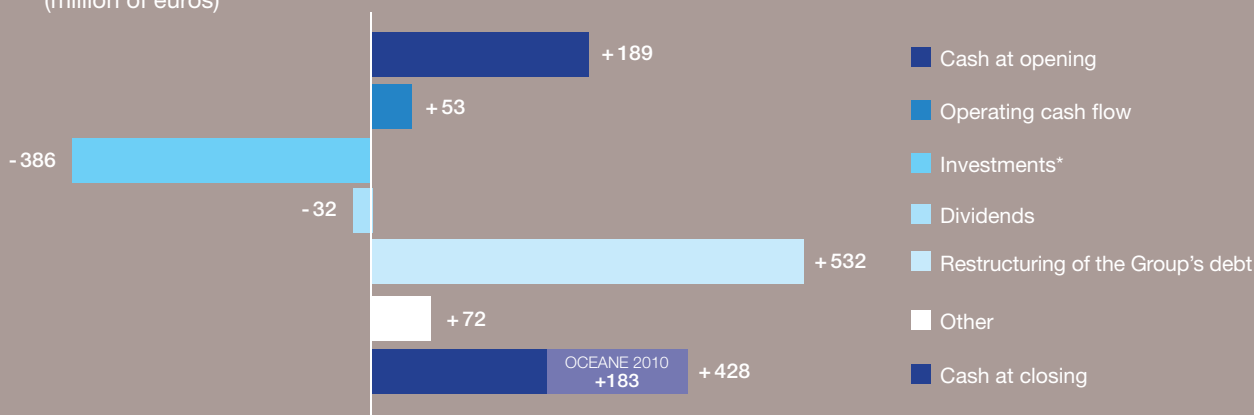
**Investments by activity**  
(million of euros)



**Geographic structure of investments**  
(million of euros)



**Change in cash**  
(million of euros)



\* Restated to account for activities sold.

## SIGNIFICANT EVENTS

### First production of the Onal field

The Group has begun production at the Onal field in Gabon, less than 3 years after drilling the Group's first exploration well in this region. The increased production on this field combined with the start of production on neighbouring fields will ensure significant cash flows to the Group.

### Sale of Colombian subsidiary Hocol

The Group has sold its productive assets and some of its exploration permits in Colombia for \$740 M (+ additional amounts that may reach \$115 M) while keeping a significant exploration portfolio to enable it to pursue its investment efforts to discover new barrels.

### Group expansion in Tanzania and Mozambique

The Group has enlarged its mining area in Tanzania and Mozambique while resuming certain assets of Artumas alongside Cove Energy.

■ Signature of the Autorisation Exclusive d'Exploitation [AEE – Exclusive Exploitation Authorisation] of Omko on 28 September 2009

■ Discovery of Omoc and Omgw fields in Gabon

■ Group debt restructuring

## Significant events at the start of **2010**

- Confirmation of an extension to Kissenda in the Onal field, with the success of the OMOC-N-1 well
- Entry into Nigeria alongside local partners on the OML 4, 38 and 41 licenses
- Testing phase in the Mafia Deep well in Tanzania

# Production

Hydrocarbon production by the Maurel & Prom Group in 2009 was primarily from the Onal field in Gabon. Production from this field began in the first quarter 2009. The Onal facilities are sized to accept future production from its satellites (OMGW, OMBG, OMOG and OMKO). This anticipation proved wise, since during the year 2010 these various satellites will begin production and can thus be directly connected to the Onal production centre.

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€ **173** M  
invested in 2009

**20** wells  
in production in 2009

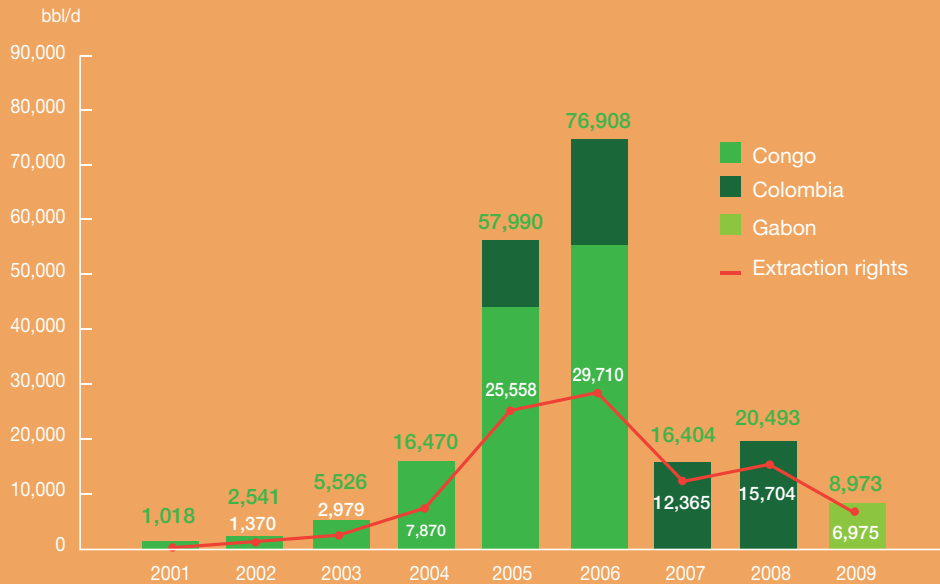






# Production

Operated production and entitlement  
(in bbl/d)



# Onal Project



- Repurchase by the Maurel & Prom Group in 2005 of several licenses in Gabon.
- Starting in December 2006, filed the Development Plan with Gabon government and was awarded an Exclusive Authorisation for the Onal field, in the middle of equatorial forest.
- Laid a 123 km oil pipeline with heating stations every 25 km.
- First oil produced by Maurel & Prom on 9 March 2009 (Onal).
- The initial development plan includes drilling of 20 producing wells and 15 injection wells.
- Start up of water injection into the wells on 20 December 2009.
- Production operations on the Onal field at 10,000 bbl/d between the end of July and the beginning of December 2009.
- Detection of an additional reservoir (Kissenda) necessitating replanning of the initial development plan.
- The possibility of using the Onal facilities as a centre for collecting the production from the satellite structures (OMKO, OMOC, OMGW, OMBG, OMAL, OMOE).

**February 2005**

- Acquisition of Omoueyi

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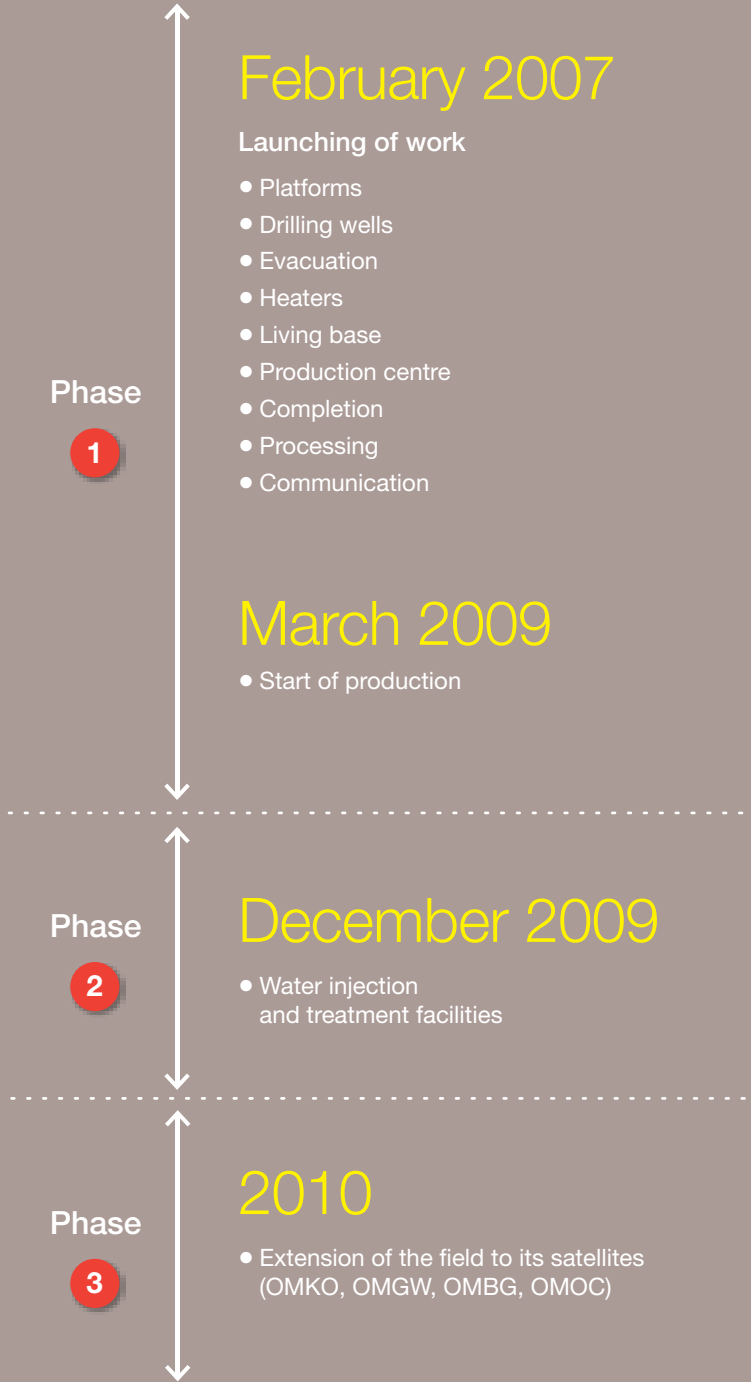
**2006**

- 6 delineation wells drilled
- Submission of development plan to Gabon authorities

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**December 2006**

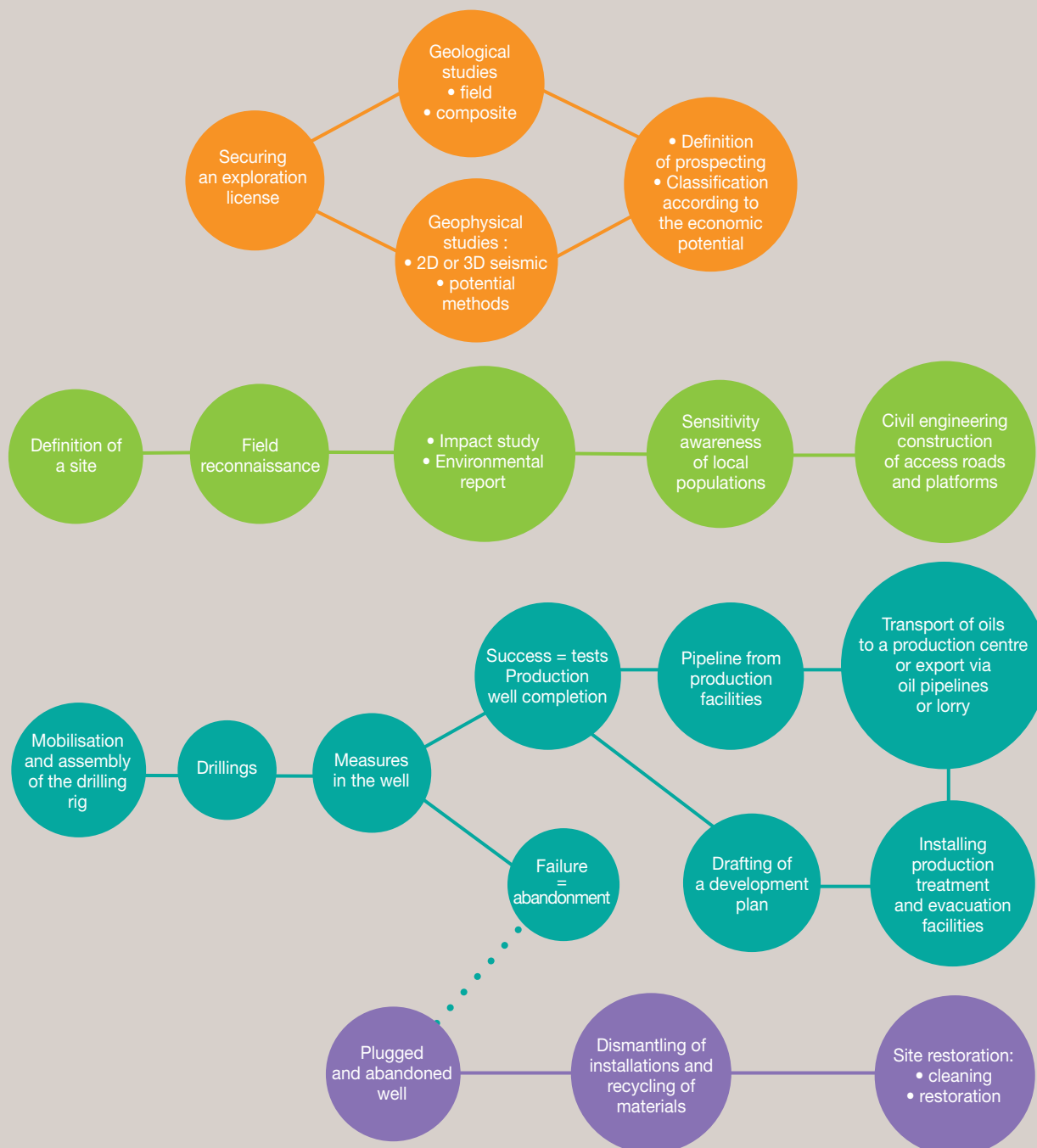
- Exclusive Exploitation Authorisation





# Know-how

- In 10 years, the Group has conceived of oil systems, drilled more than 75 exploration wells with a significant success rate and discovered very large-size oil fields at the lowest cost.
- Rapid decision making
- Capacity to develop major size oil fields: M'Boundi > 300 Mboe, Onal > 100 Mboe and Ocelot > 50 Mboe
- Dependable, sustainable and responsible relations with local governments and communities
- Availability and flexibility of drilling equipment combined with true expertise in drilling: Caroil



The Maurel & Prom Group makes a particular effort throughout the various phases to develop and maintain a high level of relations and dialog with neighbouring communities. (see Sustainable Development part 6).

# Exploration

The goal of exploration is to discover exploitable accumulations of hydrocarbons. It includes geological and geophysical studies, acquisition and seismic processing as well as exploratory drilling.



12

exploration wells drilled  
over the year

€251 M

in exploration  
expenses

26

exploration  
permits

272 km

of 2D seismic

138 km<sup>2</sup>

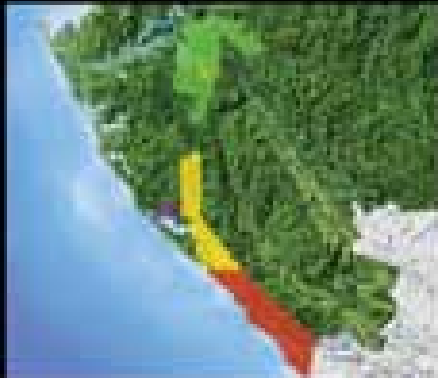
of 3D seismic



# Exploration

World map of permits with list and working interest

## Gabon



■ ETEKAMBA ■ KARI ■ NYANGA MAYOMBE  
■ OMOUEYI ■ PEX ONAL

### Omoueyi (100%) – M&P Operator

- Drilling of 4 exploration wells.
- Two discoveries: OMOC-1 tested at 1,130 bbl/d and OMGW tested at 3,000 bbl/d.
- Detection of a new formation of the Grès du Kissenda.
- Failure of the OMSN-1 well.
- Detection of high quality reservoirs and oil saturation in OMTI-1.
- Launch in December 2009 of a 760 km 2D seismic campaign for the Omoueyi permit.

### Etekamba (100%) – M&P Operator

- Continuation of geological, geophysical and aero-gravimetric studies.

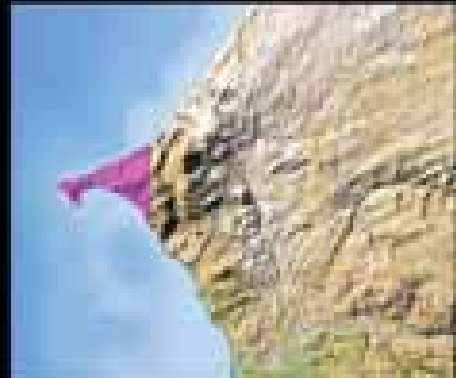
### Kari (100%) – M&P Operator

- Continuation of geological and geophysical studies.

### Nyanga Mayombe (100%) – M&P Operator

- Definition of a new prospect Banio-5, to be drilled in 2010.

## Senegal



■ SEBIKHOTANE

### Sebikhotane (90%) - M&P Operator

- Drilling of the KKR-1 well, plugged and abandoned.



## Congo



■ KOUILOU ■ LA NOUMBI  
 ■ MARINE III-A ■ MARINE III-B ■ TILAPIA

### Marine III (75%) – M&P Operator

- Resumption of operator role and increase in the Group's interest from 20% to 75%.
- Drilling at M'Bafou, plugged and abandoned in early 2010.

### La Noumbi (49%) – M&P Operator

- Drilling of the TiéTié-NE-1 well, plugged and abandoned in early 2010.

### Kouilou (15%) – ENI Operator

- Discovery of oil with the Zingali-1 well.
- Filing of an application for production license for the Zingali and Loufika oilfields.
- Exploration license to be relinquished early 2010.

## Nigeria



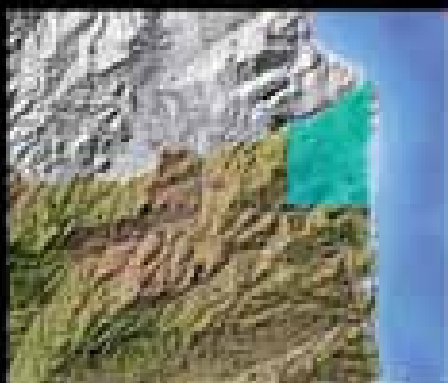
■ OML 4 ■ OML 38 ■ OML 41

- Signature of an agreement on the acquisition by SEPLAT (a Nigerian company owned 45% by M&P) of interests in the OML 4, 38 and 41 licenses (29 January 2010), acquisition process pending.

# Exploration

World map of permits with list and working interest

## Mozambique

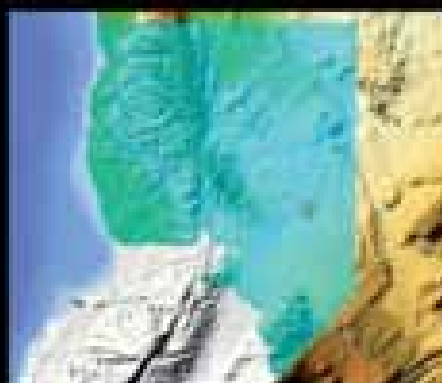


■ EPC AREA

### Rovuma Onshore (24%) Anadarko operator

- Drilling of the Mecupa-1 well, plugged and abandoned in December 2009.

## Syria



■ BLOCK XI

### Alasi (75%) – M&P Operator

- Drilling at Draco-1, plugged and abandoned in early 2010.

## Tanzania



■ KISANGIRE ■ BIGWA RUFJI MAFIA BLOCK  
■ MANDAWA ■ MNAZI BAY

### Bigwa-Rufiji-Mafia (60%) M&P Operator

- Continuation of drilling at the Mafia Deep ST-1 well to 5,632 m. Currently in testing phase.
- Drilling of the Mohoro-1 well, plugged and abandoned.
- 2D seismic acquisition of 128 km.

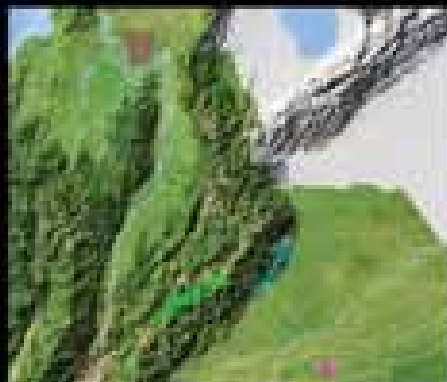
### Mandawa (90%) M&P Operator

- Drilling of the Mihambia-1 well, plugged and abandoned.

### Mnazi Bay (38.22%) M&P Operator

- Acquisition of 47.775% of interest repurchased from Artumas.
- Resumption of operator role.

## Colombia



■ MUISCA ■ SABANERO ■ SSJN 9 ■ TANGARA

Sale of production assets and part of the exploration in Colombia for \$740 M (+ earn-outs that could reach \$115 M) while keeping a significant exploration portfolio.

### Sabanero (100%) - M&P Operator

- 138 km<sup>2</sup> 3D seismic acquisition and interpretation.
- Launch of the environmental impact study for the first well location and design of civil engineering projects.

### Muisca (100%) - M&P Operator

- 106 km 2D seismic acquisition and interpretation.
- 350 km 2D seismic reprocessing and interpretation.
- Launch of the environmental impact study on the location of the Bachue-1 well.
- Environmental permit obtained from competent local authorities.

### SSJN9 (100%) - M&P Operator

- 540 km 2D seismic reprocessing and interpretation.
- Start-up of surface geological studies.

### Tangara (24.5%) – Hocol operator

- Start-up of drilling of the Cascabel-1 well in September 2009.
- As of 31 December 2009 the drilling was underway.

## Peru



■ BLOCK 116

### Lot 116 (100%) - M&P Operator

- Start-up of biostratigraphic study.
- Start-up of civil engineering studies.



**15**

Drilling rigs,  
14 of which  
were in operation

**85%**

2009 usage rate  
for drilling rigs

**5**

Operations countries

**129**

Personnel as of  
31 December of  
foreign branches  
and the Paris office

**€139.1 M**

Sales (60% of sales  
is achieved  
outside the Group)

**€83.5 M**

Sales contributing to  
those of Maurel & Prom

**€8.6 M**

Results contributing  
to those of  
Maurel & Prom  
(10.3% of  
contributing sales)

**€24.1 M**

Company results  
(17.3% of sales)

**€15.4 M**

2009 investments

## Introduction

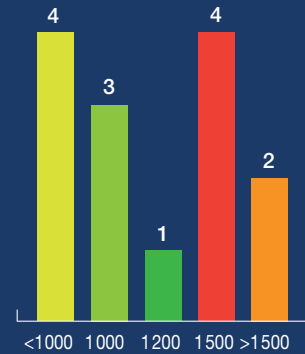
Caroil, a wholly owned subsidiary of Maurel & Prom, started offering oil drilling and mining services in the beginning of the 2000s when the Group decided to speed development on its M'Boundi and Kouakouala oil fields in the Congo.

Accompanying the Maurel & Prom Group in its development while seeking to control its market risks, the company Caroil gradually diversified and enlarged its portfolio of equipment as well as its international presence. The company is now owner of 15 rigs with a range from 250 CV to 2,000 CV.

Caroil's investments (acquisition of capacity or renewals) were primarily financed by cash contributions from its parent company. Today, Caroil has developed resources that allow it to self-finance its recurring expenses.

### Breakdown of rigs by power

(in HP)



## Strategy

The cost of leasing a rig represents statistically 1/4 to 1/3 of the total cost of drilling an oil well for development or exploration. Thus Caroil allows the Maurel & Prom Group to at once:

- Accelerate exploration and development of its oil fields.
- Control drilling costs.
- Take advantage of the opportunity to initiate contacts at a lower cost in order to enter on promising exploration licenses.

Caroil's development strategy follows two trends:

- To build and use fully owned rigs.
- Specialise and be recognised as a professional company for onshore drilling services by broadening its customer base while maintaining its special relationship with Maurel & Prom.

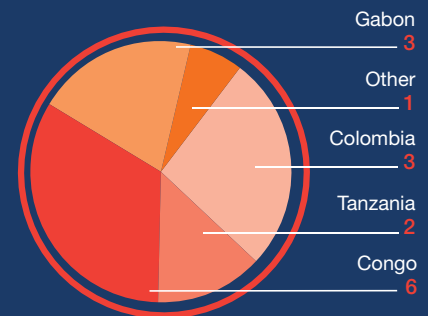
Initiated in 2005, the customer diversification policy has enabled Caroil to noticeably increase its contribution to the sales and financial results of the Maurel & Prom Group.

In 2010, Caroil will remain true to its objectives by emphasising:

- The development of its portfolio of varied customers.
- The enduring high quality of its services.

### Geographic breakdown of rigs

Total : 15





# 121,252,271

Number of shares on  
31 December 2009 of which  
**4.88%** are treasury shares

The Maurel & Prom financial communications department is in charge of relations with shareholders (individual and institutional) and with analysts. These relations are based on regular exchanges and seek to maintain a sphere of confidence between the market and the Company.

Today, institutional shareholders represent 45.19 % of the share capital and 8 financial analysis firms track Maurel & Prom activity. Other firms may join them during the year 2010.

Maurel & Prom also takes part in road shows organised throughout the world by the largest French and international banks, thereby enabling them to present the Group's activities and performance. Maurel & Prom also takes part in the largest conferences combining the main oil companies of similar size, in France and abroad.

#### Listed at:

Euronext Paris

#### Code :

ISIN: FR 0000051070

MNEMO: YMAU

Reuters: MAU.PA

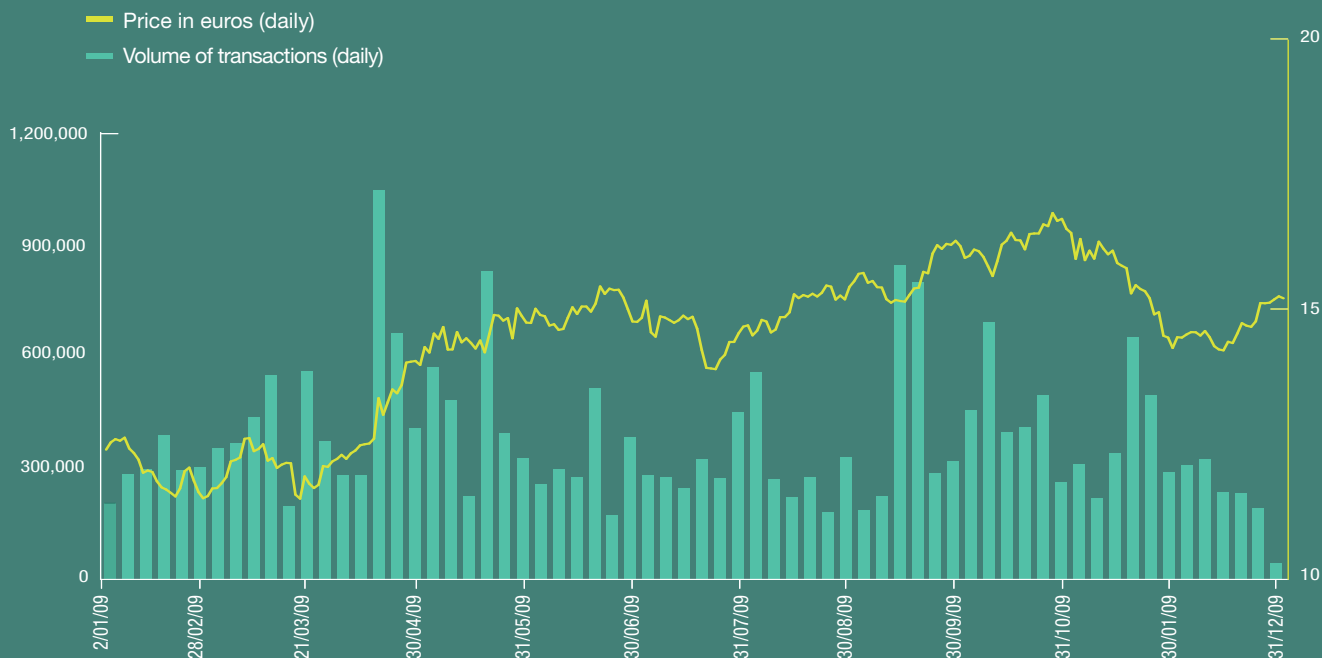
Bloomberg: MAU FP

#### Main index:

CAC Allshares (SBF 120)

# The Stock Exchange

Average daily prices and volumes of Maurel & Prom shares



## Changes in market price

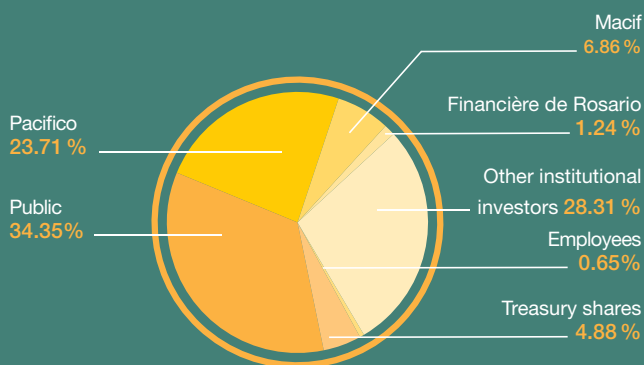
- Average daily volume in 2009: 426,570 shares
- Market capital on 1 March 2010: €1,367,725,616.88 at the share price of €11.28 per share, based on 121,252,271 shares.

Performance of market price for the year 2009: **+55 %**

- Lowest price (in trading): €6.97 on 3 March 2009
- Highest price (in trading): €15.13 on 21 October 2009
- Price on 31/12/2009: €12.675

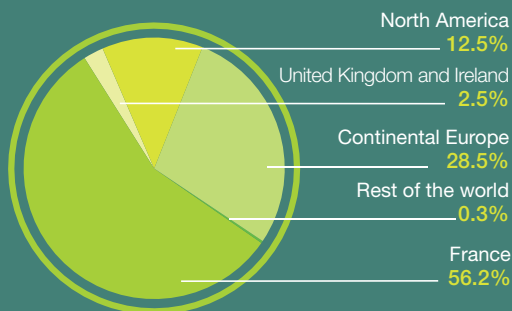
## Shareholder breakdown

at 31/12/2009



## Geographical breakdown of institutional investors

at 31/12/2009



# FINANCIAL PART

Financial  
situation  
Risk factors

Corporate  
governance

Maurel & Prom  
and its shareholders

Sustainable  
development  
Consolidated  
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# FINANCIAL SITUATION

## 1.1 FINANCIAL SUMMARY OF FISCAL YEAR 2009

### 1.1.1 Consolidated Financial Statements

In a difficult economic and financial environment, the Group had to put in place suitable responses that would guarantee its financial autonomy. The Group therefore undertook a deep restructuring of its assets and of its debt:

- Disposal of most of the Colombian assets for \$740 M;
- Signature of a financing agreement (RBL) for \$255 M;
- Issue of new convertible debt (OCEANE 2014) for €297 M;
- Reimbursement of a portion of the OCEANE 2010s (€201 M).
- Subscription for 45% of the capital of Seplat a Nigerian company that will repurchase 45% of interests in the OML 4, 38 and 41 licenses, acquisition process pending.

In this depressed financial market, the restructuring of the financial debt generated, a very significant amount of financial fees and charges, directly impacting the Company's accounts.

Slippage in the start date for production on the ONAL and OMKO fields (3 months) is also reflected in the reduced turnover from oil activities, which have already been affected by the prior loss of production from Colombia.

At the same time, the Group continued its proactive exploration program, which entails exploration expenses with a strong impact on the Group's operating income. However, two important successes should be pointed out in Gabon: OMGW and OMOG-N, which shed light on a new issue: Kissenda. This will be a major research theme in upcoming months.

It should be noted that investments in Gabon in the Onal region will allow the Group to begin production almost immediately on any new discovery, which is currently true for the OMKO and OMGW field, as well as the OMBG field in the coming days; these will significantly increase the Group's production level in 2010.

Cash of €428 M as of 31 December 2009 was €245 M on 1 January 2010, after repaying the €183 M for the balance of OCEANE 2010.

#### 1.1.1.1 Production

On average over the 2009 year, the Group's net production (after the in-kind oil taxation = extraction rights = entitled) reached 6,975 boepd (8,578 bbl/d with Venezuela).

The year 2009 was marked by the long-term testing of the OMKO-101 well that began on 23 February 2009, and by production at the Onal field that began on 9 March 2009.

Production of oil and gas in Venezuela, after in-kind removal of 30% of oil, was at 1,603 boepd for the year 2009. Oil represents 58% of production. This activity is not included in the Group's sales figure.

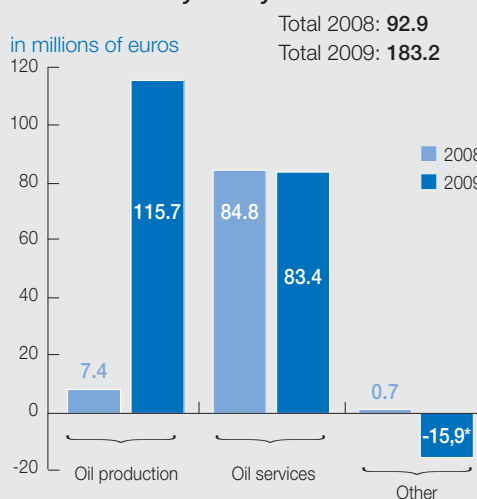
#### 1.1.1.2 Sales

Sales in the year 2009 were at €183.2 M compared to €92.9 M in 2008, adjusted for the disposal of Hocol.

This increase results from the production start up at the Onal and Omko fields in Gabon.

At the beginning of 2009, the Group put in place a policy to hedge the price per barrel. The average price for hedging was at \$61.7/b whereas the rate of the Brent was at \$61.5/b on average over the year 2009 with a maximum of \$80.22 and a minimum of \$40.04, resulting in a negative impact of sales on €15.9 M.

##### 1.1.1.2.1 Sales by activity

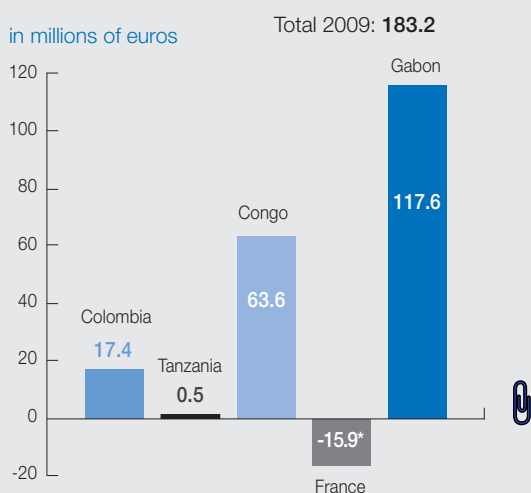


\* Negative impact of crude oil hedges

Fifty-four percent of 2009 sales came from oil production in Gabon (adjusted to reflect the impact of crude coverage) and 46% came from the drilling activity of the subsidiary Caroil, which is wholly owned by Maurel & Prom.

### 1.1.1.2.2 Sales by geographic region

in millions of euros



\* Negative impact of crude oil hedges

### 1.1.1.2.3 External factors that had significant impact on business

#### Background data

	2009 12 months	2008 12 months	Change
Exchange rate (€/\$)	1.39	1.47	- 5 %
Exchange rate (\$/€)	0.72	0.68	+ 6 %
Brent (\$/barrel)	61.5	97.0	- 37 %
WTI (\$/barrel)	61.7	98.9	- 38 %

The oil industry was in 2009 marked by the volatility of the price of oil. The average price of the Brent and the WTI are in decline, respectively, by 37% and 38% compared to the year 2008. The rise in the price of the American dollar has, on the other hand, had a favourable effect on sales, partially weakening the negative effect of changes in the price per barrel.

### 1.1.1.3 Operating income

Operating income for the year 2009 was a negative €28.3 M. It was primarily affected by the following elements:

- - €53.7 M costs for exploration entered as an expense due to the intense exploration program. The amounts entered as expense break down essentially as follows:

Draco - Syria	€10.6 M
Rovuma - Mozambique	€10.3 M
Mohoro - Tanzania	€13.5 M
Mihambia - Tanzania	€6.3 M
Kokorong 1 - Senegal	€3.8 M
M'Bafou - Congo	€4.3 M
Tié-Tié - Congo	€4.7 M
Minangu (2009 supplement) - Tanzania	€0.2 M

- (- €35.3 M) in amortisations corresponding mainly to the Onal productive fixed assets (- €12.4 M), Omko (- €4.0 M) and Banio (- €0.3 M) and to Caroil (- €14.5 M).

Onal production start up allowed for an improvement in the Group's margins, whereas drilling activity was remarkably resistant to the crisis.

### 1.1.1.4 Financial income (loss)

Financial income was a negative (- €25 M). It breaks down as follows:

- interest linked to OCEANE borrowings for expenses of - €35 M including a negative €12.8 M from the OCEANE 2014s.
- capital gains made on hydrocarbon derivatives instruments for €13 M linked to hedges made in the first quarter 2009.
- income on foreign exchange derivatives in the amount of €22.2 M resulting from current cash management transactions made to limit the Company's €30.8 M in foreign exchange losses resulting from its strong position in dollars.

### 1.1.1.5 Net consolidated income

Net consolidated income totalled - €50.7 M. It was affected by the net consolidated income from activities sold in Colombia (Hocol), a loss of €4.6 M. This result includes all proceeds and interest from activities sold up to the loss of control on 28 May 2009 as well as the income from the sale itself.

The additional price clause for the reserves of the Huron field under the Niscota permit is not used at this stage since it depends on an appraisal by an independent observer of these reserves as of 31 December 2010. It is limited to \$50 M.

The additional price clause based on the average price per barrel of oil in 2010 is valued at the market value at the end of December 2009, i.e., €37.8 M. The amount

of this final price supplement of unknown amount is limited to \$65 M.

### 1.1.1.6 Balance sheet

The balance sheet total on 31 December 2009 was €1 645 M. The Group's share of equity capital was at €940 M compared to €1.036 M on 31 December 2008, or a negative difference of €96 M, primarily from the impact of the 31 December 2009 valuation adjustment of the derivatives (- €61.3 M) and the dividend distribution (- €40 M paid in July 2009), from the bonus linked to the OCEANE 2014 for a +€ 16.7 M and from conversion differences (+ €24.6 M).

### 1.1.1.7 Investments

The total amount of investments made in 2009 is €439 M, and breaks down as follows:

in millions of euros	Colombia	Gabon	Tanzania	Mozambique	Congo	Syria	Other	Total continuing activities	Transferred activities	Total
Exploration	19	99	68	10	16	13	5	230	21	251
Development	0	141						141	31	173
Petroleum services	2	3	1		10			15	0	15
<b>TOTAL</b>	<b>21</b>	<b>243</b>	<b>69</b>	<b>10</b>	<b>26</b>	<b>13</b>	<b>5</b>	<b>386</b>	<b>52</b>	<b>439</b>

### 1.1.1.8 Cash flow

The Group's self-financing capacity is €13 M. The net cash flow generated by the operating activity is €53.3 M.

On 31 December 2009, Maurel & Prom posted net cash of €428 M (including €210 M denominated in USD), an increase of €239 M compared to 31 December 2008 resulting from, in particular:

- the deposit of the proceeds from the disposal of Colombian assets worth €457.2 M,
- a sustained investment effort of €386 M (€439 M if sold activities are included) on all the Group's activities,

- effect of the retrocession to Tulip Oil of 15% of stakes in the Onal and Omko fields (+ € 77.7 M),
- the difference between the proceeds from the OCEANE 2014 issue operations and the repurchase of the OCEANE 2010 (+ €85 M),
- the deposits of the proceeds from the sale of derivatives allocated to hedge risks relating to Colombian activities sold (+ €66.2 M),
- the dividend paid on 20 July 2009 for a total amount of €40 M, of which €8 M were paid in shares.

### 1.1.1.9 Intragroup relations

The table below shows the main aggregates of the Group and their breakdown between its main subsidiaries as of 31 December 2009:

Consolidation value (excluding dividends) In thousands of euros	Colombia / Venezuela	Caroil	Gabon	Other	Holding company	Consolidated total
<i>Immobilised assets (including goodwill)</i>	20,097	107,911	679,731	195,679	1,744	1,005,163
<i>Financial debt (*)</i>		2	45	1	456,451	456,499
<i>Net cash in the balance statement (**)</i>	711	-42,535	6,549	4,613	458,206	427,544
<i>Cash flows linked to the activity</i>	59,146	17,375	178,571	111,998	-313,747	53,343
<i>Dividends paid in the year and returning to the listed company</i>	-	-	-	-	84,930	84,930

(\*) except for banking overdrafts presented in net cash  
(\*\*) cash net of banking overdrafts

Transactions between the Company and its subsidiaries are in various domains (provision of services, current account agreements, etc.). The financial flows covered by regulated agreements are presented in the Auditor's special report to the financial statements shown in paragraph 9.3.

Mr. Hénin, Chairman and Chief Executive Officer, also works as manager in the Group's subsidiaries. The positions held by Mr. Hénin in the subsidiaries are listed in paragraph 3.2.1.2.

### 1.1.2 Individual corporate accounts

Sales reached €12,3 M for the year 2009.

The operating income was a negative €72M.

Financial income was €181.2 M and includes a reversal of provisions, on securities of (- €115 M), following the liquidation of the Maurel & Prom Gabon Ltd subsidiary.

The exceptional income of €34.3 M is essentially due to the €146.2 M in capital gains on the books, excluding a €153.1 M foreign exchange effect, from the disposal of securities of HPL (Colombia) and the elimination of Maurel & Prom Gabon Ltd. securities (- €115 M) following the liquidation of the corporation.

Taking these items into consideration, the net income comes to €143.5 M.

## 1.2 GROUP OIL RESERVES AND RESOURCES

For 2009, the Group's oil and gas reserves and resources are presented in two separate tables to provide more detail.

### 1.2.1 Oil reserves at 1 January 2010

Oil reserves were certified on 1 January 2010 by DeGolyer & Mac Naughton on the basis of economic conditions and using existing geological and engineering data, making it possible to estimate the quantities of hydrocarbons that can be produced. The evaluation process involves subjective judgements and may lead to subsequent re-evaluations on the basis of advances in the knowledge of the strata.

P1+P2 reserves at 1 January 2009 were 119 Mboe, corresponding to 114.3 Mbbl (oil) and 4.6 Mboe (gas). After reprocessing the portion of reserves linked to gas fields, at 1 January 2009 the Group had 114 Mbbl of oil. In 2009, the Group detected 5 Mbbl additional P1+P2 reserves net of royalties, compared with production 3 Mbbl, net of royalties (including Venezuela).

Development of the Onal field allowed a 66% increase of P1 reserves, resulting from a reclassing of P2 reserves as P1 reserves.

For the reserves or resources linked to the acquisition in Nigeria and the success of the OMOC-N-1 well, see paragraph 1.5.1 under "Events occurring after closing".

The following table shows the Group's oil reserves net of royalties. This table excludes potential reserves linked to exploration.

OIL RESERVES (in Mbbbl\*)

Region	Licenses	Oil reserves / Royalties deducted	P1	P2	2P = P1+P2	P3
Gabon	Onal (Oil)	Reserves (01/01/2009)	23.6	61.0	84.6	22.1
		2009 production (net of royalties)	-2.0	-	-2.0	-
		Revision	14.9	-10.4	4.6	13.6
		Reserves (01/01/2010)	36.6	50.6	87.2	35.7
	OMKO (Oil)	Reserves (01/01/2009)	3.1	15.3	18.5	153.0
		2009 production (net of royalties)	-0.6	-	-0.6	-
		Revision	4.8	-9.9	-5.2	-148.1
		Reserves (01/01/2010)	7.3	5.4	12.7	4.9
	OMBG (Oil)	Reserves (01/01/2009)	0.8	3.4	4.2	13.9
		2009 production (net of royalties)	-	-	-	-
		Revision	-	-	-	-
		Reserves (01/01/2010)	0.8	3.4	4.2	13.9
	Banio (Oil)	Reserves (01/01/2009)	0.4	0.1	0.6	-
		2009 production (net of royalties)	-0.1	-	-0.1	-
		Revision	0.1	-	0.1	-
		Reserves (01/01/2010)	0.4	0.1	0.5	-
TOTAL Gabon	Reserves (01/01/2009)	28.0	79.8	107.8	188.9	
	2009 production (net of royalties)	-2.8	-	-2.8	-	
	Revision	19.8	-20.3	-0.6	-134.5	
	Reserves (01/01/2010)	45.0	59.5	104.6	54.4	
Venezuela	B2X 70-80	Reserves (01/01/2009)	4.2	2.0	6.2	0.1
		Production 2009 (nette de redevances)	-0.3	-	-0.3	-
		Revision	-0.3	-	-0.2	-
		Reserves (01/01/2010)	3.7	2.0	5.7	-
TOTAL	Certified oil reserves	Reserves (01/01/2009)**	32.2	81.8	114.1	189.0
		2009 production (net of royalties)	-3.0	-	-3.0	-
		Revision	19.5	-20.3	-0.7	-134.5
		Reserves (01/01/2010)	48.7	61.5	110.3	54.5
Congo	Loufika (Oil)	Reserves (01/01/2009)	-	0.2	0.2	0.5
		2009 production (net of royalties)	-	-	-	-
		Revision	-	-0.2	-0.2	0.2
		Reserves (01/01/2010)	-	-	-	0.7
Gabon	OMGW (Oil)	Reserves (01/01/2009)	-	-	-	-
		2009 production (net of royalties)	-	-	-	-
		Revision	1.8	4.3	6.1	3.2
		Reserves (01/01/2010)	1.8	4.3	6.1	3.2
TOTAL	Other*** oil reserves	Reserves (01/01/2009)**	-	0.2	0.2	0.5
		2009 production (net of royalties)	-	-	-	-
		Revision	1.8	4.1	6	3.4
		Reserves (01/01/2010)	1.8	4.3	6.1	3.9
GRAND TOTAL	Certified reserves and other oil reserves	Reserves (01/01/2009)**	32.2	82.0	114.3	189.5
		2009 production (net of royalties)	-3.0	-	-3.0	-
		Revision	21.3	-16.2	5.2	-131.1
		Reserves (01/01/2010)	50.5	65.8	116.4	58.3

\* Mbbbl = Millions of barrels of oil.

\*\* restated from Colombia reserves and gas.

\*\*\* the Congo reserves were certified by DGMN at 1 January 2009. The OMGW reserves in Gabon were the subject of a preliminary DGMN report dated 1 April 2010.

P1 = proven reserves P2 = probable reserves P3 = possible reserves

On 1 January 2010, the proven reserves (P1) were 50.5 Mbbbl and the proven and probable reserves (P1+P2) were 116.4 Mbbbl. These represent the portion of the Company's interest in each of the permits, deducting royalties.

On the Onal field (85%): Well drilling in the south-east area of the Onal field, which showed an extension of the oil field, and the behaviour of wells in production since 9 March 2009 revealed a level of P1+P2 reserves at the end of 2009 that was greater than the corresponding reserves at the end of 2008 taking into consideration the 2009 production at 2 Mbbbl. This increase of 13 Mbbbl of P1 reserves results from the reclassification in this class of a portion of reserves classified as P2 as of 1 January 2009. On the other hand, because the injection of water only started at the end of December 2009, the expected effect on the recovery factor was only used this year for the P2 reserves. The certified P1+P2 reserves only correspond to the base sandstone layer.

On the Omko field (85%): Drilling of Omko-102 and Omko-103 wells increased the P1 reserves by 4.2 Mbbbl. On the other hand, the pronounced depletion of these wells resulting from the production of Omko-101 indicates a more limited extension of the reservoir toward the aquifer that affects the 2P reserves. The Omko-102 and Omko-103 wells will be changed into injector-type wells in 2010 to bring the pressure in the reservoir back up. The redrawing of the outline of the field results in the drastic reduction of the P3 reserves.

The OMGW reserves in Gabon were the subject of a preliminary report by DGMN dated 1 April 2010.

The OMBG (85%) field are unchanged. A line originating from the OMGW field and connecting with the Onal production centre will allow production from this field to be collected in 2010.

The certified P1+ P2 reserves of the Banio field (92.5%) amount to 0.5 Mbbbl and are connected to the Banio-2 field.



### 1.2.2 Gas reserves and resources

Resources are the reserves that are not yet under commercial contract. These reserves and resources have not been certified but have been estimated and evaluated.

#### GAS RESERVES AND RESOURCES (in Mboe\*)

Regions	Licenses	Gas reserves Royalties deducted	P1	P2	2P = P1+P2	P3
Sicily	Fiume Tellaro (Gas)	<i>Resources (01/01/2009)</i>	-	-	-	98.3
		<i>2009 production (net of royalties)</i>	-	-	-	-
		<i>Revision</i>	-	-	-	-
		<i>Resources (01/01/2010)</i>	-	-	-	98.3
Tanzania	Mnazi Bay	<i>Resources (01/01/2009)</i>	-	-	-	-
		<i>2009 production (net of royalties)</i>	-	-	-	-
		<i>Revision</i>	-	45.0	45.0	75.0
		<i>Resources (01/01/2010)</i>	-	45.0	45.0	75.0
Venezuela	B2X 70-80	<i>Reserves (01/01/2009)</i>	3.0	1.6	4.6	-
		<i>2009 production (net of royalties)</i>	-0.3	-	-0.3	-
		<i>Revision</i>	0.3	0.2	0.4	-
		<i>Reserves (01/01/2010)</i>	3.0	1.8	4.8	-
TOTAL	GAS	<i>Resources and reserves (01/01/2009)**</i>	3.0	1.6	4.6	98.3
		<i>2009 production (net of royalties)</i>	-0.3	-	-0.3	-
		<i>Revision</i>	0.3	45.2	45.4	75.0
		<i>Resources and reserves (01/01/2010)</i>	3.0	46.8	49.8	173.3

\* Mboe = Millions of barrels of oil equivalent.

\*\* restated for Colombian reserves.

P1 = proven reserves P2 = probable reserves P3 = possible reserves

The gas/oil conversion factor used is: 1 barrel of oil = 5,610 cubic feet of gas.

The amounts of gas linked to the Mnazi Bay license in Tanzania, of which the Group acquired 38.2% interests, were estimated by Rose & Associates at 45 Mboe in P1+P2 reserves and 75 Mboe in P3 reserves, for the Group's share net of royalties.

The Group's gas reserves in Venezuela have been certified by the American firm DeGolyer & Mac Naughton on 1 January 2010.

The gas reserves in Sicily were evaluated by by DeGolyer & Mac Naughton on 1 January 2009.

## 1.3 INVESTMENTS

### 1.3.1 Main investments made during the last three years

The table below summarises the Group's investments in the last three years:

In thousands of euros	2009	2008	2007
<b>OIL ACTIVITIES</b>	423,348	510,727	351,210
<i>Gabon</i>	239,720	260,031	160,730
<i>Congo</i>	16,008	6,015	76,275
<i>Colombia (*)</i>	71,355	159,329	96,376
<i>Tanzania</i>	68,102	76,121	14,068
<i>Mozambique</i>	10,262		
<i>Venezuela</i>		27	
<i>Peru</i>	1,221		
<i>Senegal</i>	4,071	1,050	
<i>Syria</i>	12,609	8,154	3,761
<b>OIL SERVICES</b>	15,423	27,700	56,119
<b>OTHER</b>	375	561	1,118
<b>TOTAL</b>	439,146	538,988	408,447

(\*) In Colombia the investments concern the company Hocol before disposal for €52,164 K, and Maurel & Prom Colombia for €19,191 K.

### 1.3.2 Main investments in progress

Investments in progress as of 31 December 2009 reached €316.4 M as follows:

- As of 31 December 2009, drilling operations were underway at the Draco well in Syria (€10.6M), the M'Bafou (€4.3M) and Tié-Tié (€4.7M) wells in the Congo, the Mafia-Deep1 (€86M) well in Tanzania and the Cascabel (€7.8M) well in Colombia.
- Work in progress valued at €10M on 31 December 2009 has been committed to increase the power of drilling rigs in particular in the Congo, given the performance levels agreed upon with Eni.
- Development of activities in Nigeria: as part of its acquisition of an interest (45%) in Seplat, the group will initially invest \$193 M and take the necessary measures to allow for financing by the other shareholders in a similar amount.

### 1.3.3 Main investments considered

Investments for exploration in the year 2010 are projected at \$218 M. They may be reviewed during 2010 depending on the results of studies and drilling underway.

Investments for production and development for \$105 M concern mainly Gabon with the pursuit of development of the Onal field but also production start up of new fields under the Omoueyi permit.

Investments linked to oil services should reach \$23 M.

## 1.4 BORROWING AND FINANCING

### 1.4.1 Borrowing conditions and financing structure

#### Bonds

##### ■ Issue of new OCEANE 2014 bonds

On 7 July 2009, the Company issued 19,074,519 OCEANE at €15.60 per unit, for a total gross amount of €297,562 K, of which €11,733 K represents issue costs.

The bonds bear interest at a rate of 7.125% per year (coupons payable on 31 July of each year), and will be fully amortised by repayment at par on 31 July 2014. The conversion or redemption may be carried out at any time at a rate of 1 share per bond. This issue has allowed for the repayment of the OCEANE 2010 bonds described below.

##### ■ OCEANE 2010

On 9 March 2005, the Company had issued 16,711,229 bonds with option for conversion and/or exchange for new or existing shares (OCEANE) for a total amount of €374,999 K. The bonds bore interest at 3.5% per year (coupons payable on the 1st day of the year).

The Company has opened a period to redeem OCEANE 2010 at the par value plus a premium of 1.6% (i.e., a redemption price of €22.80) in exchange for relief with regard to 2009. This redemption covered 8,820,635 OCEANE, for a total amount of €201,110 K.

The residual amount redeemed as of 1 January 2010 was €176,844 K, to which is added the interest on the remaining OCEANE for €6,191 K.

#### Other borrowings and financial debts

On 30 January 2009, the Company entered into a new facility with a bank consortium that includes BNP Paribas, Calyon, Natixis and Standard Bank Plc, for a maximum of \$500 million, of which \$255 million is covered by firm commitments from these banks, secured by a pledge of the Group's Gabonese and Colombian oil reserves ("2009 Reserve-Based Loan", known as RBL 2009). This facility was renegotiated to take into consideration the sale of the company Hocol and an amendment was signed on 29 May 2009.

This facility has not been used.

The use of this facility rests on covenants that need to be followed every half-year to guarantee the conditions for drawing:

- ratio of consolidated financial debt/capital resources (excluding foreign exchange impact and derivative hedge instruments) < 1,

- current ratio > 1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives).

At the date of this Annual Report, the Company adheres to these ratios.

### 1.4.2 Restrictions on the use of capital having a significant effect on operations

As part of the RBL 2009, the Company has agreed to:

- periodically update its cash plan;
- grant no sureties or guarantees on certain assets of a Group member;
- engage in no disposals of certain oil assets of the Group on which the 2009 RBL was established, particularly the disposal of certain oil fields located in Gabon;
- not incur any additional financial indebtedness, except :
  - in relation to current bonds
  - from the OCEANE 2014 issue
  - subordinate bonds maturing later than the Reserve Based Loan 2009
  - bonds secured by assets other than the petroleum assets of the group on the basis of which the RBL 2009 was established
  - certain intra-group borrowings
  - Other indebtedness up to \$50 M for the Group as a whole;
- not to extend loans to third parties outside of current commercial transactions related to its activities.

### 1.4.3 Sources of financing planned for the main investments considered

To finance the main investments it is considering, the Group specifically has:

- its available cash (€251 M on 4 January 2010 after redeeming the balance of the OCEANE 2010) that essentially comes from the disposal of its Colombian assets;
- a banking facility established on its oil reserves (RBL) in a maximum amount of \$500 M of which \$255 M is covered by firm commitments;
- its 2010 operating cash flow, which is up sharply.

## 1.5 TRENDS AND OUTLOOK

### 1.5.1 Events occurring after closing

#### 1.5.1.1 The success of the OMOC-N-1 well

The OMOC-N-1 exploration well, drilled under the Onal permit, has uncovered a 111 m oil column. Tests have established a minimum pumping flow of 1,700 bbl/day of oil similar to that of Onal, which will be processed and removed using the existing facilities.

Following the success of the OMOC-N-1 well, Maurel & Prom asked the independent auditor DeGolyer & Mac Naughton for a first appraisal of the potential reserves linked to the new field.

These reserves were evaluated by DGMN on 1 April 2010, with the lack of a precise development plan, at 2.8 Mbbbl in P1 reserves and 6.7 Mbbbl in P1+P2 reserves net of royalties. This evaluation is a first approach to this field's reserves based on one well and one seismic line.

These evaluated reserves shall be certified on 1 January 2011 by DGMN following revisions after various drilling and seismic work conducted during the year on this field.

*(See press releases 06-10 of 1 March 2010 and 09-10 of 7 April 2010)*

#### 1.5.1.2 Maurel & Prom opens in Nigeria: a strategic move

The Maurel & Prom Group acquired 45% ownership in the Nigerian company Seplat. The remaining 55% interest is shared by Nigerian companies Shebah Petroleum Development Company Ltd and Platform Petroleum Ltd.

Seplat, for its part, signed an agreement with Shell, Agip and Total to acquire 45% ownership in the OML 4, 38 and 41 in the Nigerian on-shore. NNPC (Nigerian national corporation) holds a 55% additional interest in these permits which will be operated by Seplat.

The 2P (P1+P2) reserves for these permits before deducting royalties were appraised by Gaffney, Cline and Associates at 76 Mboe for the Seplat portion (oil and condensate), i.e., a net share of royalties of 27 Mboe for Maurel & Prom. Moreover, fields have been discovered that require supplementary work prior to certification of additional reserves (assessed at a net share of royalties for M&P of 53 Mboe), as well as a potential that is not quantified to date and supported by a number of 2D and 3D seismic lines.

In addition, there are gas resources of lower value. These resources have been evaluated by Gaffney, Cline and Associates at 26 Mboe, net of royalties for Maurel & Prom for the producing gas fields and at 34 Mboe for the gas fields that have been discovered but have not been developed.

*(See press releases 01-10 of 29 January 2010, 03-10 of 3 February 2010 and 09-10 of 7 April 2010).*

#### 1.5.1.3 Extension of the mining area in Tanzania

An agreement for the purchase by Maurel & Prom of interests sold by Dominion in Tanzania was signed on the following basis:

- acquisition of an additional 40% in the Mandawa exploration permit, thus bringing the portion owned by Maurel & Prom to 90% and that of Dominion to 10%;
- acquisition of 35% of interest in the Kisangire exploration permit, operated by Heritage Oil. Maurel & Prom's share in this license will be financially held by Heritage Oil in the next exploration well.

*(See the press release 05-10 of 15 February 2010).*

#### 1.5.1.4 Information on the drilling of Mafia Deep History

Drilling for the Mafia Deep well began on 4 August 2008. The initial objective was to reach a maximum depth of 4,600 metres. During the drilling, interpretation of the well's data meant revising the seismic interpretation and a redefining the target to a depth of approximately 5,600 metres.

#### Technical conditions and drilling

The depth of 3,050 metres was reached on 22 November 2008. The Group then carried out a series of three side tracks to reach the final depth of 5,632 metres on 30 August 2009.

As drilling progressed deeper and deeper, the teams encountered temperatures that are exceptionally high for the oil industry (above 255°C, i.e., above 500°F) and pressures of 10,000 psi, requiring long delays at each operation.

#### Zones of interest and tests

Three zones of interest were apparent during the drilling:

- The deep zone (starting at 5,519 metres) was first reached on 5 May 2009. The drilling conditions made controlling the well difficult and it was thus not possible to test the zone whose potential remains intact and unknown.
- Logs from the intermediate zone confirmed a column of gas approximately 600 metres thick in a fractured formation and also a column of gas with a cumulative thickness of 110 metres in low porosity sandstone reservoirs. As this gas appeared through a network of faults that was not the target, they were systematically blocked by large quantities of unsuitable material and barites during drilling.

It nonetheless remains that the sum of various impregnated heights makes it possible to quantify the gas present in this zone at approximately 4 TCF. To confirm the quantity of these resources, the Group will

hire an independent expert who will evaluate the amounts of economically recoverable gas.

- Tests conducted in the upper zone showed a good quality, weakly eruptive reservoir (100 to 160 bbl/day of filtrate) following the invasion of the formation during drilling. At this stage the Group has not yet evaluated the extension of the possible reservoir.

(See press release 07-10 of 17 March 2010).

#### 1.5.1.5 New start-up in Gabon

##### **Omoueyi Exploration Permit (M&P operator 100%)**

Production of the OMGW-1 well started up on 16 March 2010. This exploratory well in the Gwedidi field was connected to the Onal production centre and has started production as part of a test for a period of one month starting 15 March 2010. The conduit connecting the Gwedidi field to Onal was placed so as to pass through the Mbigou field.

##### **Onal AEE (M&P operator 85%)**

The 4 wells, Onal-1001-1002-1003 and 1004, dug between July 2009 and January 2010 in the southeast of the Onal field, were reconnected by placing a collector that connected the PF-1000 platform with the PF-200 platform.

##### **Nyanga Mayombe Exploration Permit (M&P operator 100%)**

##### **Banio AEE (M&P operator 92.5%)**

On 12 March 2010, the Group secured the signing of an Exclusive Exploitation Permit for the Banio field. The Group's interest in this field is now 92.5%.

(See press release 08-10 of 29 March 2010).

#### 1.5.2 Changes in the activity: known trends, uncertainties, commitments or events likely to significantly impact the outlook of the current fiscal year

In 2010, the Company plans to pursue its investment efforts by starting production of the positive wells discovered in the Onal region in Gabon, evaluating the discovered fields, and through an active exploration campaign in the countries in which the Group is active.

The integration of the Nigerian assets shall also be among the challenges in 2010 through the exploitation of reserves linked to the developed and undeveloped fields.

##### 1.5.2.1 Production

In 2010, the Group's hydrocarbon production will essentially come from the assets in Gabon, and the production from Nigerian assets is not included at this stage in the Group's forecast production profile.

The Group's strategy was to design facilities in the Onal production centre large enough to receive future production from its satellites (OMGW, OMBG, OMOC, OMKO and OMOC-N). This strategy will bear fruit since

during the year 2010 these various satellites will be put into production and can thus be directly connected to Onal.

##### 1.5.2.2 Sales

The Group forecasts a turnover in the oil and gas production activity of €290 M (\$420 M), not including hedging, and contributing sales of €83 M (\$120 M) in the oil service activity. The Group assumed for 2010 a Brent at \$70 and an exchange rate of €1 for \$1.45.

## 1.6 LARGE CONTRACTS

In Gabon, Maurel & Prom maintains a direct customer relationship only with the company Socap International Ltd, a subsidiary with the Total group. The company Socap receives and sells crude oil from the Onal field in Gabon. With respect to the quality of the Socap signature, the Company considers there is no customer risk.

On 30 January 2009 the Company concluded an RBL financing contract with a banking pool, whose terms and conditions are described in paragraph 1.4.1 and 1.4.2 of this document.

Outside of these contracts and others signed in the course of its normal activities, the Company has not entered into any significant contracts.

## 1.7 FINANCIAL INFORMATION

### 1.7.1 Historical financial information

The management report, the consolidated financial statements and the Annual Reports for the years ended 31 December 2007 and 31 December 2008, including the Statutory Auditors' reports on these latter, appear, respectively, in the registration documents filed on 29 April 2008 with the Autorité des marchés financiers under number D.08-0330 and on 30 April 2009 under number D.09-0368, which are incorporated by reference in this Annual Report.

### 1.7.2 Verification of historical financial information

For verifications of historical financial information, please see the Statutory Auditors's reports on the individual corporate statements and the consolidated statements appearing in the financial annexes of this Annual Report and the previous Annual Reports mentioned in paragraph 1.7.1 above.

### 1.7.3 Other information appearing in the Annual Report, verified by the auditors

The Statutory Auditor's reports on the report of the Chairman of the Board of Directors and the regulated agreements are shown in the financial annexes.

# 2 RISK FACTORS

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# RISK FACTORS

Exploration and production of hydrocarbons requires high levels of investment and are accompanied by high risk of loss of invested capital due particularly to the risks associated with geological, economic, legal or political factors described hereinafter. To these risks, which are specific to the oil sector, we should add other risk factors linked to the Group's industrial and commercial activities.

Consequently, investors (before deciding to invest) and shareholders are invited to examine all the information contained in this Annual Report including the risks described below. If they arise, these are the risks that, at the date of filing this Annual Report, could have a significant negative effect on the Group, its business, its financial situation and/or its performance and that are important for making investment decisions.

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

### 2.1.1 Risks linked to the evaluation of reserves

Reserves on 1 January 2010, presented in paragraph 1.2 of this document have been certified or evaluated by external certifiers on the basis of economic conditions and using geological data and existing engineering to estimate quantities of hydrocarbons that can be produced. The evaluation process involves subjective judgments and may need to be re-evaluated in the future according to advances in the knowledge of strata.

### 2.1.2 Risks linked to exploration and to renewal of reserves

The exploration business, which relies on the discovery and extraction of hydrocarbons, requires the commitment of significant preliminary operations. Geological and seismic analyses are thus preliminary 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 or to decide whether to pursue exploration. At the time these operations are launched, there are still numerous uncertainties about the quality of hydrocarbons and the feasibility of their extraction.

The hydrocarbons sought when obtaining permits and during drilling operations may be absent or inadequate in their quantity to be economically exploitable.

Consequently, the numerous uncertainties that remain during the exploration phase mean that the Group

cannot ensure that the investments committed will be adequately profitable.

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

It is thus impossible to guarantee that new oil or gas resources will be discovered in adequate quantities to replace existing reserves or to allow the Group to recover all the capital invested in exploration activities and ensure the profitability of the investments made.

In order to limit the technical risks linked to exploration, programmes for exploration are validated upstream based on technical criteria before being submitted to the approval of the Board of Directors. Moreover, the Group's exploration program is sent twice per year to shareholders and the results of the exploration wells are sent to the media as soon as they are known.

### 2.1.3 Risks linked to hydrocarbon production capacity

When the estimate of reserves and the economic analysis justify development of a discovery, the reserves may, during production, turn out to be less than those forecast, and thus compromise the economics of the operation.

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

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

Finally, oil or gas production of the Group may be limited, delayed or cancelled due to a number of factors inside or outside the Group, among which are the malfunction of production facilities or discharge of hydrocarbons, administrative delays, in particular in the approval of development projects in host countries, shortages, delays in delivery of equipment and materials and unfavourable weather conditions. Such factors may have an impact on the Group's cash flow and results.

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

- All development projects are validated on technical and financial bases before being submitted to the board for approval.
- Dedicated teams have been put into place for each major project.
- Risks are continuously assessed on the basis of technical and financial reports and indicators to measure progress in performance.

#### 2.1.4 Political risk

Part of the Group's activities and hydrocarbon reserves are in countries that may in some cases be considered to present risks of political or economic instability. In one or more of these countries, the Group could in the future face risks such as the expropriation or nationalization of its assets, the breaching or renegotiation of Production Sharing Contracts (PSCs), exchange control restrictions, losses due to armed conflict or terrorist action, or other problems arising from those countries' political or economic instability.

In order to limit the political risks, the Group spreads its exploration and production programmes among several countries and within these countries the Group seeks to maintain a discreet presence by emphasising its skills. Moreover, in some of these countries the Group depends on the experience and practice of the oil operators of its local partners who are well established and who enjoy an excellent reputation both ethically and professionally.

#### 2.1.5 Risks linked to competition

The Group faces competition from other oil companies to acquire rights on oil permits for the exploration or production of hydrocarbons. Due to its positioning and its size, the main competitors of the Group are "junior" or "mid-size" oil companies.

In order to limit the competitive risks for obtaining permits, the Group maintains, in compliance with the custom in the oil sector, partnerships with other "junior" and "mid-size" oil companies.

#### 2.1.6 Industrial and environmental risks

The group faces industrial and environmental risks that are specific to the oil and gas activity. 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 damaging or destroying the hydrocarbon wells in production, as well as the surrounding facilities, endangering human lives or property, and leading to interruption of business, causing environmental damage with certain direct

consequences for the health and economic lives of nearby communities.

In order to limit the industrial and environmental risks, the Group has put in place an HSE policy (Hygiene, Safety, Environment) described in Chapter 6. The Group is also hedging against certain risks by subscribing to specific insurance policies (cf. paragraph 2.4 below).

## 2.2 FINANCIAL RISKS

### 2.2.1 Risk of fluctuations in hydrocarbon prices

The economy and in particular the profitability of the oil and gas industry are very sensitive to the price of hydrocarbons expressed in American dollars.

The cash flow and the Group's forward-looking results are strongly impacted by the change in price of hydrocarbons expressed in American dollars.

In order to limit the risk of exposure to fluctuations in oil and gas prices, the Group has a policy to hedge a portion of its future production against any decrease in prices, using financial instruments adapted to its size and its production, thus taking advantage of any rise in these decreases on the non-hedged part of production. This hedging policy is part of the management of bank credit lines made available to the Group.

On the basis of hedges existing at 31 December 2009 provided in Note 10 to the Consolidated Financial Statements, an increase in the price of crude of \$10 compared to the forecast reference price of \$70 results in a variation of €18 M in the Group's cash inflows in 2010.



## PORTFOLIO OF HEDGING INSTRUMENTS AS OF 31 DECEMBER 2009

Start date	End date	bbbl/d	Sale price	2009	1st HY 2010	2nd HY 2010	2011	Mark to Market 31/12/2009 €M
01/04/09	30/06/10	1,500	71.0	1,500	750			- 1.0
01/04/09	31/12/10	500	63.4	500	500			- 2.4
01/01/09	31/12/10	1,000	57.0	1,000	1,000			- 6.6
01/03/09	31/12/10	2,250	58.8	2,250	2,250			- 13.7
01/01/09	31/12/09	500	58.3	500				- 0.2
01/01/09	31/12/10	500	55.0	500	500			- 3.6
01/01/09	31/12/11	500	62.0	500	500		500	- 5.6
01/05/09	31/12/11	2,000	62.2	2,000	2,000		2,000	- 22.3
				8,750	7,500	6,750	2,500	- 55.3
Average price in \$				61.7	60.9	59.8	62.1	

### 2.2.2 Foreign exchange risk

The currency most often used in the oil industry is the American dollar. It follows, therefore, that the Group's operating currency is the American dollar since sales, the largest portion of operating expenses and a significant part of investments, are denominated in this currency.

However, to the extent that the euro is the Group's accounting unit, the Group's financial results as well as the balance sheet values are very sensitive to the euro/dollar parity. A fluctuation of 10% in the euro/dollar parity at closing (1.4406) results in a variation on the order of €30 M in the Group's income in 2010, all things considered equal.

In order to limit this structural exchange risk, the Company uses hedging strategies that use derivative transactions (currency futures transactions and foreign exchange options) and the Company maintains a portion of its liquidities in American dollars in order to finance forecasted investment expenses in American dollars.

There is no foreign exchange hedging as of 31 December 2009.

Following the sale of Hocol (a Colombian subsidiary) conducted in dollars and given that the potential reuse

of this amount should be made in the same currency, the Group decided to keep its liquidities in dollars, after creation of a reserve in euros allowing reimbursement at maturity of the balance of the OCEANE 2010.

### 2.2.3 Liquidity risks

Like all industrial and commercial activities, the Group is exposed to a risk of insufficient liquidity or to a risk that its financial strategy is inadequate.

To confront this risk, the Group maintains a balance between debt and treasury funds on the one hand, and indebtedness and its ability to repay on the other, in compliance with ratios that are usually considered cautious. The financing options are reviewed and validated by the Board of Directors, the Group's treasury is centralised and the sources of financing are diversified. A report on the financing lines available as of 31 December 2009 and the main covenants is shown in note 15 of the Annexes to the consolidated financial statements as of 31 December 2009. A summary of the report on financing is shown in paragraph 1.4.1.

Taking into consideration the volatility of prices of commodities and exchange rates, the Group's budget is updated semi-annually and cash-flow simulations that assume unfavourable changes are sent at least monthly, and upon each request from Group's Management.

At 31 December 2009, the Group shows the following indebtedness ratios:

- consolidated debt/capital resources: 49%
- current assets/current liabilities: 139%

#### BREAKDOWN OF THE FINANCIAL ASSETS BY CONTRACT MATURITY:

in million of euros	31/12/2009	2010		2011	
		Notional	Interest	Notional	Interest
<i>Bond borrowings</i>	474.5	176.9	28.8		21.2
<i>Bank borrowings</i>					
<i>Lease debts</i>					
<i>Financing</i>					
<i>Creditor banks</i>					
<i>Derivative instruments</i>	55.3	32		23.3	
<i>Other</i>	23.2			23.2	
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>553</b>	<b>208.9</b>	<b>28,8</b>	<b>46.5</b>	<b>21.2</b>

#### 2.2.4 Interest rate risk

The borrowing terms and the financing structure of the Group are detailed in paragraph 1.4.1 of this Annual Report.

Like all companies that use external financing lines and investment of available cash, the Group is exposed to interest rate risk.

As of 31 December 2009, the Group's indebtedness, which reached €456.5M, consisted of two fixed-rate convertible bonds of the OCEANE type, €177 M of which was repaid on 1 January 2010.

On the basis of cash investments as of 31 December 2009, an upward or downward variation of 1% in the interest rate would not have a significant effect on yields (effect of less than €4.5 M).

#### 2.2.5 Share risk

Successive plans to buyback treasury shares have been in place since 12 January 2005. As of 31 December 2009, the number of treasury shares held by the Company is 5,918,332.

The book value of these treasury shares held as of 31 December 2009 is €78.7 M for a market value of €70.5 M. This difference, which has no impact on the Group's consolidated income, has been set aside in a provision in the Company's accounts.

A decrease of 10% in the value of these securities would have a negative impact of €7 M on the Company earnings.

In view of the above, the Company does not consider itself in share risk and therefore does not presently have any specific hedging instrument.

2012		2013		2014	
Notional	Interest	Notional	Interest	Notional	Interest
	21.2		21.2	297.6	21.2
	21.3		21.2	297.6	21,2

### 2.2.6 Counterparty risk

The Group is exposed to counterparty risk with respect to:

- loans and debt securities granted to customers and other third parties as part of operational activities;
- transactions for investment, hedges and financing made in banking or financial establishments;

The Company estimates that the first risk is limited to the extent that the Group's customers are generally internationally-known oil companies, recognised independents or national operators with whom the Group has had business relations for a long time. When this is not the case, the Group conducts an in-depth examination of the solvency of its counterparties.

As part of its activities that may be conducted through partnerships, the Group applies a rigorous selection policy for its partners.

In addition, Caroil continues its policy of diversifying its customer base and, as of 31 December 2009, has achieved 60% of its business outside the Group with customers that are mainly international oil groups.

The Company deems that the second risk is also limited to the extent that the Group's significant financial transactions are only handled by several leading banking and financial establishments. No counterparty problem was encountered in the year 2009.

## 2.3 LEGAL RISKS

### 2.3.1 Legal risks associated with the hydrocarbons sector

The Group's oil and gas exploration and operating activity is strictly governed by the different regulations applicable to this sector (the French Code pétrolier, the law relating to hydrocarbon industry) in each of the countries in which the Group conducts its activity, particularly with respect to the allocation of mining permits, the durations and legal conditions of operations, which focus on the obligations for minimum work programmes, and if any, the contractual procedures for sharing production (PSCs).

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

A negative change 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 today 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 potentially concerned assets.

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

### 2.3.2 Risk linked to unresolved disputes

The Maurel & Prom Group is involved in various procedures and claims in the course of its ordinary business. The Group's disputes and the risks of dispute of which it is aware are set out in paragraph 8.2.

### 2.3.3 Risks linked to claims not covered by insurance

In addition to traditional risk coverage insurance, the Group subscribes to insurance contracts that are specific to its business and to the nature and location of its assets. The policy for risk insurance coverage is detailed in paragraph 2.4 below.

The Group deems that the coverages from the subscribed policies are reasonably suited to the risks incurred by the ongoing activities of the Group. Discontinuity in the drilling operations (Caroil) or hydrocarbon production in a field or a country for whatever reason is not covered by insurance for loss of operations.

## 2.4 INSURANCE

The Group subscribes to the following kinds of insurance:

- civil liability of the Directors and officers;
- fire, storm, natural catastrophe, water damage;
- theft and vandalism, broken glass; and
- civil liability insurance for offices not including professional civil liability, basic legal protection.

In addition to traditional risk coverage insurance, the Group subscribes to insurance contracts that are specific to its business and to the nature and location of its assets.

Insurance policies related to the exploration and production activity cover the following:

- risks for 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 linked to drilling operations; and
- risks of civil and general liability up to \$50 M per claim.

In addition to this coverage on the hydrocarbon exploration and drilling activity, the Group has subscribed to a “worksite all risk” insurance contract that covers the risks related to the construction of production facilities at the Onal field in Gabon.

The total annual amount of insurance premiums paid by the Group is on the order of €2.2 M for the period from 1 July 2009 to 30 June 2010.

To date, the Company has decided to not acquire any insurance coverage for loss of production.

As part of its oil exploration, production and development work, the Maurel & Prom Group is at risk of causing environmental damage resulting for example from collapses, eruptions, spills, leaks, fires and/or explosions of oil wells and surrounding facilities. Such damage is covered by insurance contracts, as part of an “Energy Package” insurance contract. Such contracts, signed with subcontractors and service providers that Maurel & Prom uses, also contain, payable by these subcontractors and service providers, an obligation to insure at an amount that allows them to cover their civil liability under the contract in question.

# 3 CORPORATE GOVERNANCE

*(Chairman's report pursuant to Article 225-37 of the French Commercial Code)  
This report was approved by the Board of Directors on 31 March 2010.*

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# CORPORATE GOVERNANCE

## 3.1 STATEMENT ON CORPORATE GOVERNANCE

The Company confirmed that the AFEP/MEDEF Code constitutes the code of corporate governance to which the Company voluntarily adheres under the meaning in Article L.225-37 of the French Commercial Code.

## 3.2 ADMINISTRATION AND MANAGEMENT OF MAUREL & PROM

### 3.2.1 Structures for administration, general management and management

On 14 June 2007, the Board of Directors appointed Jean-François Hénin as Chairman of the Board of Directors and decided to give him the duties of Chief Executive Officer.

#### 3.2.1.1 Composition of the Board of Directors, executive management and management

##### 3.2.1.1.1 Board of Directors and executive management

The Board of Directors is composed of at least three

members and at most twelve members, appointed by the ordinary General Meeting of shareholders, barring legal exception in the case of mergers. The members of the Board of Directors may be re-elected.

On a temporary basis and in order to allow partial renewal of the members of the Board of Directors, the General Meeting of shareholders on 14 June 2007 instituted three classes of board members, A, B and C, each of which includes from one to three members appointed by said General Meeting for terms lasting from one to three years.

The Articles of Association stipulate that on expiration of the terms of the members of classes A, B, or C appointed by the General Meeting dated 14 June 2007, the term of board members is three years. At the close of the General Meeting of 20 May 2010 these provisions are no longer applicable and the shareholders will be asked to remove them.

The number of members of the Board of Directors over age seventy cannot exceed one-third of the active members.

The General Meeting convening on 18 June 2009, in its sixth, seventh, and eighth resolutions, renewed the terms of board members Gérard Andreck, Alexandre Vilgrain and Alain Gomez for another three years.

As of 31 December 2009, the Board of Directors of the Company is composed of the following persons:

Members of the board	Date of election	Expiration of term	Positions
Jean-François Hénin	14 June 2007	General Meeting called to approve the financial statements for 2009	Chairman and Chief Executive Officer
Gérard Andreck	18 June 2009	General Meeting called to approve the financial statements for 2011	Vice Chairman
Christian Bellon de Chassy	12 June 2008	General Meeting called to approve the financial statements for 2010	Director
Roman Gozalo	12 June 2008	General Meeting called to approve the financial statements for 2010	Director
Financière de Rosario représentée par Jean-François Michaud	12 June 2008	General Meeting called to approve the financial statements for 2010	Director
Alain Gomez	18 June 2009	General Meeting called to approve the financial statements for 2011	Director
Roland d'Hauteville	14 June 2007	General Meeting called to approve the financial statements for 2009	Director
Emmanuel de Marion de Glatigny	14 June 2007	General Meeting called to approve the financial statements for 2009	Director
Alexandre Vilgrain	18 June 2009	General Meeting called to approve the financial statements for 2011	Director

Alain Gomez resigned as a board member effective 31 December 2009. The Meeting of the Board of Directors dated 31 March 2010 named Mr. Ambrosie Bryant Chukwueloka Orjiako to replace him.

### **Jean-François Hénin, 65 years old**

Maurel & Prom  
12, rue Volney  
75002 Paris

Mr. Hénin was Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. Mr. Hénin was then President and Chief Executive Officer of the company Électricité et Eaux de Madagascar between 1994 and 2000. Since that date, he has worked as managing director of Maurel & Prom, then as Chairman of the management board since the transformation of the Company into a société anonyme at the end of 2004.

Mr. Hénin was named Chairman of the Board of Directors on 14 June 2007, for a period of 3 years, until the General Meeting called to approve the financial statements for the period ended 31 December 2009.

Prior to the change in the Company's management model, Jean-François Hénin was Chairman of the management board beginning 28 December 2004.

Prior to the transformation of Maurel & Prom into a société anonyme with management board and supervisory board, Jean-François Hénin was managing director of Maurel & Prom (in the form of a partnership limited by shares until 2004) and Chairman and Chief Executive Officer of the company Aréopage, managing director and partner of Maurel & Prom (in the form of a partnership).

Hénin also performs leadership functions in the Group, as described in paragraph 3.2.1.2 of this Annual Report.

### **Emmanuel de Marion de Glatigny, 63 years old**

Address:  
40, rue des Hauts Fresnays  
92500 Rueil Malmaison

Mr. Marion de Glatigny was appointed member of the Board of Directors by the General Meeting of 14 June 2007, for a term of three years, until the conclusion of the ordinary General Meeting to approve the financial statements for the period ended 31 December 2009.

Prior to that he was member and vice chairman of the supervisory board of Maurel & Prom. He was appointed for the first time on 19 June 2001 as member of the supervisory board of Maurel & Prom (then a partnership limited by shares).

Mr. Marion de Glatigny developed his management expertise through his work as an officer in an insurance company and also during his terms as member on supervisory boards and boards of directors since 1984.

### **Roland d'Hauteville, 67 years old**

Address:  
8, rue de Villersexel  
75007 Paris

Mr. D'Hauteville was appointed member of the Board of Directors by the General Meeting of 14 June 2007, for a term of three years, until the conclusion of the Ordinary General Meeting to approve the financial statements for the period ended 31 December 2009.

In May 2006, Mr. D'Hauteville was assigned the duties of member of the supervisory board of Maurel & Prom.

Most of Mr. D'Hauteville's career has been in banking and finance. After the HEC (1964) and military service as a teacher in Madagascar, he entered the First National City Bank in Paris and later joined the Banque Commerciale de Paris, which would merge with the Banque Vernes in 1971. He stayed in this establishment for 17 years, where he held the position of Director of Finances. In 1985, he founded the Banque de Financement et de Trésorerie (BFT) where he served as Chief Executive Officer until 1990, when it became controlled by the Crédit Agricole. He would then become Chief Executive Officer of the Banque Elkann, and later of the brokerage company Leven, before becoming advisor to the Chairman of Cyril Finance.

He is now Chairman of the Compagnie Financière Internationale Privée (COFIP), Board Member of the Banque Michel Inchauspé, of the Léséleuc group and of Panhard General Defense, Manager of COFFIP, as described in paragraph 3.2.1.2 of this Annual Report.

### **Alexandre Vilgrain, 54 years old**

Address:  
Somdiaa  
39, rue Jean-Jacques Rousseau  
75001 Paris

Mr. Vilgrain has been member of the Board of Directors since the General Meeting of 14 June 2007. His first term, which lasted two years, was renewed for an additional 3 years on 18 June 2009, or until the conclusion of the Ordinary General Meeting to approve the financial statements for the year ended 31 December 2011.

Prior to that, Mr. Vilgrain had been named as member of the supervisory board of Maurel & Prom by the Board of 18 August 2005, replacing Mr. Jean-Louis Chambon.

In 1979 Alexandre Vilgrain joined the family agro-industrial group (Jean-Louis Vilgrain group) where he assumed numerous duties in subsidiaries in France, Africa, and in the Indian Ocean. In Asia, he founded the company Delifrance Asia, a French-style cafe-bakery chain introduced on the Singapore Stock Exchange in 1996, and in 1995 he succeeded his father, Jean-Louis Vilgrain, as Chairman and Chief Executive Officer of Somdiaa.



Mr. Vilgrain outlined and implemented a strategy for developing the Group in Africa in the grain and sugar industry.

As a board member of subsidiaries of the SOMDIAA Group, he also held various positions at external companies. In particular, for nearly ten years, he represented Somdiaa as observer to the Board of Directors of Proparco. In 2009 he was appointed Chairman of the Conseil Français des Investisseurs en Afrique (French commission of investors in Africa - CIAN).

The SOMDIAA Group (€238 million in sales in 2008) a major economic actor in the agro-food business in Africa, has more than 50 years of experience mainly in the sugar, flour and livestock feed sectors and more recently in cotton.

### **Ambrosie Bryant Chukwueloka Orjiako, 49 years old**

Address:  
25A, Lugard Avenue Ikoyi  
Lagos  
Nigeria

Ambrosie Bryant Chukwueloka Orjiako was coopted by the Board of Directors as a director for Maurel & Prom in its meeting of March 31, 2010.

Mr. Orjiako has more than fifteen years experience as a CEO/Chairman and CEO/President in various organizations both upstream and downstream from the oil industry. Trained in medicine, Doctor Orjiako began his career as a specialist in orthopedic and traumatologic surgery before becoming a successful entrepreneur in the oil and gas sector by becoming involved in the import and export of oil product in Nigeria and abroad.

He sits on the board of a certain number of companies whose activities cover industries both upstream and downstream from the oil industry, shipping, banking services, insurance and pharmaceutical products. Specifically he is CEO/Chairman of Shebah E&P Company Limited (SEPCOL), founded in 2004 with a head office in Lagos. The goal of this company is to redevelop its Nigerian assets and become a technical and financial service provider to owners of proven undeveloped areas in West Africa.

Mr. Orjiako is also committed to charitable causes and has built a foundation for underprivileged people to support education, healthcare and resources.

### **Gérard Andreck, 65 years old**

Address:  
Macif  
2/4, rue de Pied de fond  
79037 Niort Cedex

As chairman of the MACIF and the MACIF Group, Mr. Andreck has a knowledge and expertise of corporate finance, strategy and governance.

Mr. Andreck has been member of the Board of Directors since the General Meeting of 14 June 2007. His first term, lasting two years, was renewed by the Ordinary General Meeting for an additional 3 years on 18 June 2009, or until the conclusion of the General Meeting to approve the financial statements for the year ending 31 December 2011.

Prior to that, as a member of the Board of Directors of Maurel & Prom, he was appointed Chairman of the supervisory board on 7 November 2005, replacing Mr. Pierre Jacquard.

He was first appointed on 29 June 2005 as permanent representative of MACIF on the supervisory board, then personal member of the supervisory board beginning 7 November 2005. The appointment of Mr. Gérard Andreck personally to the supervisory board was ratified by the General Meeting dated 20 June 2006.

### **Roman Gozalo, 64 years old**

Address:  
3, rue Aristote  
2070 Gammarth La Marsa - Tunisia

Mr. Gonzalo was appointed member of the Board of Directors on 12 June 2008, for a term of three years, until the conclusion of the General Meeting to approve the financial statements for the period ending 31 December 2010.

Prior to that, Mr. Gozalo was member of the management board from 24 October 2005 to 14 June 2007, then, after the transformation of the company to société anonyme with Board of Directors, he was appointed Chief Executive Officer by the Board of Directors on 30 August 2007, until May 2008.

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

### **Christian Bellon de Chassy, 76 years old**

Address:  
194, route de l'Église  
40390 Saint Barthélémy

Mr. Bellon de Chassy was appointed member of the Board of Directors by the General Meeting of 14 June 2007, and the term was renewed for three years by the General Meeting of 12 June 2008, until the conclusion of the General Meeting to approve the financial statements for the period ending 31 December 2010.

Prior to that, he was member of the supervisory board of Maurel & Prom, having been named by the supervisory board on 11 May 2006, to replace Mr. Laurent Lafond who resigned. The appointment of Mr. Christian Bellon de Chassy was ratified by the General Meeting of 20 June 2006.

Mr. Bellon de Chassy is an expert court witness and international arbitrator. He is a graduate in Sciences (Chemistry and Geology) and Engineer from the Institut du Pétrole (Ecole Nationale Supérieure du Pétrole et des Moteurs, ENSPM 1966: drilling - production).

As board member of Comex, then at Elf, he acquired broad hands-on experience in drilling, production and offshore construction, particularly in Norway. By creating and chairing his own oil consulting company, Orcal Offshore (15 employees), he has completed more than 200 marine oil assignments as a Lloyds-certified loss adjuster. He acted as advisor at the request of oil tankers or their insurers, and certified oil work procedures in more than 30 countries.

As a consultant to the European Community, (DG 13) he took part in directing energy research and finally was in charge of managing budgets for the World Bank. Appointed by the International Chamber of Commerce, he worked as arbitrator for the International Court of Arbitration.

**The Financière de Rosario company,**  
having as Permanent Representative

**Jean-François Michaud, 53 years old**

Chairman and Chief Executive Officer

Number 716 580 477 RCS Paris

Registered Office:

260, Boulevard Saint-Germain – 75007 Paris.

The company Financière de Rosario has been member of the Board of Directors since the General Meeting of

14 June 2007. Its first term, which lasted one year, was renewed for an additional 3 years on 12 June 2009, or until the conclusion of the Ordinary General Meeting to approve the financial statements for the year ending 31 December 2010.

Having already served as a member of the supervisory board of Maurel & Prom, the first appointment of the company Financière de Rosario was on 14 June 2002.

**3.2.1.1.2 Observer**

The Board of Directors may appoint Observers to the Company, chosen from among the individual shareholders, in a number not to exceed four.

The term of the Observers is set at three (3) years.

Observers are called upon to participate and observe the meetings of the Board of Directors and may be consulted by it; they may also present comments at the General Meetings on proposals submitted to them, if they deem it appropriate. They are invited to each meeting of the Board of Directors. The Board of Directors may assign specific tasks to the Observers.

They may take part in committees created by the Board of Directors, except for the auditing committee.

Observers must own at least one share in the Company. The Board of Directors may decide to pay Observers proportional attendance fees allotted to it by the General Meeting and authorise the reimbursement of expenses Observers have incurred in the interest of the Company.

At the meeting of the Board of Directors of 14 June 2007, the decision was made to renew Mr. Brac de La Perrière's position as Observer; he has one consultative voice.

Mr. Gilles Brac de La Perrière was appointed to this position for a period of 3 years, until the General Meeting called to approve the financial statements of the period ended 31 December 2009.

Observer	Date of election	Expiration of term
Gilles Brac de La Perrière	14 June 2007	General Meeting called to approve the financial statements for 2009

### Gilles Brac de La Perrière, 83 years old

Address:

8, rue de La Boétie  
75008 Paris

Mr. Brac de La Perrière has worked as bank chairman, inspector of finances and is a former member of the *collège de la Commission des opérations de bourse*.

#### 3.2.1.1.3. Management

The Maurel & Prom management team is described on page 5.

#### 3.2.1.1.4. Other information

To the Company's knowledge, no member of the Board of Directors or former member of the management board or a former member of the supervisory board:

- has been convicted of fraud during at least the last five years;
- has ever been involved, as managing or non-managing corporate officer, in any bankruptcy, sequestration or liquidation;
- has been prohibited by a court from serving as a member of a directory, management or supervisory board of an issuer or from acting in the management or conduct of an issuer's business during the last five years.
- has been subject to official public sanctions applied against him by the statutory or regulatory authorities (including designated professional organisations), except for Mr. Jean-François Hénin who was sentenced:

– by the Budget and Financial Discipline Court [Cour de Discipline Budgétaire et Financière] in the Altus Finance case to pay a fine (Judgment of 24 February 2006) and who, under the terms of the certification of a settlement in July 2006 in the Executive Life case (a US procedure which allows the defendant to maintain his innocence while agreeing, depending on the circumstances, to plead guilty to the facts in order to end the prosecution) had to pay a fine of \$1 M and has been banned from US territory for a period of five years. Finally, in the Altus Finance case, the Paris district court [TGI de Paris], in a judgment handed down on 14 May 2008, acquitted Mr Jean-François Hénin of all charges against him; and

– by the disciplinary tribunal of the Autorité des marchés financiers (AMF), which, by a decision dated 4 December 2008, sentenced Maurel & Prom and Mr. Jean-François Hénin, Chairman of its management board at the time of the offence, to monetary sanctions of €300 K and €200 K respectively for failure to disclose accurate, fair and precise information to the public through two statements released on 10 June and 26 October 2005. The statement published in June 2005 included the

third party portion in the oil reserves the Company had just acquired. The fact of including the third party portion also skewed the cost price per barrel announced to the public. The statement published in October 2005 mentioned a less substantial reserve amount and attributed the difference to a change in the calculation criteria and to the adoption of IFRS accounting standards without clearly showing the inaccurate accounting for the third party portion in the June statement. The disciplinary tribunal stressed the importance for an oil and gas exploration and production company of the basic distinction between the directly owned portion and the third party portion and the evident anomaly to which the inclusion of the third party portion in calculating the purchase price led. Furthermore, the disciplinary tribunal of the AMF disciplined Mr. Frederic Boulet, the Company's former Chief Executive Officer. Mr. Jean-François Hénin, personally, and Maurel & Prom have appealed this decision under the terms of Articles R.621-44 to R.621-46 of the French Monetary and Finance Code. The Paris Court of appeals, in an order dated 2 February 2010 rejected the appeal the decision of the disciplinary tribunal of the AMF. Jean-François Hénin, personally, and Maurel & Prom, have decided not to lodge an appeal with the Cour de Cassation.

#### 3.2.1.2 List of positions and duties performed by the members of the Board of Directors and the executive managers in the five last years

Positions held in the year 2009

##### Jean-François Hénin

Within Maurel & Prom Group:

- **Chairman and Chief Executive Officer:** ETABLISSEMENTS MAUREL & PROM SA; MAUREL & PROM CONGO, ZETAH M&P CONGO (Company deactivated);
- **Chairman:** CAROIL SAS; MAUREL & PROM VENEZUELA; MAUREL & PROM WEST AFRICA; MAUREL & PROM ASSISTANCE TECHNIQUE; MAUREL & PROM VOLNEY 2; MAUREL & PROM NIGERIA; MAUREL & PROM VOLNEY 4; MAUREL & PROM VOLNEY 5;
- **"Managing Director A":** MAUREL & PROM COLOMBIA BV; MAUREL & PROM LATIN AMERICA BV;
- **General Director:** PRESTOIL KOUILOU;
- **Board Member:** ZETAH KOUILOU LTD; ZETAH NOUMBI LTD; SEPLAT PETROLEUM DEVELOPMENT COMPANY LTD; MAUREL & PROM EXPLORATION PRODUCTION TANZANIA LTD; PANTHER EUREKA S.R.L.;

Positions held in French companies:

- **Chairman of the management board:** PACIFICO S.A.;
- **Board Member:** PACIFICO FORAGES; EO2;

Positions held in foreign companies:

- **Board Member:** NEW GOLD MALI; Representative of Pacifico.

### Emmanuel de Marion de Glatigny

- **Chairman of the supervisory board:** PACIFICO S.A.;
- **Board Member:** Easydentic; SEREN; Pacifico Forages;
- **Manager:** Glatigny Patrimoine S.A.R.L.

### Roland d'Hauteville

- **Chairman:** Compagnie Financière Internationale Privée (COFIP) S.A.S.;
- **Member of the supervisory board:** Banque Michel Inchauspé ;
- **Board Member:** Léséleuc group; Panhard General Defense ;
- **Manager:** COFFIP S.C.

### Roman Gozalo

The Company is not aware of any other position held by Mr. Gozalo.

### Alexandre Vilgrain

#### Positions held in French companies:

- **Chairman and Chief Executive Officer:** SOMDIAA; CONETRAGE Company; ALEXANDRE VILGRAIN HOLDING Company;
- **Chairman of the Board of Directors:** FROMENTIER DE FRANCE;
- **Chairman:** CIAN (Conseil Français des Investisseurs en Afrique) ;
- **Permanent Representative:** SOMDIAA on the Board of Directors of the company SOMINFOR; Representative of the company COGEDAL on the Board of Directors of PETRIGEL (Reunion Island);
- **Board Member:** SECRIA; SONOPROS; CARE FRANCE;
- **General Manager:** FROMIMO;
- **Member of the supervisory board:** CFAO;

#### Positions held in foreign companies:

- **Chairman and Chief Executive Officer:** SARIS-CONGO;
- **Board Member:** Gabon company SMAG; Sucrière du Cameroun (SOSUCAM); Compagnie Sucrière du Tchad (C.S.T.); American company FOOD RESEARCH CORPORATION (FRC); LE GRAND MOULIN DU CAMEROUN (SGMC).

### Gérard Andreck

#### Positions held in French companies:

- **Chairman of the Board of Directors:** CEMM SAS; CEGES; MACIF SAM; MACIF SGAM; OFI Holding (ex OFI Instit); SOCRAM BANQUE S.A.;
- **Chairman:** GEMA SA;
- **Vice Chairman:** AFA; IMA SA (member of the supervisory board); OFI Asset Management S.A.;
- **Board Member:** Compagnie Foncière de la Macif S.A.S.;

Couleurs Mutuelles (UGM); Foncière de Lutèce S.A; MACIF Gestion; MACIF Participations S.A; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI MIDCAP; OFIMALLIANCE; SEREN S.A.; SCOR; SFEREN SGAM. ;

- **Member of the supervisory board:** GPIM S.A.S.; Mutavie S.A.; OFIRES;
- **Member of the Management Committee:** SIEM S.A.S.; SILL (rental investment property company) S.A.S.;
- **Member of the Orientation Committee:** MACIFIMO S.A.S.;
- **Observer:** SICAV OFI Tresor,

#### Positions held in foreign companies:

- **Director:** Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg),

### Christian Bellon de Chassy

The Company is not aware of any other position held by Mr. Bellon de Chassy.

### Jean-François Michaud

representative of the company Financière de Rosario S.A.

- **Chairman of the board and Chief Executive Officer:** FINANCIERE DE ROSARIO; FINANCIERE SLOTA; SLOTA SA;
- **Chairman:** DYB SAS;
- **Managing Director:** COMCELL INVESTISSEMENTS SA (Luxembourg) ;
- **Board Member:** COPAGNO SA; COPAGMONT SA; TAXIS PARIS ILE DE France SA; JDP Luxembourg SA; COMCELL MANAGEMENT (Luxembourg) ;
- **Permanent Representative:** FINANCIERE DE ROSARIO on the board of SEREN;
- **Manager:** CELLGATE (Luxembourg);
- **SARL Manager:** ABLIS TAXIS; AMBOISE TAXIS; APOLLONIA TAXIS; ARRAS TAXIS; ATOLS LOCATION; BENYAMIN TAXIS; BLOIS TAXIS; BREHAT TAXIS; CAESAREA; CHARTRES TAXIS; CHAUMONT TAXIS; CLISSON TAXIS; DOMREMY; DYKA; FREDALEX; JOUTRED; KADY; KARAM; KITAX; KRIZERTAX; LAHIRE TAXIS; LAVI TAXIS; LOCHES TAXIS; LOIRE TAXIS; MICPOL; MONTFORT TAXIS; ORLEANS TAXIS; PATAY; PIERREFONDS TAXIS; POLMIC; PYRENEES TAXIS; REIMS TAXIS; ROCHEFORT TAXIS; SAINT-CLOUD TAXIS; SEVA; SOCIETE NOUVELLE ATELIER 60; SPLENDID TAXIS; TAXIS ALEX; TAXIBIS; TAXICAP; TAXIGAR; TAXIPAC; TAXIRAY; TAXIVANES; TOLBIAC TAXIS; VALISA TAXIS; VAUCOULEURS TAXIS; VAUCRESSON TAXIS.

### Ambrosie Bryant Chukwueloka Orjiako

#### Assignments in Nigerian Companies:

- **President/CEO:** SHEBAH E&P Co. Ltd.
- **Chairman/CEO:** ORDREC INVESTMENTS Ltd
- **Chairman:** ZEBBRA ENERGY Ltd; SHEBAH MARINE

SERVICES Ltd; BERWICK NIG. Ltd; HELKO MARINE SERVICES Ltd; HELKO NIG. Ltd; ABBEYCOURT ENERGY SERV. Ltd; ABBEYCOURT TRADING CO. Ltd; NEIMETH INTERNATIONAL PHARMACEUTICAL Plc.

■ **Board Member:** LEADWAY ASSURANCE CO. Ltd.

### Gilles Brac de La Perrière

The Company is not aware of any other position held by Mr. Brac de La Perrière.

Positions held in previous years

See Annex 9.9.

#### 3.2.1.3 Potential conflicts of interest

The Company is not aware of any potential conflict of interest between the private interests of the members of the Board of Directors and or former members of the management board and their duties with respect to the Company other than those presented hereinafter:

Under an agreement for provision of services signed by Maurel & Prom and Pacifico S.A, a company of which Jean-François Hénin is shareholder and Chairman of the management board, Pacifico S.A. has invoiced a total amount of €1,103 K net of taxes.

### 3.2.2 Functioning of administrative and management bodies

#### 3.2.2.1 Relations of the members of the Board of Directors and company management

##### 3.2.2.1.1 Securities transactions

During the year 2009, the Company is aware of the following transactions on securities of the corporate executives:

Corporate officer	Transaction	Date	Security	Unit price	Total amount
Financière de Rosario	Sale	22/04/2009	Shares	€11.719	€410,165
Financière de Rosario	Sale	23/04/2009	Shares	€11.6235	€371,952
Financière de Rosario	Sale	24/04/2009	Shares	€11.584	€579,200
Financière de Rosario	Sale	27/04/2009	Shares	€11.473	€344,190
Financière de Rosario	Sale	28/04/2009	Shares	€11.316	€339,480
Roland d'Hauteville	Sale	01/07/2009	Shares	€12.145	€121,194
Roland d'Hauteville	Subscription	07/07/2009	OCEANE 2014	€15.60	€78,000
Roland d'Hauteville *	Sale	01/07/2009	Shares	€12.16	€218,787
Roland d'Hauteville *	Sale	02/07/2009	Shares	€12.11	€12,073
Roland d'Hauteville *	Sale	03/07/2009	Shares	€12.137	€230,401
Roland d'Hauteville *	Subscription	07/07/2009	OCEANE 2014	€15.60	€156,000
Christian Bellon de Chassy **	Sale	10/10/2009	Shares	€14.4461	€28,719
Christian Bellon de Chassy	Sale	10/10/2009	Shares	€14.440	€50,237
Christian Bellon de Chassy **	Sale	10/10/2009	Shares	€14.4324	€35,865
Christian Bellon de Chassy **	Sale	10/10/2009	Shares	€14.435	€2,869
Christian Bellon de Chassy **	Sale	10/10/2009	Shares	€14.43	€2,863

(\*) through COFIP SAS of which he is Chairman (\*\*) through is spouse and / or his daughter

### 3.2.2.1.2 *Contracts with the issuer or its subsidiaries providing for the granting of 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 previous three years, entered into any contract with Maurel & Prom or its subsidiaries that grant benefits under the terms of such contracts.

#### **Agreement with the company Pacifico S.A. for provision of services**

An agreement for provision of services dated 21 June 2005 was signed between Maurel & Prom and the company Pacifico S.A., of which Mr. Jean-François Hénin is shareholder and Chairman of the management board. This agreement was contained in an amendment dated 11 June 2007. The services provided by the company Pacifico S.A. for Maurel & Prom are the following:

- search for strategic partners in the area of oil and gas;
- conduct study missions for investment and divestment projects, determine the target parameter;
- search for new markets and new opportunities for growth;
- design of development for acquisition and disposal scenarios and determination of financing scenario;
- advise and follow-up on the negotiations assigned to it (contract agreement projects, Group development), in particular with respect to technical cooperation projects;
- follow-up and technical, accounting, financial and administrative assistance for the drilling activities.

The financial terms of this agreement are as follows:

- annual lump sum honorarium of €100 K payable quarterly; and
- additional honoraria set at €84,470 net of taxes per month. These are calculated according to services rendered and the real cost of these services provided by four consultants who are entrusted with financial advising missions and missions related to Maurel & Prom's drilling subsidiary.

This amount is adjusted quarterly according to the number of days of services truly rendered and at the corresponding daily rate.

This agreement can be terminated by the parties at any time with 2 months' advance notice.

#### **Sublease agreement with the company Pacifico S.A.**

A sublease agreement was signed between the Company and Pacifico S.A. and was approved by the meeting of the Board of Directors of the Company on 13 December 2007.

This sublease covers the offices located on the first floor of the building located at 12 Rue Volney, 75002 Paris with a surface area of approximately 240 m<sup>2</sup>.

The contract was signed for a period of one year starting on 11 June 2007 and renews automatically.

The 2009 yearly lease amount was €214,325.63 net of taxes.

#### **Research and assistance missions**

The Board of Directors of November 25, 2009 agreed to entrust two missions in the following areas to one of the Board Members, Christian Bellon de Chassy:

- Research of areas of diversification in renewable energies;
- Insurance, by lending its support to managing damage in Gabon.

The board asked that the Appointments and Compensation Committee proposes a compensation for these two missions.

The board of 31 March 2010 approved the compensation proposal made by the Appointments and Compensation Committee and set Mr. de Chassy's compensation at a one-time amount of € 98 K.

### 3.2.2.2 **Organisation and functioning of the Board of Directors**

#### 3.2.2.2.1 *Presentation 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 objective, it addresses all questions related to the proper functioning of the Company and governs, by its decisions, the affairs that concern it.

In its relations with third parties, the Company is committed even by the acts of the Board of Directors that are not part of the corporate objective, unless the Company can prove that the third party knew that the act was outside that objective or that it could not ignore it given the circumstances, excluding the fact that the publication of the Articles of Association alone is adequate proof.

The Board of Directors is responsible for controls and audits it deems necessary.

The Board of Directors of the Company, in its meeting of 25 April 2008, formulated and unanimously approved the words of its Bylaws. This document was updated by the Board of Directors at its meeting of 31 March 2010.

These Bylaws repeat and specify certain articles of the Articles of Association such as the composition of the Board of Directors and the notion of independent director, the rules of functioning, the missions, rights and obligations required of members as part of a "charter", the designation and the role of observer as well as the composition and the tasks of the Audit Committee and the Appointments and Compensation Committee. The Bylaws are available on the Company's website.

To the Company's best knowledge, the breakdown of shares held by corporate officers in the Company at 31 December 2009 is shown in the table below:

Corporate officer	Shares	OCEANE
Jean-François Hénin <sup>(1)</sup>	28,750,246	-
Gérard Andreck <sup>(2)</sup>	1	-
Emmanuel de Marion de Glatigny <sup>(3)</sup>	135,078	-
Financière de Rosario	1,500,000	-
Alain Gomez	50	-
Alexandre Vilgrain	1	-
Christian Bellon de Chassy <sup>(4)</sup>	8,459	-
Roland d'Hauteville <sup>(5)</sup>	94,206	15,000
Roman Gozalo	19,686	-

(1) Through Pacifico S.A., controlled by Mr. Jean-François Hénin and the members of his family.

(2) Mr. Gérard Andreck is moreover Chairman of the MACIF, second shareholder of the Company owning 8,324,204 shares on 31 December 2009.

(3) Mr. de Marion de Glatigny directly owns 111,828 shares of the Company and indirectly, through a PEA (company shareholding plan), 23,250 shares held by his spouse.

(4) Mr. de Chassy directly owns 3,352 shares and indirectly 5,107 shares with members of his family.

(5) Mr. d'Hauteville directly owns 20,914 Company shares. He is a 55% beneficial owner of the company COFIP that holds 73,292 shares in the Company at 31 December 2009. He also directly holds 5,000 Oceane 2014; the company COFIP holds 10,000 of it.

Mr. Brac de La Perrière, holds directly and indirectly, with his family, 4,199 shares of Maurel & Prom.

The Bylaws of the Board of Directors updated 31 March 2010 specify the criteria listed in the table below, that the Appointments and Compensation Committee and the Board examine to qualify an independent board member:

- not be an employee or Company corporate officer, employee or director of a company that it consolidates, and not have been so in the last five years;
- not be a corporate officer of a company in which the Company holds directly or indirectly a Director position or in which an employee designated as such or a corporate officer of the Company (currently or having been so for less than five years) holds a Director position;
- not be a customer, supplier, business banker, or significant finance banker of the Company or of its Group;
- not have any close family relationship with a corporate officer;
- not have been, in the preceding five years, Statutory Auditor for the Company or of a company that owns at least 10% of the Company's capital stock or of a company of which the Company owns at least 10% of the capital, when its position ends;
- not be Director of the Company for more than 12 years.

These are Directors who represent large shareholders of the Company and may be considered as independent as long as they do not take part in control of the Company. Above a threshold of 10% of capital or in voting rights, the committee should systematically inquire about the qualification of independence while taking into consideration the makeup of the Company's capital and the existence of potential conflicts of interest.

On this basis, the Appointments and Compensation Committee deemed, at its meeting on 31 March 2010, that as of 31 December 2009, 6, members of the Board of Directors should be considered as independent:

- Christian Bellon de Chassy
- Roland d'Hauteville
- Alexandre Vilgrain
- Alain Gomez
- Gérard Andreck
- Jean-François Michaud, representative of Financière de Rosario S.A.;

#### 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 a physical person, and, if it deems necessary, one or more Vice Chairmen. It sets the term of their duties, which cannot exceed the duration of their terms as members. The Board can, moreover, end such positions at any time.

The position of Chairman of the Board of Directors has been given to Mr. Jean-François Hénin by the Board of Directors on 14 June 2007 that also appointed Mr. Gérard Andreck Vice-Chairman.

The age limit for exercising the position of Chairman of the Board of Directors is set at seventy (70) years. When in the course of performing the functions, this age limit is reached, the Chairman the Board of Directors shall be deemed as officially resigning.

The Chairman of the Board of Directors organises and directs its work, which it reports to the General Meeting.

It ensures the proper functioning of the Company bodies and ensures, in particular, that the Directors are able to carry out their mission.

### 3.2.2.2.3 *Deliberations*

The Board of Directors meets as often as necessary in the interest of the Company when convened by the Chairman or when the Board of Directors has not met for more than two months; at least one-third of the members of the Board of Directors can request the Chairman to convene the board.

The Board of Directors may only validly deliberate when at least half of its members are present.

Decisions are made by the majority of its members present or represented. In the case of a tie vote, the presiding Chairman's vote will be the tie breaker.

The deliberations of the Board of Directors are recorded in the meeting minutes created in compliance with the law.

The agenda is set by the Chairman of the Board of Directors and is sent to the members in a reasonable time before the meetings of the Board.

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

The meeting minutes are recorded in a special registry. The minutes of each meeting must be expressly approved at the subsequent meeting of the board.

The Board of Directors met 12 times during the year 2009 and the rate of attendance of the members was 90.83%.

In compliance with applicable provisions, the Auditors are invited to the meetings of the Board of Directors examining the half-year and annual financial statements. They are also invited to attend all meetings of the Board of Directors.

Boards of Directors	Rate of attendance
14 January 2009	100%
20 February 2009	90%
23 February 2009	90%
06 March 2009	100%
30 March 2009	90%
28 April 2009	90%
18 June 2009 (before General Meeting)	80%
18 June 2009 (after General Meeting)	80%
16 July 2009	80%
21 July 2009	100%
27 August 2009	90%
25 November 2009	100%
<b>Average attendance</b>	<b>90.83%</b>

The Board of Directors of 14 January 2009 deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 16 December 2008;
- Updated outlook for the Group's financing;
- Convening of the Ordinary and Extraordinary General Meeting;
- Setting the agenda;
- Approval of the report and the proposed resolutions to present to the Ordinary and Extraordinary General Meeting;
- Miscellaneous questions.

The Board of Directors of 20 February 2009 deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 14 January 2009;
- Progress of business and details on financing transactions;
- Presentation of the main financial data in 2008 and the updating project of the 2007 Annual Report;
- Miscellaneous questions.



The Board of Directors of 23 February 2009 deliberated in particular on the following agenda:

- Progress of business and details on financing transactions;
- Miscellaneous questions.

The Board of Directors of 6 March 2009 deliberated in particular on the following agenda:

- Approval of meeting minutes of meetings of the Board of Directors of 20 and 23 February 2009;
- Progress of business;
- Miscellaneous questions.

The Board of Directors of 30 March 2009 deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 6 March 2009;
- Details on the progress of business;
- Examination and approval of the consolidated financial statements for the year ended 31 December 2008;
- Miscellaneous questions;
- Date of the next Board of Directors meeting.

The Board of Directors of 28 April 2009 deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 30 March 2009;
- Proposal for allocation of the earnings of the year ended 31 December 2008 and of the dividend distribution;
- Expiration of terms of Directors of Gérard Andreck, Alain Gomez and Alexandre Vilgrain;
- Convening of the Ordinary and Extraordinary General Meeting and setting of the agenda;
- Approval of the proposed management report of the Board of Directors for the annual financial report and Annual Report;
- Approval of the Chairman's report on the internal audit;
- Approval of the proposed special reports;
- Report of the Board of Directors on the options to acquire or subscribe shares;
- Report of the Board of Directors on allocations of bonus shares;
- Report of the Board of Directors on the proposed resolutions sent to the General Meeting;
- Miscellaneous questions;
- Details on the banking financing transactions (RBL);
- Onal launch;
- Other points.

The Board of Directors of 18 June 2009, held before the General Meeting, deliberated in particular on the following agenda:

- Answers to written questions from shareholders;
- Setting the date for payment of the dividend.

The Board of Directors of 18 June 2009, held after the General Meeting, deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 28 April 2009;
- Appointment of powers to the Chairman with respect to security bonds, endorsements and guarantees;
- Sub-delegation of authority to the Chairman and Chief Executive Officer in order to make allocation of existing bonus shares or to issue for employees and/or corporate officers of the Company;
- Issue of a bond issue in the form of OCEANE;
- New legal organisation of our activity in Gabon;
- Progress of business;
- Miscellaneous questions.

The Board of Directors of 16 July 2009 deliberated in particular on the following agenda:

- Follow-up to the Greenext file.

The Board of Directors of 21 July 2009 deliberated in particular on the following agenda:

- Approval of the meeting minutes of the meetings of 18 June 2009;
- Observance of the capital increase following payment of dividends in shares;
- Ethanol project;
- Miscellaneous questions.

The Board of Directors of 27 August 2009 deliberated in particular on the following agenda:

- Approval of meeting minutes of meetings of the Board of Directors of 16 and 21 July 2009;
- Examination of the financial statements of the first half 2009;
- Approval of the report of activity for the first half 2009;
- Examination of the report of the results of the first half 2009;
- Miscellaneous questions.

The Board of Directors of 25 November 2009 deliberated in particular on the following agenda:

- Approval of the minutes of the meeting of Board of Directors of 27 August 2009;
- Sales /acquisition proposals;
- Progress of business;
- Miscellaneous questions;

- RBL;
- Details on sub-appointment of powers to the Chairman and Chief Executive Officer in order to allocate bonus shares;
- Capital increase and final allocation of bonus shares to employees on 21 December 2007;
- Reduction of capital by cancellation of treasury shares;
- Schedule of 2010 meetings of the Board of Directors.

#### **3.2.2.2.4 Missions of the Board of Directors**

##### **Management mission**

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 objective, it addresses all questions related to the proper functioning of the Company and governs, by its decisions, the affairs that concern it.

##### **Appointment and revocation of the Chairman, Chief Executive Officer and the Executive Vice Presidents**

The Board of Directors appoints the Chief Executive Officer and the Executive Vice Presidents, and appoints from among its members the Chairman of the Board of Directors. The Board of Directors determines the compensation of the Chairman, Chief Executive Officer and Executive Vice Presidents and can revoke them. The Board of Directors can also grant to one or more of its members, or to third parties, whether shareholders or not, any special mandates for one or more determined purposes.

##### **Controls and audits**

The Board of Directors is responsible for controls and audits it deems necessary. In particular its mission is to ensure adherence to the standards of good management and prudence in preparing the financial statements and managing the risks linked to the Company's activity, while providing its assistance and its advice to management in its strategy for growth and organisation.

At all times of the year, the Board of Directors conducts these controls and audits and can obtain the documents it deems useful to carry out its mission. Each Director receives all information necessary to carry out his mission and can obtain from the Chairman or the Chief Executive Officer all the documents necessary to carry out his mission.

This control is independent from the one conducted by the auditors, since it involves not only the regularity of the financial statements, but also compliance of the management actions of the Company with the rules for good governance.

##### **Specialised committees**

The Board of Directors has specialised committees that conduct their activities under its responsibility. The functioning and activity of the specialised committees created by the Board of Directors are described in paragraph 3.2.2.3.

##### **Powers of the Chairman and Chief Executive Officer**

At its meeting of 14 June 2007, the Board of Directors decided that the Chairman and Chief Executive Officer will organise and direct the work of the Board of Directors and as such and in compliance with the Articles of Association, he will convene and preside over the meetings of the Board of Directors and more generally he will oversee the functioning of the Company's bodies. The Chairman and Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company and exercise his powers in pursuit of the Company's mission, in due respect of those powers that the law expressly allocates to Shareholders' Meetings.

In compliance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, the Board of Directors unanimously decided to authorise for one year starting on 18 June 2009, regardless of the duration of commitments that are bonded, endorsed or guaranteed, the Chairman and Chief Executive Officer to freely grant bonds, endorsements or guarantees in the name of the Company, to the extent of a unitary amount of 50 million euros and to the extent of a global amount of 200 million euros.

It is specified that above these ceilings, the Chairman and Chief Executive Officer cannot grant any bond, endorsement or guarantee for third parties without the express authorisation of the Board of Directors, and that he can grant bonds, endorsements or guarantees in the name of the Company to the tax and duty administrations without limit in amount.

#### **3.2.2.2.5 Nature of information provided to members of the Board of Directors for the preparation of work**

##### **Information before each meeting of the Board of Directors**

A detailed file is sent to the members of the Board of Directors prior to each meeting containing the information that allows complete examination of the points contained in the agenda of the Board of Directors.

It contains, in particular, the minutes of the previous meeting, the significant events since the last meeting of the Board of Directors, and if necessary, the transactions in progress or envisioned. These documents are generally commented upon by the Chairman and Chief Executive Officer during the meetings of the Board of Directors.

The members of the Board of Directors can also ask to be provided with any additional documents in advance or on the occasion of the meetings of the Board of Directors.

#### Financial information

The Chairman and Chief Executive Officer shall present, quarterly, with the approval of the Administrative and Financial Manager, a report on the Group's activity and that of its main subsidiaries for the past quarter.

A detailed and annotated income statement and balance sheet shall be presented by the Administrative and Financial Manager at the time of each half-year or annual closing.

In the three months after the closing of each period, the proposed consolidated financial statements are sent to the Board of Directors for auditing. The Board of Directors then presents to the General Meeting its report on the activity and the financial statements for the period.

#### Information on particular transactions

Concerning the transactions for external growth or the sale of assets, the Board of Directors examines the data that are provided to it by the Chairman and Chief Executive Officer on the transactions and strategy, and gives its opinion on the opportunity of the files presented, and gives if necessary authorisation to the Chairman and Chief Executive Officer to carry out transactions.

#### Permanent information

The Board of Directors may also ask the Chairman and Chief Executive Officer and management, each time it is necessary, for any information or analysis that it deems opportune or to conduct a presentation on a precise subject.

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

### 3.2.2.3 Organisation and functioning of specialised committees

The Board of Directors has set up specialised committees:

#### 3.2.2.3.1 Audit committee

##### Composition of the audit committee

Following the modification of the Company's management model on 14 June 2007, the audit committee was renewed on that date and continues the work begun by the preceding audit committee. The audit committee is composed of:

- Gilles Brac de La Perrière, Chairman of the audit committee and Observer on the Board of Directors;
- Roland d'Hauteville, independent director;
- Roman Gozalo, director.

In compliance with the provisions of Article 6.1 of the *Bylaws* of the Board of Directors, adopted by the Board of Directors of 31 March 2010, the audit committee is composed of three members chosen by the Board of Directors from among its members. The Chairman of the audit committee is elected by its peers.

The members of the audit committee are appointed for the term of their mandates as members of the Board of Directors or for a duration set by the Board of Directors. They can, however, resign at any meeting of the Board of Directors without reason or advance notice.

#### Mission of the audit committee

The general role of the audit committee, as defined by the *Bylaws* of 31 March 2010, is to assist the Board of Directors so that it can have the information and resources available to ensure the quality of internal controls and the reliability of the financial information provided to shareholders and to the financial market.

The audit committee has the following primary missions:

- to monitor the preparation of the financial information
- examination of the individual corporate statements and the consolidated statements of the Company as well as those of the subsidiaries;
- control of the relevancy and the permanency of the accounting methods adopted (i) to establish the corporate and consolidated financial statements and (ii) for the consolidation scope;
- examine the large transactions that involve a risk of conflict of interest between the Company and the members of the Board of Directors;
- monitor the legal audit of the half-yearly, annual, consolidated, and company financial statements by the statutory auditors;
- to monitor the independence of the Auditors;
- examination of the main risks to which the Company is exposed and the solutions used by the Company to face these risks;
- monitor the efficiency of the internal control and management systems and examine the report on these subjects from the Chairman of the Board of Directors to the General Meeting; and
- examination of all subjects likely to have a significant impact on the substance and presentation of the financial statements.

It issues a recommendation on the Statutory Auditors proposed for appointment by the General Meeting.

It reports regularly to the Board of Directors on the performance of its missions and informs it immediately

of any difficulties.

The audit committee meets as often as it deems necessary or appropriate, at the invitation of any one of its members, and at least twice yearly and in all cases before the meetings of the Board of Directors for approval of the financial statements. For the validity of its deliberations, the presence of at least half of its members is necessary.

The resolutions of the audit committee are adopted by majority approval of the members attending the meeting. Each member has one vote. In the event of a tie vote, the Chairman's vote is the tie breaker.

The audit committee can issue, for the Board of Directors, nonbinding written or verbal recommendations. The members of the audit committee can, as part of their mission, hear the officers of the Maurel & Prom group, for example the Chairman and Chief Executive Officer.

#### Activity of the audit committee during the 2009 period

During the year 2009, the audit committee held four working sessions attended by the company's administrative and financial management and the auditors. The attendance rate of these meetings was 100%.

During these sessions, the audit committee worked mainly on estimating the 2008 results and the 2009 draft budget, the Chairman's report on internal controls, approving the 2008 financial statements, approving the financial statements from the first half 2009 of the reorganising the administrative and financial management.

#### 3.2.2.3.2 *Appointments and Compensation Committee*

##### Composition of the Appointments and Compensation Committee

Following the modification of the Company's management mode on 14 June 2007, the Appointments and Compensation Committee was renewed on that date and continued the work committed.

It is composed of:

- Christian Bellon de Chassy, Chairman of the Appointments and Compensation Committee and independent director;
- Alain Gomez, independent director, with resignation effective 31 December 2009; and
- Alexandre Vilgrain, independent director.

The functioning of the Appointments and Compensation Committee is governed by the Bylaws of the Board of Directors. The Appointments and Compensation Committee is composed of three members chosen by the Board of Directors from among its members or

from third parties to the Company, recognised for their expertise. Its Chairman is elected by the members of the Appointments and Compensation Committee for a term of one year unless it decides otherwise. The objective of the Board of Directors is that the Appointments and Compensation Committee is composed at least half of independent directors. The Company's managing corporate officers cannot be members of the Appointments and Compensation Committee.

The members of the Appointments and Compensation Committee who are directors are appointed for the term of their mandates on the Board of Directors. The members of the Appointments and Compensation Committee who are not members of the Board appointed for a mandate of one year renewable automatically. They may, however, resign at any meeting of the Board of Directors without reason or advance notice.

##### Missions of the Appointments and Compensation Committee

###### ■ Selection and appointment missions

The Chairman shall collaborate with the work of the Appointments and Compensation Committee in this matter.

###### • Applicants for director positions:

The Appointments and Compensation Committee may have to make proposals and issue opinions on individual candidates, whether independent or not, for the Company's director positions.

###### • Applicants for the managing corporate officer positions (CEO/Vice CEO):

The Appointments and Compensation Committee may have to make proposals and issue opinions on individual candidates, whether independent or not, for the Company's corporate officer positions.

The Appointments and Compensation Committee shall create a plan of succession for the corporate officers in the case of unforeseen vacancies.

###### • Recruitment of non-corporate officers:

The Board of Directors can solicit the opinion of the Appointments and Compensation Committee, when recruiting or dismissing non-corporate officers.

###### ■ Missions with respect to compensation

###### • Compensation of corporate officers;

- The mission of the Appointments and Compensation Committee is to make proposals on the compensation of corporate officers (amounts of fixed and variable compensation, if any);

- The Appointments and Compensation Committee also makes recommendations with regard to the retirement and benefits plan (French retraite et de prévoyance), and the rights to various pecuniary benefits

of the management and corporate officers, and on the financial conditions of their departure from the board;

- The Appointments and Compensation Committee makes its proposals at the beginning of each year for the year in progress. In particular, the appointments and compensation committee, at the beginning of each year, will issue its opinion on the details of compensation, company benefits and in-kind benefits, of the Chief Executive Officer, in compliance with regulations, market conditions, and the best interests of the Company;

- Policy for compensation of non-corporate officers:

The Appointments and Compensation Committee makes sure that the policy for compensation of the Company's non-corporate officers is in compliance with the market and the best interests of the Company.

- Breakdown of attendance fees and exceptional compensation:

- The Appointments and Compensation Committee is in charge of determining, each year, (i) the overall amount of attendance fees submitted to the General Meeting for approval and (ii) the conditions for allocating such attendance fees among the members of the Board of Directors, taking into consideration, in particular, the attendance of these members at the meetings of the Board and in the committees of which they are members;

- The Appointments and Compensation Committee can also be asked to issue an opinion on all proposals for exceptional compensation made by the Board of Directors for compensation of any member charged with a mission or a mandate in compliance with the provisions of Article L. 225-46 of the French Commercial Code.

#### Activity of the Appointments and Compensation Committee during the year 2009

The committee met 6 times in the year 2009. It essentially handled the compensation of company officers and the distribution of attendance fees. Its recommendations were founded mainly on an analysis of the individual performances and the contributions of those concerned.

### 3.2.3 Compensation and benefits of all types given to corporate officers

Except for the Chairman and Chief Executive Officer, a director (Cf. § 3.2.2.1.2) and the former Chief Executive Officer (prior to the change to the Company's model of governance), no corporate officer received any compensation in 2009, for whatever reason, beyond attendance fees allocated every year to the members of the Board of Directors of the Company (Cf. § 3.2.3.2.1 - table 3 and § 3.2.3.2.2).

#### 3.2.3.1 Non-corporate officers

The members of the Board of Directors receive attendance fees that are voted on each year by the General Meeting of shareholders. The Board of Directors, on the proposal of the appointments and compensation committee, distributes the envelope of attendance fees according to the following rule:

- A fixed portion, which represents 50% of the overall envelope and is proportionally distributed over the year of the duties.
- A variable portion, representing 50% of the overall envelope and that is distributed in accordance with attendance and duties exercised each year.

Details on the attendance fees paid in the last three periods are shown in paragraph 3.2.3.2.2.

As a reminder, the overall amount of the attendance fees allocated by the General Meeting of shareholders has not changed for three years and for three years the Chairman and Chief Executive Officer has renounced his share of these.

#### 3.2.3.2 Corporate managing officers

The Board of Directors, when proposed by the appointments and compensation committee, sets the compensation for its corporate managing officers.

This compensation in the Company concerns one person only, the Chairman and Chief Executive Officer.

The compensation of the Chairman and Chief Executive Officer has no variable portion. Its amount is reviewed annually. The current compensation of the Chief Executive Officer was set by a decision of the Board of Directors on 14 June 2007 at €500 K and has not been modified since that time.

There is no specific retirement plan for corporate officers who benefit from the same retirement plans as those applicable to all employees in the group.

No bonus shares or share options are allocated to the corporate officers.

### 3.2.3.2.1 Compensation of the Chairman and Chief Executive Officer

TABLE SUMMARISING THE COMPENSATION AND ALLOCATED OPTIONS AND SHARES TO EACH MANAGING CORPORATE OFFICER

Name and title of the officer Jean-François HÉNIN, Chairman and CEO	Fiscal Year 2008	Fiscal Year 2009
	Compensation due in the year (detailed in Table 2)	500,000
Value of options allocated in the year (detailed in table 2)	-	-
Value of shares for performance allocated in the year (detailed in table 4)	-	-
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>

TABLE SUMMARISING THE COMPENSATION OF EACH MANAGING CORPORATE OFFICER

Name and title of the officer Jean-François HÉNIN, Chairman and CEO	Amounts in fiscal year 2008		Amounts in fiscal year 2009	
	due	paid	due	paid
- fixed compensation	500,000	500,000	500,000	500,000
- variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
- attendance fees	-	-	-	-
- in kind benefits - automobile	-	-	-	-
<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

Table of attendance fees		
Members of the Board	Attendance fees paid in 2008	Attendance fees paid in 2009
Jean-François HÉNIN	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

For the other corporate officers, see paragraph 3.2.3.2.2

No option to subscribe or purchase shares has been allocated during the year 2009 to any corporate officer, nor has been exercised by any managing corporate

officer. In addition, no performance bonus has been allocated to any corporate officer during this period.

#### HISTORY OF ALLOCATION OF OPTIONS AND SUBSCRIPTION OR PURCHASE OF SHARES TO THE CORPORATE OFFICERS

Date of General Meeting	Plan dated 28/12/2004
<i>Date of meeting of Board of Directors or management board, as applicable</i>	21/12/2005
<i>Total number of shares available for subscription or purchased, including the number of shares able to be subscribed or purchased by:</i>	100,000
Corporate officers	-
Mr. Roman Gozalo	100,000
<i>Start of share exercise period</i>	22/12/2005
<i>Expiration date</i>	22/12/2010
<i>Subscription or purchase price</i>	€ 12.91
<i>Terms for exercise (when the plan has several tranches)</i>	-
<i>Number of shares subscribed on [...] (most recent date)</i>	-
<i>Total accumulated number of options for subscription or purchase cancelled or expired</i>	-
<i>Options for subscription or purchase remaining at end of financial year</i>	100,000

Options for subscription or purchase of shares granted to the top ten non-officer employees and options exercised by them	Total number of options allocated/ shares subscribed or purchased	Average weighted price	Plan no. 1	Plan no. 2
<i>Options granted during the period, by the issuer and all companies included in the scope of option allocation, to the issuer's top ten employees and of all companies included in this scope, of which the number of options is highest (overall information).</i>	NONE			
<i>Options held on the issuer and above-referenced companies exercised during the year by issuer's top ten employees, and of the companies with the highest number of options thus purchased or subscribed (overall information).</i>	NONE			

Managing corporate officers	Work contract		Supplementary retirement plan		Indemnities or benefits due or likely to be due because of sale or change of position		Indemnity relating to non-competition clause	
Name: <i>J.F. Hénin</i> Position: <i>Chairman and CEO</i> Start date of Mandate: <i>14 June 2007</i> End date of Mandate: <i>Approval of 2009 statements</i>		No		No		No*		No

\* except for group retirement plan

### 3.2.3.2.2 Board of Directors

The members of the Board of Directors of Maurel & Prom received the following amounts (in €) for attendance fees for the years 2009, 2008 and 2007 paid respectively in 2010, 2009 and 2008:

	Fixed attendance fees			Variable attendance fees			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
M. Hénin	-	-	-	-	-	-	-	-	-
M. Andreck	22,500	22,494	25,000	12,655	16,890	22,131	35,155	39,384	47,131
M. Chalandon	-	10,078	25,000	-	18,374	46,475	-	28,452	71,475
M. de Marion de Glatigny	22,500	22,494	25,000	15,121	13,604	16,230	37,621	36,098	41,230
M. Bellon de Chassy	22,500	22,494	25,000	30,241	29,324	23,607	52,741	51,818	48,607
M. Gomez	22,500	22,494	25,000	25,146	24,127	17,705	47,646	46,621	42,705
M. d'Hauteville	22,500	22,494	25,000	26,297	27,840	32,459	48,797	50,334	57,459
M. Gozalo	22,500	12,476	-	22,352	14,848	-	44,852	27,324	-
Financière de Rosario	22,500	22,494	25,000	11,340	9,280	8,852	33,840	31,774	33,852
M. Vilgrain	22,500	22,494	25,000	25,639	16,704	14,754	48,139	39,198	39,754
M. Brac de La Perrière (observer)	22,500	22,494	22,500	26,625	31,737	42,787	49,125	54,231	67,787
<b>TOTAL</b>	<b>202,500</b>	<b>202,506</b>	<b>225,000</b>	<b>195,416</b>	<b>202,728</b>	<b>225,000</b>	<b>397,916</b>	<b>405,234</b>	<b>450,000</b>



The above breakdown takes into consideration the respective duration of each Director's mandate on the Board of Directors (for the fixed fees) as well as the presence at meeting of the Board of Directors and the committees (for the variable fees).

Mr. Jean-François Hénin was appointed to the Board of Directors by the General Meeting of 14 June 2007. The Board of Directors acknowledged his decision not to receive any attendance fees for his participation on the Board of Directors. For the year 2009, the fees of Jean-François Hénin have not been allocated to the other Directors. Mr. Hénin is compensated as Chief Executive Officer of the Company as described in paragraph 3.2.3.2.1

Mr. Chalandon has not been a Director since 12 June 2008.

Mr. Gozalo was Chief Executive and member of the management board of the Company until 14 June 2007. From 1 January to 14 June 2007 he received compensation of €268,850. He next was salaried until

19 May 2008, when he ceased to be a salaried employee. He was appointed Director of the Company on 12 June 2008. From 19 May to 31 December 2008, he received the amount of €55,525 under the non-compete clause in his work contract. During the year 2009, he received the amount of €70,357 under the non-compete clause in his work contract.

The corporate officers however have no particular in-kind benefit. There is no additional retirement plan in place for the corporate officers.

The allocations shares for subscription/purchase of shares and the bonus shares are described in detail in paragraph 3.2.3.2.3 below.

### 3.2.3.2.3 *Stock-options and bonus shares*

The information below is updated on the issue date of the Annual Report.

The table below shows the options granted to corporate officers in the three last years that have not been exercised.

Plan	Allocation date	Exercise price	Start of exercise period	Expiration date	Number of options		
					Allocated	Exercised	Remaining
Mr. Roman Gozalo (member of the Management Board until 14 June 2007 and Director since 12 June 2008)							
Plan no. 3	21/12/2005	€12.91	22/12/2005	21/12/2010	100,000	-	100,000

Except for the above-listed options, no option for subscription or purchase of shares has been granted to the Company's corporate officers by the Company or by the companies in the Maurel & Prom Group during the year 2009. In addition, no corporate officer has exercised any option for subscription or purchase of shares during 2009.

A bonus share allocation plan for Company employees was set by the management board at its meeting of 21 December 2005, on the basis of the authorisation granted by the General Meeting of 29 June 2005 (18th resolution).

To date, former Chief Executive Officer Mr. Roman Gozalo has received 15,000 bonus shares, which were allocated to him on 21 December 2005 and Mr. Daniel Pélerin, Director of Exploration and member of the management board until 14 June 2007, has received 50,000 bonus shares, which were allocated on 3 October 2006.

	Plan no. 1	Plan no. 1 ter
	Roman Gozalo	Daniel Pélerin
	(member of management board until 14/06/2007)	(member of management board until 14/06/2007)
Allocation date	21/12/2005	3/10/2006
Acquisition period	21/12/2007	3/10/2008
Waiting period	21/12/2009	3/10/2010
Number of bonus shares	15,000	50,000

Mr. Gozalo received 4,344 bonus shares on 21 December 2007, and 6,206 bonus shares on 15 October 2008 under a compensation commitment dated 7 July 2006.

No other bonus shares have been granted to the Company's corporate officers by the Company or by the companies in the Maurel & Prom Group.

### 3.2.3.3 Capital ownership of corporate officers

As of 1 March 2010 and to the Company's best knowledge, the Company's corporate officers together held 30,507,727 Company shares, representing 25.16% of its capital and 23.66 % of the hypothetical voting rights (vs. 26.32% of exercisable votes).

To the Company's best knowledge, the details on ownership of the Company as well as the transferrable securities issued by Maurel & Prom held by corporate officers on the same date are shown in the table in paragraph 3.2.2.2.1.

The members of the Board of Directors are subject to the legal and regulatory provisions governing transactions on Company shares on which they possess information that is not yet public.

## 3.3 INTERNAL CONTROL AND RISK MANAGEMENT

### 3.3.1 Internal control procedures

At the request of the Chairman and Chief Executive Officer, administrative and financial management has combined the items that constitute this report on the basis of various work conducted by the Company's internal departments. The resulting report was presented to the audit committee.

#### 3.3.1.1 Definition and objectives

Internal control at Maurel & Prom may be defined as all policies and procedures for control implemented by Company's management and personnel and that of the Group, whose aim is to provide the following:

- reliability and accuracy of the accounting and financial data;
- precision and completeness of the accounting records;
- execution and optimisation in the conduct of the Group's transactions;
- that the actions of management and execution of the transactions as well as the behaviour of personnel are consistent with the initiatives given to the Group's activities by the company bodies, and consistent with the values, standards and internal rules of the Group;
- adherence to applicable laws and regulations; and
- safekeeping of the Group's assets by providing, among other things, for prevention and control of risks resulting from the Group's activity, in particular the risks detailed in Chapter 7 of this Annual Report.

The objective of internal control is to provide reasonable assurance of the adherence to the rules and regulations, the securitisation of assets and the effectiveness of operations. It cannot provide an absolute guarantee that these risks are totally eliminated.

### 3.3.1.2 Organisation of internal control

Maurel & Prom's objective is to make its workers responsible for internal control procedures, knowing that these procedures rest on culture, behaviour and the competency of each.

To do this, and as personnel dedicated to internal control, Maurel & Prom's Executive Managers and administrative and financial management, together with the Board of Directors and more particularly its audit committee define the priorities of internal control. On the basis of these priorities, the Group's workers share in the implementation of procedures that aim to reach those objectives. Operational coordination for the internal audit method is provided by Maurel & Prom's general secretary.

Maurel & Prom's management implements the organisation, the methods and the procedures to ensure control and supervision of activities. It meets regularly to discuss management issues within and outside of the normal course of business. The members of the management committee (the chairman and chief executive officer, the director of production, the director of exploration, the director of drilling and the administrative and financial director) meet every two weeks to handle questions relating to company management and analyse performance of company actions. Between these two meetings, each member of the management committee may, if necessary, call for an exceptional meeting.

An extended management committee including, in addition to the members of the management committee, the Director of Hygiene Safety and Environment as well as the main operational and functional managers, meets quarterly. The objective of this committee is specifically to analyse abnormalities and malfunctions as well as risk factors and prevent their possible consequences. As such, it issues recommendations and suggestions for various concerned managers and follows up on their proper application.

### 3.3.1.3 Risk management

The Group has set up an approach to identify and manage risks conducted by management and that includes the process of review and approval of transactions by operating subsidiaries. The Board of Directors shall, throughout the year, ensure the apprehension of risks involved in the Group's activities and also ensure implementation of risk-tracking measures. A biannual review of all risks shall be created under its authority, with the help of the audit committee, at closing of accounting periods. In addition, the identification and management of risks is founded on an organisation structure based on the allocation of competencies that are clearly defined and formalised through the distribution of organisational charts and

charts of positions, by the establishment of delegated powers, by a regular process of operational and financial reporting and by the creation of interdisciplinary teams dedicated to each project or plan of action presenting specific risks that are deemed significant.

The main outside risks are the price of oil and legal and political risks linked to the Group's exploration and production regions, as described in Chapter 2 "Risk Factors" in this Annual Report.

Maurel & Prom's management, in coordination with the subsidiary managers, the Board of Directors and the audit committee, identify and analyse the risks that are likely to have a significant impact on the activity or assets of the Group.

The Group subscribed to insurance policies that cover several kinds of risks, including specific policies for its oil business and the type and location of its assets. These policies are described in paragraph 2.4.

### 3.3.1.4 Implementation

The Maurel & Prom Group is composed of a headquarters establishment, subsidiaries and operating establishments, and each of these is placed under the responsibility of a local manager who reports to the Group's executive management. The local managers coordinate the Group's activities by country or by geographic zone of activity.

In the countries in which the Group's operations are the most developed, the operating subsidiaries are endowed, in addition to their technical functions, with their own financial, accounting, and legal departments. For the subsidiaries that do not have their own administrative departments, Maurel & Prom's functioning departments provide support services for such operations. Prevention and control of industrial and environmental risks are under the competency of the operating units.

The operating and financial managers of the establishments and subsidiaries benefit, on a case by case basis, from suitable delegation of power.

The specific "business" responsibilities are provided by the managers of various positions in charge, at the Group level, of the exploration, development and production, drilling, HSE, finance/administration/human resources activities. Consequently, the important decisions are prepared in coordination with and validated by the concerned functional managers before being sent to the Group's executive management for approval.

Legally, the preparation and validation of key documents in the life of the Group's subsidiaries are centralised by the Group's legal services.

To limit the legal risks linked to lawsuits, the Group has set up a centralised legal department, assisted by attorneys specialised in the areas of law concerned, to

formalise its contractual commitments, and comply with its obligations of all types and defend its interests, when these are deemed to present a significant risk factor.

Administrative and financial risk management was reorganised in 2009 by combining the accounting and management control departments under the accounting and risk control department.

Maurel & Prom's accounting manager prepares the Group's consolidated income statements. This department continuously monitors changes in accounting regulations, in particular concerning international standards, in close coordination with the Statutory Auditors. The consolidated financial statements are prepared biannually. The accounting data from the operating subsidiaries are reviewed by the headquarters in Paris before being added to the final statements. The financial statements are prepared by the Company's accounting department prior to being evaluated and controlled by 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 expenses as well as a general analysis of costs.

In the main operating entities, the management controller, with a dual operational and functional attachment, strengthens the internal control process.

Management of cash flows, positions and liquidities as well as the financial instruments are centralised (cash pooling agreement) under the cash and financing manager. This department is also in charge of managing risks associated with financial instruments and cash and foreign exchange activities as part of the policy promulgated by the Group's executive management.

With respect to the information system, the Group uses standard tools for processing general and analytic accounting, consolidation, cash and personnel management (consolidation software used in all subsidiaries, use of consultants at closings, subcontracting of information systems with outside service providers).

The entire financial communication process is placed under the responsibility of the General Manager and the Administrative and Financial Manager.

Each quarter Maurel & Prom sends its sales data to the financial market, and in the months following the half-year closing, an income statement, a balance sheet and a consolidated financing summary for the half-year.

The communication calendar is distributed in the beginning of the period in compliance with the requirements of Euronext. The financial documents

provided to the market are prepared by the accounting and management control departments and validated by the Board of Directors.

The administrative and financial management then ensures that the information sent to markets is consistent with the Group's results, with the suggestions of the Board of Directors and with legal and regulatory requirements. The Statutory Auditors validate the annual and half-year financial documents prior to their distribution.

The Group draws the attention of its junior workers to the necessity of not conducting market transactions on Company securities during certain periods and not disclosing information likely to have an impact on the price of the share.

Oil operations are carried out in a framework that involves host governments that 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 commitments of oil cost must be within a budget that is approved and/or validated by all stakeholders to the various partnership contracts in place.

### **3.3.1.5 Supervision of the internal control procedures**

#### **3.3.1.5.1 The Board of Directors**

The Board of Directors has always affirmed the importance that it gives, together with executive management, to internal control and to its main areas of application.

#### **3.3.1.5.2 The audit committee**

The audit committee is in charge of tracking internal control measures, and the priority is focused on the accounting and financial areas, without ignoring the other functions. This committee reports to the Board of Directors.

The audit committee has the following primary missions, among others:

- monitoring the process of preparing the financial information;
- examining the corporate financial statement, the Company's consolidated financial statements, and the financial statements of its main subsidiaries;
- controlling the relevancy and permanency of the accounting methods adopted (i) to establish the corporate and consolidated financial statements and (ii) for the consolidation scope;
- examining major transactions involving a risk of conflict of interest between the Company and the members of the Board of Directors;

- monitoring legal compliance of the semi-annual, annual, consolidated and corporate financial statements by the statutory auditors;
- monitoring the independence of the statutory auditors;
- examining the main risks to which the Company is exposed and the solutions used by the Company to address these risks;
- monitoring the effectiveness of the internal control and risk management systems, and examining the report on these same subjects by the Chairman of the Board of Directors to the General Meeting; and
- examining any subject likely to have a significant impact on the substance and presentation of the financial statements.

### 3.3.1.5.3 Executive management

The mission of executive management is specifically to define the general principles governing internal control and to ensure their proper application.

### 3.3.1.5.4 Internal controllers

Since 2009, the Maurel & Prom General Secretary coordinates the Group's method for audit and internal control. He reports directly to the Management Committee and reports to the audit committee.

To perform audit due diligence, he relies on the internal auditing in place at the Group's main operating subsidiary (Gabon) and on external consultants who are duly authorised for this purpose.

The choice of missions takes into consideration the evaluation of the most significant risks. The weight and the contribution of prior activities and their rhythm of development are taken into consideration in risk assessment. The action plans chosen following audits are tracked regularly by the General Secretary.

### 3.3.1.5.5 Statutory Auditors

The Statutory Auditors, through their various controls, perform their professional due diligence to validate the preparation, treatment and the consistency of the accounting and financial information at the level of Maurel & Prom and its subsidiaries.

They are informed in advance of the process of preparing the financial statements, and they present the summary of their work to Financial management and executive management, to the audit committee as well as to the Board of Directors.

The Statutory Auditors conduct the internal control audits that they deem necessary as part of their mission to certify the financial statements and provide their observations to the audit committee.

### 3.3.1.5.6 2009 accomplishments and 2010 outlook

Measures taken in 2008 to strengthen monitoring and control of cash transactions were maintained in 2009. These primarily include:

- strict definition of powers and authorisations;
- precise definition of applicable principles and procedures;
- strict adherence to the principle of separation of tasks;
- the establishment of specific dedicated computing tools (specialised Front2Back software).

In addition, the Group continued strengthening its internal control procedures by adopting the following provisions:

- creation of an internal auditing position coordinated by the Maurel & Prom General Secretary;
- appointment of an auditing manager within the main operating entity (Gabon);
- makeover of the organisation of financial management of Maurel & Prom by combining accounting and control functions within the same department;
- reorganisation of management in Gabon with, in particular, the appointment of an executive manager and a financial director;
- use of external consultants specialised in internal control, as needed;
- studies for the adoption of an internal control reference document and the implementation of a computer tool for the distribution of procedures within the Group.

These provisions have resulted in the following:

- the completion in 2009 of a first audit in Gabon of the "purchasing-supplier" cycle;
- the Group's adoption, in early 2010, of the internal control standard documentation recommended by the AMF;
- the extension of powers given to the audit committee in compliance with the ordinance no. 2008-1278 of 8/12/2008;
- a systematic approach to identify and manage risks. Among the various actions conducted in 2009, the following should be highlighted: the legal restructuring of the business in Gabon, the correlative adaptation of the powers granted at the start of the 2009 second half-year (ending in December 2010), the management makeover process and monitoring of commitments (purchases and inventories), the legal reorganisation of the Congo, to allow the integration of Prestoil Kouilou, and Colombia following the disposal of Hocol.

- the completion of the assistance missions in the operating entities, conducted by workers in Maurel & Prom's administrative and financial management aiming to harmonise the management and reporting processes and the information systems.

The Group plans to continue to strengthen its internal procedures in 2010 by:

- adopting a code of ethics in the Group;
- implementing the AMF standard framework:
  - gradual implementation combining the "top-down" and "bottom-up" approaches;

- relying on resources adapted to the size of the Group;
- conducted in respect of its strong entrepreneurial culture;
- integrating the specificities relating to oil exploration and production.

The adoption of the AMF standard should lead the Group to set up a more formalised internal audit and control method based on risk analysis.

- The deployment of a computer tool for distributing the internal procedures within the Group.

## 3.4 RULES FOR PARTICIPATION AND INVITATIONS TO ANNUAL AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

### 3.4.1 Invitations to General Meetings

Shareholders' Meetings are convened, under conditions stipulated by law, by the Board of Directors or, otherwise, by the Auditors or by any other legally authorised persons.

The Meetings are held at the registered office or at any other place specified in the meeting invitation.

### 3.4.2 Access and participation of shareholders in General Meetings

A duly convened General Meeting represents all shareholders. Its decisions are compulsory for all, even those absent, dissident or unable to attend.

All shareholders have the right to attend the General Meetings and to participate in the deliberations, in person or by proxy, regardless of the number of shares they hold, on simple proof of identity.

However, proof of the right to participate in the Company's General Meetings, in whatever form, can be shown by accounting records or by registration of shares in the conditions and terms stipulated by the applicable regulations.

The Board of Directors can reduce or eliminate the time for justification of the right to participate in the Company's General Meetings through a general measure that applies to all shareholders.

All shareholders can be represented by their spouse or by another shareholder. For this, the representative must show proof of his proxy authorisation.

All shareholders may also send a power of attorney to the Company without indicating the name of their representative. All such powers of attorney without indication of the name of the proxy shall be considered as a vote in favour of the resolutions submitted or approved by the Board of Directors to the meeting.

All shareholders can vote by correspondence using a form created and addressed to the company in the conditions allowed by applicable laws and regulations. This form must be received by the Company three (3) days before the date of the meeting date, without which it will not be acknowledged.

# 4 GROUP EMPLOYEES

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# GROUP EMPLOYEES

## 4.1 EMPLOYEES

The year 2009 was characterised by a decrease in the number of personnel involved in the oil and drilling activity, linked to the sale of the Hocol subsidiary in Colombia.

Breakdown by activity	2009	2008	2007
<i>Oil and Gas Exploration / Production</i>	143	258	246
<i>Oil drilling</i>	133	162	133
Registered Office	21	21	24
<b>TOTAL</b>	<b>297</b>	<b>441</b>	<b>403</b>

Geographical breakdown	2009	2008	2007
<i>Africa</i>	138	82	61
<i>Latin America</i>	122	266	253
<i>Europe</i>	37	93	89
<b>TOTAL</b>	<b>297</b>	<b>441</b>	<b>403</b>

#### **4.1.1 Company employees (excluding operational entities) as of 31 December 2009**

The Company had a total 44 employees as of 31 December 2009.

It had 49 employees on 31 December 2008, and on 31 December 2007, 54.

Total salary expenses in 2009 were €6,798,064 (versus €6,945,163 in 2008). Fringe benefits for the financial year were €3,053,503 (versus €3,008,896 in 2008). Employer contributions, were 44.9% in 2009 versus 43.32% in 2008.

Interim and outsourced services in 2009 (excluding the service provision agreement with Pacifico S.A. cited in sections 3.2.1.3 and 3.2.2.1.2) represented an expense for the Company of €229,257 (versus €207,897 in 2008).

#### **4.1.2 Recruitment in 2009**

In the Company, one employee was hired since 1 January 2009. New hires were distributed as follows:

- One person was hired on a permanent contract ;
- There were no new hires on temporary contracts;
- No apprentices were taken on.

Four trainee agreements were signed during this period.

#### **4.1.3 Dismissals in 2009**

In the Company, three employees were laid off in 2009, for personal reasons.

#### **4.1.4 Other**

The Company has been governed by the oil industry collective agreement since 1 March 2004.

A protocol to control and reduce working hours has been in place since 19 May 2003. Under this protocol, the work week in the Company is 35 hours.

The Company belongs to a supplemental pension benefits plan, which is a group insurance policy with Generali. This agreement covers all employees, and employer's contributions are 8% for tranches A, B and C.

Under this plan the Company paid €414,518 in 2008 and €416,320 in 2009.

## 4.2 EMPLOYEE SHAREHOLDING

At 31 December 2009, 21 Group employees (excluding the Chairman) held 566,967 shares in the Company. Some employees also have shares in Maurel & Prom through the save-as-you-earn scheme.

### 4.2.1 Profit-sharing plan and save-as-you-earn scheme

The Company operates a scheme to link employees with the Company's performance and its share capital, through a save-as-you-earn scheme.

#### 4.2.1.1 Profit-sharing plan

A profit-sharing plan was put in place on 1 January 2005, following the expiry of the first profit-sharing plan set up in 2002. This agreement was concluded for a three year period and remained in effect until 31 December 2007. A new incentive plan was set up during 2009. It will run until 31 December 2011.

#### 4.2.1.2 Save-as-you-earn scheme

On 1 March 2002 the Company put in place a save-as-you-earn scheme that offers employees a Company Savings Plan (CSP). This plan has a one-year term, tacitly renewable yearly.

Under the terms of this plan, as of 31 December 2009, 61 participating employees and former employees held 107,500 Maurel & Prom shares representing 0.09% of its share capital.

All Company employees with at least three months' service can join the plan if they wish.

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.

The Company encourages employees to save through a flexible contribution schedule that is applied across the board and available to all beneficiaries.

Contributions to the Company Savings Plan in 2009 (amounts paid to the CSP for present employees) amounted to €126,500.

### 4.2.2 Stock options allocated to employees and options exercised by them

Some employees of the Company have been allocated Maurel & Prom stock options, the principal characteristics of which are shown in the table below:

TABLE SUMMARISING MAUREL & PROM STOCK OPTIONS  
INFORMATION AS AT 31 DECEMBER 2009

Plan	Date authorised by General Meeting	Date allocated	Beneficiaries	Number of options allocated	Initial exercise price	Start date of exercise period
1	11/09/2001	25/10/2001	12 people	154,000	€12.15	26/10/2004
			• 1 corporate officer <sup>(1)</sup> , and	8,000		
			• 11 employees not corporate officers <sup>(2)</sup>	146,000		
3.ii	28/12/2004	6/04/2005	8 employees not corporate officers	480,000	€13.44	7/04/2005
3.iii	28/12/2004	21/12/2005	2 people	170,000	€12.91	22/12/2005
			1 corporate officer <sup>(5)</sup> , and	100,000		
			1 employee not a corporate officer	70,000		
3.iv	28/12/2004	3/01/2006	1 employee not a corporate officer	80,000	€12.86	4/01/2006
3.v	28/12/2004	10/04/2006	1 employee not a corporate officer	80,000	€14.72	11/04/2006

(1) Of subsidiaries of Maurel & Prom.

(2) Of these options, (i) 410,130 were held by Mr Frédéric Boulet, employee of Maurel & Prom at the time of allocation, who became a member of the management board on 28 December 2004 and left the Company on 18 August 2005 and (ii) 153,800 by Mr Daniel Pélerin, employee of Maurel & Prom at the time of allocation, member of the management board from 22 April 2005 to 14 June 2007 and subsequently an employee.

(3) Options exercised before par value split by 10.

(4) Takes into account the exercise of 5,127 options before the December 2004 readjustment.

(5) Mr Roman Gozalo, CEO and member of the Company's Management Board from 24 October 2005 to 14 June 2007, member of the Board of Directors since 12 June 2008

**NOTE:**

- Each existing option confers the right to subscribe one Maurel & Prom share with a par value of €0.77;
- No allocated options have been cancelled;
- With respect to all options, there is no provision to prohibit the immediate resale of all or part of the shares resulting from exercising an option, nor is a minimum holding period specified.

Expiration date	Number of options after July 2004 readjustment	Strike price	Number of options exercised after December 2004 readjustment	Strike price	Number of options exercised	Number of residual options
<i>none</i>	157,903	€11.85	1,579,030	€1.185	1,568,270	10,760
	8,203		82,030		8,030	-
	149,700		1,497,000 <sup>(4)</sup>		1,421,700 5,127 <sup>(3)</sup>	10,760
6/04/2010	N/A	N/A	N/A	N/A	200,000	280,000
21/12/2010	N/A	N/A	N/A	N/A	-	170,000
					-	100,000
					-	70,000
3/01/2011	N/A	N/A	N/A	N/A	N/A	80,000
10/04/2011	N/A	N/A	N/A	N/A	-	80,000

#### 4.2.3 Bonus shares granted to employees

	Plan No. 1.iii	Plan No.1.iv	Plan 2007	Plan 2008 No.1	Plan 2008 No.2	Plan 2008 No.3	Plan 2009 No.1	Plan 2009 No.2
Allocation date	3/10/06	14/12/06	21/12/07	25/04/08	15/10/08	16/12/08	19/06/09	15/12/09
Acquisition period	3/10/08	14/12/08	21/12/09	25/04/10	15/10/10	16/12/10	19/06/11	15/12/11
Holding period	3/10/10	14/12/10	21/12/11	25/04/12	15/10/12	16/12/12	19/06/13	15/12/13
Number of employees concerned	4	23	40	40	17	32	46	32
Number of bonus shares	70,000	65,300	108,786	46,750	93,892	102,750	57,500	120,500

# 5 MAUREL & PROM AND ITS SHAREHOLDERS

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# MAUREL & PROM AND ITS SHAREHOLDERS

## 5.1 CURRENT SHAREHOLDING STRUCTURE

### 5.1.1 Composition

As of 1 March 2010, the shareholding structure was as follows:

1/03/2010	Number of shares	% of capital	Number of voting rights	% of voting rights
<b>Institutional shareholders</b>	54,798,020	45.19%	54,798,020	47.11%
- Pacifico S.A.*	10,644,326	8.78%	10,644,326	9.15%
- Macif	8,324,204	6.86%	8,324,204	7.16%
- Financière de Rosario	1,499,990	1.24%	1,499,990	1.29%
- Other	34,329,500	28.31%	34,329,500	29.51%
<b>Registered shareholders</b>	20,044,095	16.53%	20,746,589	17.83%
- Pacifico S.A.*	18,105,290	14.93%	18,436,361	15.85%
Minority – TOTAL double votes			1,057,284	
• Maurel & Prom (treasury shares)	5,986,805	4.94%	-	-
• Employees	783,253	0.65%	1,138,043	0.98%
<b>Public</b>	39,640,098	32.69%	39,640,098	34.08%
<b>TOTAL</b>	<b>121,252,271</b>	<b>100%</b>	<b>116,322,750</b>	<b>100%</b>

\*On 1 March 2010, Pacifico S.A. held a total 28,749,616 shares, representing 23.71% of the share capital and 25% of the voting rights.

The composition of the Company's share capital at the close of financial years 2008 and 2009 is summarised in the following table. On 31 December 2009, share capital and voting rights were distributed as follows:

31/12/2009	Number of shares	% of capital	Number of voting rights	% of voting rights
<b>Institutional shareholders</b>	54,798,020	45.19%	54,798,020	47.07%
- Pacifico S.A.*	10,644,326	8.78%	10,644,326	9.14%
- Macif	8,324,204	6.86%	8,324,204	7.15%
- Financière de Rosario	1,499,990	1.24%	1,499,990	1.29%
- Other	34,329,500	28.31%	34,329,500	29.49%
<b>Registered shareholders</b>	20,094,053	16.56%	20,817,467	17.88%
- Pacifico S.A.*	18,105,290	14.93%	18,457,361	15.85%
Minority – TOTAL double votes			1,078,204	
• Maurel & Prom (treasury shares)	5,918,332	4.88%	-	-
• Employees	783,253	0.65%	1,138,043	0.98%
<b>Public</b>	39,658,613	32.72%	39,658,613	34.07%
<b>TOTAL</b>	<b>121,252,271</b>	<b>100%</b>	<b>116,412,143</b>	<b>100%</b>

(\*) Pacifico S.A. held a total 28,749,616 shares, representing 23.71% of share capital and 25% of voting rights.

On 31 December 2008, share capital and voting rights were distributed as follows:

31/12/2008	Number of shares	% of capital	Number of voting rights	% of voting rights
<b>Institutional shareholders</b>	<b>55,527,960</b>	<b>46.06%</b>	<b>55,527,960</b>	<b>48.64%</b>
- Pacifico S.A. *	19,499,616	16.17%	19,499,616	17.08%
- Macif	8,324,204	6.90%	8,324,204	7.29%
- Financière de Rosario	1,684,520	1.41%	1,684,520	1.48%
- Other	26,019,620	21.58%	26,019,620	22.79%
<b>Registered shareholders</b>	<b>10,205,816</b>	<b>8.47%</b>	<b>10,228,547</b>	<b>9.35%</b>
- Pacifico S.A. *	9,250,000	7.67%	9,052,645	7.92%
Minority – TOTAL double votes			273,001	
• Maurel & Prom (treasury shares)	6,436,407	5.34%	-	-
• Employees	677,709	0.56%	677,979	0.59%
<b>Public</b>	<b>47,721,915</b>	<b>39.58%</b>	<b>47,721,915</b>	<b>39.30%</b>
<b>TOTAL</b>	<b>120 569 807</b>	<b>100%</b>	<b>114,156,401</b>	<b>100%</b>

(\*) On 31 december 2008, Pacifico S.A. held a total 28,749,616 shares, representing 23.84% of share capital and 25% of voting rights.

### 5.1.2 Shareholders with more than 5% of capital

To the best knowledge of the Company, no shareholder other than MACIF and Pacifico S.A. holds, directly or indirectly, by itself or jointly, more than 5% of the share capital and/or voting rights of the Company.

Note that Pacifico S.A. is a company controlled by Mr Jean-François Hénin, Chairman and CEO of Maurel & Prom, and his family (with more than 99% of share capital and voting rights).

The Company Maurel & Prom exceeded the 5% capital threshold as part of the share repurchase operation on 7 April 2008. This excess was rectified at 23 December 2009 (to 4.97%). The number of treasury shares on 1 March 2010 represented 4.94% of the capital.

### 5.1.3 Principal shareholders with voting rights exceeding their share of capital

In accordance with Article 11, section 5 of the Articles of Association on "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 as at the date they were fully paid up".

Since 30 December 2008, of the 28,749,616 shares held by Pacifico S.A., 7,000,000 shares theoretically had double voting rights. However, pursuant to Article L233-14 of the French Commercial Code, Pacifico may not exercise more than a total 25% of its voting rights during a two-year period.



## 5.2 DIVIDENDS

The combined Ordinary and Extraordinary General Shareholders Meeting of 12 June 2008 decided to pay shareholders a dividend of €1.20 per share, i.e., a total amount of €137,080,245.60 for the financial year ended 31 December 2007. The dividends were paid out on 19 June 2008.

The combined Ordinary and Extraordinary General Shareholders' Meeting of 18 June 2009 decided to pay a dividend of €0.35 per share for the financial year ending 31 December 2008 with the option of taking 100% of the dividend in shares at a discount of 5% based on calculation of the issue price applied to the average opening prices of the 20 trading days preceding this meeting, after deducting the net amount of the dividend. The dividend was paid out on 20 July 2009 in the total amount of €40,044,275.60, €7,834,686.72 of which was subject to a payment in shares.

The Board of Directors of the Group will propose at the General Meeting on 20 May 2010 to distribute a dividend of €0.10 per share.

## 5.3 CONTROL EXERTED ON THE ISSUER BY ONE OR MORE SHAREHOLDERS

### 5.3.1 Control exerted on the issuer by one or more shareholders

To the best knowledge of the Company, no shareholder, acting alone or jointly, controls the Company in the sense of Article L.233-3 of the French Commercial Code.

### 5.3.2 Agreements known to the issuer, the execution of which may entail a change of control

To the best knowledge of the Company, no agreements exist between its shareholders, nor clauses in any agreement, providing preferential terms for the sale or purchase of Maurel & Prom shares affecting 0.5% or more of shareholder capital or voting rights in the Company, the execution of which could entail a takeover of the Company.

# 6 SUSTAINABLE DEVELOPMENT

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# SUSTAINABLE DEVELOPMENT

In 2009, the Maurel & Prom Group continued and confirmed its commitment to implementing a dynamic sustainable development policy, guided by ongoing professional diligence.

The initiative launched by the Maurel & Prom Group over the preceding years is part of a pursuit for progress, improvement in working methods, and know-how with a recurrent focus: Controlling risks and impacts on the environment and people, since the latter are considered full stakeholders in their own right in the success and quality of our operations.

To do this, Maurel & Prom and all its subsidiaries are committed to complying with local regulations and adopting behaviours focused on prevention, and the health and safety of human beings.

By combining its exploration and production activities with a dynamic sustainable development policy, the Maurel & Prom Group pursues its operational objectives while continuing to control the risks inherent to its activities. Managing the daily risks related to its choice to locate its facilities abroad, the Maurel & Prom Group advocates continuous diligence and ethics. Action plans for prevention, protection and social goals are carried out in all Group subsidiaries. Responsibility and action on the part of every player remain essential components in the Maurel & Prom Group's success in sustainable development.

The continual striving for deeper knowledge, and constant awareness of the environmental risks associated with the Group's activities, are the major lines of thinking we are constantly developing. Continuously testing our practices in order to improve them is an ongoing theme in how we drive our sustainable development policy.

Organising our exploration/production activities around the three basic pillars of sustainable development - "economy, ecology, society" - remains at the centre of our daily concerns.

A Code of Conduct reconciling the imperatives of safety, prevention, environmental protection and individual responsibility constitutes the basis of the sustainable development policy put in place at the Maurel & Prom Group (6.1). This dynamic commitment is reflected in the practical and concrete actions we have taken in all areas where Maurel & Prom is developing and intends to develop its activities. (6.2)

## 6.1 THE BASIS OF MAUREL & PROM'S SUSTAINABLE DEVELOPMENT POLICY: ITS CODE OF CONDUCT

The rules in the Code of Conduct in force at Maurel & Prom since 2006, in the form of its "Safety, Environment and Quality Charter", call for preserving a fair balance between operations, which are risky by nature, and the environmental and human responsibilities flowing from them.

This Charter makes safety and prevention major issues (6.1.1) and elevates environmental protection beyond just another task to a fully integrated component of the quality initiative that the Group has chosen and pursues (6.1.2). Lastly, this Charter raises awareness among all players to take responsibility for the management of exploration and production activities (6.1.3).

### 6.1.1 Safety and Prevention: Two major Issues

Safety, as a corollary of the risks involved in oil activities, is a major concern at the Maurel & Prom Group. It is based not only on ensuring that information and procedures are put in place, but also on the skill, experience and specialisations of our teams.

Prevention, by putting in place training procedures, comprehensive internal information as well as impact audits and studies, plays an essential role. Model procedures are adapted to the specifics of each subsidiary, based on the particular regulations and constraints in each location where our activities are based.

Maurel & Prom is especially committed to raising awareness among its partners and subcontractors to continuously improve the quality of their activities, and to raising awareness among local populations of the fundamental principles advanced for over 10 years, namely: responsibility, preservation of health and safety, protection, prevention, sharing, durability and solidarity. Our attention to the Charter at every stage of our activities bears witness to the reality of our commitment.

### 6.1.2 Environmental protection: more than just a task, an essential component of our quality initiative

We have multiple environmental protection objectives: Managing risks in areas that may be impacted by our activities, managing our energy consumption, curbing greenhouse gas emissions, and managing our waste emissions as effectively as possible. To prevent contaminating the environment in any way, our sites are systematically returned to their former condition once our operations have ended to re-establish the initial flora and fauna balance and give back an “identical” milieu to the local populations. The Group insists that all drilling sites be cleaned and the soil rehabilitated. This stage involves civil engineering works, often carried out by a landscaping company along with the use of natural fill materials. The Group is working to include site remediation in its agreements with subcontractors.

Our environmental protection policy also pays special attention to water, a particularly precious and rare resource in most parts of the countries where we operate. Our Group recommends effective measures to consolidate road earthworks and platforms to combat degradation of groundwater (and more generally soil erosion) and to prevent all forms of pollution of agriculture and rivers. After the rainy season, Maurel & Prom, through its actions to clean up and clear rivers, guarantees drinkable water for local populations.

The Maurel & Prom Group incorporates its various environmental protection action plans within the framework of the laws and regulations in force in the countries where their activities are based. A systematic approach based on studies and evaluations demonstrates our desire to anticipate the effects of our projects: Upstream “Impact Studies”, and “Impact Assessments” of projects underway (also covered by ad hoc insurance policies), are rigorously conducted.

Safety, prevention and environmental protection demonstrate the Maurel & Prom Group’s firm commitment to a dynamic and sustainable development policy, representing the varied illustrations of our responsible approach to managing our activities.

### 6.1.3 Particular awareness of our responsibilities in managing our exploration/production activities

“Inform, explain, listen” illustrates the approach taken by the Maurel & Prom Group in raising awareness of its responsibilities in managing its activities.

This proactive approach operates on two levels: Firstly an “internal dimension” which involves continually raising employee awareness of the challenges of our exploration/production activities, and secondly, an “external dimension” in our choice of partners, from whom we require equally strong guarantees of how they conduct their own activities.

#### 6.1.3.1 Responsibility of Maurel & Prom teams

Team responsibility is possible only if it is preceded by rigorous training.

To do this, the Group focuses on health and safety at work. Every person is an integral part of their team when it comes to complying with the Health, Safety and Environment (HSE) standards defined by the Group in accordance with recognised international practices and/or guidelines of major bodies in the oil and gas industry, such as the Accident Prevention Reference Guide of the International Association of Drilling Contractors (IADC), or of the American Petroleum Institute (API).

The procedures laid down in the “HSE Guide” are constantly reviewed and improved within the Group, the result of regular audits and inspections based on the specifics of the location of our operations. The resulting procedures are translated and disseminated throughout the Group in multiple languages, but also by the direct contribution of every individual in improving procedures or in developing new ones. Thus, the “Platform Management” procedure issued in October 2008 assigns responsibilities for each stage of the “life” of a drilling platform, from the design stage to site rehabilitation.

For example, preventive programs to improve safety involve training in firefighting and diligent monitoring to update and renew safety certificates and procedures for certain operating equipment, which relies on taking and passing controlled inspections.

We continue to reinforce safety measures: A special permit must be obtained for any specific work that presents a risk, such as contact with a heat source, working a height or while suspended, or handling explosives.

The Group thus seeks to highlight any inadequacy vis-a-vis the safety rules and to emphasise best practices to replicate them across all its operational sites. Tracking records implemented by Maurel & Prom

allow procedures to be assessed and improved if necessary.

With respect to health and safety at work, Maurel & Prom has elected to adopt an equally rigorous policy that constantly reinforces its recommendations on the ground. Repeated programmes to raise awareness of infectious tropical diseases, such as malaria in Africa, are conducted in collaboration with agencies for occupational medicine. Since 2008, the launch of a “malaria control kit” in Tanzania allows employees at any time including after returning from a mission and without medical assistance, to immediately check for any signs of malaria, which enables faster action if an infection is detected.

The Group installed defibrillators in 2008 to improve the quality of first aid.

With its experience in implementing a dynamic policy to improve prevention, health and safety, Maurel & Prom is committed to promoting a similar approach among its partners and local populations.

#### 6.1.3.2 Promoting responsibility among its partners and local populations

The Maurel & Prom Group has selected its partners on the basis of their know-how as well as their commitment to the principles of health and safety in the workplace. This enables us to harmonise the Health & Safety approach of our partners with our Code of Conduct and our HSE policy.

The Group is also pursuing its commitments to local communities, by contributing substantially to developing and improving the economic and social fabric. For a number of years, the Group has been promoting R&D related jobs in the Group by developing effective training programmes. In this way, the Group is fulfilling its commitment to stay closely linked to local populations and to R&D and exploration projects so as to maintain privileged and absolutely essential links while respecting local characteristics.

## 6.2 THE RESULT: A DYNAMIC SUSTAINABLE DEVELOPMENT POLICY THROUGH CONCRETE AND MULTIPLE ACTION

The Maurel & Prom Group has succeeded in continuously providing solid instruments such as its Code of Conduct, its Charter and its constantly evolving HSE principles, to drive a dynamic and effective sustainable development policy.

There is no denying that the Group's drive for methodical and continual progress in Health, Safety & Environment can have no real resonance or direction unless it respects and adheres to local requirements. The Group is thus committed to taking concrete development actions in every country where it intends to base its projects, case by case, depending on the needs and constraints that it finds.

Developing the local fabric and improving the living conditions of local people while it operates there, remains a real imperative for Maurel & Prom. This concern is reflected concretely in every action plan in every country where the Group is based.

### 6.2.1 Concrete actions by Maurel & Prom: In the Congo, Colombia, Peru, Syria and Tanzania

#### THE CONGO

In the Congo, the Group completed many projects in 2009 in the health sector via the Congo Assistance Foundation with which the Group signed a partnership agreement in 2006.

This has allocated some €100 K in financial aid to managing and operating maintenance works at the Marie Louise Poto Ndzembo health clinic, in the district of Loandjili in Pointe-Noire. This aid is set to be repeated in 2010.

With respect to the development of the local and economic fabric, Maurel & Prom Congo contributed to the development of municipal roads by providing public works machinery to the city of Pointe-Noire. The Group maintains its 10% stake in Banque Congolaise de l'Habitat in order to help develop home ownership among the Congolese people, in partnership with governmental authorities and the Banque.

In the health sector, the Group continues its fight against AIDS and malaria, in close cooperation with the Congolese Red Cross. Maurel & Prom has in particular helped purchase a mobile HIV screening unit. Raising awareness among local people means promoting information and prevention by organising publicity campaigns and seminars. We also pursue action plans

on site to implement sanitation programmes (for disinfection, disinsecting, rat extermination and snake control).

#### COLOMBIA and PERU

Having sold its subsidiary HOCOL, Maurel & Prom Colombia pursued and focused its sustainable development policy in 2009 via its Muisca et Sabanero licence in Colombia and its Lot 116 license in Peru. Over its entire area of more than 800,000 hectares, no environmental or social incident or conflict has ever occurred.

- **In Colombia:**

For its Muisca licence, the Group focused on publicising its projects by organising more than 30 informational meetings in partnership with various communities and local authorities. This willingness to integrate into local communities as part of a participative initiative was also reflected in the recruitment of 250 manual workers and 150 expert local technicians. The Group has also supported education and training by funding the purchase of a school bus and providing computers for the municipal school of Cuitiva, and has supported the elderly by providing warm clothes at a site 3,000 metres above sea level.

With respect to the Sabanero license, acquiring and developing a 3D picture of 138 km<sup>2</sup> of the eastern part of Llanos required ongoing and constructive dialogue with the indigenous Sikuani people, the main objective being to harmonise Maurel & Prom Colombia's HSE policy with Sikuani culture. The education initiative launched by Maurel & Prom Colombia was a success with no accident at any time during the period.

From a social and environmental point of view, a map was developed jointly by Maurel & Prom Colombia and local communities to identify as precisely as possible its cultural and natural resource sites. This initiative was a key element in the project and once again allowed the Group to pursue its projects without incident while respecting the concerns and constraints of local communities and authorities.

- **In Peru:**

The license for Lot 116 is in the north of Peru, in the middle of virgin forest, along the border with Ecuador. About 80% of the inhabitants are indigenous communities. Against a background of general instability and socio-political conflict specific to the Peruvian Amazon, Maurel & Prom's HSE department

was able to produce a Social and Environmental Impact Assessment to establish an environmental study plan for drilling two exploration wells in the prospects of Putuime and Dominguzza in Lot 116, the result of a joint strategy ratified upstream and respectful of the two main indigenous peoples, the Inayuam and the Kashap.

#### SYRIA

In Syria, Maurel & Prom conducted a seismic survey over more than 900 kilometres without any accident and with no comment from local communities or administrative authorities about impact on environment, health or safety. Before each operational stage, Maurel & Prom conducted environmental studies, beyond those required by governmental authorities.

The drilling of the "Draco-1" exploratory well was completed without incident, respecting standard industrial practices for the management and treatment of waste. Maurel & Prom excavated 15,000 cubic metres of trenches for its drilling operations and a water well intended for use by local communities.

These projects were carried out in Syria respecting the culture of Syria and Islam as well as the customs of local communities.

#### TANZANIA

In Tanzania, the motto "any oil project, whatever it is, should include at least one action that is locally significant in benefitting the population" remains more relevant than ever.

On Mafia Island, the Group has helped rehabilitate a dispensary not only by providing cement but also by maintaining roads by supplying civil engineering equipment. The Group also made available to local people the necessary logistics to transport equipment for schools and local authorities. The Group also chose to help build housing for the teachers of a remote school.

At its Mohoro and Mnazi Bay sites, Maurel & Prom helped renovate a school, provide office materials, and maintain roads.

In 2010, Maurel & Prom aims to support oncology services for deprived children at the Ocean Road Cancer Institute Hospital in Dar Es Salaam.

### **6.2.2 Sustainable development in Gabon: One-off actions for an integrated and participative approach: creating a “Sustainable Development Service”**

Created in March 2009, the objective of the Gabon subsidiary’s “Sustainable Development Service” is to implement the sustainable development policy defined by the Group. This Service, which began to function at the end of May 2009, has been a part of the Gabon subsidiary’s corporate policy for a long time. The priority action areas, determined by considering the immediate environment of the Group’s exploitation zones, are the South Lakes (Omoueyi), Mandji-Coucal (Coucal) and Banio (Nyanga-Mayombe).

From volunteer actions in 2007 and 2008, Maurel & Prom has now turned to an integrated and participative approach to helping communities.

It has supported local populations by drilling water wells and providing equipment for schools and fishermen, the Group opting for an approach whose effects will benefit communities into the future. The Group’s key 2009 objective was set out in a comprehensive and shared initiative that outlined a strategy and 3-year action plan for sustainable development for the South Lakes (Onal) and Mandji-Coucal.

Each region thereby has a framework for all the development projects that the Sustainable Development Service will support, to promote sustainable development among these populations. The objective was achieved in the South Lakes region, where most of the Group’s facilities are located.

At the same time and in partnership with local authorities, Maurel & Prom Gabon launched a three-stage awareness campaign aimed at local populations.

Phase One consisted of preparing site condition reports and collecting people’s concerns, by local experts recruited for the purpose. Phase Two consisted of producing a “community assessment” that presents a picture of community resources and constraints. Phase Three involved synthesis work presented at a “Participative Planning” seminar bringing together all the stakeholders in order to optimise the actions to be taken as part of sustainable development in the South Lakes region (Moyen Ogooué Province). This Phase resulted in the preparation of a supporting document – the Strategy and Action Plan – and the implementation of a “joint committee for project planning, monitoring, coordination and evaluation”, not to mention cooperation with other oil operators as part of this project to “share sustainable-development efforts” in the Mandji-Coucal region (Ngounié Province).

We will be taking one-off measures in the Banio region (Nyanga Province) to rehabilitate the home of the Ndindi dispensary physician, and to provide day-to-day hospital consumables. With respect to supporting training and developing the fabric of the local economy, the Sustainable Development Service strategically supported the representatives of the group for the Onal and Mandj-Cancal region to integrate young people at the Maurel & Prom exploitation sites under the supervision general managers, thereby creating some 200 jobs.

In 2010, Maurel & Prom Gabon intends to continue helping local people by implementing a six-point action plan: Institute a framework for the management and operational coordination of projects; develop the skills of local organisations and community institutions; strengthen basic community infrastructures; carry out integrated and multisector microprojects; improve community and cooperative dynamics and promote a participative approach by calling on local, national and international partnerships.

# 7 COMPANY INFORMATION

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# COMPANY INFORMATION

## 7.1 INFORMATION ABOUT THE COMPANY

Corporate name: "Établissements Maurel & Prom".

The Company is a public limited company (*société anonyme*) with a Board of Directors.

The Company is listed in the Paris Commercial and Companies Register (*Registre du Commerce et des Sociétés de Paris*) under number 457 202 331.

The NAF code of the Company (French business code, formerly "APE" code) is 7010Z (hydrocarbon extraction).

Company incorporation date: 10 December 1919.

Company duration: 99 years, which is until 1 November 2018, unless dissolved earlier or extended.

The Company is incorporated under French law.

Maurel & Prom is a public limited company (*société anonyme*) with a Board of Directors, governed by the French commercial code (in particular Articles L.225-57 et seq. of the code), as well as by all other French laws and regulations applicable to it.

Until 14 June 2007, Maurel & Prom was incorporated as a public limited company with a management board and a supervisory board. The combined ordinary and extraordinary general shareholders' meeting of 14 June 2007 decided to change the management form of the Company and replace the management board and supervisory board with a Board of Directors.

Until 28 December 2004, Maurel & Prom was incorporated as a partnership limited by shares (*société en commandite*). The combined ordinary and extraordinary general shareholders' meeting of 28 December 2004 decided to merge Maurel & Prom with its general partner Aréopage by absorbing the latter

and to subsequently transform Maurel & Prom into a public limited company.

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## 7.2 SHARE CAPITAL

### 7.2.1 Share capital and authorisations to increase capital

#### 7.2.1.1 Subscribed capital

On 31 December 2009 Maurel & Prom's share capital was €93,364,248.67. It was divided into 121,252,271 fully paid-up shares with a par value of €0.77 per share. Each share confers a right to the Company's profits and capital in proportion to the fraction of 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 specifying no specific provisions for this.

On 1 January 2009, the Company's share capital was €92,838,751.39 divided into 120,569,807 shares with a par value of seventy-seven eurocents (€0.77) per share.

To the best knowledge of the Company, none of its shareholders has offered any of its shares as pledges.

#### 7.2.1.2 Authorised capital

Authorisations and delegations granted by the combined ordinary and extraordinary general shareholders' meeting of 24 February and 18 June 2009 to the Board of Directors with respect to issues of stock and securities conferring access to capital were as follows:

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 24/02/2009
Two	<i>Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, maintaining shareholders' preferential subscription rights.</i>	<i>Total par value of capital increases: €50 million. Total par value of any debt instruments that may be issued: €500 million.</i>	<i>26 months, until 23 April 2011.</i>

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 24/02/2009
Six	<i>Delegation of authority to the Board of Directors to issue shares and securities conferring access to capital in the event of a public exchange offering initiated by the Company.</i>	<i>Total par value of capital increases: €20 million. The par value of capital increases made under this authorisation will be applied to the ceilings in Resolution Three. The par value of debt instruments resulting from issues made under this authorisation will be applied to the ceilings in Resolution Two.</i>	<i>26 months, until 23 April 2011.</i>
Seven	<i>Authorisation to the Board of Directors to issue shares and securities conferring access to capital with a view to compensating contributions in kind granted to the Company in the form of shares or securities conferring access to capital.</i>	<i>Maximum par value of capital increases: 10% of the Company's share capital (existing on the date of the General Meeting). The par value of capital increases made under this authorisation will be applied to the ceilings in Resolution Three. The par value of debt instruments resulting from issues made under this authorisation will be applied to the ceilings in Resolution Two.</i>	<i>26 months, until 23 April 2011.</i>
Eight	<i>Delegation of authority to the Board of Directors to increase the Company's share capital by incorporating reserves, profits or premiums.</i>	<i>Maximum par value: €100 million.</i>	<i>26 months, until 23 April 2011.</i>
Nine	<i>Delegation to the Board of Directors for the purpose of issuing transferable securities that give the right to allocate debt securities</i>	<i>Maximum par notional amounts: €250 million.</i>	<i>26 months, until 23 April 2011.</i>
Ten	<i>Authorisation to the Board of Directors to allocate Company shares to employees and/or corporate officers, free of charge.</i>	<i>The total number of shares allocated free of charge may not exceed 1% of the Company's share capital (existing on the date of the General Meeting).</i>	<i>38 months, until 23 June 2012.</i>

Authorisations and delegations granted by the combined ordinary and extraordinary general shareholders' meeting of 18 June 2009 to the Board of Directors with respect to issues of stock and securities conferring access to capital were as follows:

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 18/06/2009
Nine	<i>Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights under a public offer.</i>	<p><i>Total par value of capital increases: €20 million.</i></p> <p><i>The par value of capital increases made under this authorisation will be applied to the ceilings in Resolution Two of the General Meeting of 24 February 2009.</i></p> <p><i>Total par value of any debt instruments that may be issued: €350 million.</i></p>	<i>26 months, until 17 August 2011.</i>
Ten	<i>Delegation of authority to the Board of Directors, in the event of issue through a public offer of stock and securities conferring access to capital, with removal of shareholders' preferential subscription rights, to set the issue price in accordance with the conditions set by the General Meeting.</i>	<p><i>Total par value of capital increases: 10% of the Company's share capital (existing at the date of the General Meeting) per 12-month period.</i></p> <p><i>The par value of issues made under this authorisation will be applied to the ceiling in the preceding Resolution Nine.</i></p>	<i>26 months, until 17 August 2011.</i>
Eleven	<i>Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of existing shareholders' preferential subscription rights to the offers described in Article L. 411-2 section II of the French Monetary and Financial Code.</i>	<p><i>Total par value of capital increases: €20 million.</i></p> <p><i>The par value of capital increases made under this authorisation shall be allocated to the ceilings in Resolution Two of the General Meeting of 24 February 2009.</i></p> <p><i>Total par value of any debt instruments that may be issued: €350 million.</i></p>	<i>26 months, until 17 August 2011.</i>
Twelve	<i>Authorisation to the Board of Directors, in the event of issue of stocks or securities conferring access to capital, with removal of shareholders' preferential subscription rights for the offers described in Article L. 411-2 section II of the French Monetary and Financial Code, to set the issue price according to the terms set by the General Meeting.</i>	<p><i>Authorisation limited to 10% of Company capital as at the date of this General Meeting, in any 12-month period.</i></p> <p><i>The par value of Company debt securities resulting from issues under this delegation will be applied against the ceiling for debt securities in the preceding Resolution Eleven and Resolution Nine relating to debt securities.</i></p>	<i>26 months, until 17 August 2011.</i>

Resolution No.	Type of delegation or authorisation	Ceiling (€)	Duration of authorisation from 18/06/2009
Thirteen	Authorisation 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.	<p>The increase must be within 30 days after closing the initial issue, may not exceed 15% of the initial issue, and must be at the same price as the initial issue.</p> <p>This applies to all issues pursuant to Resolution Two adopted by the general shareholders' meeting of 24 February 2009, and Resolutions Nine, Ten, Eleven and Twelve adopted by the General Meeting of 18 June 2009 and must comply with the ceiling in the particular Resolution that governs the issue.</p>	26 months, starting from 24 February 2009, i.e. until 23 April 2011
Fifteen	Delegation of authority to the Board of Directors to increase the capital reserved for employee members of the Company Savings Plan.	Maximum par value of capital increases: €1 million (excluding capital increases by incorporating reserves, profits or premiums).	26 months, until 17 August 2011.

At the Mixed General Meeting of the Company on 20 May 2010 shareholders will be asked to renew the appointments in compliance with the proposed resolutions mentioned in paragraph 9.8 of this Annual Report.

## 7.2.2 Treasury shares held by the issuer or on the issuer's behalf or by the issuer's subsidiaries – Treasury share repurchase plan

### 7.2.2.1 Powers granted by the combined Ordinary and Extraordinary General Shareholders' Meeting of 24 February 2009

Resolution One adopted by the General Shareholders' Meeting of 24 February 2009 authorised the renewal of the current share repurchase plan that had been authorised by the combined Ordinary and Extraordinary General Shareholders' Meeting of 12 June 2008.

The General Meeting of 24 February 2009 authorised the Board of Directors to purchase up to 10% of the share capital existing at the date of this General Meeting, subject to the following terms:

- The maximum purchase price for Company shares

under this repurchase plan was set at €18 per share, although this price will be adjusted in the event of capital operations such as, in particular, 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 €217,025,640 based on the amount of share capital at 31 December 2008. This authorisation is valid for 18 months from 24 February 2009.

The purchases made by the Company under this new authorisation may under no circumstances cause the Company to hold directly or indirectly, at any time, more than 10% of its share capital at the date under consideration.

Shares may be purchased, sold or transferred - including when purchased, sold or transferred as part of a public offering of Company shares provided such offer is settled fully in cash – by any means; specifically, on regulated markets, multinational trading platforms or over-the-counter systems, including when purchased or sold in blocks, or through derivative financial instruments traded on regulated markets, multilateral trading

platforms or over-the-counter systems, provided such transactions comply with the law and regulations in force on the date of the trade concerned and fall within the time periods confirmed by the Board of Directors or by the person authorised to act on the board's behalf.

These share purchases may be carried out within the allocation terms specified by law or regulations, the aims of this repurchase plan being:

- To honour obligations under stock 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 plan for employees under terms governed by law, in particular Article L.3331-1 et seq. of the French Labour Code (including any sale of shares governed by Article L.3332-24 of the French Labour Code), or (c) any stock option plan or bonus share allocation plan for employees and corporate officers or some of them;
- To honour obligations relating to negotiable securities conferring access to Company shares, by any means, immediately or as futures, (including any hedging of Company bonds through such negotiable securities);
- To ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with an ethics charter recognised by the French Financial Markets Authority;
- To hold shares for subsequent use as exchange or payment in a potential external growth transaction;
- To reduce the Company's capital.

#### 7.2.2.2 Description of the share repurchase plan pursuant to Articles 241-1 and following of the French Financial Markets Authority (AMF)

##### LEGAL FRAMEWORK

The implementation of this plan, pursuant to Articles L.225-209 et seq. of the French Commercial Code, EU Regulation 2273/2003 of 22 December 2003, and AMF General Regulations was approved by the Company's General Shareholders' Meeting on 24 February 2009 in its Resolution One, which specified:

"The General Meeting of 24 February 2009 authorised the Board of Directors to purchase up to 10% of the share capital existing at the date of this General Meeting, subject to the following terms:

1°) Hereby ends, with immediate effect, the unused portion of the authorisation granted by the combined General Meeting of 12 June 2008 in its Resolution Six, to purchase Company shares;

2°) Pursuant to Articles L.225-209 et seq. of the French Commercial Code, authorises the Board of Directors to purchase up to 10% of the Company shares existing as at the date of this Meeting, under the following terms:

- The maximum purchase price may not exceed €18 per share, although this price may be adjusted in the event of capital operations such as, in particular, incorporation of reserves followed by the creation and allocation of bonus shares and/or the splitting or grouping of shares;
- The maximum funds designated for the repurchase plan shall be €217,025,640, based on its share capital as at 31 December 2008, although this maximum amount may be adjusted to take into account the amount of share capital as at the date of the General Meeting;
- This authorisation to be valid for 18 months;
- The purchases made by the Company under this authorisation may under no circumstances cause the Company to hold directly or indirectly, at any time, more than 10% of share capital at the date under consideration.
- Shares may be purchased, sold or transferred – including when purchased, sold or transferred as part of a public offering of Company shares provided such offer is settled fully in cash – by any means, specifically, on regulated markets, multinational trading platforms or over-the-counter systems, including when purchased or sold in blocks, or through derivative financial instruments traded on regulated markets, multilateral trading platforms or over-the-counter systems, provided such transactions comply with the law and regulations in force on the date of the trade concerned and fall within the time periods confirmed by the Board of Directors or by the person delegated to act on the Board's behalf.

Shares may be purchased within the allocation terms specified by law or regulations, the aims of this repurchase plan being:

- (i) To honour obligations under stock 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 plan for employees under terms governed by law, in particular Article L.3331-1 et seq. of the French Labour Code (including any sale of shares governed by Article L.3332-24 of the French Labour Code), or (c) any stock option plan or bonus share allocation plan for employees and corporate officers or for a subset of such persons;

(ii) To honour obligations relating to negotiable securities giving access to Company shares, by any means, immediately or as futures, (including any hedging of Company bonds through such negotiable securities);

(iii) To ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with an ethics charter recognised by the French Financial Markets Authority.

(iv) To hold shares for subsequent use in exchange or payment as part of a potential external growth transaction;

(v) To reduce Company capital pursuant to Resolution Twelve proposed at this General Meeting, subject to the Resolution being adopted.

The number of shares purchased by the Company to be held with a view to subsequently using them as payment or exchange in a merger, demerger or capital contribution may not exceed 5% of share capital.

The Board of Directors shall report any transactions concluded under this Resolution to each year's General Shareholders' Meeting in accordance with Article L.225-209 of the French Commercial Code.

The General Meeting conferred all powers to the Board of Directors to decide and implement this authorisation, to specify if necessary the terms and procedures for placing any stock market deals, concluding any agreements, issuing any information or other documents, carrying out any formalities, including allocating or reallocating any shares purchased for any purpose, and filing any declarations with any agency, and generally doing anything necessary.

The Board of Directors may delegate to the Chief Executive Officer the necessary authority to execute the operations in this Resolution."

In addition, the general shareholders' meeting of 24 February 2009, in Resolution Twelve, authorised the Board of Directors to reduce Company share capital by cancelling up to 10% of Treasury shares in any 24-month period, subject to the following terms:

"The General Meeting, acting with the quorum and majority required for Extraordinary General Meetings, having noted the report of the Board of Directors and the special report of the statutory auditor, and in accordance with Article L.225-209 of the French Commercial Code, hereby does:

**1°)** end with immediate effect the delegation conferred in Resolution Fifteen of the combined Ordinary and Extraordinary General Meeting of 12 June 2008 for the unused portion thereof;

**2°)** delegate to the Board of Directors all authority to cancel, as part of one or more decisions in any 24-month period, all or some Company shares

authorised by Resolution One at the General Meeting or any share purchase plans authorised before or after the date of this General Meeting, provided any such cancellation totals no more than 10% of Company capital;

**3°)** allocate any positive difference between the purchase price and par value of the shares, to the "issue premiums" line in the accounts or to any other available reserves, including legal reserves, to a maximum of 10% of the capital reduction realised;

**4°)** delegate to the Board of Directors all authority, which may be delegated to a legally authorised agent, to reduce capital by cancelling the shares and allocations cited above, as well as to consequently amend Article 6 of the Articles of Association;

**5°)** this authorisation to expire 18 months after the date of this General Meeting."

#### NUMBER OF SHARES AND PROPORTION OF CAPITAL THAT THE ISSUER MAY HOLD DIRECTLY OR INDIRECTLY

- On 31 December 2009 the Company held 5,918,332 shares, or 4.88% of share capital.
- 113,274 shares under a liquidity contract; and
- 5,805,058 treasury shares.

#### BREAKDOWN OF TREASURY SHARES BY OBJECTIVE

On 31 December 2009, 1.91% of treasury shares (113,274 shares) were under a liquidity agreement.

5,611,198 shares or 94.81% of treasury shares were held for subsequent exchange or settlement in potential external growth operations.

326,600 securities were purchased in April and May 2008 and allocated for cancellation. As of 31 December 2009, 132,800 were cancelled.

#### OBJECTIVES OF THE NEW REPURCHASE PLAN SUBMITTED TO THE GENERAL MEETING OF 20 MAY 2010

The objectives of the plan are:

(i) To honour obligations under stock 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 plan for employees under the terms governed by law, in particular Article L.3331-1 et seq. of the French Labour Code (including any sale of shares governed by Article L.3332-24 of the French Labour Code), or (c) any stock option plan or bonus share allocation plan for employees and corporate officers or for a subset of them;

(ii) To honour obligations relating to negotiable securities conferring access to Company shares, by any means, immediately or as futures, (including any hedging of Company bonds through such negotiable securities);

(iii) To ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with an ethics charter recognised by the French financial markets authority.

(iv) To hold shares to subsequently use in exchange or payment as part of any potential external growth transaction;

(v) To reduce the Company's capital.

#### MAXIMUM SHARE OF CAPITAL, MAXIMUM NUMBER OF SHARES, CHARACTERISTICS OF SHARES, MAXIMUM PURCHASE PRICE

##### Securities affected

The repurchase plan concerns Company shares (ISIN code FR0000051070) traded on Euronext Paris (compartment A).

##### Maximum share of capital

No more than 10% of total Company share capital may be purchased, according to the following terms:

- 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, in accordance with Article L.225-209, section 6 of the French Commercial Code, this being 6,062,615 shares as at the date of this publication;
- This limit refers to the Company's existing share capital, adjusted if necessary to take into account any operations affecting Company share capital after the General Meeting of 20 May 2010, the purchased amount not to exceed directly or indirectly 10% of the Company's existing share capital.

##### Purchase price

The Company may not pay more than €18 per share for its own shares.

##### Repurchase procedures

Such shares may be purchased, sold or transferred by any means, including over-the-counter operations, block trades, financial instruments, derivatives traded on regulated or over-the-counter markets, buy or sell options or any combination thereof, excluding call options or warrants to do so, under the terms authorised by the competent market authorities and within the time periods confirmed by the Company's Board of Directors.

A number of shares equal to the total amount of shares authorised by the program may be acquired or transferred in one or more transactions.

Such transactions may be executed at any time in accordance with applicable regulations including during any public offer period, subject to the laws and regulations governing such operations.

#### DURATION OF REPURCHASE PLAN

The duration of the repurchase plan is 18 months from the date of the General Meeting of 20 May 2010, i.e., until 19 November 2011 (inclusive).

## REPORT OF PRECEDING PLANS

During the past year, the Company made use of its share buy-back plan (share repurchase contract and liquidity contract):

Situation as of 31 December 2009	
Percentage of capital held as Treasury shares	4.88%
Number of shares cancelled during the last 24 months (241,586), i.e.	0.20%
Number of shares held in portfolio	5,918,332
Book value of the portfolio in €	€78,664,674.73
Market value of the portfolio in €	€70,528,171
<i>(Based on the average share price in December 2009 of: €11,9169)</i>	

From 30 April 2009 to date, the repurchased shares were used as follows:

- 108,786 shares (of the 241,586 shares cancelled during the previous 24 months) cancelled;
- 3,997 shares converted into 3,748 OCEANE;

- 239,751 shares remitted as payment for an external development project in July 2009.

The execution report of the previously-mentioned programmes undertaken between 1 January and 31 December 2009 under the liquidity agreement is as follows:

	Total gross flows *		Open positions on the date that the programme was published			
	Purchases	Sales/ Transfers	Open buy positions		Open sell positions	
Number of shares	2,885,311	3,053,353				
Average maximum duration						
Average transaction price	12.0710	11.8016				
Average strike price						
<b>AMOUNTS</b>	<b>34,828,615</b>	<b>36,034,426</b>				

\* Total gross flows include cash purchases and sales as well as options and futures exercised or expired

At the Mixed General Meeting of the Company on 20 May 2010 shareholders will be asked to renew the authorisation to allow the Board of Directors to

purchase, hold, or sell Company shares in compliance with the proposed resolutions shown in paragraph 9.7 of this Annual Report.



### 7.2.3 Convertible or exchangeable securities and warrants

On 9 March 2005, the Company issued with removal of preemptive subscription rights, bonds with warrants for and/or options to exchange for new or existing shares expiring 1 January 2010 for a total par value of €374,999,978.76 representing 16,711,229 bonds with a par value of €22.44 (the "OCEANE 2010").

During the 2009 financial year 2,482 OCEANE 2010 were converted into or exchanged for 2,731 existing Treasury shares (at a conversion ratio of 1.10). As part of an order reversal and unwinding of positions the Company repurchased 8,820,635 OCEANE 2010 in July 2009 for the sum of €201,110,478. The number of OCEANE 2010 repurchased when they matured on 1 January 2010 was 7,880,741.

To refinance the Company's debt, on 7 July 2009 the Company issued, with removal of preemptive subscription rights, bonds with an option to convert to and/or exchange for new or existing shares, maturing 31 July 2014, with a total par value of €297,562,496.40, representing 19,074,519 bonds with a par value of €15.60 each (OCEANE 2014, ISIN code FR0010775098).

Between their issue date and 31 December 2009, 1,266 OCEANE 2014 were converted to 1,266 existing Treasury shares (at a conversion ratio of one share per bond).

### 7.2.4 Share capital history

The table below shows the change in the share capital of Maurel & Prom during the 2007 financial year.

Transaction date	Change in capital		Total share capital after transaction	Total number of shares outstanding
	Total share capital	Number of shares		
30/08/2007 - exercise of options	€249,718,70	324,310	€92,795,716.09	120,513,917
13/12/2007 - exercise of options	€15,400.00	20,000	€92,811,116.09	120,533,917

The table below shows the change in the share capital of Maurel & Prom during the 2008 financial year.

Transaction date	Change in capital		Total share capital after transaction	Total number of shares outstanding
	Total share capital	Number of shares		
12/06/2008 - exercise of options	€27,635.30	35,890	€92,838,751.39	120,569,807
25/09/2008 - capital increase	€53,900	70,000	€92,892,651.39	120,639,807
25/09/2008 - cancellation of Treasury shares	€(53,900)	(70,000)	€92,838,751.39	120,569,807
16/12/2008 - capital increase	€50,281	65,300	€92,889,032.39	120,635,107
16/12/2008 - cancellation of Treasury shares	€(50,281)	(65,300)	€92,838,751.39	120,569,807

The table below shows the change in the share capital of Maurel & Prom during the 2009 financial year.

Transaction date	Change in capital		Total share capital after transaction	Total number of shares outstanding
	Total share capital	Number of shares		
23/07/2009 shares created to pay out the 2008 dividend	€525,497.28	682,464	€93,364,248.67	121,252,271
21/12/2009 capital increase	€83,765.22	108,786	€93,448,013.89	121,361,057
21/12/2009 cancellation of Treasury shares	€(83,765.22)	(108,786)	€93,364,248.67	121,252,271

### 7.2.5 Capital dilution potential

The table below shows the maximum dilution of Company share capital resulting from the conversion or exercise of all securities conferring access to the

Company's share capital existing at 5 January 2010 (subscription options, OCEANE 2014, bonus shares):

	Issue / allocation date	Conversion expiration		Number of shares		Potential dilution
		start	end	actual	potential	
Capital on 31/12/2009			€93 364,248.67	121,252,271		
Subscription options	25/10/01	26/10/04	Unlimited		10,760	0.008%
Subscription options	06/04/05	07/04/05	06/04/10		280,000	0.23%
Subscription options	21/12/05	22/12/05	21/12/10		170,000	0.14%
Subscription options	04/01/06	03/01/06	03/01/11		80,000	0.07%
Subscription options	10/04/06	11/04/06	10/04/11		80,000	0.07%
<b>TOTAL SUBSCRIPTION OPTIONS</b>					<b>620,760</b>	<b>0.51%</b>

	Allocation date	Acquisition date	Number of shares issued	Potential dilution
Bonus shares	25/04/08	25/04/10	46,750	0.04 %
Bonus shares	15/10/08	15/10/10	93,892	0.08 %
Bonus shares	16/12/08	16/12/10	102,750	0.08 %
Bonus shares	19/06/09	19/06/11	57,500	0.05 %
Bonus shares	15/12/09	15/12/11	120,500	0.10 %
<b>TOTAL Bonus shares</b>			<b>421,392</b>	<b>0.35 %</b>
OCEANE	07/07/09	31/07/14	19,073,253	15.73 %
<b>TOTAL</b>			<b>20,115,405</b>	<b>16.59 %</b>

## 7.3 ARTICLES OF INCORPORATION

The following information

- Corporate purpose
- Administration and management provisions
- Voting rights terms and conditions – double voting rights
- Disposal and transfer of shares
- Shareholder rights procedures and changes
- Convocation of and eligibility to attend shareholders' meetings
- Statutory thresholds
- Rights and obligations attached to each share class

are included in the Company's Articles of Incorporation on the website [www.maureletprom.fr](http://www.maureletprom.fr)

### 7.3.1 Actions necessary to modify shareholders' rights

Any change to the Articles of Association must be decided or authorised by a general shareholders' meeting acting with the quorum and majority required by law or the regulations in force for extraordinary General Meetings.

### 7.3.2 Provisions to delay, defer or prevent a change of control

Any change to share capital or to the voting rights attached to the securities that comprise it is governed by law and the Articles of Incorporation contain no specific provisions for this.

### 7.3.3 Articles of Incorporation reinforcing laws governing changes to share capital

The Company's share capital may be changed only in accordance with the law and regulations in force. The law takes precedence over any provision in the Articles of Incorporation, charter or internal rule concerning changes to the Company's share capital.

# OTHER INFORMATION ABOUT THE GROUP

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# OTHER INFORMATION ABOUT THE GROUP

## 8.1 TRANSACTIONS WITH RELATED PARTIES

In addition to its traditional holding business, conducted through general assistance contracts, Maurel & Prom has not delivered any specific services to its subsidiaries, either in the year 2009 nor during the past two financial years, except for providing employees to its subsidiaries (M&P Congo S.A. in the Congo, Maurel & Prom Colombia BV in Colombia and Venezuela, M&P Gabon S.A. and Caroil SAS). This provision was re-invoiced at cost.

The Special Auditors' report on Maurel & Prom's regulated conventions for the period 2009 is shown in paragraph 9.3.

In addition to the transactions indicated in the first paragraph, no other transaction has been signed with the related parties since the beginning of the year 2009.

## 8.2 LITIGATION AND ARBITRATION

The main disputes in which the Company or its subsidiaries are involved are described below. The Company is not aware, for the period of the last twelve months, of any contentious governmental, legal, or arbitration dispute, whether pending or threatening, that could have or that recently had significant effects on the Company's and/or the Group financial position or profitability.

### 8.2.1 Messier Partners dispute

Messier Partners, a financial advising company, to which the Company had entrusted a mission for financial assistance, filed a lawsuit in 2007 against the Company in order to obtain payment of a success commission following the conclusion of the sales agreement with Eni. All of the claims made by Messier Partners as part of this procedure amounted to €14.7 M. Partial justification was awarded to Messier Partners in the "première instance" and the Company was ordered to pay Messier Partners the amount of €5.6 M. The Company appealed this judgement. This amount has been provisioned in the Company's accounts. The Paris Court of Appeals, in a decree dated 5 March 2009, overturned all provisions of the judgement issued on 18 December 2007 by the Paris Tribunal de Commerce, on the one hand by dismissing all of the claims brought by Messier Partners and on the other hand by ordering Messier Partners to pay the costs for

the fees of the proceedings of the "première instance" and the appeals proceedings, and to pay €50 K euros for unrecoverable fees. Messier Partners lodged an appeal with the Cour de Cassation on 6 May 2009 and the process is currently pending.

### 8.2.2 Update on other disputes

#### 8.2.2.1 Caroil/Panafrican Energy Tanzania Ltd arbitration

As part of its land drilling activities, Caroil signed a contract in February 2007 with Panafrican Energy Tanzania Ltd to provide drilling services in Tanzania, which included furnishing a drilling rig and adequate personnel to drill one firm well, with the option of a second well.

In late September 2008, Panafrican Energy Tanzania Ltd initiated arbitrage proceedings in the International Chamber of Commerce in order to obtain \$6.4 M, plus interest as reimbursement of the direct and indirect fees related, according to Panafrican Energy Tanzania Ltd, to the alleged malfunction of the drilling rig. Caroil challenged the claims of Panafrican Energy Tanzania Ltd, and asked that Panafrican Energy Tanzania Ltd be ordered to pay its invoices and the V.A.T. advanced, for a total amount of \$2.3 M plus interest. In addition, Caroil requested that Panafrican Energy Tanzania Ltd be ordered to pay \$1.5 M, plus interest, for the harm suffered by delays in the performance of drilling by Panafrican Energy Tanzania Ltd, as well as \$0.5 M, plus interest, for damage to Caroil's reputation. The arbitrage procedure is still pending.

#### 8.2.2.2 Agricher-Transagra dispute

From its former activity, Maurel & Prom remains the subject of proceedings in respect of an alleged contractual liability dating from 1996 in a legal bankruptcy case of the company Transagra and in the business failure of the Agricher cooperative. The Company deems this action of €33 M unfounded and has not made any provision for it. All parties to the dispute have shown their intention in writing not to pursue the dispute, and the Court has ordered the withdrawal of the procedure in 2009.

### 8.3 PROPERTY, PLANT AND EQUIPMENT

Except for one building located in Gabon, no company in the Group owns any buildings.

The registered office is under commercial lease.

The Group is co-owner, with its associated companies, of equipment and facilities necessary for producing hydrocarbons at the fields it operates for the duration of their exploitation as well as certain petroleum pipelines used to deliver the crude oil to the point of removal. The Group also owns, via its wholly-owned subsidiary Caroil, most of the equipment necessary for its exploration and drilling operations.

### 8.4 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Maurel & Prom group does not engage in any research and development and does not own any patents or significant license.

## 8.5 INFORMATION FROM THIRD-PARTIES, STATEMENTS FROM APPRAISERS AND STATEMENTS OF SHAREHOLDING

Any information relating to the hydrocarbon reserves and resources of the Maurel & Prom Group provided in this Annual Report is founded on the independent certification or evaluation by an independent expert.

- the hydrocarbon (oil & gas) reserves of the Group in Gabon and Venezuela were certified by the American firm DeGolyer & Mac Naughton;
- the gas resources in Tanzania were estimated by Rose & Associates;
- the gas resources in Sicily were evaluated by DeGolyer & Mac Naughton;
- the oil reserves and gas resources in Nigeria were evaluated by Gaffney, Cline and Associates.

## 8.6 PUBLICLY AVAILABLE DOCUMENTS

In general, the Articles of Incorporation, the minutes of shareholders' General Meetings, the Auditors' Reports and other company documents related to Maurel & Prom may be consulted at the Company's registered office:

12, Rue Volney – 75002 Paris.

The nature of these documents and the conditions for delivering them or making them available are decided by the applicable laws and regulations.

Financial notices are published regularly in the economic and financial news reporting the sales data, performance data and other events that are important for the Company of the Maurel & Prom group.

Information on the Company is available on the website [www.maureletprom.fr](http://www.maureletprom.fr), which allows shareholders, employees and the public at large to access a general presentation of the Group and its essential financial information, such as its performances, press releases, Annual Reports, presentations to analysts, prices per share, financial highlights, information on the shareholders and the corporate governance and all other significant events concerning the Company and the Maurel & Prom Group.

Financial communications agency:

### INFLUENCES

Tel: 01 42 72 46 76

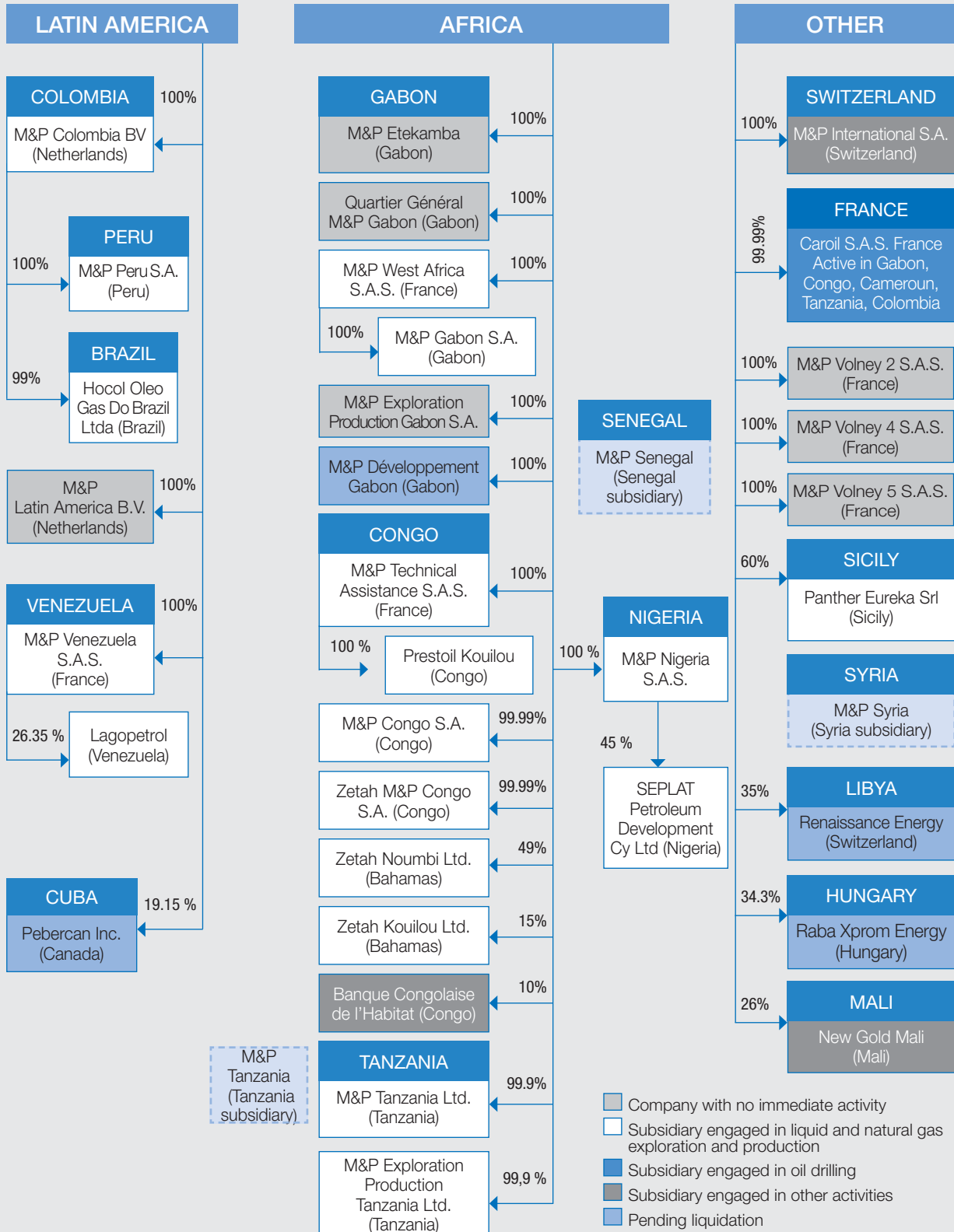
Email: [communication@agence-influences.fr](mailto:communication@agence-influences.fr)

The 2009 annual disclosure document, prepared in compliance with the provisions of Article 222-7 of the General Regulations of the Autorité des Marchés Financiers is provided in 9.8.

8.7 ORGANISATION CHART

MAUREL & PROM ENTITIES

at 31/01/2010





## 8.8 OTHER GROUP ACTIVITIES

### 8.8.1 Gold

Under a Joint Venture Agreement (JVA) dated 5 September 2002 entered into with the company New Gold Mali (hereinafter NGM), the company Afriore was committed to invest the amount of \$2.5 M in an exploration project with a gold permit in Mali and to produce a study on the feasibility of the project. In exchange for this investment, the company Afriore would have obtained the chance to own 60% of the project.

In a contract dated 4 September 2005, the company Afriore, having decided to withdraw from the project, transferred its rights and obligations under the JVA to the company Pacifico S.A.

In 2007, the company Pacifico S.A., having fulfilled its contractual obligations, became 60% owner of the shares composing the capital of NGM through the acquisition from NGM shareholders including CEAB, a subsidiary of the Company.

The feasibility study seems to conclude that a small mine could be created (legal qualification in Mali) to operate the upper portion of the resource.

### 8.8.2 Head office

Teams at the head office have been fully mobilized: the technical teams for the Onal production operations and the exploration programme, and the administrative and financial management teams for the Group's debt restructuring operations and asset hedging (sale of Hocol and acquisition of Seplat).

### 8.8.3 Maurel & Prom International (formerly Maurel & Prom Suisse S.A.)

The company Maurel & Prom International is fully dedicated to managing those members of the personnel dedicated to international business.

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# ANNEXES

## 9.1 GLOSSARY

The table below contains a list of the main terms, initials or abbreviations used in the Annual Report:

bbl (barrel)	<i>the volumetric unit for measuring crude oil, i.e., 159 litres or 42 American gallons. One ton of oil contains approximately 7.5 barrels.</i>
bbl/d	<i>barrels per day</i>
boepd	<i>barrel of oil equivalent per day</i>
Kboe	<i>thousands of barrels of oil equivalent</i>
Mboe	<i>millions of barrels of oil equivalent</i>
US\$X	<i>X US dollars</i>
\$/bbl	<i>US dollars par barrel</i>
US\$X K	<i>X thousands of US dollars</i>
US\$X M	<i>X millions of US dollars</i>
€	<i>euros</i>
€X K	<i>X thousands of euros</i>
€X M	<i>X million of euros</i>
CPP Contract for shared production ( <i>Contrat de Partage de Production</i> )	<i>the contract signed by the government and the company operating under the license. This contract determines all rights and obligations of the operator, in particular the percentage of cost oil (so that the operator can be reimbursed for the expenses of exploration and development borne by the operating company) and the level of profit oil (compensation).</i>
CEPP	<i>Contract for exploration and production sharing (<i>Contrat d'Exploration et de Partage de Production</i>).</i>
Drilling	<i>the creation of a passage through the earth's crust in order to remove samples from the subsoil or extract liquid substances. Originally, drilling was always performed vertically. Today, however, when drilling can not be done vertically, it is done at an angle, whether or not it is directed toward specific objectives, as in deviated drilling.</i>
HSE	<i>Hygiene, Safety and Environment</i>
Pipeline	<i>a pipeline for fluids.</i>
Operator	<i>the company in charge of operations on the oil field.</i>
Annual production	<i>the production available for sale (after oil taxes).</i>
Production realised	<i>the total production of a field, before sharing the production.</i>
Maurel & Prom production share/own share	<i>the production realised minus the share of partners.</i>
Maurel & Prom production share net of royalties	<i>the Maurel and Prom production share deducting royalties.</i>

<b>Production available for sale after oil taxes / entitlements</b>	<i>the net production share of Maurel &amp; Prom after royalties and oil taxes. This is production sold, excluding the effect of inventories.</i>
<b>Royalties</b>	<i>oil taxes paid in kind corresponding to a percentage of a field's production.</i>
<b>Certified reserves</b>	<i>the reserves certified by DeGolyer and Mac Naughton correspond to the Maurel &amp; Prom share of reserves after deducting in-kind royalties.</i>
<b>Net reserves</b>	<i>the production of total reserves from fields returned to the Company (according to its share of interest), taking into consideration the provisions of the production sharing agreement for the cost oil and profit oil.</i>
<b>Reserves net of royalties</b>	<i>the total reserves of a field, deducting royalties.</i>
<b>P1 reserves</b>	<i>the proven reserves are the quantities of hydrocarbons contained in reservoirs and blocks encountered in the well that, depending on geological and reservoir analyses, may, with great certainty, be commercially recoverable under the economic conditions prevailing at the time. A portion of the proven reserves may be undeveloped and require additional investments in order to be produced.</i>
<b>P2 reserves</b>	<i>probable reserves are the unproven reserves, but that can hopefully be produced in particular (1) by extended drilling within the perimeter defined by the oil-water contact, (2) by putting in place methods for secondary recovery that have not been tested in the same reservoir.</i>
<b>P3 reserves</b>	<i>possible reserves are non-proven reserves that, on the basis of geological interpretations (1) might exist beyond the zones defined as probable, (2) appear separated from the proven zones by a major fault, (3) are located in a lower position than the proven zone but above the structural closure of the field.</i>
<b>Resources</b>	<i>resources are reserves that do not yet have commercial outlets under contract.</i>
<b>Rig</b>	<i>a drilling apparatus.</i>
<b>2D / 3D seismic</b>	<i>the geophysical method that consists in emitting waves in the subsoil and recording their propagation, thereby making it possible to obtain recordings on the structuring of the subsoil. They may be in 2 or 3 dimensions.</i>
<b>WTI</b>	<i>West Texas Intermediate, reference price with respect to a quality of oil in the United States</i>

## 9.2 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2009

### 9.2.1 Consolidated financial statements

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## BALANCE SHEET

### ASSETS

In thousands of euros	Notes	31/12/2009	31/12/2008
<i>Intangible assets</i>	4	457,731	681,766
<i>Property, plant and equipment</i>	5	547,432	728,294
<i>Non-current financial assets</i>	6	21,030	21,000
<i>Investments accounted under the equity method</i>	7	32,508	37,701
<i>Non-current derivative instruments</i>	10	37,912	-
<i>Deferred tax assets</i>	21	10,647	18,979
<b>FIXED ASSETS</b>		<b>1,107,260</b>	<b>1,487,740</b>
<i>Inventories</i>	8	4,095	10,123
<i>Trade receivables and related accounts</i>	9	33,434	39,003
<i>Other current financial assets</i>	9	31,671	23,220
<i>Other current assets</i>	9	39,432	72,482
<i>Income tax receivable</i>	21	1,518	417
<i>Current derivative instruments</i>	10	162	70,734
<i>Cash and cash equivalents</i>	12	427,576	191,544
<b>CURRENT ASSETS</b>		<b>537,888</b>	<b>407,523</b>
<b>TOTAL ASSETS</b>		<b>1,645,148</b>	<b>1,895,263</b>



## Liabilities

In thousands of euros	Notes	31/12/2009	31/12/2008
<i>Common stock</i>	13	93,364	92,839
<i>Additional paid-in capital</i>	13	221,607	199,113
<i>Consolidated reserves</i>	13	753,972	768,005
<i>Treasury shares</i>	13	(78,664)	(86,016)
<i>Net income, Group share</i>	13	(50,650)	62,505
<b>NET EQUITY GROUP SHARE</b>		<b>939,629</b>	<b>1,036,446</b>
<i>Minority interests</i>		1	1
<b>NET EQUITY, TOTAL</b>		<b>939,630</b>	<b>1,036,447</b>
<i>Non-current provisions</i>	14	15,346	42,830
<i>Non-current bonds</i>	15	260,770	-
<i>Other non-current loans and financial debt</i>	15	-	3,656
<i>Non-current derivative instruments</i>	10	14,976	4,500
<i>Deferred taxes, liabilities</i>	21	27,339	157,005
<b>NON-CURRENT LIABILITIES</b>		<b>318,431</b>	<b>207,991</b>
<i>Current bonds loan</i>	15	195,682	375,024
<i>Other current loans and financial debt</i>	15	53	16,008
<i>Trade payables and related accounts</i>	16	89,165	104,395
<i>Income tax liability payable</i>	21	3,849	29,644
<i>Other creditors and liabilities</i>	16	45,277	60,708
<i>Current derivative instruments</i>	10	40,395	14,861
<i>Current provisions</i>	14	12,666	50,185
<b>CURRENT LIABILITIES</b>		<b>387,087</b>	<b>650,825</b>
<b>TOTAL LIABILITIES</b>		<b>1,645,148</b>	<b>1,895,263</b>



## Change in net equity

In thousands of euros	Capital	Treasury shares	Share premium	Derivative instruments	Other reserves	Currency trans. adjustments	Net income for the fiscal year	Net equity, Group share	Minority interests	Net equity total
1 January 2008	92,811	(54,296)	201,139	(12,518)	170,740	(105,837)	766,096	1,058,135	(342)	1,057,793
<i>Net income</i>							62,505	62,505	1	62,506
<i>Other elements of total income</i>				22,992		62,039		85,031	342	85,373
<b>TOTAL income</b>				22,992		62,039	62,505	147,536	343	147,879
<i>Allocation of net income - Dividends</i>					629,016		(766,096)	(137,080)		(137,080)
<i>Increase/decrease in capital</i>	28		34					62		62
<i>Stock options – bonus shares</i>					1,677			1 677		1,677
<i>Movements on treasury shares</i>		(31,720)	(2,060)		(104)			(33,884)		(33,884)
<b>TOTAL transactions with shareholders</b>	28	(31,720)	(2,026)		630,589		(766,096)	(169,225)		(169,225)
31 December 2008	92,839	(86,016)	199,113	10,474	801,329	(43,798)	62,505	1,036,446	1	1,036,447
1 January 2009	92,839	(86,016)	199,113	10,474	801,329	(43,798)	62,505	1,036,446	1	1,036,447
<i>Net income</i>							(50,650)	(50,650)		(50,650)
<i>Other elements of total income</i>				(61,314)		24,613		(36,701)		(36,701)
<b>TOTAL income</b>				(61,314)		24,613	(50,650)	(87,351)		(87,351)
<i>Allocation of net income - Dividends</i>					22,460		(62 505)	(40,045)		(40,045)
<i>Fair value of OCEANE</i>			16,714					16,714		16,714
<i>Increase/decrease in capital</i>	525		5,780		(84)			6,221		6,221
<i>Stock options – bonus shares</i>					2,060			2,060		2,060
<i>Movements on treasury shares</i>		7,352			(1,767)			5,585		5,585
<b>TOTAL transactions with shareholders</b>	525	7,352	22,494		22,669		(62,505)	(9,466)		(26,180)
31 December 2009	93,364	(78,664)	221,607	(50,840)	823,998	(19,185)	(50,650)	939,629	1	939,630





## II CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

### Net income for the period

In thousands of euros

	Notes	31/12/2009	31/12/2008 *
Sales		183,249	92,968
Other income		848	8,630
Purchases and change in inventories		(26,439)	(22,028)
Other purchases and operating expenses		(56,801)	(39,092)
Other taxes		(6,620)	(3,387)
Personnel expenses	17	(20,297)	(14,165)
Amortisation		(35,258)	(16,222)
Depreciation of exploration and production assets		(56,472)	(24,859)
Provisions and impairment of current assets		(7,738)	(27,547)
Reversals of operating provisions		3,913	11,662
Gains on sale of assets		3,068	19,024
Other expenses		(9,708)	5,332
<b>OPERATING INCOME</b>	<b>19</b>	<b>(28,255)</b>	<b>(9,684)</b>
Gross cost of debt		(35,669)	(27,093)
Income from cash		1,922	12,378
Net gains and losses on derivative instruments		36,200	63,596
Net cost of debt		2,453	48,881
Other financial income and financial expenses		(27,419)	(66,985)
<b>FINANCIAL INCOME</b>	<b>20</b>	<b>(24,966)</b>	<b>(18,104)</b>
Income before tax		(53,221)	(27,788)
Corporate income taxes	21	( 2,906)	(3,916)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>		<b>(56,127)</b>	<b>(31,704)</b>
Total share in net income of companies consolidated	7	10,121	9,694
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>(46,006)</b>	<b>(22,010)</b>
Net income from discontinued operations	18	(4,644)	84,515
<b>NET INCOME OF CONSOLIDATED GROUP</b>		<b>(50,650)</b>	<b>62,505</b>
Net income, group share		(50,650)	62,504
Minority interests		-	1
<b>EARNINGS PER SHARE</b>	<b>22</b>		
Basic		-0.44	0.55
Diluted		-0.44	0.55
<b>EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS</b>			
Basic		-0.04	0.74
Diluted		-0.04	0.74
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>			
Basic		-0.40	-0.19
Diluted		0.40	-0.19

\*Adjusted for activities sold

## Total income for the period

In thousands of euros	31/12/2009	31/12/2008
<b>NET INCOME FOR THE PERIOD</b>	(50,650)	62,506
<b>OTHER ELEMENTS OF TOTAL INCOME</b>		
<i>Currency translation adjustments</i>	24,613	62,381
<i>Derivative instruments</i>	(61,314)	22,992
– <i>Fair value of new hedges for the period recognised as net equity</i>	(50,817)	7,482
– <i>Fair value of the portion of hedges recycled in the income statement</i>	(15,943)	20,668
– <i>Taxes on derivative instruments</i>	5,446	(5,158)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	(87,351)	147,879
– <i>Group share</i>	(87,351)	147,536
– <i>Minority interests</i>	-	343



### III CASH FLOW REPORT

In thousands of euros

	Notes	31/12/2009	31/12/2008 *
Consolidated income from continuing operations before tax		(43,100)	(18,094)
Net increase (reversals) of amortisation, depreciation and provisions		10,450	73,712
Unrealised gains & losses due to changes in fair value		(471)	(14,665)
Exploration expenses written off		53,823	14,072
Calculated expenses and income related to stock options and similar benefits		2,060	1,677
Other calculated income and expenses		(547)	25,477
Gains and losses from sales of assets		167	(24,488)
Share in income (loss) of companies consolidated by the equity method	7	(10,121)	(9,694)
Other financial items		778	301
<b>OTHER FINANCIAL ITEMS</b>		<b>13,040</b>	<b>48,298</b>
Payment of tax due		(4,662)	(4,266)
Change in working capital requirements on operations		44,965	5,497
– Trade receivables		(19,318)	(707)
– Trade payables		39,553	10,935
– Inventories		(988)	(1,130)
– Other		25,718	(3,601)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>53,343</b>	<b>49,529</b>
Disbursements for acquisitions of tangible and intangible assets		(384,556)	(381,297)
Receipts from sales of intangible and tangible assets		77,739	7
Disbursements for acquisitions of financial assets (unconsolidated securities)		(15,135)	(919)
Receipts transfers of financial assets (unconsolidated securities)		(399)	-
Acquisition of subsidiaries		(13,933)	(18)
Increased stake in equity method companies		6,861	8,932
Change in loans and advances granted		840	(5,583)
Other cash flows from investing activities		573	300
Net receipts from operations sold	18	457,240	(35,306)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>129,230</b>	<b>(413,884)</b>
Amounts received from shareholders during capital increases		6,222	439
Dividends paid		(40,045)	(56,812)
Receipts from new loans		285,829	1,086
Interest paid		(778)	(301)
Loan repayments		(211,176)	(51,071)
Treasury share acquisitions		7,352	(33,884)
<b>NET CASH FLOW FROM FINANCING TRANSACTIONS</b>		<b>47,404</b>	<b>(140,543)</b>
Impact of foreign currency fluctuations		8,872	(713)
<b>NET CHANGE IN CASH FLOW</b>		<b>238,849</b>	<b>(505,611)</b>
Opening net cash and cash equivalents		188,695	694,306
<b>CLOSING NET CASH AND CASH EQUIVALENTS</b>	<b>12</b>	<b>427,544</b>	<b>188,695</b>

\*Adjusted for activities sold

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Consolidated financial statements

## NOTE 1 GENERAL INFORMATION

The 2009 financial year opened in a complex economic and financial environment marked by volatility in raw materials prices and exchange rates, very low stock market valuations and a virtually nonexistent bank lending market.

In this climate, the Group took adequate measures to ensure its financial autonomy:

- The disposal of producing assets and a portion of the exploration in Colombia for \$740 M (+ price supplements that may be as high as \$115 M) while retaining a significant exploration segment;
- The restructuring of the Company's debt with the signature of a bank loan (not yet drawn) of \$255 M in the form of a Reserve Based Loan (RBL), the introduction of a new convertible bond in the form of OCEANE 2014 for €298 M, and the redemption of a portion of the OCEANE 2010 bond;

During the year, the company thus continued to invest in oil exploration by drilling 12 exploration wells. The drilling campaign revealed oil discoveries in Gabon, in the Onal region with the success of wells OMOG-1 and OMGW-1. The Group also undertook seismic acquisition campaigns in Gabon, Tanzania and Colombia.

At the same time, the Group continued to expand its area of operation by purchasing Artumas's interests in Tanzania and Mozambique, as well as by increasing its stake in the Marine III license in Congo.

From a production point of view, the Group put the Onal field into production less than three years after the Group's first exploration wells in this region of Gabon. The Omko field, discovered in July 2008, was put into production simultaneously and received an Exclusive Operation Authorisation on 28 September 2009:

- At Onal, the facilities construction work began in late January, and the first oil was produced on 9 March 2009. At the same time, the drilling of production wells and injectors continued. In late 2009, the 20 production wells and 15 injectors in the initial development plan had been drilled. The injection and water treatment facility construction projects were begun in May 2009 and completed in December 2009. Water injection in the wells actually began on 20 December 2009.

Production at the Onal field reached an initial plateau of 10,000 bbl/d in production operated between the end of July and the beginning of December.

The wells drilled on the PF-1000 platform in the last quarter of 2009 showed the presence of an additional geological reserve level (Kissenda) impregnated with hydrocarbons and tested for oil. This discovery

required adjusting the initial development plan in this area. The decision was made in fact to put these wells (initially "Grès de Base" injectors) into production in these new reserves. Their start-up is planned for the second half of 2010.

A new platform (PF-1400) dedicated to injection was thus built more to the south to be able to drill the initial injectors.

Similarly, the drilling of wells in the PF-1200 platform showed that the oil area extends beyond the north boundary originally planned. An additional PF-1600 platform has thus also been built to delineate this part of the field.

- At Omko, the Omko-101 (2008) discovery well was connected for a long-term test on 20 February 2009. The other two wells, Omko-102 and Omko-103, were also connected in 2009 after the Exclusive Operation Authorisation was awarded on 28 September. The field started up with output of 3,500 bbl/d and declined to 1500 bbl/d at the end of 2009. The Omko-102 and Omko-103 wells are expected to be converted into injectors in 2010.

The Group's strategy, which consisted of increasing the size of the Onal facilities in order for this production centre to be able to receive the future production of its satellite fields (i.e. OMGW, OMBG, OMOG and OMKO), proved wise. During 2010, these different satellite fields will be put into production and can thus be connected to Onal directly.

Drilling for the Mafia Deep well, which began on 4 August 2008, ended on 30 August 2009. Three zones of interest were detected. Testing began in December 2009.

The deep zone could not be tested due to technical conditions encountered in the well at this depth (5,632 meters). The intermediate zone, which demonstrated the existence of gas, is being evaluated by an independent expert. The upper zone is still being tested.

This study and analysis phase as well as the completion of tests will allow final conclusions on the status of the well. The amount of exploration assets committed on this well is at €83.5 M at the close of 2009.

In application of the full cost method, this amount was kept as an asset at closing.

The technical details of the Mafia Deep well are mentioned in Note 27 "Events occurring after closing".

## NOTE 2 ACCOUNTING METHODS

The consolidated financial statements are prepared according to the historical cost basis, except for some categories of assets and liabilities in accordance with IFRS standards.

Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the financial year ending 31 December 2009 are prepared according to IAS/IFRS international accounting standards applicable on 31 December 2009 as approved by the European Union and available at [http://ec.europa.eu/internal\\_market/accounting/ias fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Interpretations Committee).

New mandatory laws or amendments adopted by the European Union as of 1 January 2009 have been taken into account, as described in Note 2.24 of the notes to the Group's consolidated financial statements as at 31 December 2009. Two new standards have an impact on the Group's financial statements: IAS1 as revised, IFRS8.

Pursuant to IAS1 Revised (presentation of the financial statements), a statement of consolidated total income/loss is presented in a note to the statement of changes in net equity.

Pursuant to IFRS8, the segment information which was previously provided on the basis of geographic locations, then by business, is now presented by businesses and reflects the internal segment information defined to manage and measure the Group's performance. Three segments are identified: exploration, production and drilling.

The main new texts or amendments adopted by the European Union whose application is mandatory as of 1 January 2009 that have no significant effect on the consolidated financial statements as at 31 December 2009 are the following:

- IAS23R, capitalisation of borrowing costs
- Amended IAS32 (puttable financial instruments and obligations arising on liquidation),
- IFRIC 11 (treasury shares and intra-group transactions),
- IFRIC 14 (limit on a defined benefit asset, minimum funding requirements and interactions),
- Amended IFRS2 (share-based payment, conditions for acquisition and cancellation).
- Amendment IFRS7 relative to enhancing disclosures on financial instruments.

The Group has not anticipated standards and interpretations which are not mandatory as of 1 January 2009, such as Revised IFRS 3 (business combinations), Revised IAS27 (consolidated and individual financial statements), amendment to IAS39 (exposures eligible for hedge accounting), IFRIC16 (hedges of a net investment in a foreign operation), and IFRIC17 (distribution of non-cash assets to shareholders).

Moreover, these principles do not differ from the IFRS as published by the IASB insofar as the application of the following standards or interpretations, required in the years opened on or after 1 January 2009 and not yet endorsed by the European Union, has no impact on the Group's statements.

IFRS standards have been applied by the Group consistently for all periods presented.

In order to prepare consolidated financial statements compliant with IFRS, the Group had to make accounting choices, undertake a certain number of estimates and select assumptions which affect the amount of assets and liabilities, the notes on the potential assets and liabilities at the end of the year, and the income and expenses recorded for the period. Changes in facts and circumstances may lead the Group to review these estimates.

The results obtained may significantly differ from these 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 policies that will provide relevant and reliable information. The financial statements present fairly the Group's financial position, performance, and cash flow. They reflect the substance of transactions, are prepared in a prudential manner, and are complete in all material aspects.

The main estimates made by the management during the preparation of the financial statements primarily regard:

- oil asset impairment tests;
- site restoration provisions;
- the recognition of oil carry transactions;
- the accounting treatment of derivative instruments subscribed by the group;
- and the recognition of deferred tax assets.

## 2.1 Consolidation methods

The companies controlled by Maurel & Prom are fully consolidated. Control is assumed when the percentage of voting rights is greater than 50% or established when the Company has actual control through agreements with partners.

Intra-group balances, transactions, income and expenses are eliminated in consolidation.

Companies in which Maurel & Prom have considerable influence are consolidated by the equity method. 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 lower, consolidation by the equity method applies in cases where considerable influence can be demonstrated.

Joint ventures are proportionately consolidated.

## 2.2 Business combinations and goodwill

Business combinations are posted according to the acquisition method. Thus when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are valued at fair value in accordance with IFRS requirements.

The equity method valuation differences made at this time are posted under the assets and liabilities concerned, including those for minority interests.

The residual difference representing the difference between the purchase price and the buyer's share in the net assets valued at fair value is entered as goodwill.

If the cost of an acquisition is lower than the fair value of the net assets of the subsidiary acquired, the identification and valuation of the identifiable asset and liability elements are analysed further.

The residual negative goodwill must be posted directly under net operating income.

The analysis of goodwill must be finalised within a period of one year as of the date of acquisition.

Such goodwill is not amortised but subjected to systematic impairment tests at each close: any losses in value ascertained on goodwill are irreversible.

Goodwill relative to companies consolidated by the equity method is posted as equity investments.

When the criteria for impairment as defined by IAS 39 "Financial instruments – recognition and measurement" indicate that equity investments may have lost value, the amount of this loss is determined according to the rules defined by IAS 36 "Impairment of assets."

Furthermore, acquisitions of minority interests are posted using the "parent entity extension method" whereby the difference between the price paid and the carrying amount of the share in the net assets acquired is posted as goodwill.

## 2.3 Oil business property, plant and equipment

Maurel & Prom conducts its exploration and production activities partly under Production Sharing Agreements (PSAs). This type of contract, entered into with the Host Country, sets the rules for cooperation (in association with any partners) and for production sharing with the Government or the local company that represents it, and it defines the terms for taxation of the business.

By virtue of 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 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 settles its share of tax on the revenue from its activities in kind.

In the case of Production Sharing Agreements (PSAs), the Company recognises its share of assets, revenues and income by applying the percentage it holds in the license in question.

The main methods of posting oil activity costs are the following:

### OIL EXPLORATION AND OPERATION FEES

#### ■ Mining licenses

Costs for the acquisition and attribution of mining licenses are entered under intangible assets and amortised during the exploration phase using the straight-line method over the estimated duration of the license; then, during the development phase, at the rate of amortisation for oil production facilities.

If a license is withdrawn or exploration fails, the amortisation yet to run is posted once.

#### ■ Acquisitions of reserves

Acquisitions of oil reserves are entered under intangible assets and amortised according to the units-of-production method based on proven and probable reserves.

The amortisation rate is equal to the ratio of a field's hydrocarbon production during the year to the hydrocarbon reserves at the start of the same year, re-estimated based on an independent appraisal.

## OPERATING COSTS

The group applies the IFRS 6 standard for entering operating costs. Hydrocarbon production fees and assets are posted in accordance with the “full costs” method.

Operational studies and work, including geology and geophysics costs, are entered under assets on the balance sheet as intangible assets.

Expenses incurred prior to the issuance of the operating license are recognised as expenses.

Expenses incurred after this date are capitalised, and they are amortised as of the start of operations.

Drilling expenses that do not lead to a commercial discovery are entered as expenses in the amount of the costs incurred once it is decided to definitively abandon the work in the area concerned or in the neighbouring area.

At the time of a discovery, these costs then become operating costs, a portion of which is transferred to property, plant and equipment, according to their nature.

Once an indicator of impairment arises (expiration of a license, additional unbudgeted expenses, etc.), an impairment test is done to verify that the carrying amount of the expenses borne does not exceed the recoverable amount; this test is performed at least once a year.

Besides indicators of impairment concerning operating expenses, impairment tests are done once the Maurel & Prom Group has enough data (data based on the outcome of evaluation wells or seismic study work, etc.) to determine technical feasibility and commercial viability; these tests are done at the field level.

## OIL PRODUCTION PROPERTY, PLANT AND EQUIPMENT

Oil production property, plant and equipment includes all costs associated with exploration transferred as operating expenses following discoveries and those associated with field development (operational drilling, ground facilities, oil extraction systems, etc.).

These assets appear under the technical facilities heading (see Note 5).

Property, plant and equipment not determined at the end of the financial year are entered as current year property, plant and equipment.

Property, plant and equipment completed are amortised according to the units-of-production method. The rate of amortisation is the same as the ratio of a field’s hydrocarbon production during the year to the hydrocarbon reserves at the beginning of

the same year re-estimated based on an independent appraisal.

For property, plant and equipment concerning an entire field (pipelines, ground units, etc.), the estimated reserves are the “2 P” proven and probable reserves related to the Group’s share.

For those dedicated to specific areas of a field, the estimated level of reserves is the estimate of proven developed reserves in the area.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organizations to the extent that they are available on the date of preparation of the financial statements.

In accordance with IAS23R, the application of which is mandatory as of 1 January 2009, borrowing costs directly chargeable to the acquisition of an eligible asset are capitalised when the conditions set by the standard are met. Otherwise, borrowing costs are not included in the cost price of a fixed asset under construction.

## SITE RESTORATION COSTS

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites (see Note 2.18).

The adjusted site restoration expense is capitalised and added to the value of the underlying asset and amortised at the same rate.

## FINANCING OIL COSTS FOR THIRD PARTIES

Financing oil costs for third parties is a transaction within an oil partnership that consists of being subrogated to another member of the partnership for the financing of its share in the cost of the work.

When contractual conditions grant it characteristics similar to those of other oil assets, the financing of oil costs for third parties is treated as an oil asset.

Consequently and in accordance with paragraph 47 (d) of FAS 19 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same nature as the Group’s own share (property, plant and equipment; amortisation, impairment, operating costs as expenses).

- posting of exploration costs financed as intangible assets (partners’ share entered as the Maurel & Prom share);
- in the case of exploration that did not lead to production: entry of all the costs as expenses;
- in the case of start of production: transfer of costs entered as intangible assets to property, plant and equipment (technical facilities);

- the portion of hydrocarbons due to partners booked and serving as reimbursement for carriage is considered as revenues for the carrying partner;
- reserves corresponding to costs carried are added to the reserves of the partner bearing the costs;
- amortisation of technical facilities (including the share of partners carried) according to the units-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 the costs carried.

## 2.4 Other intangible assets

Other intangible assets are posted at their acquisition cost and appear on the balance sheet at this amount, after deducting accrued depreciation and any impairment.

Depreciation is calculated by the straight-line method, and the depreciation term is based on the estimated useful life of different categories of intangible assets depreciated over a term ranging from one to three years.

## 2.5 Other tangible assets

The gross amount of other tangible assets corresponds to their acquisition or production cost. It is not revalued. Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS23R.

Depreciation is calculated by a straight-line method, and the depreciation term is based on the estimated useful life of the different categories of tangible assets, the main ones of which are the following:

- buildings: 10 years;
- infrastructure works: 8 to 10 years;
- drilling equipment: 3 to 20 years;
- technical facilities: 3 to 10 years;
- upgrades and facilities: 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 leasing contracts are those intended to transfer nearly all the risks and advantages inherent to the ownership of the asset from the lessor to the lessee. These contracts are entered on the balance sheet at fair value or, if lower, at the adjusted amount of the minimum rent under the contract. The corresponding debt is entered in liabilities on the balance sheet under financial debts. These assets are amortised according

to the useful life periods applied by the Group.

Rental contracts that are not finance leasing contracts as defined above are entered as operating leases.

## 2.6 Impairment of assets

When events indicate a risk of impairment of intangible and tangible assets, and automatically at least once a year, these are subject to a detailed analysis in order to determine if their net book value is lower than their recoverable amount, with the latter defined as fair value (minus transfer costs) or value in use, whichever is higher. Value in use is determined by discounting expected future cash flows from the use of the assets and from its disposal.

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 discount rate used takes into account the risk associated with the activity and its geographical location.

A field is generally taken as being the cash-generating unit (CGU). A CGU is a homogeneous set of assets whose ongoing utilisation generates cash inflow largely independent of cash inflows generated by other groups of assets.

In the event the recoverable amount is lower than the net book value, an impairment is entered for the difference between these two amounts.

This impairment may eventually be reversed for up to the net book value that the asset would have had on the same date if it had not been impaired. Impairments ascertained on goodwill are irreversible.

## 2.7 Other non-current financial assets

Financial loans and debts are initially booked as fair value and appear on the balance sheet at their amortised cost. They are subject to impairment if there is an objective indicator of impairment. This impairment, posted under income, may later be reversed under income if the conditions that led to this impairment have ceased to exist.

Non-consolidated equity securities are classified in the category of Financial Assets Held for Sale (see Note 6) and valued initially and on the date of preparation at their fair value. For listed securities, this fair value corresponds to the market price representative of a liquid and open market; for unlisted securities, valuation models are used; if the fair value cannot be reliably determined, the securities are recognised at cost.

Changes in fair value are recognised directly under shareholders' equity. In the event of an objective



indicator of lasting impairment, a write-down is entered under income. This write-down is not reversed under income until on the date of disposal of the securities in question.

## 2.8 Inventories

Inventories are valued at acquisition or production cost. The production cost includes consumables and direct and indirect production costs.

Inventories are valued according to the FIFO ("First In First Out") method.

Hydrocarbon inventories are valued at production costs, including field and transportation costs, as well as the amortisation of assets contributing to production.

A provision is created when the net realisable value is lower than the gross amount of the inventories.

## 2.9 Trade receivables

Trade receivables are recognised initially at their fair value.

At the close, write-downs are created in the event of proven risk of non-recoverability.

## 2.10 Transactions in foreign currencies

Expenses and income in foreign currencies are posted at their equivalent in the operating currency for the entity concerned on the date of the transaction. Debts, external financing, receivables and liquid assets in foreign currency appear on the balance sheet at their equivalent in the operating currency for the entity concerned on the closing price. Differences resulting from conversion into foreign currencies at this last price are carried on the income statement as other financial income or other financial expenses.

However, when cash in foreign currency is allocated only to the financing of a foreign investment in the same currency, the impact of the revaluation of the investment concerned is entered under net equity.

## 2.11 Conversion of annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries for which the operating currency is not the euro are converted according to the closing price method.

Asset and liability elements, including equity method valuation differences and goodwill on foreign subsidiaries, are converted at the exchange rate in effect on the closing date for the year. Income and expenses are converted at the average rate for the period.

The currency translation adjustments ascertained, both on the initial balance sheet as well as on the

income statement are entered, for the share due to the consolidating company, in its net equity under "currency translation adjustments" and, for the share due to minority interests, under "minority interests".

Currency translation adjustments related to a net investment in a foreign activity are posted directly under net equity.

## 2.12 Derivative instruments

In order to hedge the oil sale price or exchange risk, Maurel & Prom uses future cash flow hedging instruments comprised essentially of options and swaps. These transactions are recognised as follows:

- initially, the financial instrument is posted at its fair value;
- on the closing date, the change in fair value corresponding to the effective portion (intrinsic value of the option) is posted under recyclable shareholders' equity; the change in fair value corresponding to the ineffective portion (time value of the option) is posted under financial expenses and income; and
- the change in fair value posted under net equity is recycled under income (other operating expenses and income) either when the hedged element impacts income or when the contract matures.

The fair value of the instruments taken out by the Group is determined by the appraisals of external independent appraisers.

## 2.13 Cash / Cash equivalents

Cash equivalents correspond to short-term investments of excess cash.

Purchases and sales of assets are recognised on their settlement date.

Undertakings for Collective Investment in Transferrable Securities (UCITS) in cash managed at their liquidation amount are valued at fair value by the income in accordance with standards for monitoring these assets under management.

Short-term bank certificates of deposit are classified as loans and debts and recognised at amortised cost.

## 2.14 Convertible bonds

Some financial instruments contain both a financial debt component and a net equity component at the same time. This is the case with the OCEANE bonds issued by the Group in March 2005 and July 2009. In accordance with IAS 32 "Financial instruments – Disclosure and presentation," these two components are recognised separately and determined as follows:

- the debt component corresponds to the amount of the contractual future cash flows (including coupons and redemption) adjusted at market rate (taking into account credit risk at the time of issuance) of a similar instrument offering the same conditions (maturity, cash flow) but with no conversion option, plus the impact of issuance fees (actual interest rate);
- the shareholders' equity component represents the value of the option for conversion of the bonds into shares. It is determined by the difference between the proceeds of the bond issue and the debt component calculated according to the methods described below; and
- a deferred tax liability is ascertained as the difference between the book value and the value of the debt for tax purposes; this deferred tax is constituted by draw-down of the net equity component.

The conversion of the OCEANE bonds is entered on the financial statements at the time of conversion of the bonds and their exchange into shares.

## 2.15 Other bonds

Other bonds are posted initially at their fair value. They are entered on the balance sheet at their amortised cost. The effect of this is to post the issuance expenses as a deduction against the initial fair value of the bond issue. Furthermore, financial expenses are calculated on the basis of a bond's effective interest rate (i.e., the actuarial rate taking issuance expenses into account).

## 2.16 Fair value

For purposes of presentation according to the IFRS7 standard (see Note 11: Fair value):

- the fair value of loans and debts is determined by discounting expected cash flows at the market rate at the end of the year; for debts with a term of less than 6 months, the balance sheet amount represents a good approximation of their fair value.
- the fair value of financial liabilities is determined by discounting cash flows yet to be collected at market rate, at the end of the year, for a debt with the same residual maturity. For trade payables, the balance sheet amount is a good approximation of their fair value.

## 2.17 Treasury shares

Treasury shares are posted as a deduction against net equity based on their acquisition cost.

Further changes in fair value are not taken into account. Likewise, income from the disposal of treasury shares does not affect income for the period.

## 2.18 Provisions for risks and charges

In accordance with the IAS 37 standard, "Provisions, contingent liabilities and contingent assets," provisions are recognised when the Group has an obligation at the end of the year to a third party deriving from a past event, the settlement of which should result in an outflow of resources constituting economic advantages.

Provisions are adjusted when the effect of the adjustment is significant.

The obligation of site restoration is recognised at the adjusted amount of the estimated cost or of the contractual obligation for dismantlement; 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 readjustment is posted under "Other financial expenses".

## 2.19 Pensions and other post-employment benefits

The Group's obligations in terms of retirement pensions and similar benefits are limited to the payment of contributions to mandatory general plans and to the payment of retirement indemnities; these are defined by collective bargaining agreements.

Retirement indemnities correspond to defined-benefit plans. Provisions are made for them as follows:

- the actuarial method used is the so-called projected unit credit method that stipulates that each period of service entitles the employee to one unit of benefit entitlement. These calculations include mortality, personnel turnover and future salary projection assumptions; and
- the so-called corridor method is applied. Thus actuarial differences representing more than 10% of the amount of the commitments or of the market value of the investments are recognised and amortised over the average residual duration of the active life of the employees under the plan.

For basic plans and other defined-contribution plans, the Group recognises the contributions payable under expenses when they are due and no provision has been recognised, since the Group is not committed beyond the contributions paid.

## 2.20 Oil revenue

### HYDROCARBON SALES

Production sales revenue for the deposits operated by the Company under Production Sharing Agreements includes only the share of Maurel & Prom in the production sold, excluding production royalties and taxes.

Income is recognised as revenue when the company has transferred the risks and advantages inherent to the ownership of assets, i.e., at the time when oil is collected from oil terminals.

#### DRILLING SERVICE

Revenue is posted depending on the progress of the drilling service, which progress is measured according to drilling depth and past mobilisation time.

### 2.21 Share-based payments

Share subscription options, as well as bonus shares allocated by Maurel & Prom to its employees, are recognised as personnel expenses at the time they are awarded and staggered over the rights acquisition period; the method of staggering depends on the respective acquisition conditions of each plan.

The estimated amount of the fair value of the subscription options is determined according to the Black and Scholes method.

The fair value of bonus shares is based on the market price on the date of allocation, to which any relevant discount is applied, according to the terms of the plan in order to take into account the bar on disposal associated with the mandatory period for keeping these securities.

### 2.22 Income tax

The tax expense presented on the income statement includes the regular tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are ascertained on the temporary differences between the book value of assets and liabilities and their tax basis. Deferred taxes are not adjusted. Deferred tax income and liabilities are valued based on the tax rates approved on the closing date.

Deferred tax income, resulting primarily from losses carried forward or deferred amortisation, are not taken into account unless their recovery is probable.

To evaluate the Group's ability to recover its assets, the following elements in particular have been taken into account:

- 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 for charging previous losses for tax purposes.

### 2.23 Earnings per share

Two earnings per share are presented: basic earnings per share and diluted earnings per share. The number of shares used for calculating the diluted earnings per share takes into account the conversion into shares of instruments providing deferred access to the capital and having a dilutive effect. The diluted earnings per share are calculated based on net earnings, Group share, adjusted by the financial cost, net of taxes, of dilutive instruments providing deferred access to the capital.

Treasury shares are not taken into account in the calculation.

### 2.24 New standards applied

#### (i) Revised IAS1 "Presentation of financial statements"

IAS1 as revised was published in September 2007 for mandatory application as of 1 January 2009. The income statement became the statement of total income and included both net income and other elements of total income.

The necessary information is to be summarised in the statement of change in net equity and in the statement of total income.

#### (ii) IFRS8 "Operating sectors"

IFRS8 replaces standard IAS14. The Group has adapted its presentation of sector information to meet IFRS8, which requires sector information to be presented in keeping with the reporting formats used for internal decision-making by the general management.

This information is in Annex 25 to the consolidated financial statements.

### 2.25 New standards not yet applicable

The standards or interpretations published by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee), respectively, not yet in effect 31 December 2009, but which may impact the financial statements of the group concern IFRS 3 as revised "business combinations" and IAS27 as revised "Consolidated and individual financial statements."

**(i) IFRS3 “Business combinations”**

The changes made to IFRS3 affect the valuation of minority interests, the recognition of transaction expenses and the initial recognition of goodwill in combinations by stages. These changes are liable to impact the group when goodwill is recognised, in the event of a business combination.

**(ii) IAS27 as revised “Consolidated and individual financial statements”.**

IAS 27 as revised requires only that changes to a parent company’s share of interest in a subsidiary that do not lead to a loss of control should be recognised as transactions affecting net equity (i.e./e.g., transactions made with owners acting in this capacity).

The changes to IFRS3 and IAS27 will thus affect any future acquisition or loss of control of a subsidiary and transactions with minority interests.

## NOTE 3 CHANGES IN THE GROUP

Company	Registered Office	Consolidation Method	Control %	
			31/12/2009	31/12/2008
Maurel and Prom Establishments	Paris	Holding company	Holding company	
<b>OIL AND GAS ACTIVITIES</b>				
Caroil	Paris	Fully consolidated	100.00%	100.00%
Panther Eureka Srl	Raguse, Sicily	Fully consolidated	60.00%	30.00%
Maurel & Prom West Africa S.A.S.	France	Fully consolidated	100.00%	100.00%
Maurel & Prom Gabon Ltd (ex Rockover Oil and Gas)	British Virgin Islands	Fully consolidated	-	100.00%
M&P Gabon (ex Nyanga Mayombe)	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
M&P Gabon Omoueyi *	Libreville, Gabon	Fully consolidated	-	100.00%
M&P Etekamba Gabon	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
Quartier General M&P Gabon	Port-Gentil, Gabon	Fully consolidated	100.00%	100.00%
Hocol Petroleum Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol Ltd	Bermuda	Non-consolidated	-	100.00%
Hocol S.A.	Cayman Islands	Non-consolidated	-	100.00%
Hocol Cayman Inc	Cayman Islands	Non-consolidated	-	100.00%
Oleoducto de Colombia S.A.	Colombia	Non-consolidated	-	21.82%
M&P Peru	Peru	Fully consolidated	100.00%	100.00%
M&P Venezuela SAS	France	Fully consolidated	100.00%	100.00%
Hocol (UK) Petroleum Holdings Ltd	United Kingdom	Fully consolidated	100.00%	100.00%
Maurel & Prom Colombie BV	Netherlands	Fully consolidated	100.00%	100.00%
Maurel & Prom Latin America BV	Netherlands	Fully consolidated	100.00%	100.00%
Lagopetrol	Venezuela	Equity-method companies	26.35%	26.35%
Zetah M&P Congo	Congo	Fully consolidated	100.00%	100.00%
Zetah Kouilou Ltd	Nassau, Bahamas	Proportionately consolidated	15.00%	15.00%
Zetah Noumbi Ltd	Nassau, Bahamas	Proportionately consolidated	49.00%	49.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo	Fully consolidated	100.00%	100.00%
Maurel & Prom Tanzanie Ltd	Tanzania	Fully consolidated	100.00%	100.00%
Raba Xprom Energia Kft	Hungary	Equity-method companies	34.30%	34.30%
Renaissance Energy	Switzerland	Non-consolidated	35.00%	35.00%
Prestoil Kouilou	Congo	Fully consolidated	100.00%	-
Maurel & Prom Assistance Technique (ex Prestoil S.A.S.)	Paris, France	Fully consolidated	100.00%	-
Maurel & Prom Exploration Production Tanzania Ltd	Dar el Salam, Tanzania	Fully consolidated	100.00%	-
M&P Developpement Gabon	Libreville, Gabon	Fully consolidated	100.00%	-
<b>OTHER ACTIVITIES</b>				
New Gold Mali (NGM)	Bamako, Mali	Equity-method companies	26.00%	26.00%
Maurel & Prom International S.A.	Genève, Switzerland	Fully consolidated	99.99%	99.99%

(\* ) Combination in 2009 of the Gabonese assets within Maurel & Prom Gabon.

The main changes in the scope of consolidation of the Group over 2009 concern the following events:

- The sale of Colombian assets to Ecopetrol on 28 May 2009. The transaction is described in Note 18 – Income from disposal of assets and was treated in accordance with IFRS5 in the group's consolidated financial statements
- Pursuant to the Omoueyi Production Sharing Contract, Maurel & Prom retroceded 15% of its interest in the Onal field. Maurel & Prom's partner on Onal is Tulip Oil, a subsidiary of the Tullow Group, in accordance with the applicable provisions in the CEPP.
- Following Maurel et Prom's acquisition of an additional interest in Panther Euréka, the interest percentage was increased from 30% to 60%, giving control to Maurel & Prom and leading to a change from the equity method to the full consolidation method.
- Maurel et Prom West Africa intends to carry the securities of the Group's Gabonese entities. Maurel & Prom Gabon Ltd was consequently liquidated in November 2009.
- Etablissements Maurel & Prom acquired control of Prestoil SAS and its wholly-owned subsidiary Prestoil Kouilou, operational in the Congo. The percentage held is 100% as of 29 July 2009.

This transaction increased the interest of Maurel & Prom in the Marine 3 license in the Congo, in which Prestoil Kouilou was the operating partner of Maurel & Prom and the SNPC. At the same time, the interests held in the Tilapia license were retroceded. Maurel & Prom remained the operator through its subsidiary Prestoil Kouilou.

- Renaissance Energy, in the course of liquidation, was deconsolidated in the financial statements as at 31 December 2009, with no impact on the group's consolidated financial statements, considering the insignificant nature of the entity.

- Maurel & Prom Exploration et Production Tanzania Ltd was created in order to carry the interests acquired in Tanzania in the Mnazi Bay license.

## NOTE 4 INTANGIBLE ASSETS

Changes in intangible assets	Goodwill	Oil search and exploration rights	Exploration costs	Other	Total
In thousands of euros					
<b>GROSS VALUE AS AT 01/01/08</b>	-	519,005	130,548	13,360	662,914
<i>Exploration investments</i>	-	1,830	206,138	11,193	219,161
<i>Disposals / Decreases</i>	-	-	(1,488)	-	(1,488)
<i>Exploration written off</i>	-	(2,719)	(53,254)	(233)	(56,206)
<i>Changes in scope</i>	-	1,158	(2,341)	(876)	(2,059)
<i>Conversion differentials</i>	-	28,452	9,377	(224)	37,605
<i>Exchange</i>	-	(22,867)	-	-	(22,867)
<i>Transfers</i>	-	(58)	(19,745)	(4)	(19,807)
<b>GROSS VALUES AT 31/12/08</b>	-	524,801	269,235	23,216	817,253
<i>Exploration investments<sup>(1)</sup></i>	-	1,685	248,554	433	250,672
<i>Disposals/ Decreases<sup>(2)</sup></i>	-	-	(5,927)	(3,281)	(9,208)
<i>Exploration written off</i>	-	-	(53,657)	(438)	(54,095)
<i>Acquisitions of subsidiaries</i>	6,403	5,325	948	44	12,720
<i>Sales of subsidiaries</i>	-	(408,527)	(88,322)	(7,221)	(504,070)
<i>Currency translation adjustments<sup>(3)</sup></i>	-	(2,125)	(6,763)	(12)	(8,900)
<i>Transfers<sup>(4)</sup></i>	-	1,058	(2,180)	(10,817)	(11,939)
<b>GROSS VALUE AS AT 31/12/2009</b>	6,403	122,217	361,888	1,925	492,433
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 01/01/08</b>	-	80,677	24,538	2,777	107,992
<i>Amortisation</i>	-	19,971	2,983	973	23,927
<i>Disposals/ Reversals</i>	-	-	-	-	-
<i>Exploration written off</i>	-	(242)	-	(145)	(387)
<i>Currency translation adjustments</i>	-	5,283	1,436	(122)	6,597
<i>Changes in scope</i>	-	-	(1,124)	(8)	(1,132)
<i>Exchange</i>	-	(953)	-	-	(953)
<i>Transfers</i>	-	(7,029)	-	6,472	(557)
<b>ACCRUED AMORTISATION AND DEPRECIATION AS AT 31/12/08</b>	-	97,707	27,833	9,947	135,487
<i>Amortisation allowance</i>	-	3,828	-	386	4,214
<i>Disposals/ Reversals</i>	-	-	-	(3,281)	(3,281)
<i>Exploration written off</i>	-	-	-	(438)	(438)
<i>Currency translation adjustment<sup>(3)</sup></i>	-	309	(894)	(1)	(586)
<i>Acquisition of subsidiaries</i>	-	-	-	2	2
<i>Sales of subsidiaries</i>	-	(95,529)	-	(5,138)	(100,667)
<i>Transfers</i>	-	-	-	(29)	(29)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/09</b>	-	6,315	26,939	1,448	34,702
<b>NET BOOK VALUE AS AT 31/12/09</b>	6,403	115,902	334,949	478	457,731
<i>Net book value as at 31/12/08</i>	-	427,094	241,402	13,269	681,766

Inc. changes related to the Colombian entities sold:

(1) €21,023 K in acquisitions on exploration costs. (2) - €5,927 K in decreases on exploration costs. (3) €1,201 K on currency translation adjustments.

(4) -€3,420 K in transfers related to the reclassification of exploration costs as property, plant and equipment.

## EXPLORATION INVESTMENTS

Acquisitions of intangible assets amounted as of 31 December 2009 were €250,672 K, i.e., an increase of 14% compared to the previous year, reflecting the ongoing effort made by the Maurel & Prom Group in terms of exploration.

The main investments reflect:

- the investments made in Gabon amounted to €98,753 K and mainly concerned the exploration work conducted on the Omoueyi license for €91,150 K.
- the seismic and drilling work undertaken in Tanzania mostly for the Bigwa - Rufiji – Mafia licenses for €62,057 K.
- the investments made in Colombia up to the date of sale at the end of May on the Guarrojo, Lince, Tangara licenses amounting to €21,023 K.
- the exploration expenses at Maurel & Prom Colombia BV for €18,821 K, corresponding mainly to exploration expenses on the Cascabel 1 (Tangara partnership) wells and seismic and civil engineering works on the Muisca, Sabanero and SSJN9 licenses.
- drilling works on the Draco wells in Syria for €12,608 K.
- exploration expenses undertaken on the Rovuma license for €10,278 K.

## EXPLORATION WRITTEN OFF

Exploration written off is itemised as follows (cumulative costs committed per well at 31 December 2009):

<i>Minangu (2009 supplement)</i>	166
<i>Draco - Syria</i>	10,556
<i>Rovuma - Mozambique</i>	10,278
<i>Mohoro - Tanzania</i>	13,465
<i>Mihambia - Tanzania - Dominion</i>	6,332
<i>Kokorong 1 - Sénégal</i>	3,775
<i>M'Bafou - Congo</i>	4,334
<i>Tié-Tié - Congo</i>	4,748
<b>TOTAL</b>	<b>53,657</b>

The estimate of all the costs undertaken on these wells in the year 2010 is US\$13.7 million, i.e. US\$9.5 million at the closing rate on 31/12/2009.

## ACQUISITION OF SUBSIDIARIES, STAKES AND CHANGE OF SCOPE OF CONSOLIDATION

The Group acquired control and became the operator on 1 December 2009 of the Mnazi Bay license in Tanzania. The entity carrying the assets is Maurel & Prom Exploration et Production Tanzania Ltd. The value of the mining license on the consolidation start date was valued at €6,596 K.

Panther, which was previously consolidated by the equity method, has now been fully consolidated. This change in consolidation method has led to goodwill of €6,403 K.

## DISPOSAL OF SUBSIDIARIES

The net amount of the Colombian intangible assets sold amounted to €403,404 K (i.e. €504,070 K in gross value and €100,667 K in amortisation). This sale transaction is explained in "Note 18 – Income from disposal."

## TRANSFERS

Transfers, in the gross amount of €-11,939 K, were due primarily to:

- reclassification of exploration costs on the NZamo-1 wells transferred to property, plant and equipment in the amount of €3,858 K.
- reclassification of exploration costs as property, plant and equipment on the operations sold in Colombia in the amount of €3,420 K.
- reclassification of Omko exploration assets under development in the amount of €6,588 K.

## AMORTISATION AND DEPRECIATION

Amortisation and depreciation allowances for the period primarily concerned the depletion of €2,337 K in Onal and Omko reserves on the Omoueyi license, for which production started in March 2009 and February 2009, respectively (Omko PSA in September 2009).

## CURRENCY TRANSLATION ADJUSTMENTS

The revaluation of assets held in dollars at the closing exchange rate led to the posting of a negative conversion differential in the net amount of €8,314 K.

## IMPAIRMENT TEST

The Group also conducted impairment tests on its main intangible assets allocated to its CGUs, without the results having led to the posting of impairments (see Note 5 Property, plant and equipment).



## INTANGIBLE ASSETS BY LICENSE

In thousands of euros License	A	B	C=A+B	D	E	F=C+D+E
	Drilling	G&G	Total exploration expenses	Oil research and production / Goodwill	Other	Total Intangible assets
<i>Omoueyi</i>	68	49	117	101		217
<i>Etekamba</i>	8	10	18	2		20
<i>Nyanga Mayombe</i>	-	4	4	2		6
<i>Bigwa Rufiji Mafia (BRM)*</i>	116	25	141	1		142
<i>Colombia</i>	8	12	19			19
<i>Alasi</i>	-	12	12	2		14
<i>Kouilou</i>	5	2	8			8
<i>Marine 3</i>	-	6	6			6
<i>Other licenses</i>		8	10	15	-	26
<b>TOTAL</b>	<b>206</b>	<b>127</b>	<b>335</b>	<b>123</b>	<b>-</b>	<b>458</b>

(\*) BRM, in thousands of euros

	Drilling	G&G	Total exploration expenses
<b>GROSS VALUE</b>			
<i>Mafia deep</i>	83	-	83
<i>M'Kuranga</i>	20	6	26
<i>M'Bezi</i>	13	-	13
<i>Common costs of BRM license</i>	-	19	19
<b>TOTAL</b>	<b>116</b>	<b>25</b>	<b>141</b>



## NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment	Land and buildings	Technical facilities	Down payments and constructions in progress	Other fixed assets	Total
In thousands of euros					
<b>GROSS VALUE AS AT 1/01/2008</b>	7,516	397,616	69,244	8,064	482,441
<i>Acquisitions</i>	161	310,812	4,147	4,720	319,840
<i>Dismantling assets</i>		24,020			24,020
<i>Sales / Decreases</i>	-	(2,688)	-	(247)	(2,935)
<i>Assets decommissioned</i>	(4)	(2,307)	-	(34)	(2,345)
<i>Changes in scope of consolidation</i>	(38)	(88)	-	(159)	(285)
<i>Currency translation adjustments</i>	227	35,280	18	1,122	36,647
<i>Transfers</i>	(3,755)	49,266	(68,731)	11,303	(11,917)
<b>GROSS VALUE AS AT 31/12/2008</b>	4,107	811,911	4,678	24,769	845,466
<i>Development/ prod. investments <sup>(1)</sup></i>	991	165,668	20,717	1,098	188,474
<i>Dismantling assets</i>		2,219			2,219
<i>Disposals/ Decreases <sup>(2)</sup></i>	-	(77,831)	-	(541)	(78,372)
<i>Assets decommissioned</i>	-	(1,005)	-	(166)	(1,171)
<i>Changes in scope of consolidation</i>	80	-	-	207	287
<i>Disposals of subsidiaries</i>	(4,827)	(328,080)	-	(6,717)	(339,624)
<i>Currency translation adjustments <sup>(3)</sup></i>	(29)	(20,962)	(600)	(334)	(21,924)
<i>Transfers <sup>(4)</sup></i>	3,000	20,751	(6,803)	(3,680)	13,268
<b>GROSS VALUE AS AT 31/12/2009</b>	3,322	572,671	17,992	14,638	608,623
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 01/01/2008</b>	2,557	84,752	-	5,179	92,488
<i>Amortisation allowances</i>	255	53,567	-	1,331	55,153
<i>Disposals / Reversals</i>	-	(2)	-	(216)	(218)
<i>Assets decommissioned</i>	(3)	(1,632)	-	93	(1,542)
<i>Currency translation adjustments</i>	160	2,346	-	181	2,687
<i>Changes in scope of consolidation</i>	(38)	(88)	-	(154)	(280)
<i>Sales on changes in scope of consolidation</i>	-	-	-	-	-
<i>Transfers</i>	-	(29,653)	-	(1,463)	(31,116)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/08</b>	2,931	109,290	-	4,951	117,172
<i>Amortisation allowances</i>	181	30,911	-	1,181	32,273
<i>Disposals / Reversals</i>	-	(451)	-	(419)	(870)
<i>Assets decommissioned</i>	-	(862)	-	(143)	(1,005)
<i>Currency translation adjustments <sup>(3)</sup></i>	12	(1,614)	-	(18)	(1,620)
<i>Changes in scope of consolidation</i>	23	-	-	71	94
<i>Sales of subsidiaries</i>	(2,931)	(78,530)	-	(2,702)	(84,163)
<i>Transfers</i>	-	(680)	-	(10)	(690)
<b>CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/2009</b>	216	58,064	-	2,911	61,191
<b>NET BOOK VALUE AS AT 31/12/2009</b>	3,107	514,606	17,992	11,727	547,432
<i>Net book value as at 31/12/2008</i>	1,176	702,621	4,678	19,818	728,294

*Inc. changes related to the Colombian assets transferred: (1) €30,294 K in acquisitions of technical facilities. (2) - €605 K in decreases of technical facilities (3) - €682 K in net value of currency translation adjustments. (4) €3,420 K in transfers related to the reclassification of exploration costs as property, plant and equipment*

## DEVELOPMENT/ PRODUCTION INVESTMENTS

Acquisitions for the period, which amount to €188,474 K, mainly concern the development of the Onal field in Gabon and the Ocelote field in Colombia.

- The production investments made in Omoueyi totalled €140,129 K. These acquisitions primarily correspond to installation work on the Onal-Coucal pipe-export system, the construction of a pipeline intended for routing the gas necessary for the operation of the heating stations, and work undertaken in view of the water injection stage.
- The investments made in Colombia up to the date of disposal at the end of May were €31,141 K, €30,294,000 of which were for technical facilities.
- The investments made by Caroil were €15,405 K for 2009. They primarily concerned the rigs operating in Congo and involved the acquisition of different equipment for the rigs motors, sludge tanks and pipes in particular.

## SALES / DECREASES

The sale of property, plant and equipment reached a gross value of €78,372 K and primarily concerned the decommissioning of property, plant and equipment following the retrocession by the Republic of Gabon of its 15% share in the Onal field to Tulip Oil for €76,786 K.

## DISPOSAL OF SUBSIDIARIES

Disposals of subsidiaries came to a net amount of €255,461 K as at 31/12/2009 (i.e., a gross amount €339,624 K after deducting amortisation of €84,163 K).

Of these, €257,514 K correspond to the book value of the Colombian assets sold (i.e., a gross amount of €319,697 K after deducting amortisation of €62,183,000), and €21,979 K is for the Tilapia license (fully depreciated).

## DISMANTLING ASSETS

The dismantling assets posted as a cross-entry to the production site restoration allowance amounted to €2,219 K for the Omoueyi license (Onal and Omko) in Gabon.

## TRANSFERS

Transfers in the net amount of €13,958 K (i.e., a gross amount of €13,268 K and amortisation of - €690,000), are related primarily to:

- Reclassification of the exploration costs for the NZamo-1 wells transferred to property, plant and equipment for €3,858 K;

- Reclassification of exploration costs as property, plant and equipment for the activities sold in Colombia for €3,420 K;
- Reclassification of the Omko exploration assets under development for €6,588 K.

## AMORTISATION AND DEPRECIATION

The allowances of €32,273 K during the period mainly concerned the amortisation of the Caroil Rigs for €14,546 K and the depletion of the Onal and Omko fixed assets for €16,281 K following the start of production.

## CURRENCY TRANSLATION ADJUSTMENTS

The revaluation of assets held in dollars at the closing rate led to the posting of a negative translation adjustment in the net amount of €20,304 K.

## IMPAIRMENT TEST

The oil asset valuation monitoring tests performed confirmed the lack of impairment. These tests in particular concerned the Gabon assets (Omoueyi and Banio licenses), the book value of which reached €656.7 M and, secondly, the Venezuelan assets, consolidated by the equity method.

To perform these tests, the Group applies the following methodology:

The assets are grouped into cash-generating units (CGU). In Gabon, the grouping is done by licenses. The CGU include all the assets, tangible and intangible, contributing to the generation of cash flows (reserves, goodwill, exploration expenses, and industrial equipment). As such, the intangible assets tested as part of the evaluations represent €217 M (Omoueyi), i.e. 47% of the intangible assets. The other intangible assets are accounted for and evaluated using the full cost method as described in Note 2 Accounting principles and methods.

Future cash flows are determined based on the production profiles of the reserves certified by the firm DeGolyer & Mac Naughton. The Group uses a probability of producing proven reserves (P1) of 100% and a probability of producing probable reserves (P2) of 50%. With regard to future oil prices, the Group management has given preference to a price per barrel of \$75 and has considered two alternate scenarios: \$60 (i.e., the average price for 2009) and \$90. A per-barrel price lower than 25% than the preferred scenario (US\$75) would not entail impairment. An adjustment rate greater than 25% would not entail impairment.

The discount rates are determined based on the weighted average cost of the Group's capital

estimated on the basis of market data and specific risks on the assets tested. In Gabon, a discount rate of 13% was used.

## LEASES

Assets under finance leases and assets under operating leases are not significant.

## NOTE 6 OTHER NON-CURRENT FINANCIAL ASSETS

In thousands of euros	Financial assets available for sale	Loans and receivables	Total
<b>AMOUNT AS AT 01/01/2008</b>	21,924	6,292	28,216
<i>Changes in consolidation scope</i>	(85)	(1)	(86)
<i>Increase</i>	18	7,795	7,813
<i>Decrease</i>	-	(236)	(236)
<i>Write-downs</i>	(9,084)	-	(9,084)
<i>Fair value</i>	-	-	-
<i>Reversals of impairment</i>	-	-	-
<i>Currency translation adjustments</i>	-	15	15
<i>Transfers</i>	-	(5,638)	(5,638)
<b>AMOUNT AS AT 31/12/2008 <sup>(1)</sup></b>	<b>12,773</b>	<b>8,227</b>	<b>21,000</b>
<i>Changes in consolidation scope</i>	-	-	-
<i>Increase</i>	168	9,499	9,667
<i>Decrease</i>	-	(10,418)	(10,418)
<i>Write-downs</i>	(2,739)	(130)	(2,869)
<i>Fair value</i>	-	-	-
<i>Reversals of impairment</i>	-	3,659	3,659
<i>Currency translation adjustments</i>	-	(9)	(9)
<i>Transfers</i>	-	-	-
<b>AMOUNT AS AT 31/12/2009</b>	<b>10,202</b>	<b>10,828</b>	<b>21,030</b>

(1) Of which Colombian activities disposed of under loans and debts: €77,000

### FINANCIAL ASSETS AVAILABLE FOR SALE

Available for sale securities correspond essentially to a 19.10% stake in Pebercan, the business of which is operating oil fields in Cuba through its Peberco subsidiary. This company announced in February 2009 its intention to end its sale activities and distribute its residual assets to its shareholders. The Group's stake in Pebercan was consequently valued as of

31 December 2008 as a liquidation amount of €11,992 K. This stake was decreased to €9,254 K as of 31 December 2009 following Pebercan's announcement concerning the obtainment of an order authorising an initial distribution in the maximum amount of 1.01 CAD per diluted ordinary share.

## NON-CURRENT LOANS AND DEBTS

The increase in this item resulted mainly from deposits paid as security for the performance of work commitments on the licenses maintained in Colombia and in Peru (€9,111 K).

In 2008, a sum of €5,030 K was deposited in connection with a dispute with a banking institution over transactions in complex financial instruments that the group was disputing. Following an agreement reached between the parties in 2009, the deposit was settled. This dispute is described in Note 14 – Provisions for risks and expenses.

## NOTE 7 INVESTMENTS ACCOUNTED UNDER THE EQUITY METHOD

The following companies are accounted for under the equity method: RabaXProm Energia Kft, New Gold Mali and Lagopetrol.

In April 2009, Maurel & Prom increased its percentage of interest in Panther from 30% to 60%. As a result of this acquisition of control, Panther is now consolidated by full inclusion, explaining the change in the item during the period.

Renaissance Energy was removed from the scope of consolidation (see Note 3 Change in the composition of the Group).

In thousands of euros At 31/12/2008	Balance sheet value	Of which the share of income for the period
<i>Lagopetrol</i>	33,159	8,502
<i>New Gold Mali</i>	-	(119)
<i>Panther Eureka Srl</i>	6,403	1,497
<i>Raba Xprom Energia Kft</i>	(1,827)	(166)
<i>Renaissance Energy</i>	(34)	(20)
<b>TOTAL</b>	<b>37,701</b>	<b>9,694</b>

In thousands of euros At 31/12/2009	Balance sheet value	Of which the share of income for the period
<i>Lagopetrol</i>	34,543	10,422
<i>New Gold Mali</i>	(115)	(188)
<i>Raba Xprom Energia Kft</i>	(1,920)	(113)
<b>TOTAL</b>	<b>32,508</b>	<b>10,121</b>

In thousands of euros Financial information at 31/12/2009	Lagopetrol	New Gold Mali	Raba Xprom Energia Kft
<i>Assets</i>	257,913	3,608	113
<i>Liabilities*</i>	166,714	11,808	3,130
<i>Revenues</i>	121,454	-	-
<b>NET INCOME</b>	<b>39,552</b>	<b>(723)</b>	<b>(178)</b>

\* excluding net equity position

## NOTE 8 INVENTORIES

In thousands of euros	2009	2008
<i>Hydrocarbon inventories</i>	751	4,188
<i>In progress</i>	-	-
<i>Consumables</i>	3,344	8,164
<b>TOTAL</b>	<b>4,095</b>	<b>12,352</b>
<i>Depreciation to be deducted</i>	-	(2,229)
<b>NET VALUE</b>	<b>4,095</b>	<b>10,123</b>

The net value of inventories as at 31 December 2009 dropped by €3,363 K compared to the previous year, due primarily to the sale of Hocol.

## NOTE 9 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

The breakdown of trade receivables is as follows:

In thousands of euros	31/12/2009	31/12/2008
<i>Trade receivables – oil and gas business</i>	17,821	26,218
<i>Trade receivables – drilling business forage</i>	16,870	13,487
<i>Other</i>	207	278
<b>TOTAL</b>	<b>34,898</b>	<b>39,983</b>
<i>Depreciation to be deducted</i>	(1,464)	(980)
<b>NET AMOUNT</b>	<b>33,434</b>	<b>39,003</b>

The balance of trade receivables for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group), to which the production of the Onal and Omko fields on the Omoueyi license is sold, in the amount of

€16,413 K. The trade receivables at the end of 2008 corresponded to Hocol sales in the amount of €23,040 K.

Other current financial and non-financial assets included the following items:

In thousands of euros	31/12/2009	31/12/2008
<b>Other Current Financial Assets</b>		
<i>Credits receivable</i>	8	-
<i>Receivables on investments and associations</i>	37,887	36,648
<i>Loans and other</i>	4,018	5,585
<i>Miscellaneous receivables</i>	32,048	16,137
<b>GROSS AMOUNT</b>	<b>73,961</b>	<b>58,370</b>
<i>Depreciation to be deducted</i>	(42,290)	(35,150)
<b>NET AMOUNT</b>	<b>31,671</b>	<b>23,220</b>
<b>Other current assets</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<i>Advances and down payments</i>	1,512	1,659
<i>Pre-paid expenses</i>	2,177	2,845
<i>Tax and corporate receivables (excluding income tax)</i>	29,173	67,993
<i>Other assets</i>	6,570	(15)
<b>GROSS AMOUNT</b>	<b>39,432</b>	<b>72,482</b>
<i>Depreciation to be deducted</i>	-	-
<b>NET AMOUNT</b>	<b>39,432</b>	<b>72,482</b>

### RECEIVABLES ON INVESTMENTS AND ASSOCIATIONS

As of 31 December 2009, this item consisted primarily of the following:

- current accounts of subsidiaries of companies accounted under the equity method (€9,804 K for New Gold Mali, €2,161 K for Raba Xprom), fully depreciated (see below);
- a current account on the Tilapia license becoming non-group after the retrocession of interest on 29 April 2009 in the amount of €16,025 K. This current account is fully depreciated;
- a dividend receivable from Lagopétrol recognised in the amount of €7,007 K on the financial statements of Maurel & Prom Venezuela.

The main changes in this item are as follows:

- The dividends receivable from Lagopétrol as mentioned above (€+7,007 K);
- The inclusion of Maurel & Prom Assistance Technique (formerly Prestoil SAS) in the group scope (€+16,276 K);
- The abandonment of the receivables from the current account of Panther in the amount of €-22,437 K.

### LOANS AND OTHER

As of 31 December 2009, this item consisted mainly of €3,686 K in deposits and security, including a security deposit of €3,279 K in Syria.

The main change in this item is due to the deconsolidation of Hocol SA in 2009, which generated a change of €-1,922 K compared to the previous year (€-1,845 K of which were loans).

### MISCELLANEOUS RECEIVABLES

The change in the miscellaneous receivables item (€+15,911 K) is due primarily to the following:

- The increase in miscellaneous receivables for Omoueyi, which changed by €12,308 K. This change directly reflects the start-up of production at the Onal and Omko wells over the course of the year, as well as the progressive resumption of exploration projects and work;
- The deconsolidation of the Colombian companies sold during the first half of 2009 (impact of €-9,090 K);
- The recognition at Maurel & Prom headquarters of the Panther receivables from its main partners in the amount of €9,024 K, following the abandonment of

a receivable in the amount of the Maurel & Prom group's interest in Panther. This receivable, as well as the related interest accrued (€527 K) are written off in full.

As of 31 December 2009, the balance of this item was made up mainly of the following elements:

- Miscellaneous receivables held by Maurel & Prom Gabon Omoueyi in the amount of €12,521 K;
- Maurel & Prom receivables from partners of Panther in the amount of €9,551 K;
- Miscellaneous receivables of Prestoil Kouilou acquired during the third quarter of 2009 in the amount of €4,119 K.

#### WRITE-OFFS OF OTHER CURRENT FINANCIAL ASSETS

This item includes the following:

- the write-off of receivables and interest from the partners of Maurel & Prom in Panther (€9,551 K), following the abandonment of Maurel & Prom's receivable for the benefit of Panther, which also led to a reversal of €22,438 K;
- creation of a provision for miscellaneous receivables (€3,699 K) and the Tilapia current account (€16,025 K) held mainly by Maurel & Prom Assistance Technique;
- a balance of €9,085 K for provisions on current accounts held by companies accounted for under the equity method.

#### TAX AND SOCIAL SECURITY RECEIVABLES

The decrease of €38,820 K in tax and social security receivables is due primarily to the impact of the sale of the Colombian assets (€-50,290 K), and the increase in VAT receivables of Maurel & Prom Gabon Omoueyi (€+6,382 K) considering the increase in investments.

As at 31 December 2009, the balance of tax receivables of €29,169 K mainly included the VAT receivables of the Gabon and Tanzania companies (€14,684 K and €5,379 K, respectively).

#### OTHER ASSETS

The change in other assets is due to recognition under expenses to be broken down (€6,417 K) of costs for the implementation of the "RBL, Reserve Based Loan" entered into in 2009. The RBL agreement is described in Note 24 – "Off-balance sheet commitments."



## NOTE 10 DERIVATIVE INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS

In thousands of euros	31/12/2009			31/12/2008
	Current	Non-current	Total	Total
<b>DERIVATIVE INSTRUMENTS (ASSETS)</b>	162	37,912	38,074	70,734
<i>Interest rate instruments</i>	-	-	-	-
<i>Exchange rate instruments</i>	-	-	-	403
<i>Hydrocarbon instruments</i>	162	37,912	38,074	70,331
<b>DERIVATIVE INSTRUMENTS (LIABILITIES)</b>	40,395	14,976	55,371	19,361
<i>Interest rate instruments</i>	-	-	-	-
<i>Exchange rate instruments</i>	-	-	-	12,317
<i>Hydrocarbon instruments</i>	40,395	14,976	55,371	7,044
<b>TOTAL</b>	(40,233)	22,936	(17,297)	51,373
<i>Inc. derivative instruments, assets</i>	162	37,912	38,074	4,516
<i>Inc. other instruments, assets</i>		-	66,218	70,331
<i>Inc. derivative instruments, liabilities</i>	40,395	14,976	55,371	19,361
<i>Inc. other financial instruments, liabilities</i>		-	-	70,331
	(40,233)	22,936	(17,297)	51,373

In connection with its ongoing operations, the Group uses financial instruments to decrease its exposure to the risk of oil price and foreign exchange rate fluctuations.

Different instruments are used, including contracts on organised or over-the-counter markets, as well as futures, forwards, swaps and options.

The change in fair value of derivative instruments is posted under income or under shareholders' equity according to IFRS standards, specifically IAS 32&39.

In late 2008 and early 2009, in view of production start-up in Gabon, the Group subscribed derivatives (swap sales) on Brent oil, for which the price is strongly correlated to the price of Rabi Light crude produced locally.

These derivative instruments were not treated as hedging instruments for accounting purposes until 1 May, since sales of oil from the Onal and Omko fields did not begin until April. The gains they generated during the period prior to the implementation of the hedging, i.e., €13 million, were posted under financial income.



The characteristics of the hedging implemented are described in the table below:

Start date	End date	bbl/d	Selling price	2009	1 <sup>st</sup> half 2010	2 <sup>nd</sup> half 2010	2011	MTM 31/12 €M
01/04/09	30/06/10	1,500	71.0	1,500	750			-1.0
01/04/09	31/12/10	500	63.4	500	500	500		-2.4
01/01/09	31/12/10	1,000	57.0	1,000	1,000	1,000		-6.6
01/03/09	31/12/10	2,250	58.8	2,250	2,250	2,250		-13.7
01/01/09	31/12/09	500	58.3	500				-0.2
01/01/09	31/12/09	500	58.3	500	500	500		-3.6
01/01/09	31/12/11	500	62.0	500	500	500	500	-5.6
01/05/09	31/12/11	2,000	62.2	2,000	2,000	2,000	2,000	-22.3
				8,750	7,500	6,750	2,500	-55.3
Average price in US\$				61.7	60.9	59.8	62.1	

The revaluation of the market price of these different transactions as at 31 December 2009 led to the posting of a liability of €55.3 million.

In addition, in December 2009 the Company acquired a call option on hydrocarbons capped at \$140 on 1,042,780 bbl, maturing on 31 December 2011. The fair value of this derivative instrument was \$368 K, i.e. €255 K at 31 December 2009.

The value of derivative instruments designed to hedge the sales of the Colombia unit until its final sale in late May 2009 was \$12.5 million, i.e. €9 million, at the end of December 2008 (see Note 18), kept under net equity in accordance with IAS 39 (hedging of future cash flows). This amount was recycled under income from discontinued operations in 2009.

The impact on net equity of hedging derivatives is shown in the table below:

In thousands of euros	31/12/2009	31/12/2008
<b>Impact of financial instruments on net equity</b>		
FAIR VALUE RESERVE AT BEGINNING OF THE YEAR	11,618	(11,652)
<i>Change in the portion of unexpired hedges (in existence during the previous year)</i>		
<i>Fair value of new hedges for the year posted under net equity</i>	(50,817)	7,482
<i>Fair value of the portion of hedges recycled on the income statement</i>	(15,943) <sup>(1)</sup>	20,668
<i>Deferred tax</i>	5,446 <sup>(2)</sup>	(5,158)
<i>Foreign exchange effect</i>	(1,143)	278
FAIR VALUE RESERVE AT PERIOD-END	(50,840)	11,618
CHANGE IN NET EQUITY DURING THE PERIOD (excluding foreign exchange effect)	(61,314)	22,992
<i>Closing rate as of 31.12.2008</i>	1.3917	
<i>Average rate as of 31.12.2009</i>	1.3942	
<i>Closing rate as of 31.12.2009</i>	1.4406	

Inc. the impact on the Colombian assets transferred:

(1) - €17,362 K concerning the "Fair value of the portion of hedges recycled under the income statement"

(2) €5,446 K for deferred tax

Derivative instruments that do not qualify as hedges involve the clause for a price surcharge on the barrel price provided for in the contract for sale of the Colombian assets. The market value of this asset at the end of the year was €37.9 M (\$ 54.6 M). It should be noted that this price surcharge is limited to \$65 M.

With regard to foreign exchange positions, the group holds liquid assets (cash and sight deposits) in U.S. dollars totalling \$302 M.

Forward foreign exchange transactions and foreign exchange options used to partially reduce the foreign exchange risk resulting from this position were initiated during the year. No transaction of this type was in progress at the end of the year.

## NOTE 11 FAIR VALUE

### FINANCIAL ASSETS VALUED AT FAIR VALUE BY INCOME

The different categories of financial assets (excluding derivative instruments) as at 31 December 2009 and 31 December 2008 are shown in the tables below:

In thousands of euros	31/12/2009				
	Financial assets held for sale	Loans and credits	Financial assets at fair value by income	Total book value	Fair value
<i>Other Non-Current Financial Assets</i>	10,202	10,828	-	21,030	21,030
<i>Trade Receivables</i>	-	33,434	-	33,434	33,434
<i>Other Current Financial Assets</i>	-	31,671	-	31,671	31,671
<i>Cash and Cash Equivalents</i>	-	427,576	-	427,576	427,576
<b>TOTAL BOOK VALUE</b>	10,202	503,509	-	513,711	513,711
<b>TOTAL FAIR VALUE</b>	10,202	503,509	-	513,711	513,711

In thousands of euros	31/12/2008				
	Financial assets held for sale	Loans and credits	Financial assets at fair value by income	Total book value	Fair value
<i>Other Non-Current Financial Assets</i>	12,773	8,227	-	21,000	21,000
<i>Trade Receivables</i>	-	39,003	-	39,003	39,003
<i>Other Current Financial Assets</i>	-	23,220	-	23,220	23,220
<i>Cash and Cash Equivalents</i>	-	191,544	-	191,544	191,544
<b>TOTAL BOOK VALUE</b>	12,773	261,994	-	274,767	274,767
<b>TOTAL FAIR VALUE</b>	12,773	261,994	-	274,767	274,767

## FINANCIAL LIABILITIES (EXCLUDING DERIVATIVE INSTRUMENTS AND FINANCE LEASES) AND FAIR VALUE

The different categories of financial liabilities (excluding derivative instruments) as at 31 December 2009 and 31 December 2008 are the following:

In thousands of euros	31/12/2009			
	Current	Non-current	Total book value	Fair value
<i>Bond issues</i>	195,682	260,770	456,451	456,451
<i>Other bonds and financial debts</i>	53	-	53	53
<i>Trade payables</i>	89,165	-	89,165	89,165
<i>Other creditors and misc. financial liabilities</i>	45,277	-	45,277	45,277
<b>Total</b>	<b>329,827</b>	<b>260,770</b>	<b>590,947</b>	<b>590,947</b>

In thousands of euros	31/12/2008			
	Current	Non-current	Total book value	Fair value
<i>Bond issues</i>	375,024		375,024	364,231
<i>Other bonds and financial debts</i>	16,008	3,656	19,664	19,664
<i>Trade payables</i>	104,395		104,395	104,395
<i>Other creditors and misc. financial liabilities</i>	60,708	-	60,708	60,708
<b>Total</b>	<b>556,135</b>	<b>3,656</b>	<b>559,791</b>	<b>548,998</b>

### SCENARIOS USED

As at 31 December 2009, the fair value of the OCEANE bonds was equal to their book value:

- The Oceane 2010 bond matures on 1 January 2010
- The fair value of the Oceane 2014 bond was determined at the time of its issuance on 7 July 2009 based on a market rate of 9.41%, leading to an

effective interest rate (EIR) of 10.42%. As at 31 December 2009, market conditions had not changed significantly since the issuance, so much so that the bond's fair value as determined during issuance reflects the fair value on 31 December 2009.

**NOTE 12 CASH AND CASH EQUIVALENTS**

Cash equivalents include liquid assets and investments for which the term is less than 3 months.

In thousands of euros	31/12/2009	31/12/2008 (*)
Liquid assets, Banks and Savings Banks	77,342	130,899
Short-term bank deposits	231,761	60,645
Short-term investments	118,473	-
<b>TOTAL</b>	<b>427,576</b>	<b>191,544</b>
Bank overdrafts	32	2,849
<b>NET CASH AND CASH EQUIVALENTS AT PERIOD-END</b>	<b>427,544</b>	<b>188,695</b>

\* Including Colombian activities sold:  
- Liquidities, deposits and cash: €27.5 M  
- Short term bank deposits: €46.4 M

As at 31 December 2009, Maurel & Prom posted net cash of €427.5 M (including \$209.5 M equivalent to €301.8 M related to the collection of the sale price of the Colombian assets at the end of May), an increase of €238.8 M compared to 31 December 2008 due specifically to the following:

- the collection of the sale price of the Colombian assets of €457.2 M;
- a sustained investment effort (€-439.2 M) for all group operations: exploration (€-250.7 M), development (€-173.1 M) and drilling (€-15.4 M), adding a gross amount for acquisitions of €51 M in Colombian assets later sold to Ecopetrol;
- the retrocession to Tulip of 15% of the interest in the Onal and Omko fields (€+77.7 M)
- the difference between the Oceane 2014 issuance proceeds and the partial redemption of Oceane 2010 (€+84 M),
- the collection from the sale of derivative instruments allocated to hedging the risks related to the Colombian assets sold (€66.2 M)
- dividends paid to shareholders (€-40M)

The cash asset equivalents (investment assets) are composed of liquidities and investments that mature in less than 3 months.

**NOTE 13 EQUITY CAPITAL**

At 31 December 2009, the equity capital was composed of 121,252,271 shares with an estimated par value of €0.77 for total capital of €93,364,248.67.

**INSTRUMENTS GIVING RIGHTS TO THE CAPITAL****Stock options**

At the Extraordinary General Meeting of 11 September 2001, management was authorised to give options to its employees and managers for subscription or purchase of Maurel & Prom shares.

On 25 October 2001 management allotted 154,000 subscription options at a price of €12.15 per share, exercisable starting 26 October 2004 and without holding period to 12 people, and on 16 June 2003 to one employee, 26,000 subscription options at a strike price of €19.98. These numbers became 1,579,030 and 266,540, respectively, following the adjustment made after the BSAR (redeemable warrant) issue and the tenfold split of par value; the new strike prices became €1.185 and €1.949 per share, respectively.

By amendment dated 23 May 2005 of the plan rules of October 2001 and 16 June 2003, the corresponding subscription options became exercisable immediately.

According to the authorisation given by the General Meeting on 26 June 2003, on 29 July 2003, management allotted 123,000 share subscription options at a strike price of €17.82 spread out over 5 beneficiaries, immediately exercisable within 5 years. This number was raised to 1,261,160 options exercisable at a price of €1.738 following the adjustment from the issue of the BSAR and the tenfold split of the par value.

Based on the authorisation on the same date, i.e. 26 June 2003, management allotted 13,500 share subscription options to Company employees (3 beneficiaries) on 22 June 2004, immediately exercisable within 5 years at a price of €66.94. This number was raised to 138,420 and the strike price became €6.529 per share following the issue of the BSAR and the tenfold split in par value.

By authorisation of the General Meeting of 28 December 2004, on 16 March the management board allocated 220,000 share subscription options to an employee (who later became corporate officer) at a

strike price of €13.59, with options exercisable immediately within 5 years. By virtue of the same authorisation and exercisable under the same conditions, on 6 April 2005, 430,000 share subscription options were allocated to 8 employees for a price of €13.44 per option and on 21 December 2005, 170,000 subscription options were allocated for a price of €12.91 to 2 people including one corporate officer.

During the year 2006, 160,000 subscription options were allocated to two employees, i.e., 80,000 options allocated on 3 January 2006 at the price of 12.86 and

MOVEMENTS IN PLANS	Plan	Plan	Plan
DATE ALLOCATED	25/10/2001	16/06/2003	29/07/2003
<i>Exercise price</i>	1.185	1.949	1.738
<i>Maturity date</i>	none	16/06/2008	29/07/2008
<i>Average exercise price 2005</i>	16.84	15.45	17.14
<i>Average exercise price 2006</i>	15.95		17.04
<i>Average exercise price 2007</i>	15.61		
<i>Average exercise price 2008</i>			13.67
<i>Number of options</i>			
AT 01/01/2006	95,300		97,410
<i>Allocated in 2006</i>			
<i>Allocated in 2007</i>			
<i>Cancelled in 2007</i>			
<i>Exercised in 2007</i>	71,270		
<i>Outstanding on 31/12/2008</i>	10,760		35,890
OUTSTANDING AT 31/12/2007	10,760		35,890
<i>Allocated in 2008</i>			
<i>Cancelled in 2008</i>			
<i>Exercised in 2008</i>			35,890
OUTSTANDING AT 31/12/2008	10,760		
EXERCISABLE AT 31/12/2008	10,760		
EXERCISABLE AT 31/12/2009	10,760		

80,000 options allocated on 10 April 2006 at the price of €14.72.

In addition, 121,790 options were exercised, generating 121,790 shares, for a capital increase of €94 K and a gross issue premium of €668 K.

In 2007, 344,310 options were exercised, creating 344,310 shares, for a capital increase of €265 K and a gross issue premium of €2,638 K.

In 2008, 35,890 options were exercised, generating 35,890 shares, for a capital increase of €28 K and a gross issue premium of €35 K.

On 31 December 2009, 620,760 options were yet to be exercised, likely to create 620,760 new shares.

Plan	Plan	Plan	Plan	Plan	Plan	Total
22/06/2004	16/03/2005	06/04/2005	21/12/2005	03/01/2006	10/04/2006	
6.529	13.59	13.44	12.91	12.86	14.72	
22/06/2009	16/03/2010	06/04/2010	21/12/2010	03/01/2011	10/04/2011	
18.52	19.92	20.18				17.06
	19.20					17.75
16.59		16.60				16.21
						13.67
123,040	47,000	430,000	170,000			962,750
				80,000	80,000	160,000
123,040		150,000				344,310
		280,000	170,000	80,000	80,000	656,650
		280,000	170,000	80,000	80,000	656,650
						35,890
		280,000	170,000	80,000	80,000	620,760
		280,000	170,000	80,000	80,000	620,760
		280,000	170,000	80,000	80,000	620,760

The assumptions used to evaluate the fair value of options in application of the Black & Scholes model are the following:

B&S ASSUMPTIONS	16/06/03	16/03/05	06/04/05	21/12/05	03/01/06	10/04/06
<i>Exercise price</i>	1.949	13.59	13.44	12.91	12.86	14.72
<i>Volatility</i>	41%	44%	42%	38%	38%	38%
<i>Maturity</i>	3 years	1 year	1 year	1 year	1 year	1 year
<i>Interest rate</i>	4%	4%	4%	4%	4%	4%
<i>Benchmark price</i>	22.98	16.52	17.28	16.14	16.08	18.40
<i>Dividends expected</i>	-	-	-	-	-	-

### SHARES RESERVED FOR EMPLOYEES AND BONUS SHARES

The General Meeting of 20 June 2006 delegated authority to the management board for a period of 38 months, to decide to undertake, at one or several times, the bonus allocation, to employees and/or corporate officers, of existing shares or shares to be issued. The total number of bonus shares allocated cannot represent more than 0.5% of the capital on the day of the meeting, or the equivalent value of this amount, if necessary with the understanding that, in application of this delegation, the par value of any capital increase by incorporating bonuses, reserves or benefits when issuing bonus shares cannot exceed €1,000 K. The allocation of shares to their beneficiaries shall be final at the end of a minimum vesting period of 2 years and beneficiary minimum holding time for shares is set at 2 years starting from the final allocation of said shares.

The management board has used these authorisations and allotted 70,000 bonus shares on 3 October 2006, and 66,800 on 14 December for a total of 136,800 shares over the year representing 0.11% of the number of share capital; the vesting period was set at 2 years, and this right required the presence of the employee at the end of the period, and the holding time was 2 years starting from the date of vesting.

The Mixed General Meeting of 14 June 2007 delegated authority to the Board of Directors, for a period of 26 months, to issue new shares (within the limit of a nominal amount of €2,000 K) reserved for Company employees with elimination of preferential rights, and granted it all powers to determine the subscription terms.

The Board of Directors has also delegated, at that same meeting, authority to allocate bonus shares, existing or to be issued, to employees and/or corporate officers, within the limit of 1% of the capital

on the day of the meeting. The allocation of shares to their beneficiaries shall be final at the end of a minimum vesting period of 2 years and beneficiary's minimum holding time for shares is set at 2 years starting from the final allocation of said shares.

The Board of Directors has used this authorisation and allotted 116,524 bonus shares on 21 December 2007, the vesting period was set at 2 years and the holding time was 2 years from the date of vesting.

On 25 April 2008, the Board of Directors also decided to allot 46,750 bonus shares. The vesting period was set at 2 years and the holding time was 2 years from the date of vesting.

The Mixed General Meeting of 12 June 2008 delegated authority to the Board of Directors, for a period of 38 months, to decide to allocate bonus shares in one or more stages, limited to 1% of equity capital on 12 June 2008, for Company employees or certain employees and/or corporate officers or certain officers and/or companies of economic interest groups linked to it. This delegation of 12 June 2008 ended the delegation granted on 14 June 2007 with regard to the unused portion, effective immediately.

The Board of Directors used this new authorisation and allotted 93,892 bonus shares on 15 October 2008, and 102,750 bonus shares on 16 December 2008 for a total of 196,642 shares representing 0.16% of the number of shares composing the equity capital. For these 2 allotments, the vesting time is set at 2 years and the holding period is 2 years starting from the vesting date.

The Ordinary and Extraordinary General Meeting of 24 February 2009 delegated authority to the Board of Directors, for a period of 38 months, to decide to allocate bonus shares in one or more stages, limited to 1% of the equity capital on 24 February 2009, for Company employees or certain employees and/or corporate officers or certain officers and/or companies



of economic interest groups linked to it. This delegation of 24 February 2008 ended the delegation granted on 12 June 2008 with regard to the unused portion, effective immediately.

The Board of Directors has used this authorisation and allotted 57,500 bonus shares on 19 June 2009, and 120,500 bonus shares on 15 December 2009 for a total of 178,000 shares representing 0.15% of the number of shares composing equity capital. For these 2 allotments, the acquisition time is set at 2 years and the holding period is 2 years starting from the vesting date.

### SHARE REPURCHASE PROGRAMME

Pursuant to the authorisation given by the Mixed General Meeting of 28 December 2004, the management board launched and set the procedures for a share repurchase programme on 12 January 2005: repurchase limited to 10% of capital and maximum per unit purchase price and minimum sale price set at €17 and €11.

As part of this repurchase programme, 308,994 shares were repurchased at 19 June 2006 for an average price of €16.08 and 31,829 shares were sold for an average price of €15.98 and no shares were cancelled.

Pursuant to the authorisation given by the Mixed General Meeting of 20 June 2006, the Management Board amended the procedures of the 12 January 2005 share repurchase programme: repurchase limited to 10% of capital and maximum per unit purchase price and minimum sale price set at €25 and €15.

As part of the repurchase programme, starting 20 June 2006, 756,333 shares were repurchased for an average price of €16.97 and 615,702 shares were sold for an average price of €17.21 and no shares were cancelled.

Concerning the shares purchased, 794,064 were purchased as part of the liquidity contract, 265,000 were purchased to be allocated to employees and 6,263 were used in the conversion of the OCEANE.

Concerning the shares sold, 641,268 were sold as part of the liquidity contract and 6,263 for the conversion of the OCEANE.

On 31 December 2006 the number of Treasury shares held by the Company was thus 657,477 for a total acquisition value of €10,483 K.

Pursuant to the authorisation given by the Mixed General Meeting of 14 June 2007 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares under the following conditions: repurchase limited to 10% of the capital at

a maximum purchase price per unit of €22 and a minimum sale price of €12.

As part of this repurchase programme, 3,274,710 shares were purchased in 2007 for an average price of €13.79 and 15,739 shares were allocated (15,000 bonus shares and 739 for conversion of OCEANE). No shares were cancelled.

Purchases concerning the liquidity contract represented 4,185,707 shares during the same year, and 4 236 399 shares were sold.

On 31 December 2007, the Company held 3,865,756 treasury shares (i.e., 3.22% of capital resources for a value of €54.3M at the end of 2007) including 102,104 shares under the liquidity contract.

Pursuant to the authorisation given by the General Meeting of 12 June 2008 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares, up to the limit of 10% of the amount of shareholder capital, under the following conditions: maximum per unit purchase price of €24 and minimum sales price of €13.

As part of this repurchase programme, 2,527,168 shares we repurchased in 2008 for an average price of €12.73 and 135,728 shares were allocated (135,300 bonus shares and 428 for conversion of OCEANE). Because of the allocation of bonus shares to employees, 135,300 shares were cancelled.

Purchases under the liquidity contract represented, during the year, 2,969,634 shares, and 2,790,422 shares were sold.

On 31 December 2008, the Company held 6,436,408 treasury shares (i.e., 5.34% of capital resources for a value of €86 M at the end of 2008) including 281,316 shares under the liquidity contract.

On 31 December 2008, in compliance with the table of capital movements below, the number of shares of the Company was 120,569,807 and equity capital was at €92,838,751.39.

Pursuant to the authorisation given by the General Meeting of 24 February 2009 for a duration of 18 months, the Board of Directors authorised Maurel & Prom to repurchase its own shares, up to the limit of 10% of the amount of shareholder capital, under the following conditions: maximum per unit purchase price of €18.

As part of this repurchase program, no shares were purchased in 2009 and 241,127 shares were returned (239,751 to pay the sale price for the acquisition of shares issued by Prestoil SAS held by Sister Holding SAS as part of Maurel 1 Prom SA's repurchase of Prestoil SAS and 1,376 for OCEANE conversions).

Purchases under the liquidity contract represented 2,885,311 shares during the year, and 3,053,353 shares were sold.

On 31 December 2009, the Company held 6,029,739 treasury shares (i.e., 4.97% of capital resources) including 113,274 shares under the liquidity contract.

On 31 December 2009, in compliance with the table of capital movements below, the number of shares of the company was 121,252,271 and equity capital was at €93,364,248.67.

## SUMMARY OF CAPITAL MOVEMENTS

	Number of shares	Treasury shares
At 31/12/2007	120,533,917	3,865,756
- Issue of stock options	35,890	
- Repurchase of treasury shares		2,570,652
At 31/12/2008	120,569,807	6,436,408
- Issue for payment in shares or dividends	682,464	
- Repurchase of treasury shares		-406,669
At 31/12/2009	121,252,271	6,029,739

### Distribution

The General Meeting of 18 June 2009 had decided to pay a total dividend of €0.35 per share on the basis of the number of shares outstanding at that date.

The Meeting decided to grant to each shareholder the possibility of opting for payment of the dividend, either

in cash or in new shares. The issue price for Maurel & Prom shares remitted as payment was set at €11.48.

The dividend was paid on 20 July 2009 for a total amount of €40,044,275.60 of which €7,834,686.72 were reinvested in new shares.

## NOTE 14 PROVISIONS

In thousands of euros	Restoration of sites	Employee benefits	Other	Total
BALANCE AT 01/01/2008	6,545	9,710	36,215	52,471
Currency translation adjustments	1,825	548	(1,749)	623
Changes in consolidation scope	(162)	-	-	(162)
Provisions in the period	-	713	41,712	42,425
Use	(132)	(1,176)	(4,558)	(5,866)
Other provisions and reversals	23,567	-	(21,345)	2,222
Effect of accretions	477	825	-	1,302
<b>BALANCE AT 31/12/2008</b>	<b>32,120</b>	<b>10,620</b>	<b>50,275</b>	<b>93,015</b>
Current portion	1,765	424	47,996	50,185
Non-current portion	30,355	10,196	2,279	42,830



In thousands of euros	Restoration of sites	Employee benefits	Other	Total
<b>BALANCE AT 01/01/2009</b>	32,120	10,620	50,275	93,015
<i>Currency translation adjustments</i>	(401)	(59)	(133)	(593)
<i>Changes in consolidation scope</i>	(22,085)	(12,043)	(4,496)	(38,624)
<i>Provisions in the period <sup>(1)</sup></i>	(13)	1,865	10,219	12,071
<i>Use</i>	(259)	-	(40,442)	(40,701)
<i>Other provisions and reversals</i>	3,575	-	(2,344)	1,231
<i>Balance effect of accretions <sup>(2)</sup></i>	1,308	305	-	1,613
<b>BALANCE AT 31/12/2009</b>	14,245	688	13,079	28,012
<i>Current portion</i>	1,112	484	11,069	12,666
<i>Non-current portion</i>	13,132	204	2,010	15,346

Including movements linked to the discontinued Colombian entities:

(1) €1,059 K for the provisions for employee benefits and €131 K for other provisions

(2) €824 K on the effect of provision accretion for site restoration and €305 K on personnel benefits.

### Changes in consolidation scope

The major changes in consolidation scope during the period (€38,624 K) are essentially linked to the transfers of the Colombian companies at the end of May 2009.

### Restoration of sites

The creation of additional provisions for restoring Gabon sites for €2,219 K, mainly on the Omoueyi license, and the reclassification of the provision for restoring the Panther sites for €1,356 K explain the differences for the year.

### Retirement and other post-employment benefits

Following the disposal of Colombian companies in 28 May 2009, provisions relating to retirement and other post-employment benefits were by and large smaller on 31 December 2009, totalling €688 K. The liability data was established by an independent actuary.

### Other provisions

Other provisions for risks and expenses are analysed in the table below:

In thousands of euros	December 2008	Chg.	December 2009	
Dispute with financial establishment	36,849	-36,849	-	(1)
Operating risks in the Congo	1,500		1,500	(2)
Costs of dismantling in Sicily	3,851	-3,851	-	(3)
Risks of equity method	1,929	73	2,002	(4)
Various disputes in Colombia	4,139	-4,139	-	
Caroil / Panafrican dispute		2,104	2,104	(5)
Repatriation of Caroil rigs		3,910	3,910	(6)
Other	2,007	1,556	3,563	
<b>OTHER PROVISIONS FOR RISKS AND EXPENSES</b>	<b>50,275</b>	<b>-37,196</b>	<b>13,079</b>	

(1) reversals of provisions for other risks and expenses amounted to €36,849 K, linked to the reversal of the entirety of the provision created in 2008 by Maurel & Prom to hedge the risk related to a dispute with a banking institution about structured derivative transactions contested by the Group. In this matter, the parties ended by agreeing to register a debt of €20,936 K to other creditors.

(2) The provision allocated in 2007 to hedge a series of risks following the sale of most of the Group's activities in the Congo to ENI still appears in the accounts in the amount of €1,500 K.

(3) The provision of €3,851 K created for the end of work costs of Panther was entered in costs for restoration of sites.

(4) The Group creates provisions, when necessary, for net negative situations of companies it consolidates under the equity method in compliance with IAS 28. The provision created concerns NGM.

(5) As part of Caroil's dispute with Panafrican (see the Annex "Off-balance Sheet Commitments"), an additional provision was created in the amount of €2,104 K.

(6) At Caroil Congo, a provision for risks and expenses was entered for €3,910 K. This is mainly for the costs that will be charged to Caroil under the new contract signed with ENI, mentioning at the end of the contract the fact that costs associated with demobilisation of rigs are not invoiced.

## NOTE 15 BONDS, OTHER BORROWINGS AND FINANCIAL DEBT

Bonds, other borrowings and financial debts are detailed here below:

In thousands of euros	Currency	31/12/2009			31/12/2008
		Current	Non current	Total	Total
<b>BONDS</b>		195,682	260,770	456,451	375,024
Other borrowings and debts		2	-	2	12,659 <sup>(1)</sup>
Banco Colombia (syndicated credit)	USD/COP	-	-	-	12,655 <sup>(1)</sup>
Debts on financial leasing	USD/COP	19	-	19	4,156 <sup>(1)</sup>
Bank loans		32	-	32	2,849 <sup>(1)</sup>
<b>TOTAL OF OTHER BORROWINGS AND FINANCIAL DEBTS</b>		<b>53</b>	<b>-</b>	<b>53</b>	<b>19,664</b>

(1) Including Colombian activities sold: - Other borrowings and debts: €12,655 K - Debts on financial leasing: €4,129 K

## Bonds

On 9 March 2005, the Company issued 16,711,229 bonds with option for conversion and/or exchange for new or existing shares (OCEANE) for a total amount of €374,999 K. The bonds bear interest at 3.5% per year (coupons payable on the 1st day of the year) and shall be entirely amortised by reimbursement of par value on 1 January 2010. Conversion or exchange may be exercised at any time at the rate of 1.1 shares per bond. All bonds have been subscribed.

Initially, the bond debt was entered as a financial debt at its amortized cost, i.e., €327,658 K. This amortized cost was determined by adjusting the future contractual cash flow at the effective interest rate of 7.17%.

The shareholders' equity as credited the value of the conversion option for €44,003 K gross, i.e., €29,115 K net of deferred tax.

To face its financing needs, particularly the reimbursement of the OCEANE 2010 for €375,000 K, the Group decided to restructure its bonds in several stages:

### Proposal to redeem OCEANE 2010

The Group has opened a period to repurchase OCEANE 2010, at the par value with premium of 1.6% (i.e., a redemption price of €22.80) in exchange for relief from the 2009 interest. The resulting premium was entered under financial income in an amount of €3,176 K (see Financial Income annex).

This repurchase of 8,820,635 OCEANE involved a total amount of €201,110,478.

The residual amount to reimburse at 1 January 2010 was €176,844 K, on top of which is added the interest on the remaining OCEANE for €6,191 K.

Taking into consideration the maturity of the bonds on 1 January 2010, the original premium imputed was entirely entered as an expense in the amount of €12,790 K.

The debt was repaid on 1 January 2010.

### ISSUE OF NEW OCEANE 2014 BONDS

On 7 July 2009 the Group issued 19,074,519 OCEANE at €15.60, which mature on 31 July 2014 at a rate of 7.125%, for a total amount of €297,562,496.40, including €11,733 K in issue fees.

The bonds pay interest of 7.125% per year (coupons payable on 31 July each year) and shall be entirely amortised by full reimbursement of par value on 31 July 2010. Conversion or exchange may be exercised at any time at the rate of 1 share for one bond.

Initially, the bond debt was entered as a financial debt at its amortized cost, i.e., €260,760 K. This amortized

cost was determined by adjusting the future contractual cash flow at the effective interest rate of 10.42 %.

The shareholders' equity was credited the value of the conversion option for €25,070 K gross, i.e., €16,714 K net of deferred tax (see the Group's capital equity change statement).

### Other borrowings and financial debts

On 29 May 2009, the Group signed along with a consortium of 4 banks including BNP Paribas, Calyon, Natexis and Standard Bank, a banking facility of \$255 M guaranteed by the pledging of oil reserves in Gabon (Reserve Based Loan or RBL). This facility has not been used. The amount available on 31 December 2009 was \$255 M.

The use of this facility rests on covenants that need to be followed every half-year to guarantee the conditions for drawing:

- Ratio of consolidated financial debt to capital resources (excluding foreign exchange impact and derivative hedge instruments) < 1
- Current ratio >1.1, designating the ratio of current financial assets/current liabilities (excluding derivatives)

These covenants have been observed.

The Company has also agreed to:

- periodically update the cash plan and submit it for approval;
- grant no sureties or guarantees on certain assets of a Group member;
- engage in no disposals of certain oil assets of the Group on which the 2009 RBL was established, particularly the disposal of certain oil fields located in Gabon and in Colombia;
- to not incur any additional financial indebtedness, except for the current borrowings, a new issue of OCEANE to occur before 30 June 2009, subordinated borrowings with maturities longer than that of the 2009 Reserve Based Loan, certain intragroup loans, and other forms of indebtedness up to \$50 M for the Group as a whole; and
- to not make loans to third parties, other than in current commercial transactions linked to its business.

## NOTE 16 SUPPLIER DEBTS – OTHER CREDITORS AND MISCELLANEOUS FINANCIAL LIABILITIES

In thousands of euros	31/12/2009			31/12/2008		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
<b>TRADE PAYABLES AND RELATED ACCOUNTS</b>	89,165	-	89,165	104,395	-	104,395
<i>Suppliers</i>	60,733	-	60,733	83,742	-	83,742
<i>Expenses to pay</i>	28,432	-	28,432	20,653	-	20,653
<b>OTHER CREDITORS AND SUNDRY LIABILITIES</b>	45,277	-	45,277	60,708	-	60,708
<i>Company debts</i>	4,293	-	4,293	5,468	-	5,468
<i>Tax debts</i>	3,837	-	3,837	12,810	-	12,810
<i>Fixed asset supplier</i>	6,849	-	6,849	19,258	-	19,258
<i>Sundry creditors</i>	30,298	-	30,298	23,172	-	23,172

### Trade payables and related accounts

On 31 December 2009, the €23,009 K in the balance of trade payables can be explained by:

- the disposal of Colombian assets for €50 287 K
- The start up of production at the Onal and Omko fields and the continuation of exploration work in Gabon for €19,857 K

On 31 December 2009, the increase in expenses of €7,779 K is linked, on the one hand, to the disposal of Colombian assets for €4,852 K, offset by the increase in expenses to pay for Gabon.

The balance in trade payables on 31 December 2009 mainly included the following:

- Trade payables of €31,175 K directly linked to the needs created by the Omoueyi field in Gabon;
- Trade payables of €8,251 K for the Tanzania establishment generated by the Bigwa Rufiji Mafia field.

The balance of expenses to be paid on 31 December 2009 is made up primarily of expenses amounting to €20,218 K directly linked to the needs generated by the Omoueyi field in Gabon.

### Other creditors and sundry liabilities

The €15,431 K decrease from other creditors and sundry liabilities comes mainly from:

- the impact of the disposal of Colombian assets (€-24,165 K),
- the reduction in the guarantee withholding entered in fixed asset suppliers (€14,764 M) accounting for payments made as part of Maurel & Prom's repurchase of the clawback provision for former Rockover shareholders. This agreement, dated 13 July 2007, is detailed in Note 24 – "Off-balance Sheet Commitments";
- entering the adjusted debt maturing in 2011 of €20,936 K pursuant to the agreement between the parties regarding the 2008 dispute with a banking institution concerning transactions on structured derivatives contested by the Group. Details of this agreement are contained in Note 24 – "Off-balance Sheet Commitments";
- sundry creditors for Maurel & Prom for debts amounting to €4,060 K with respect to third-parties that also operate at the Omoueyi field.

Thus on 31 December 2009, the sundry creditor balance reaches €30,298 K and mainly includes the €20,936 K debt recognised pursuant to the agreement of the parties on the dispute with the banking establishment (see Note 24 – "Off-balance Sheet Commitments").

## NOTE 17 EMPLOYEE EXPENSES

These break down as follows:

In thousands of euros	31/12/2009	31/12/2008*
Employees	12,895	8,989
Profit sharing	665	-
Stock-options and bonus shares	2,060	1,677
Benefits and other expenses for employees	4,677	3,499
<b>TOTAL</b>	<b>20,297</b>	<b>14,165</b>

\* Restated of HOCOL activities sold in 2009

## NOTE 18 INCOME FROM DISPOSAL OF ASSETS

On 9 March 2009 Maurel & Prom and Ecopetrol signed an agreement regarding the disposal of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom, for a provisional price of \$748 M, taking effect on 1 January 2009.

The disposal does not concern the entirety of the Group's Colombian assets, and the following are still held by Maurel & Prom:

- 100% of the Muisca exploration license;
- 50% of the Hocol rights in the Tangara exploration license (in partnership with Ecopetrol and Talisman);
- 100% of the Sabanero exploration license;
- 100% of the SN-9 exploration license;
- 100% of block 116 in Peru;
- all of its rights in Venezuela;
- rights in Brazil (signature pending).

The transaction was definitively concluded on 28 May 2009, when Ecopetrol settled the transaction, thereby transferring control of the entities sold. The entities sold were deconsolidated at that date.

The amount of the transaction, which was settled in cash, was US\$742.2 million. This amount became final at the end of the Ecopetrol's audit of the financial items included in the sale price. The resulting price adjustment reached €1.3M. The adjustment of the main price results from the application of the following two clauses:

- adjustment based on the certified 2P reserves on the potential Huron field under the Niscota license;
- adjustment based on the per barrel price of oil.

The additional price clause for the reserves of the Huron field under the Niscota license is not used at this stage since it depends, in particular, on an appraisal by an independent certifier of these reserves at 31 December 2010. It is limited to \$50 M.

The additional price clause based on the average price per barrel of oil in 2010 is valued at the market value at the end of December 2009, i.e. €37.8 M. The amount of this final price adjustment of unknown amount is limited to \$65 M.

This disposal and its entry in the accounts have been treated in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Consequently, summary statements are presented in order to distinctly show the net income from activities sold from 1 January 2009 to 28 May 2009, as well as the related cash flows:

- the consolidated income statement for 2008 and 2009 combines, on one line, all proceeds, expenses, income after taxes on activities sold, as well as the gains on the assets sold;
- the 2009 cash flow tables separately present all cash flows related to activities sold;
- the sold assets were no longer amortised as at February 2009, as the sale was by then highly probable.

Intragroup transactions conducted between the sold entities until the effective loss of control on 28 May 2009 were eliminated in application of the consolidation principles specified by IAS 27.

This concerns, in particular, the drilling services invoiced by Caroil to Hocol Colombia. Sales and the net margin achieved from this activity are respectively higher in 2008, at €19.4 M and €1.0 M.

## INCOME STATEMENT FOR THE INTERIM PERIOD FROM 1 JANUARY – 28 MAY 2009

In thousands of euros

Sales net of in-kind deductions	106,399
Operating expenses	-42,062
Operating income	64,337
Financial income (loss)	11,075
Income tax	-14,971
Recognition of derivative hedging instruments as income <sup>(c)</sup>	6,319
<b>TOTAL</b>	<b>66,760</b>
Sale price <sup>(a)</sup>	534,282
Price adjustment based on the price per barrel <sup>(b)</sup>	37,912
Foreign exchange gains	5,444
Consolidated net assets of discontinued entities at 28 May 2009	-594,055
Balance of conversion differences	-53,628
Other elements	-1,359
<b>NET RESULT FROM DISCONTINUED ACTIVITIES</b>	<b>-4,644</b>

(a) \$742 converted at the final transaction conclusion price on 28 May 2009. This amount became final at the end of the Ecopetrol audit of the financial items that made up the sale price, resulting in an additional price of €1.3 M.

(b) the amount used at this stage corresponds to the market value on the closing date of the period 31 December 2009 of the supplementary price clause based on the average price per barrel of oil in 2010. The amount of this price adjustment, the final amount of which is unknown, is limited to \$65 M.

(c) This amount is for the hedging instruments (crude seller swaps) for cash flows expected from the Colombian entities, recognised as 2009 income.

### Table of cash flows of discontinued activities

In thousands of euros

Deposit from sale price	534,282
Net flows from operating activities	23,321
Net flows from investment activities	-137,165
- of which sold cash	-85,725
Net flows from financing activities	-7,423
Impact of changes in currency prices	44,225
<b>NET CASH FLOWS</b>	<b>457,240</b>



**NOTE 19 OPERATING INCOME**

In thousands of euros	31/12/2009	31/12/2008 *
Sales	183,249	92,968
Gross margin	100,857	40,478
Gross operating surplus	73,940	22,926
Depletion amortisation	(35,258)	(16,222)
<b>INCOME FROM OIL PRODUCTION AND SERVICE ACTIVITIES</b>	<b>38,682</b>	<b>6,704</b>
Depreciation of exploration and production assets	(56,472)	(24,859)
<b>INCOME FROM OIL PRODUCTION AND SERVICE ACTIVITIES</b>	<b>(17,790)</b>	<b>(18,155)</b>
Income from asset disposals	3,068	19,024
Other operating items	(13,533)	(10,553)
<b>OPERATING INCOME</b>	<b>(28,255)</b>	<b>(9,684)</b>

\* Restated to account for discontinued activities

The gross margin corresponds to the sales of services, net of purchases of materials and consumables.

The gross operating surplus corresponds to the gross margin net of taxes and duties (excluding IS) and personnel expenses.

These two indicators provide a good view of the performance from oil production and services.

Exploration costs entered as expenses are presented in Note 4 – Intangible Assets and break down as follows:

Draco – Syria	10,556
Rovuma – Mozambique	10,278
Mohoro – Tanzania	13,465
Mihambia – Tanzania - Dominion	6,332
Kokorong 1 - Senegal	3,775
M'Bafou - Congo	4,334
Tié-Tié - Congo	4,748
<b>TOTAL</b>	<b>53,488</b>

To these costs should be added €2,737 K in depreciation recognised on the Pebercan assets

The recorded income on the disposal of assets comes from the retrocession of 15% of the Group's oil interests in the Onal field in application of the Omoueyi CEPP (exploration and production sharing contract). Maurel & Prom's partner at Onal is the company Tulip Oil, a subsidiary of the Tullow Group, which repurchased its stake from the government. The accounting income from this asset transfer results from the fact that certain costs that are borne cannot be capitalised in the accounts when they involve recoverable oil costs. This is the case for financial charges in particular,.

Income from asset disposals realised on 31 December 2008 came from the positive impact of the first equity accounting of Lagopetrol, the public/private company in Venezuela, for €19.2 M.

## NOTE 20 FINANCIAL INCOME

In thousands of euros	31/12/2009	31/12/2008 *
<i>Interest on overdrafts</i>	(706)	(468)
<i>Interest on OCEANE</i>	(34,963)	(25,012)
<i>Interest on other borrowings</i>	(1)	(1,613)
<b>GROSS COST OF DEBT</b>	<b>(35,669)</b>	<b>(27,093)</b>
<i>Income from cash</i>	1,922	12,378
<i>Net gains and losses on derivative instruments</i>	36,200	63,596
<b>NET COST OF DEBT</b>	<b>2,453</b>	<b>48,881</b>
<b>OTHER FINANCIAL INCOME AND FINANCIAL EXPENSES</b>	<b>(27,419)</b>	<b>(66,985)</b>
<i>Net foreign exchange differences</i>	(30,786)	(28,930)
<i>Other</i>	3,367	(38,055)
<b>FINANCIAL INCOME</b>	<b>(24,965)</b>	<b>(18,104)</b>

\* The December 2008 period is restated for 2009 activities sold.

In July 2009 the Company issued OCEANE 2014 bonds at 7.125% for a gross amount of €297 M. It also conducted a partial repurchase--in the amount of €201.1 M of a portion of the 3.5% OCEANE 2010

bonds of €375 M. These transactions are mentioned in Note 15 "Bonds".

The interest expenses for these borrowings are summarised here below:

In thousands of euros	31/12/2009			
	OCEANE 2010	OCEANE 2014	OCEANE Expenses	OCEANE 2010 Repurchased
<i>Repurchase premium</i>	3,175		3,175 <sup>(1)</sup>	
<i>Interest expenses</i>	6,191	10,281	16,472 <sup>(2)</sup>	13,125
<i>Spreading of the imputed issue</i>	12,790	2,526	15,316 <sup>(3)</sup>	11,887
	<b>22,156</b>	<b>12,807</b>	<b>34,963</b>	<b>25,012</b>

(1) 8,820,635 Oceane 2010s were repurchased at a price of €22.80, i.e., a repurchase premium of 1.6% over the redemption price at maturity of €22.44.

(2) These are interest charges calculated at the nominal rate for borrowings and paid at each annual maturity.

(3) The breakdown of bonds issued into a shareholder equity component and a debt component pursuant to the IFRS standard results in the spreading via the effective interest rate (EIR) of the difference between the book value of the liability component and the final amount repayable.

The extremely low interest rates in the market in 2009 have led to a sharp decline in the yields on term deposits

in spite of the size of funds invested.

In 2008, gains on derivative instruments were high due to the liquidation of crude oil hedges assigned to Colombian sales prior to the sale of the Colombian assets.

In 2009, gains from derivative instruments reached €42.0 M as follows (in € millions):

Profits on hydrocarbon derivative instruments *	13.0
Gains on foreign exchange transactions **	22.2
Other	1.0
<b>GAINS ON OTHER FINANCIAL INSTRUMENTS</b>	<b>36.2</b>

\* In view of the start-up of production in Gabon, in late 2008 and early 2009, the Group subscribed derivative instruments on oil (crude oil seller swaps) in order to limit its exposure to the risk of a drop in the price of hydrocarbons. These derivatives were only qualified as hedging instruments for cash flows of the Gabon subsidiary starting 1 May, with the first sales taking place in April.

These derivatives on a volume of approximately 7000bb/d in the 1st quarter guarantee a sales price of US\$61 compared with the Brent price of US\$50 in the same period. The €13 M in gains generated until the end of April were entered as financial income.

\*\* The €22 M income on derivative exchange instruments results mainly from current cash management transactions performed to limit the approximately €-31 M in exchange losses by the Company due to its strong dollar position in an environment of declining value of the currency in the second half of the year.

On 31 December, cash and investments in US dollars reached \$301.8 M due to the proceeds from the disposal of the Colombian assets at the end of May.

The other €3.4 M proceeds and expenses are primarily explained by:

- A provision reversal of €9.8 M following the agreement signed between the Group and a financial institution

to end their dispute. The difference involved a bank receivable of \$51.2 M (i.e., €36.8 M) that was contested by Maurel & Prom. This risk was provisioned in totality in 2008.

- €3 M in bank fees and commissions for setting up the RBL facility

## NOTE 21 INCOME TAX

### Details of the expense during the year

Corporate income tax payable comes mainly from tax on Caroil Congo.

The change in deferred tax results from the recognition of:

- the deferred tax income relating to activation of the deficit portion of the equity capital component of the

IFRS bonds value following the issue of the OCEANE 2014s on 7 July 2009 (€8.5 M),

- a deferred tax on amortisations of Caroil rigs in Tanzania (€-2.1 M),
- in Gabon, a deferred tax relating to the difference between the recognition of costs recoverable in the CEPP (exploration and production sharing agreement) (tax basis) and in the consolidated financial statements (€4.3 M).

In thousands of euros	31/12/2009	31/12/2008*
Payable tax expense for the year	5,456	5,924
Activation of prior tax deficits		
	5,456	5,924
Deferred tax income or expense	-2,550	-2,008
Deferred tax adjustment resulting from the change in rates		
Deferred tax income resulting from a prior deficit		
	-2,550	-2,008
<b>TOTAL</b>	<b>2,906</b>	<b>3,916</b>

\* The December 2008 period is restated for 2009 activities sold.

### CHANGE IN CURRENT TAX

In thousands of euros	31/12/2009	31/12/2008
Income tax receivable	1,518	417
Tax liabilities payable	3,849	29,644

The €25.8 M reduction in the Group's payable tax debt is essentially the result of the disposal of the Colombian entities (€27.5 M).

## ORIGIN OF DEFERRED TAX ASSETS AND LIABILITIES

In thousands of euros	31/12/2009	31/12/2008
<i>Tax deficits</i>	7,959	3,668
<i>Provisions for dismantling</i>	-	7,007
<i>Retirement provisions</i>	-	3,310
<i>Deferred tax on financial instruments</i>	2,688	4,863
<i>Other</i>	-	131
<b>TOTAL TAX DEFERRED ASSETS</b>	<b>10,648</b>	<b>18,979</b>
<i>Oil reserves valuation difference</i>		120,441
<i>IDP (direct oil tax) on equity-accounted assets</i>	10,512	12,085
<i>Valuation difference of tangible and intangible long-term assets</i>	4,153	
<i>Accelerated depreciation</i>	2,027	11,467
<i>Deferred tax on financial instruments</i>	2,688	5,299
<i>OCEANE shareholder equity component</i>	7,959	3,668
<i>Other</i>	-	4,045
<b>TOTAL TAX DEFERRED LIABILITIES</b>	<b>27,339</b>	<b>157,005</b>
<b>NET</b>	<b>16,691</b>	<b>138,025</b>

The disposal of Colombian assets results in a major reduction in deferred tax. The remaining amounts bear on:

- accelerated depreciation of the Caroil rigs in Tanzania (€2.0 M),
- the Lagopetrol reserves (€10.5 M),
- the difference between the recognition of recoverable costs on a tax basis and in the consolidated statements under the Omoueyi license (€4.3 M),

The deferred tax assets linked to Etablissements Maurel & Prom's loss carry-forwards are not recognised beyond the deferred tax liabilities, in the absence of adequate probability of future taxable profits on which the losses could apply. The amount of loss carry-forwards in question is €307,391,584.

## RECONCILIATION OF TAX EXPENSE AND PRE-TAX INCOME

In thousands of euros	31/12/2009	31/12/2008 (*)
<i>Pre-tax income of continuing activities</i>	-43,100	-18,094
- <i>Net income of companies accounted for under the equity method</i>	10,121	9,694
<b>PRE-TAX INCOME EXCLUDING COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>	<b>- 53,221</b>	<b>- 27,788</b>
<i>Theoretical tax expense 33.33%</i>	-17,738	-9,262
<i>Reconciliation</i>		
<i>In-kind liquidated tax</i>		
<i>Tax rate divergence</i>	-1,545	-5,091
<i>Tax difference on Omoueyi recoverable costs</i>	4,291	
<i>Activation of prior deficits</i>		
<i>Non-activated deficits</i>	17,898	18,269
<b>REAL TAX EXPENSE</b>	<b>2,906</b>	<b>3,916</b>

(\*) The December 2008 period is restated for 2009 activities sold.

## NOTE 22 INCOME PER SHARE

In thousands of euros	31/12/2009	31/12/2008
<i>Net income, Group share</i>	-50,650	62,504
<i>Net income from discontinued activities</i>	-4,644	84,515
<i>Net income from continuing activities</i>	-46,006	-22,010
<i>Average number of shares outstanding</i>	114,883,122	114,683,940
<i>Stock-options and free shares (weighted number)</i>	1,009,127	828,272
<i>OCEANE (weighted number)</i>	21,675,706	18,374,244
<i>Average number of diluted shares</i>	137,567,955	133,886,457
<b>INCOME PER SHARE</b>		
<i>Basic</i>	-0.44	0.55
<i>Diluted</i>	-0.44	0.55
<b>INCOME PER SHARE OF DISCONTINUED ACTIVITIES</b>		
<i>Basic</i>	-0.04	0.74
<i>Diluted</i>	-0.04	0.74
<b>INCOME PER SHARE OF CONTINUED ACTIVITIES</b>		
<i>Basic</i>	-0.40	-0.19
<i>Diluted</i>	-0.40	-0.19

Potential ordinary shares are considered diluted if and only if their conversion into ordinary shares reduces the per share income of continuing operations.

As such, OCEANE, bonus shares and stock options in 2009 had an anti-dilutive effect and the 2009 per share income is calculated excluding the effect of the conversion of the OCEANE and bonus shares both on potential dilution and on income.

## NOTE 23 RELATED PARTIES

### COMMERCIAL AND FINANCIAL TRANSACTIONS

31/12/2008 In thousands of euros	Revenues	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>				
<i>Lagopetrol</i>	-			
<i>New Gold Mali (NGM)</i>	202		2,363	
<i>Panther Euréka SRL</i>	1,396		24	
<i>Raba Xprom Energia Kft</i>	119		1,293	13
<i>Renaissance Energy</i>	5		29	
<b>2) OTHER RELATED PARTIES</b>				
<i>Pacifico</i>	254	1,438	-	196

31/12/2009 In thousands of euros	Revenues	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<b>1) COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD</b>				
<i>Lagopetrol</i>	-		7,007	-
<i>New Gold Mali (NGM)</i>	442		2,876	-
<i>Raba Xprom Energia Kft</i>	98		1,375	13
<b>2) OTHER RELATED PARTIES</b>				
<i>Pacifico</i>	214	1,103	57	236

The amount owed by Lagopetrol corresponds to dividends to be paid.

As such, Maurel & Prom signed a sub-leasing agreement for offices with Pacifico, a 23.82% shareholder. In addition, the company Pacifico has provided financial and technical assistance to Maurel & Prom since August 2005. The services agreement with Pacifico was covered in an amendment approved by the Maurel & Prom Supervisory Board on 29 May 2007

and signed on 11 June 2007 (taking effect on 1<sup>st</sup> February 2007). This amendment essentially updated the fees for the services provided.

#### Senior executives' compensation

Senior executives are the directors (department managers) and the members of the Board of Directors and the Chairman and CEO.

In thousands of euros	2009	2008
<i>Short-term benefits</i>	2,835	2,891
<i>Severance indemnities</i>	-	448
<i>Post-employment indemnities</i>	403	305
<i>Share-based compensation</i>	255	650
<b>TOTAL</b>	<b>3,493</b>	<b>4,294</b>

## NOTE 24 OFF-BALANCE SHEET COMMITMENTS

Maurel & Prom is not aware of any exceptional events, disputes, risks or off-balance sheet commitments other than those mentioned in the Notes 1 – “Introduction” and 26 – “Events occurring after closing”,

that could noticeably influence the Group’s financial situation, assets, income, or the Group’s activities.

In thousands of euros	2009	2008
<i>Customs guarantees</i>	813	610
<i>Guarantees made on borrowings</i>	177,010	53,891
<i>Performance bonds</i>	96,789	54,691

### PERFORMANCE BONDS

#### Customs guarantees

Customs guarantees are the guarantees issued by the Group in response to the requirements of local governments for the importation of equipment. These include, in particular, the custom’s guarantees issued in Gabon for a value of €813 K.

#### Guarantees given on borrowings

As part of the Group’s refinancing operations, in 2006 Maurel & Prom contracted a Reserve Based Loan of \$350 M from a pool of banks including Natixis and BNP, allocated to the financing of operations in the Congo for \$200 M and in Colombia for \$150 M.

The \$200 M facility was cancelled as part of the disposal of Congolese assets in 2007 and likewise the \$150 M facility allocated to Colombian reserves was also cancelled as part of the disposal of Colombian assets in 2009.

On 29 May 2009, the Group signed a banking facility of \$255 M, i.e. €177 M, with a consortium of 4 banks including BNP Paribas, Calyon, Natexis and Standard Bank, and guaranteed by the pledging of oil reserves in Gabon (Reserve Based Loan referred to as an RBL). This facility has not been used.

In addition, Maurel & Prom is committed for the duration of the loan to respect certain technical and financial covenants (cf. Note 15 – “Bonds, other borrowings, and financial debts”).



## WORK COMMITMENTS

In thousands of euros	31/12/2009	31/12/2008
<i>Congo</i>	18,483	12,812
<i>Gabon</i>	58,277	719
<i>Colombia</i>	15,517	24,956
<i>Tanzania</i>		14,874
<i>Other</i>	4,512	1,330
<b>TOTAL</b>	<b>96,789</b>	<b>54,691</b>

Commitments for oil work are evaluated on the basis of budgets approved with partners. They are revised often during the year according to the results of oil work completed.

The commitments for work in the Congo relate to the Marine III license and involve the MBafou and NGoumba wells.

In Gabon, commitments break down as follows:

- Kari license: 500km of 2D seismic, valued at \$15 M,
- OMKO, GWedidi and Omoc: 1 firm well per field and the connections, for a total of \$14,409 K,
- Nyanga Mayombe: 2 firm wells and related civil engineering, for \$14,372 K,
- ONAL: \$40,173 K, corresponding to the finalisation of the field's phase 2 commitments (start of production and water injection) for \$16,970 K and to phase 3 (extension of the field ) budgeted for \$30,293 K.

In Syria, under the Alasi license, work commitments come to \$6,500 K, which corresponds to \$5,000 K for tests and well completion and \$1,500 K for drilling.

In Colombia, the Group's commitments correspond to the drilling of a well at Tangara, a well at Muisca and a well at Sabanero, as well as the related civil engineering.

The Group has no firm commitment in Tanzania, and the contractual obligations have already been fulfilled.

## Other commitments made

## CAROIL

On 1 July 2009, Maurel & Prom signed a contract for a joint and several guarantee to Caroil's for an amount of \$8 M for Crédit Industriel et Commercial. The bond covers any payment default by Caroil to the bank for any reason whatsoever.

## ROCKOVER

The contract to purchase the company Rockover in February 2005 included a clawback provision for former shareholders up to 10% in the case of a discovery under one of the licenses sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and of 50% under the Banio license.

At the initiative of Maurel & Prom, an agreement to buy out this provision was signed on 13 July 2007. This agreement specified payment by Maurel & Prom to former shareholders of \$55 M (paid to date) plus royalties of 2% when the cumulative production exceeds 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio), as well as a royalty of 10% on production from the Banio field when the accumulated production of this field exceeds 3.9 million barrels.

In addition, the following commitments have been maintained:

- Maurel & Prom shall pay vendors a total royalty in the amount of \$1.30 per barrel produced starting on the date on which the cumulative production in all zones with licenses exceeds 80 Mb,
- Maurel & Prom shall pay to one of the two vendors a royalty equivalent to 2% of the total production available up to a threshold of 30 Mboe and 1.5% beyond that threshold, on the production under the MT 2000-Nyanga Mayombe exploration license.

## TRANSWORLD

Following the repurchase of the residual rights of Transworld on the Etekamba license of 18 March 2008, a "net profit interest agreement" was signed under which Maurel & Prom shall pay 10% of the oil profit and 8% of the gas profit to the company Transworld Exploration Ltd.

## CEPP OMOUEYI

As of production start-up at the Onal field, the Gabon government owned interests of 15% in the rights and obligations under the Omoueyi CEPP for development and operation in the Onal operation zone, unless it expressly waives this participation within 120 days following the date of production start-up under the license. On 13 December 2006, an exclusive operating authorisation was granted for the Onal field set forth in the license. Gabon government thus sold its entire 15% interest in the Onal field to Tulip Oil, as well as its interests in the Omko field (where production started on 28 September 2009) in which the government held an interest of 15% under the same conditions.

The Gabon government holds full entry rights on the all fields specified in the Omouye license under the same conditions as those described herein after for Onal and Omko, but also on the entire license held by Maurel & Prom in Gabon, under the terms and conditions stipulated in each CEPP.

In addition, Maurel & Prom owes a customs duty of 5% on the exploration and production installations that were tax exempt up to then. These customs duties are only payable when production at the Onal and Omko fields exceeds 10,000 tons (approximately 75,000 bbls).

## ECOPETROL

As part of the disposal of Hocol Colombia to Ecopetrol, Maurel & Prom conceded to Ecopetrol a customary liabilities guarantee.

## COMMITMENTS RECEIVED

### Disputes

#### MESSIER PARTNERS

Messier Partners, a financial advising company, to which the Company had entrusted a mission for financial assistance, filed a lawsuit in 2007 against the Company in order to obtain payment of a success commission following the conclusion of the sales agreement with ENI. All of the claims made by Messier Partners as part of this procedure amounted to €14.7 M. Partial justification was awarded to Messier Partners in the première instance and the Company was ordered to pay Messier Partners the amount of €5.6 M. The Company appealed this judgement. This amount has been provisioned in the Company's accounts. The Paris Court of Appeals, in a decree dated 5 March 2009, overturned all provisions of the judgement issued on 18 December 2007 by the Paris Tribunal de Commerce, on the one hand by dismissing all of the claims brought by Messier Partners and on the other hand by ordering Messier Partners to pay the costs for the fees of the proceedings of the première instance and the appeals proceedings, and to pay 50,000 euros for unrecoverable fees.

Messier Partners lodged an appeal with the cour de cassation on 6 May 2009 and the process is currently pending.

#### AGRICHER/TRANSAGRA

From its former activity, Maurel & Prom remains the subject of proceedings in respect of an alleged contractual liability dating from 1996 in a legal bankruptcy case of the company Transagra and in the business failure of the Agricher cooperative. The Company deems this action of €33 M unfounded and has not made any provision for it. All parties have expressed in writing their intent not to engage in legal proceedings, and the Court has ordered the proceeding be withdrawn from the Bourges *tribunal de grande instance*.

#### CAROIL/PANAFRICAN ENERGY TANZANIA LTD ARBITRATION

As part of its land drilling activities, Caroil signed a contract in February 2007 with Panafrican Energy Tanzania Ltd to provide drilling services in Tanzania, which included furnishing a drilling rig and adequate personnel to build a shut-in well, with the option of a second well.

In late September 2008, Panafrican Energy Tanzania Ltd initiated arbitration proceedings in the International Chamber of Commerce in order to obtain \$6.4 M, plus interest as reimbursement of the direct and indirect fees related, according to Panafrican Energy Tanzania Ltd, to the alleged malfunction of the drilling rig. Caroil challenges the claims of Panafrican Energy Tanzania Ltd, and asks that Panafrican Energy Tanzania Ltd be ordered to pay its invoices and the V.A.T. advanced, for a total amount of \$2.3 M plus interest. The arbitration proceedings are still in progress.

#### BANKING ESTABLISHMENT DISPUTE

This dispute is described in Note 14 – “Provisions” in this annex.

On 26 November 2008, a banking establishment brought a lawsuit against the Company in the Paris Tribunal de Commerce, in order to confirm the validity of a master agreement signed with the Company. The aim of this request is for it to be found that the complex financial instruments signed under the master agreement in the Summer of 2008 were validly issued, in so that the Company pays the amounts to settle these instruments, i.e., the amount of \$51 M (i.e., €36.8 M).

The Company that had communicated with regard to this transaction by publishing its 2008 semi-annual and annual financial statements challenges these transactions, stating that the bank had acted in violation of the applicable rules and procedures on the matter. Negotiations between the parties reached an amicable solution to this dispute.

## NOTE 25 OPERATING SECTORS

In compliance with IFRS8, in effect since 1 January 2009, sector information is presented according to principles identical to those of internal reporting and shows the internal sector information defined to manage and measure the Group's performance. Maurel & Prom's operations are divided into 3 sectors: exploration, production and drilling.

The other operations cover mainly functional and financial operations of holdings.

Operating income and assets are broken down for each sector from the contributing entity accounts that include consolidation restatements.

### 25.1. INFORMATION BY ACTIVITY

The data presented here below come from the IFRS statements.

December 2009 In thousands of euros	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
<i>Inter-sector sales</i>			55,429	(1,684)	(53,745)	-
<b>SALES</b>	5,167	110,550	83,458	(15,926)*		183,249
<i>Write-off on intangible long-term assets</i>	(53,657)	-	-	-		(53,657)
<i>Write-off on tangible long-term assets</i>	(23)	-	(143)	-		(166)
<b>OPERATING INCOME</b>	(89,286)	55,662	13,851	(8,482)		(28,255)
<b>INTANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	137,929	112,173	18	552		250,672
<i>Accumulated investments end of period</i>	265,475	225,886	191	881		492,433
<b>TANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	1,363	171,586	15,405	120		188,474
<i>Accumulated investments end of period</i>	7,027	448,662	150,929	2,005		608,623
<b>TOTAL ASSETS</b>	(40,852)	226,205	37,772	1,422,021		1,645,147

\* Impact of hedges on the price per barrel subscribed by the parent company on sales of crude oil produced in Gabon

December 2008 In thousands of euros	Exploration	Production	Oil drilling	Other activities	Intragroup adjustments and eliminations	Total
<i>Inter-sector sales (*)</i>			19,706	708	(20 414)	-
<b>SALES <sup>(1)</sup></b>	7,418	-	84,818	732		92,968
<i>Write-off on intangible long-term assets (*)</i>	(13,602)	-	-	-		(13,602)
<i>Write-off on intangible long-term assets (*)</i>	(440)	-	(29)	-		(470)
<b>OPERATING INCOM <sup>(1)</sup></b>	<b>(3,339)</b>	<b>(2,250)</b>	<b>18,146</b>	<b>(22,241)</b>		<b>(9,684)</b>
<b>INTANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	73,131	123,785 <sup>(1)</sup>	95	22,151		219,162
<i>Accumulated investments end of period</i>	280,446	530,863 <sup>(2)</sup>	3,902	2,041		817,252
<b>TANGIBLE LONG-TERM ASSETS(GROSS)</b>						
<i>Investments in the period</i>	6,273	285,555 <sup>(3)</sup>	27,604	407		319,840
<i>Accumulated investments end of period</i>	28,650	673,106 <sup>(4)</sup>	141,726	1,983		845,465
<b>TOTAL ASSETS</b>	<b>(17,615)</b>	<b>469,027</b>	<b>41,768</b>	<b>1,402,083</b>		<b>1,895,263</b>

(\*) Restated to account for activities sold

(1) including €85,900 K for activities sold in 2009

(2) including €490,836 K for activities sold in 2009

(3) including €73,430 K for activities sold in 2009

(4) including €286,244 K for activities sold in 2009

## 25.2. SALES BY GEOGRAPHIC REGION

In thousands of euros	Congo	Gabon	Colombia	Venezuela	Tanzania	Syria	Other	Total
<i>Income statement at 31/12/2009</i>								
<i>Oil sales</i>	245	115,438	(1)	-	33.00	-	-	115,715
<i>Services provided</i>	63,359	2,218	17,435	-	446	-	(13,200)	70,258
<i>Interzone sales</i>	-	-	-	-	-	-	(2,725)	(2,725)
<b>TOTAL SALES *</b>	<b>63,604</b>	<b>117,656</b>	<b>17,434</b>	<b>-</b>	<b>479</b>	<b>-</b>	<b>(15,925)</b>	<b>183,249</b>
<i>Income statement at 31/12/2008</i>								
<i>Oil sales</i>	521	6,897	292,887	-	-	-	-	300,305
<i>Services provided</i>	64,793	50.00	17,920	-	2,055	-	11,234	96,052
<i>Interzone sales</i>	-	-	-	-	-	-	(11,144)	(11,144)
<b>TOTAL SALES</b>	<b>65,314</b>	<b>6,947</b>	<b>310,807</b>	<b>-</b>	<b>2,055</b>	<b>-</b>	<b>90</b>	<b>385,213</b>



## NOTE 26 RISKS

### Credit risk

The Group is exposed to credit risk from:

- loans and receivables to third parties as part of its operating activities,
- short-term deposits made at banking establishments and derivative instruments presenting a positive fair value.

In thousands of euros	2009		2008	
	Maximum exposure to credit risk	Outstanding balance sheet	Maximum exposure to credit risk	Outstanding balance sheet
<i>Other non-current financial assets</i>	10,828	21,030	8,228	21,000
<i>Trade receivables and related accounts</i>	33,434	33,434	39,003	39,003
<i>Other current financial assets</i>	31,671	31,671	23,220	23,220
<i>Derivative financial instruments</i>	38,074	38,074	70,734	70,734
<i>Cash and cash equivalents</i>	427,576	427,576	191,544	191,544
<b>TOTAL</b>	<b>541,583</b>	<b>551,785</b>	<b>332,729</b>	<b>345,501</b>

Maximum exposure corresponds to the balance sheet outstanding net of provisions.

The Group considers that there is no counterparty risk to the extent that the Gabon production is sold to the Socap, a company in the Total group.

In Venezuela, as for all oil operators, the subsidiary's production is sold to PdVSA, the Venezuelan national oil company.

### Receivables due but not depreciated

Only trade receivables due at closing date reveal payment delays.

Provisions amount to €1.5 M (€1 M in 2008) and essentially concern an amount owed to Caroil by the company Panafrican in Tanzania.

In thousands of euros	31/12/2009							
	Assets due but not depreciated					Depreciated assets	Assets neither due or depreciated	Total
	0-1 months	1-3 months	3-12 months	more than 1 year	Total	Total	Total	
<i>Trade receivables and related accounts</i>	18,994			51	19,045	1,464	12,925	33,434

In thousands of euros	31/12/2008							
	Assets due but not depreciated					Depreciated assets	Assets neither due or depreciated	Total
	0-1 months	1-3 months	3-12 months	more than 1 year	Total	Total	Total	
<i>Trade receivables and related accounts</i>	25,881	3,022	1,028	-	29,931	37	9,035	39,003

### Liquidity risk

Liquidity risk is included in the cash flow statements generated weekly and sent to executive management.

A consolidated cash position (borrowings and surplus) in currencies based on these statements is prepared as well as any foreseeable changes on weekly, monthly and quarterly horizons.

The earnings are compared to forecasts using these statements, which, in addition to their liquidity, make it possible to see the exchange position.

The forecast cash flow is tracked every 7 days, at the end of the month and every three months. The earnings are systematically compared to forecasts.

The treasury department at the headquarters includes a professional who is directly part of the Group's financial management. This person is assisted by managers in each entity. The mission of central treasury is to manage foreign exchange risk, interest rates and commodities.

On 31 December 2009 and 31 December 2008, unadjusted contractual flows (principal and interest) on the outstanding financial liabilities, by date and maturity, are the following:

At 31/12/2009 In thousands of euros	2010	2011	2012	2013	2014	> 5 years	Total of contractual flows	Total Balance-sheet value <sup>(1)</sup>
<i>Bonds</i>	205,634	21,201	21,259	21,201	318,763		588,058	456,452
<b>OTHER BORROWINGS AND FINANCIAL DEBTS</b>								
<i>Crédipar</i>	2						2	2
<i>Financial lease loans</i>	5	5	5	5			18	18

At 31/12/2008 In thousands of euros	2009	2010	2011	2012	2013	> 5 years	Total of contractual flows	Total Balance-sheet value <sup>(1)</sup>
<i>Bonds</i>	388,125						388,125	375,024
<b>OTHER BORROWINGS AND FINANCIAL DEBTS</b>								
<i>Banco Colombia (syndicated credit)</i>	14,252						14,252	12,655
<i>Banco Colombia</i>								
<b>FINANCIAL LEASE LOANS</b>	937	937	937	937	937	373	5,058	4,156

(1) Includes current and non-current outstanding

The Group's debts include:

- a convertible bond issue of €177 M at the fixed rate of 3.5% maturing January 2010. This borrowing in the initial amount of €375 M was partially repurchased for €198 M in July 2009.
- a convertible bond issue of €297.6 M at the fixed rate of 7.125% with maturity in July 2014. Liquidities that on the closing date were €427.6 M, were placed in sight deposit accounts.

The portfolio of financial investments covers 94% of the Group's indebtedness. In addition, the Group has confirmed, unused bank credit lines of \$255 M in the Reserve Based Loan facility linked to pledges on the hydrocarbon reserves in Gabon.

#### Market risks

The Group's income is sensitive to various market risks. The most significant of these is the hydrocarbon price expressed in US dollars, and the €/€ exchange rate. The Group's operating currency is the US dollar to the extent that sales and a large portion of operating expenses and a significant portion of its investments are in US dollars.

#### Foreign exchange risk

The Company is exposed to foreign exchange risk at several levels.

The changes in the €/€ exchange rate impact the Group's net income, because a significant part of such income is generated in dollars.

The Group moreover faces a foreign exchange risk linked to the revaluation of the closing rate of monetary items in foreign currencies held by the companies whose accounts are prepared in euros.

In order to reduce this risk, Maurel & Prom conducts currency futures transactions and buys and sells currency options on the euro and the dollar. No transaction of this type was in progress at the time of closing.

The Group moreover holds liquidities in US dollars to finance its forecast investment expenses in this currency.

On 31 December 2009, the Group's foreign exchange position was at \$266 M.

Based on a €/€ parity of 1.4406 on 31 December 2009, the unfavourable change of \$0.01 per euro would have an impact of €1.3 M on the net position in the currency.

#### Foreign exchange derivatives

Foreign exchange derivatives are presented below:

In thousands of euros	31/12/2009 Total Fair Value	31/12/2008 Total Fair Value
<i>Fair value hedge</i>		
<i>Cash flow hedge</i>		
<i>Net investment hedge</i>		
<i>Non-qualified derivatives hedge</i>	-	-12,089
<b>TOTAL</b>	-	-12,089

#### Risk of interest rate change

Borrowings in progress on 31 December 2009 in the Group as well as available credit lines are described in Note 15. This note makes it possible to measure the potential liquidity and interest rate risks.

Liquidities held by the Group are placed in very short term deposits at variable rates. These liquidities, on 31 December 2009 were €427.5 M. In the event of a 1%

change in interest rates, the Company runs the risk of an opportunity loss of €4.3 M in the event of a decline, which becomes an opportunity gain in the event of a rise.

#### Interest rate risk

On 31 December 2009, the interest rate risk can be evaluated as follows:



**GROSS DEBT**

The amounts below show the bonds and other borrowings and financial debts:

In thousands of euros	31/12/2009			31/12/2008		
	Before	Impact of hedging derivatives	After	Before	Impact of hedging derivatives	After
<i>Variable</i>	-		-	12,655		12,655
<i>Fixed</i>	456,470		456,470	379,180		379,180
<b>TOTAL</b>	<b>456,470</b>	<b>-</b>	<b>456,470</b>	<b>391,835</b>	<b>-</b>	<b>391,835</b>

**FINANCIAL ASSETS EXPOSED TO INTEREST RATE RISK REPRESENTING DEBT**

In thousands of euros	31/12/2009			31/12/2008		
	Before	Impact of hedging derivatives	After	Before	Impact of hedging derivatives	After
<i>Variable</i>	427,576		427,576	191,544		191,544
<i>Fixed</i>						
<b>TOTAL</b>	<b>427,576</b>	<b>-</b>	<b>427,576</b>	<b>191,544</b>	<b>-</b>	<b>191,544</b>

The remuneration of investments brought the Company €1.9M in interests in 2009. A decrease in interest rate of 100 base points would have brought this income to nearly zero.

Borrowings in place on 31 December 2009 as well as the available lines are described in Note 15 to the statements, and makes it possible to measure any liquidity and interest rate risk knowing that the borrowings in place are fixed rate loans.

**Exposure to hydrocarbons risks**

The Company's policy is to protect a portion of its future production against any decline in prices and take advantage in any rise in prices on the non-hedged portion of production.

This hedging policy is part of the management of bank lines made available to the Group whose amount would increase if the price of the protection was higher than the price used by the establishments to determine the Borrowing Base.

The hedges in place in 2009 are shown in Note 10 "Derivative instruments".

The fair value of hedges on 31 December 2009 is €-55.4 M. A decrease of 10% in the price of crude oil at the end of December would have reduced this unrealised liability by €5 M. This calculation does not take into consideration the difference between the spot price and the future price of the derivative instruments.

**SHARE RISK****Exposure to share and management risk**

The only financial assets that are theoretically exposed to share risk are the securities available for sale that contain mainly an investment of 19.15% in the company Pebercan, in the balance sheet for a value of €9.3 M currently in liquidation phase. This investment is described in Note 6 "Other non-current financial assets".

## NOTE 27 EVENTS OCCURRING AFTER CLOSING

### SUCCESS OF THE OMOG-N-1 WELL: MINIMUM FLOW RATE 1,700 BBL/D

The OMOG-N-1 exploration well, drilled under the Onal exploration license, showed a 111 metre oil column. Tests made it possible to establish a minimum pumping flow of 1,700 bbl/d of an oil similar to that of Onal that will be processed and extracted using existing facilities.

*(See press release 06-10 of 1 March 2010).*

Following the success the OMOG-N-1 well, located on the Onal AEE in Gabon (85% M&P operated), Maurel & Prom asked the independent auditor DeGolyer & Mac Naughton for a first evaluation of the potential reserves linked to the new field.

According to the results analysis of the well and of seismic data of the zone, DGMN identified 2.8 Mboe of P1 reserves net of royalties and 3.9 Mboe P2 reserves net of royalties, bringing the M&P share of 2P reserves net of royalties to 6.7 Mboe for the OMOG-N field.

These reserves evaluated in March 2010 shall be certified on 01/01/2011 by DGMN following revisions after various drilling and seismic work conducted during the year on this field.

### MAUREL & PROM ENTRY INTO NIGERIA: A STRATEGIC MOVE

The Maurel & Prom Group held a 45% interest in the Nigerian company Seplat. The remaining 55% was shared between the Nigerian companies Shebah Petroleum Development Company Ltd and Platform Petroleum Ltd.

This company, moreover, signed an agreement with Shell, AGIP and Total to acquire 45% of the interests in the OML 4, 38 and 41 licenses in the Nigerian on-shore.

The transaction would bear on 2P (P1+P2) reserves before deducting royalties evaluated by Gaffney, Cline and Associates at 76 Mboe for the Seplat portion (oil and condensate), i.e. 27 Mboe net of royalties for Maurel & Prom. Moreover, fields have been discovered that require supplementary work prior to certification of additional reserves (evaluated at 53 Mboe net of royalties for M&P's portion), as well as an exploration potential that is not quantified to date and supported by a number of 2D and 3D seismic lines.

*(See press releases 03-10 01-10 of 29 January 2010 and 3 February 2010).*

### EXPANSION OF THE MINING RIGHTS IN TANZANIA

Maurel & Prom and Dominion signed an agreement under which Dominion would sell the following interests in Tanzania:

- 40% in the exploration license of Mandawa, bring the share held by Maurel & Prom to 90% and that by Dominion to 10%;
- 35% of interests financially covered in the Kisangire exploration license, operated by Heritage Oil.

*(See press release 05-10 of 15 February 2010).*

### INFORMATION ON THE DRILLING OF MAFIA DEEP

#### History

Drilling on the Mafia Deep well began on 4 August 2008. The initial objective was to reach a maximum depth of 4,600 metres. During the drilling, interpretation of the well's data led to revising the seismic interpretation and redefining the objective to a depth of approximately 5,600 metres.

#### Technical conditions and drilling

The depth of 3,050 metres was reached on 22 November 2008. The Group then carried out a series of three side tracks to reach the final depth of 5,632 metres on 30 August 2009.

As drilling progressed deeper and deeper, the teams encountered exceptionally high temperatures for the oil industry (over 255°C, then over 500°F) and pressures of 10,000 psi, requiring long delays at each operation.

#### Zones of interest and tests

Three zones of interest were revealed during the drilling:

- The deep zone (starting at 5,519 metres) was first reached on 5 May 2009. Drilling conditions made controlling the well difficult making it impossible to test this zone the potential of which remains both intact and unknown.
- The logs from the intermediate zone confirmed a column of gas approximately 600 metres thick in a fractured formation and also a column of gas with a cumulative thickness of 110 metres in low porosity sandstone reservoirs. As this gas appeared through a network of faults that was not the objective, and that were systematically blocked by large quantities of unsuitable material and barites during drilling.

It nonetheless remains that the sum of various impregnated heights makes it possible to quantify the gas present in this zone at approximately 4 TCF. To confirm the quantity of these resources, the Group will hire an independent expert who will evaluate the amounts of economically recoverable gas.

- Tests conducted in the upper zone showed a good, weakly eruptive reservoir (100 to 160 b/day of filtrate) following the invasion of the formation during drilling.

At this stage the Group has not yet evaluated the expansion of the possible reservoir.

(See press release 07-10 of 17 March 2010).

## NOTE 28 AUDIT FEES

Fees paid to statutory auditors in 2009 amounted to €1,776 K (including the members of their networks) and break down as follows:

In thousands of euros	ERNST & YOUNG				DANIEL DE BEAUREPAIRE			
	Amount		%		Amount		%	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>Audit</i>								
<i>* Statutory auditor, certification, examination of corporate and consolidated statements:</i>								
- Issuer (*)	742	1,140	68%	85%	238	322	55%	69%
- Fully consolidated subsidiaries	158	181	10%	13%	156	145	36%	31%
<i>* Other diligences and services directly linked to the mission of the statutory auditor:</i>								
- Issuer (*)	288	22	13%	2%	96		9%	-
- Fully consolidated subsidiaries	-		-	-	-		-	-
<b>SUB-TOTAL</b>	<b>1 188</b>	<b>1,343</b>	<b>91%</b>	<b>100%</b>	<b>490</b>	<b>467</b>	<b>100%</b>	<b>100%</b>
<i>Other services provided by the fully consolidated subsidiaries</i>								
* Legal, tax, corporate	98		9%		-		-	-
* Other (to specify if > 10% of audit fees)	-		-		-	1	-	-
<b>SUB-TOTAL</b>	<b>12</b>	<b>-</b>	<b>9%</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,286</b>	<b>1,343</b>	<b>100%</b>	<b>100%</b>	<b>490</b>	<b>468</b>	<b>100%</b>	<b>100%</b>

(\*) In 2008 amount inc. tax; the issuer has no taxable activity in France.

## 9.2.2 Statutory Auditors' Report on the consolidated financial statements for the year ended December 31, 2009

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Etablissements Maurel & Prom,
- the justification of our assessments,
- the specific verification and information 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.

### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 at December 31, 2009 and of the results of its operations for the year ended in accordance with European Union.

Without qualifying our opinion, we draw to your attention the following matters:

- Note 2 "Accounting Methods", indicates the changes in the accounting methods arising from the application, starting from January 1st 2009, of the new standards IFRS 8 "Operating Segments", and revised IAS 1, "Presentation of Financial Statements".
- Note 1 "General information", 4 "Intangible assets", and 27 "Events occurring after closings", which describe the situation of the exploratory drilling of the Mafia Deep well, which is being tested, and state the amounts incurred and booked within the assets of the balance sheet of your company at year-end.

### II. Justification of assessments

In accordance with the requirements of article L. 823-9 of French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- As noted in note 2.3 "Oil Business property, plants and equipment", 4 "Intangible assets", and 5 "Property, plant and equipment", your company depreciates its intangible fixed assets (capitalized exploration costs and rights) and tangible fixed assets (related to oil production), and records impairment of these assets, where applicable, based on the economic value of the recoverable oil reserves. In this framework, our assessment on the valuation of the corresponding assets is relying on the conclusions of the independent expert appointed by your company, or, if there are no reserves, on the assumption that exploration is being pursued.
- Your company reports provisions for risks and liabilities under the conditions and in accordance with the methods described in notes 2.18 and 3.10 "Provisions for risks and charges", 2.19 "Pensions and other post-employment benefits", and 14 "Provisions". Because these are complex estimation processes, our opinions have been based on an evaluation of the reasonableness of the assumptions used by the management of your company for these estimates.
- As noted in note 18 "Income from disposal of assets", your company disposed of almost all of its Colombian assets in March 2009. As part of our assessment of the accounting principles used for the preparation of the consolidated financial statements, we have verified the proper accounting treatment of the transaction and the relevance of the information provided in the Notes.

The assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the group's management report.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, April 16, 2010

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit  
Patrick Cassoux

**9.2.3 FINANCIAL STATEMENTS AT 31 DECEMBER 2009**

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## ASSETS

In thousands of euros	Notes	31/12/2009	31/12/2008
<i>Concessions, patents, licences</i>		6,124	6,284
<i>Other intangible assets</i>		126,566	168,198
<b>INTANGIBLE ASSETS</b>	3.1	132,690	174,482
<i>Technical facilities</i>		139	367,854
<i>Other property, plant &amp; equipment</i>		905	13,424
<i>Property, plant &amp; equipment in progress</i>		-	57
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	3.1	1,044	381,336
<i>Securities</i>		102,083	476,371
<i>Other financial assets</i>		16,003	13,060
<b>FINANCIAL ASSETS</b>	3.2	118,087	489,431
<b>NON-CURRENT ASSETS</b>		251,821	1,045,249
<i>Inventories</i>	3.3	1,528	1,032
<i>Trade receivables and related accounts</i>	3.5/6	15,675	3,284
<i>Other receivables</i>	3.4/5/6	746,500	155,817
<i>Treasury shares and other securities</i>	3.7	185,384	53,262
<i>Cash instruments</i>	3.7	-	66,219
<i>Cash</i>	3.7	272,447	76,076
<b>CURRENT ASSETS</b>		1,221,535	355,688
<i>Prepaid expenses</i>		450	1,047
<i>Amortised expenses</i>	3.8	17,245	2,148
<i>Translation adjustment</i>	3.16	10,205	3,836
<b>ASSETS</b>		1,501,255	1,407,968



## LIABILITIES

In thousands of euros	Notes	31/12/2009	31/12/2008
<i>Capital</i>		93,364	92,839
<i>Issue, merger and share premiums</i>		185,931	180,151
<i>Legal reserves</i>		9,281	9,281
<i>Other reserves</i>		29	29
<i>Retained earnings</i>		398,701	495,584
<i>BProfit (loss) for the year</i>		143,466	-41,702
<b>SHAREHOLDERS' EQUITY</b>	3.9	830,773	736,182
<b>PROVISIONS FOR RISKS AND CONTINGENCIES</b>	3.10	13,578	105,516
<i>Convertible bonds</i>	3.11/15	490,917	387,990
<i>Borrowings and debt at credit establishments</i>	3.12/15	3	2,848
<i>Other borrowings and debt</i>	3.13/15	19	15,226
<i>Trade payables and related accounts</i>	3.14/15	18,985	41,087
<i>Fiscal and corporate payables</i>	3.15	3,680	5,361
<i>Capital creditors and related accounts</i>	3.15	4,519	19,280
<i>Other debt</i>	3.14	78,644	66,730
<i>Cash instruments</i>	3.7	55,371	18,192
<b>DEBT</b>		652,137	556,714
<i>Translation adjustment</i>	3.16	4,768	9,557
<b>LIABILITIES</b>		1,501,255	1,407,968



## INCOME STATEMENT

In thousands of euros	Notes	31/12/2009	31/12/2008
Sales	3.18	12,280	31,933
Production held as inventory		793	231
Provision reversals, expense transfers	3.19	84,771	242,120
Other income	3.20	10,395	9,906
<b>OPERATING REVENUE</b>		<b>108,238</b>	<b>284,190</b>
Purchases consumed and other expenses	3.19	-98,932	-240,086
Taxes and related expenses		-1,696	-1,911
Salaries and fringe benefits		-10,767	-12,593
Contribution to amortisation and provisions	3.21	-66,710	-63,150
Other expenses		-2,163	-1,121
<b>OPERATING EXPENSES</b>		<b>-180,267</b>	<b>-318,860</b>
<b>OPERATING INCOME</b>		<b>-72,030</b>	<b>-34,670</b>
Net financial income/expenses		-32,114	15,878
Dividends		84,930	80,351
Net contribution/reversal of provisions		147,582	-90,731
Net exchange differentials		-19,234	-21,568
Other			
Net non-recurring contribution to financial items		-	10,392
<b>FINANCIAL INCOME</b>	3.22	<b>181,163</b>	<b>-5,678</b>
<b>INCOME BEFORE TAXES</b>		<b>109,133</b>	<b>-40,348</b>
Non-recurring income		538,166	2,057
Non-recurring expenses		503,875	3,017
<b>NON-RECURRING INCOME</b>	3.23	<b>34,291</b>	<b>-960</b>
Corporation taxes		42	-393
<b>NET INCOME</b>		<b>143,466</b>	<b>-41,702</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 1. MAIN EVENTS DURING THE PERIOD

#### 1.1 FINANCIAL INDEPENDENCE MAINTAINED

The 2009 financial year opened in a complex economic and financial environment marked by volatility in raw materials prices and exchange rates, very low stock market valuations and a virtually non-existent bank lending market.

Determined to maintain its financial independence in this difficult climate the Group sold its stake in Hocol Petroleum Limited, a holding subsidiary for all the Group's assets in Colombia, for \$740.2 million. Following a financial audit conducted by Ecopetrol, a \$2 M adjustment was reversed to the purchaser.

The basic price may be increased by price supplements (of up to \$115 M) pursuant to the following two clauses:

- adjustment based on certified 2P reserves in the potential Huron field on the Niscota permit;
- adjustment based on the per-barrel price of oil.

This sale generated a capital gain for the company of €146.2 million (excluding translation adjustments).

The company's borrowings were also restructured. An OCEANE 2014 bond in the total amount of €298 M was issued in July. In the same month, €198 M of the €375 M OCEANE bond that was due to mature in January 2010 was redeemed early.

Lastly, a €255 M line of credit was set up. This lending facility, which has not yet been used, is backed by the Group's hydrocarbon reserves in Gabon.

#### 1.2 CONTINUING CAPITAL INVESTMENT

In 2009 Maurel & Prom continued its sustained capital investment strategy in exploration and development in the form of direct investments in Tanzania, Syria and Senegal as well as through financing subsidiaries, mainly in Gabon but also in Colombia where the company still owns significant mining assets through its subsidiary M&P Colombia BV.

Exploration expenses were particularly significant in Tanzania at the Mafia-Deep 1 well where the drilling that had begun in August 2008 was completed in March 2010.

Three zones of interest were detected. The deep zone could not be tested due to technical conditions encountered in the well at this depth (5,632 meters). The intermediate zone proved that gas existed and is still being evaluated by an independent expert. The upper zone is still being tested.

This study and analysis phase and the finalisation of tests will enable definitive conclusions to be drawn on the status of the wells.

By the end of 2009 the costs for this well amounted to \$120 M (\$78 M of which was incurred in 2009, including those of partners).

The Group also continued to expand its exploration scope by purchasing Artumas' interests in Tanzania and Mozambique. These interests are held by M&P Exploration Production Tanzania Ltd, which was specially created for this purpose. Lastly, the Company took a majority stake in Prestoil Kouilou, thereby increasing its percentage of interests in the Marine III licence in the Congo.

#### 1.3 LEGAL REORGANISATION OF ACTIVITIES IN GABON

Until the end of 2007, the Group's activities in Gabon were legally organised as a holding subsidiary, Maurel & Gabon Ltd., which held the company's four licences (Omoueyi, Nyanga Mayombe, Kari, Etekamba) via subsidiaries or branches.

At the request of Gabon's Hydrocarbons Ministry, this legal structure was changed in 2008 to group all the activities under a Gabonese Maurel & Prom company specially created for the purpose.

In 2009, the Hydrocarbon Ministry laid out a full vision of the legal structure of activities in Gabon in 2009, which required further reorganisation to adopt the following structure:

- A holding company to be created as a subsidiary of Maurel & Prom France: Maurel & Prom West Africa, which would hold the company Maurel & Prom Gabon;
- All the assets and liabilities of Maurel & Prom's Gabonese company would be transferred to Maurel & Prom Gabon.

## 1.4 FACILITIES OPENED AND PRODUCTION BEGUN IN GABON

The development of the mining assets in Gabon, in particular on the Omoueyi permit (Onal and Omko fields), remains a major pillar of the Group's development strategy.

Production began at Onal and Omko in March 2009, less than three years after the Group sank the first exploration wells in this region. It reached a first plateau of 10,000 b/d between the end of July and the beginning of December.

The Onal production, storage and transport facilities, which are fully funded by the parent company, were completed at the end of 2009 whereupon the project entered its expansion phase to drill additional production and injection wellbores in 2010.

The Group's strategy to oversize the Onal facilities to ensure that this production centre can receive future production from its satellites (namely, OMGW, OMBG, OMOC and OMKO) is proving appropriate. The latter will be brought into production in 2010 and will be able to be immediately connected to Onal.

## 2. ACCOUNTING PRINCIPLES AND METHODS

The annual financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in France, in particular the provisions of the April 1999 accounting principles (Plan Comptable) set out in rule 99-03 of the French Accounting Standards Committee (Comité de la Réglementation Comptable).

The accounting conventions applied respect the principle of prudence, in accordance with the following basic assumptions:

- business continuity;
- consistency of accounting methods;
- independence of financial periods;

and in accordance with the general rules for the preparation and presentation of financial statements.

The basic method used to value items posted in the financial statements is the historical cost method.

The main methods used are as follows:

### 2.1 INTANGIBLE ASSETS

Intangible assets are posted at acquisition cost. Amortisation/depreciation is by the straight line method.

### 2.2 OIL OPERATIONS

The methods for recognising oil operations costs are as follows:

#### 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 licence or at the amortisation rate for the oil production installations.

If the permit is withdrawn or the exploration fails, the remaining amortisation is posted in full at once.

#### ACQUISITION OF RESERVES

Acquisitions of oil reserves are recorded as intangible assets and 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 hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

#### EXPLORATION EXPENDITURE

Exploration surveys and activities, including geological and geophysical expenditure, are shown under assets on the balance sheet as intangible assets.

At the time of discovery, these costs then become operating costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

Expenditure incurred after such date is capitalised and amortised as from the beginning of operations.

Drilling expenditure that does not result in a commercial discovery is posted under expenses for the total amount incurred, at the time that it is decided to totally abandon work in the zone concerned or in the connected zone.

Provisions for non-recurring depreciation or amortisation are posted when total accrued costs are greater than

the present value of future estimated cash flow or when technical difficulties are encountered. Depreciation is set by the particular exploration permit.

Amortisation of exploration expenditure is deferred until it is transferred to property, plant & equipment.

### OIL PRODUCTION ASSETS

Oil production assets include all the exploration-related costs transferred to exploration costs following discovery, as well as those relating to field development (production drilling, surface facilities, oil evacuation systems, etc.).

Assets that are not terminated at year-end are posted under current assets.

Terminated assets are amortised according to the unit of production method. The amortisation rate equals the ratio of the field's hydrocarbon production during the year to the hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

For assets relating to the entire field (pipelines, surface units, etc.), estimated reserves are the proven and probable "2P" reserves.

For assets relating to specific areas of a field, the estimated level of reserves corresponds to the area's developed proven reserves.

The reserves taken into account are those established by analyses conducted by independent entities provided that they are available on the year-end date.

Provisions for non-recurring depreciation or amortisation are posted when total accrued costs are greater than the present value of future estimated cash flow or when technical difficulties are encountered. Depreciation is set by the particular exploration permit.

### SITE RESTORATION COSTS

Provisions for site restoration are constituted as provisions for risks and contingencies in line with the amortisation of oil production facilities when the Group is required to dismantle and restore the sites concerned. They are estimated separately for each country and each field.

## 2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are posted at their acquisition cost.

Amortisation is calculated over the estimated life of the property, plant or equipment according to the straight line (L) or degressive (D) method, as follows:

- Fixtures and fittings: L over 5 to 10 years,
- Office and IT equipment: L or D, over 3 to 5 years,
- Office furniture: L over 10 years.

## 2.4 LONG-TERM HOLDINGS AND INVESTMENTS

Holdings are posted on the balance sheet at their acquisition cost.

A provision is constituted whenever net asset value is less than acquisition cost. Net asset value is determined based on share capital and the profit outlook for the companies concerned.

When the profit outlook is uncertain, receivables from subsidiaries and holdings are depreciated to the value of the share capital in those subsidiaries and holdings. When losses exceed receivables, a provision for risks is constituted to offset the shortfall.

Other long-term investments are valued at the lower of acquisition cost or market value. These include, in particular, treasury shares that have been allocated for a specific purpose.

## 2.5 INVENTORIES

Hydrocarbon inventories are valued at production cost including the field and transport expenses and depreciation of the goods used in production.

Inventories are valued by the FIFO method (First In First Out).

A provision is posted when the net realised value is lower than the gross value of the inventories.

## 2.6 RECEIVABLES

Receivables are posted at their nominal value. A provision for depreciation is constituted when there is a risk of non-recovery.

## 2.7 SHORT TERM INVESTMENTS

Short-term investments are valued at the lower of their acquisition cost or market value.

## 2.8 AMORTISED EXPENSES

Premiums on bond redemptions are amortised over the term of the loan.

## 2.9 CURRENCY TRANSACTIONS

Expenditure and revenues in foreign currencies are reported at their euro value equivalent as at the transaction date.

Debts, external borrowings, receivables in foreign currencies appear on the balance sheet at their euro value equivalent at the year-end exchange rate. Differences resulting from their translation into foreign currencies at that final exchange rate are posted in the income statement under "translation adjustments". Unrealised losses that are not offset attract a provision for risks.

Foreign cash is translated at the year-end exchange rate and foreign translation adjustments are posted in the income statement. When cash is allocated solely to future investment (specific contracts) and maintained solely as such, any future encashments and disbursements are considered to be a form of natural hedging against exchange gains or losses.

## 2.10 PROVISIONS FOR RISKS AND CONTINGENCIES

Provisions for risks and contingencies are constituted to cover various events; in particular, risks on subsidiaries, litigation, and risk of currency translation losses.

The Company's obligations with respect to pensions and similar benefits are limited to paying contributions into compulsory general plans and paying retirement benefits as defined by the applicable collective bargaining agreement.

These payments come under a defined benefit scheme and are provisioned as follows:

- The actuarial method used is called the projected units of credit method, which stipulates that each period of service confers entitlement to a unit of payment. These calculations involve actuarial assumptions concerning mortality, staff turnover and projected future salaries;
- The corridor method is used. Thus, only actuarial differences representing more than 10% of the amount of the commitments or the market value of the investments are posted and amortised over the employee's average residual working life.

## 2.11 OIL REVENUES

Revenues from selling production from the oil fields the Company operates under production-sharing contracts include deliveries of crude oil understood as production

royalties and taxes.

## 2.12 CURRENCY TRANSLATION OF ENTITIES' FINANCIAL STATEMENTS

Maurel & Prom entities in Gabon whose operating currency is the US dollar have achieved a high degree of independence in operational, financial and accounting terms. Their financial statements are therefore translated into the Company's reporting currency, which is the euro, by applying the following principles:

- Translation is at the year-end exchange rate, except for financial linking accounts as these remain at their historical rate.
- Profit and loss items are translated at the average exchange rate for the reporting period.

Other entities cannot yet be considered as independent entities. Any accounting operations where the transaction currency is primarily the US dollar are translated using the same rules as transactions effected by the French entity.

## 2.13 FINANCIAL INSTRUMENTS

In order to cover its foreign currency risks, Maurel & Prom uses instruments to hedge its future cash flows, which consist mainly of options, currency futures and currency swaps. These transactions are posted as follows:

- Transactions whose hedging character cannot be demonstrated:
  - Initially, they are posted at their fair value;
  - At year end, any change in fair value (gain/loss) is incorporated into the profit-and-loss if the instrument has been issued on an organised market (or similar market in terms of high liquidity). In other cases (relatively illiquid over the counter markets) only losses are posted.
- Transactions whose hedging character can be demonstrated:
  - If the transaction covered is certain to be realised, the instrument remains posted at its acquisition cost;
  - If the transaction covered is not certain to be realised, its fair value is determined; in the case of unrealised losses, a provision for risk or depreciation is constituted; in the case of unrealised gains, the latter is not posted and the instrument remains posted at its acquisition value;
- The fair value of instruments contracted by the Group is determined by external experts.

### 3. ADDITIONAL INFORMATION RELATING TO THE BALANCE SHEET AND INCOME STATEMENT

#### 3.1 NON-CURRENT ASSETS

Changes in non-current assets and amortisation are shown as follows:

In thousands of euros	31/12/2008	Increases	Reductions	Other changes*	31/12/2009
<i>Intangible assets</i>	235,157	83,021	-	-119,917	198,261
<i>Less: amortisation</i>	-4,954	-906	-	313	-5,546
<i>Less: depreciation</i>	-55,720	-42,191	-	37,887	-60,024
<b>NET VALUE</b>	<b>174,482</b>	<b>39,925</b>	<b>-</b>	<b>-81,717</b>	<b>132,690</b>
<i>Property, plant and equipment</i>	387,930	237	5,704	-380,202	2,262
<i>Less: amortisation</i>	-988	-326	-95	-	-1,218
<i>Less: depreciation</i>	-5,606	-	-5,606	-	-
<b>NET VALUE</b>	<b>381,336</b>	<b>-89</b>	<b>2</b>	<b>-380,202</b>	<b>1,044</b>
<b>TOTAL GROSS VALUE</b>	<b>623,087</b>	<b>83,258</b>	<b>5,704</b>	<b>-500,119</b>	<b>200,522</b>
<i>Less: amortisation</i>	-5,942	-1,231	-95	313	-6,764
<i>Less: depreciation</i>	-61,327	-42,191	-5,606	37,887	-60,024
<b>TOTAL NET VALUE</b>	<b>555,818</b>	<b>39,836</b>	<b>2</b>	<b>-461,919</b>	<b>133,734</b>

\* following the legal reorganisation of activities in Gabon.

Non-current assets declined very significantly over the financial year due to the transfer of assets to the company Maurel & Prom Gabon as part of the legal reorganisation of activities in Gabon (see above, Section 1 - Main events during the period).

The main expenditures during the period related to drilling wells at Mafia-Deep (€41.5 M) and Mandawa in Tanzania (€6 M), Draco in Syria (€12.6 M), Rovuma in

Mozambique (€10.3 M), Tié-Tié (€5.6 M) and M'Bafou (€0.9 M) in the Congo and Kokorong in Senegal (€3.8 M).

At Mafia-Deep, tests are still underway. At other wells, as the expenditure did not result in marketable discoveries these were shut and abandoned, recording a total loss of €42.2 M.

### 3.1.1 Intangible assets

The following table is a breakdown of intangible assets:

In thousands of euros	31/12/2009		31/12/2008	
	Gross value	Net value	Gross value	Net value
<b>SOFTWARE</b>	1,172	68	1,117	199
<b>MINING PERMITS</b>	9,015	6,056	8,637	6,085
<i>Gabon</i>	4,190	2,744	4,780	3,305
<i>Hungary</i>	283	-	283	-
<i>Syria</i>	2,761	1,956	2,761	2,232
<i>Mozambique</i>	968	890		
<i>Tanzania</i>	812	467	812	548
<b>ACQUISITION OF RESERVES</b>	-	-	-	-
<i>Congo</i>			-	-
<i>Gabon</i>			-	-
<b>OIL EXPLORATION EXPENSES</b>	188,074	126,566	225,402	168,197
<i>Congo</i>	31,375	25,731	22,352	22,352
<i>Gabon</i>	-	-	117,982	80,095
<i>France</i>	707	707	229	229
<i>Hungary</i>	1,767	-	1,767	-
<i>Syria</i>	16,718	8,801	7,083	7,083
<i>Tanzania</i>	119,410	91,320	71,952	58,438
<i>Mozambique</i>	10,278	-		
<i>Other countries</i>	7,819	8	4,036	-
<b>OIL ASSETS</b>	197,089	132,622	234,039	174,283
<b>TOTAL</b>	198,261	132,690	235,157	174,482



### 3.1.2 Property, plant and equipment

The following table is a breakdown of property, plant and equipment:

In thousands of euros	2009	2008
<b>GROSS VALUE</b>	2,262	387,930
<i>Amortisation and depreciation</i>	-1,218	-6,594
<b>NET VALUE</b>	1,044	381,336

## 3.2 FINANCIAL ASSETS

### CHANGE IN FINANCIAL ASSETS

In thousands of euros	31/12/2008	Increases	Reductions	Other changes*	31/12/2009
<i>Securities</i>	593,699	16,140	-503,179		106,660
<i>Less: provisions</i>	-117,327	-2,414	115,165		-4,576
<b>NET VALUE</b>	476,372	13,726	-388,014	-	102,084
<i>Other financial assets</i>	19,720	9,207	-11,992	-104	16,831
<i>Less: provisions</i>	-6,659	-	5,832	-	-827
<b>NET VALUE</b>	13,060	9,207	-6,160	-104	16,004
<b>TOTAL GROSS VALUE</b>	613,418	25,347	-515,171	-104	123,491
<i>Less: provisions</i>	-123,986	-2,414	120,997	-	-5,403
<b>NET VALUE</b>	489,432	22,933	-394,174	-104	118,088

\* after the legal reorganisation of activities in Gabon.

## SECURITIES HOLDINGS

The following table is a breakdown of securities holdings:

In thousands of euros	2008	Change	2009
<b>GROSS VALUE</b>			
<i>HPL securities</i>	388,014	-388,014	-
<i>Maurel &amp; Prom Gabon Ltd securities</i>	115,165	-115,165	-
<i>Maurel &amp; Prom Assistance Technique securities</i>	-	15,805	15,805
<i>Panther securities</i>	8,379	77	8,456
<i>Pebercan securities</i>	11,992		11,992
<i>Caroil securities</i>	42,285		42,285
<i>Maurel &amp; Prom Colombia securities</i>	26,537		26,537
<i>Other</i>	1,327	258	1,584
<b>TOTAL</b>	<b>593,699</b>	<b>-487,039</b>	<b>106,660</b>
<b>IMPAIRMENT</b>			
<i>Maurel &amp; Prom Gabon Ltd securities</i>	-115,165	115,165	-
<i>Panther securities</i>	-1,976	-77	-2,053
<i>Pebercan securities</i>	-	-2,337	-2,337
<i>Other</i>	-186	-	-186
<b>TOTAL</b>	<b>-117,327</b>	<b>112,751</b>	<b>-4,576</b>
<b>NET VALUE</b>	<b>476,372</b>	<b>-374,288</b>	<b>102,084</b>

### HPL SECURITIES (HOCOL)

On 9 March 2009 Maurel & Prom and Ecopetrol signed a memorandum of understanding for the sale of Hocol Petroleum Ltd (Hocol Colombia), wholly owned by Maurel & Prom.

The total amount of the transaction, payable in cash, was \$740.2 M and may be increased by price supplements pursuant to the following two clauses:

- Adjustment based on certified 2P reserves in the potential Huron field on the Niscota permit;
- Adjustment based on the per-barrel price of oil.

Maurel & Prom retains the following assets:

- 100% of the Muisca exploration permit;
- 50% of Hocol's rights to the Tangara exploration permit (in partnership with Ecopetrol and Talisman);
- 100% of the Sabanero exploration permit;

- 100% of the SN-9 exploration permit;
- 100% of block 116 in Peru;
- all its rights in Venezuela;
- potential rights in Brazil (pending signature).

This transaction realised capital gains for the Company in the amount of €146.2 M.

### MAUREL & PROM GABON LTD SECURITIES

In 2005 the Company acquired 100% of Rockover Oil and Gas (subsequently renamed Maurel & Prom Gabon Ltd), a company holding all the exploration permits in Gabon. This acquisition led to price supplements in the amount of €55 M.

This €115 M stake was depreciated in its entirety at the end of 2007 given the Group's decision on 1 January 2008 to combine the assets held by Maurel & Prom Gabon Ltd and its subsidiaries into an entity created for



that purpose by the parent company. This stake was closed out in full this year with the liquidation of Maurel & Prom Gabon Ltd. This liquidation had a positive €113.34 M impact on financial income (due to reversals of provisions on securities and current accounts) and negative €114.01 M impact on non-recurring income (the net book value of the securities).

#### MAUREL & PROM ASSISTANCE TECHNIQUE SECURITIES

The company Maurel & Prom Assistance Technique holds the interests (55% stake) acquired by Maurel & Prom in 2009 in the Marine III permit in Congo.

The Company's rights in this permit now amount to 75%, including the 20% it already directly held.

#### PANTHER EUREKA SRL SECURITIES

Maurel & Prom held 30% of this subsidiary which owns an exploration permit in Sicily. Under an agreement with the other shareholders, Maurel & Prom increased its stake in Panther to 60%. At the same time, €12 M of the €22.4 M in advances to the subsidiary from the current account, all of which had been amortised in full, were abandoned and the remaining €10 M transferred to the minority shareholders.

Activity was reduced in 2009 and the net asset value of the Panther securities remains unchanged at €6.4 M.

#### PEBERCAN SECURITIES

Maurel & Prom has a 19.15% stake in Pebercan, whose business consists of operating oil fields in Cuba through its subsidiary Peberco. In 2009 Pebercan announced its intention to end its commercial activities

and to distribute its residual assets to its shareholders. The net asset value of the Group's stake in Pebercan at 31 December 2008 was valued at €12 M. This stake was depreciated by a further €2.3 M resulting in a net asset value at 31 December 2009 of €9.7 M following the decision of the liquidator to proceed with an initial distribution of CAD 1.01 per ordinary diluted share. A final amount of €10.3 M was received in March 2010.

#### MAUREL & PROM COLOMBIA BV SECURITIES

This subsidiary carries the Group's activities in Colombia, Brazil and Peru.

#### Other financial assets

Other financial assets amount to €16 M as follows:

- Deposits paid as guarantees for work commitments in production-sharing contracts amounted to €13.2 M (€4.1 M in Syria and €9.1 M in Colombia).
- Company treasury shares in the amount of €2.9 M. At year-end the Company held 191,360 treasury shares intended to be cancelled as part of bonus share allocation schemes.

### 3.3 INVENTORIES

Inventories consist essentially of drilling equipment (tubings and casings).

### 3.4 OTHER RECEIVABLES

Other receivables (in terms of gross value) include the following:

In thousands of euros	31/12/2009	31/12/2008
<i>Advances to Group subsidiaries</i>	708,156	151,399
<i>Due from oil associates</i>	73,186	56,973
<i>Due from the sale of Stcpa Bois and Transagra securities</i>	2,573	4,102
<i>Trade receivables and subsidiaries' debit notes</i>	11,093	260
<i>Other receivables</i>	5,997	11,239
<b>GROSS TOTAL</b>	<b>801,005</b>	<b>223,973</b>
<b>IMPAIRMENT</b>	<b>54,505</b>	<b>68,156</b>
<b>NET TOTAL</b>	<b>746,500</b>	<b>155,817</b>

Our Company carries the Group's borrowing and ensures, as applicable, that the investment and operational financing needs of its subsidiaries are met. Current account advances amounted to €708.1 M at year end and consisted of €573.8 M to Gabonese subsidiaries, €69.6 M to the drilling company Caroil, and the remainder to the exploration subsidiaries in Tanzania (€9.9 M), the Congo (€12.7 M) and Colombia (€21.5 M).

Receivables due from oil associates amounted to:

- €65.7 M for the Bigwa-Rufiji-Mafia licence in Tanzania (written down by €5.4 M) representing 40% of the licence;

- €5.5 M for the Alasi permit in Syria (written down by €2.6 M).

The item Other Receivables corresponds mainly to the deductible VAT in Tanzania (€5.3 M) due to the size and importance of the investments undertaken.

### 3.5 PROVISIONS FOR IMPAIRMENT OF CUSTOMER RECEIVABLES AND OTHER RECEIVABLES

Provisions for impairment of receivables changed as follows:

In thousands of euros	31/12/2008	Increases	Reversals	31/12/2009
<b>DUE FROM CUSTOMERS</b>	818	-	-164	654
<i>Advances to subsidiaries</i>	48,153	12,769	-28,505	32,417
<i>Other receivables</i>	20,002	18,426	-16,341	22,088
<b>TOTAL OTHER RECEIVABLES</b>	68,156	31,195	-44,845	54,505

The Company agreed to abandon €12.1 M of its claim against its subsidiary Panther and transferred €9 M of its claim to other partners in proportion to their stake in Panther. Thus, its claim against Panther, which had been fully provisioned in previous years, was reversed to the tune of €17.7 M. Claims against other shareholders were also 100% written off.

As a result of the liquidation of the company Maurel & Prom Gabon Limited, the Company reversed provisions in the amount of €9 M.

The increase in provisions to cover advances to subsidiaries is due mainly to its appropriations to its subsidiary Prestoil (renamed Maurel & Prom Assistance Technique).

The reversal of provisions to cover Other Receivables is essentially due to the fact that its partner in the Congo,

Prestoil, which had been taken over by Maurel & Prom SA, is no longer considered to be a partner but a subsidiary. The Company therefore reversed its provision for Other Receivables in order to constitute advances to the subsidiaries (see preceding paragraph).

The Company's receivables from its various partners in Tanzania and Syria attracted €5.4 M and €2.6 M in provisions, respectively.

The net asset value of its receivables from subsidiaries is calculated in proportion to the subsidiaries' share capital and their business development prospects.

### 3.6 MATURITIES ON RECEIVABLES

in thousands of euros	Total amount	< 1 year	1 year	> 5 years
<b>Net receivables</b>				
<b>NON-CURRENT RECEIVABLES</b>				
<i>Loans</i>	-	-	-	-
<i>Guarantees and deposits</i>	16,003	15,608	395	-
<b>CURRENT RECEIVABLES</b>				
<i>Due from customers and related accounts</i>	15,675	15,675	-	-
<i>Other receivables</i>	746,500	746,500	-	-
<b>TOTAL</b>	<b>778,178</b>	<b>777,783</b>	<b>395</b>	<b>-</b>

### 3.7 TREASURY SHARES, CASH AND CASH INSTRUMENTS

#### 3.7.1 Treasury shares, stock market holdings and cash equivalents

These items are as follows (net values):

	€ M	of which \$M
<i>Treasury shares</i>	67.9	
<i>SICAVs and FCPs (a)</i>	117.5	134
<b>Negotiable securities</b>	<b>185.4</b>	
<i>Remunerated short-term deposits</i>	231.7	70
<i>Current accounts at banks and other</i>	40.7	53.7
<b>Cash &amp; cash equivalents (b)</b>	<b>272.4</b>	<b>123.7</b>
<b>SICAVs and cash (a+b)</b>	<b>389.9</b>	<b>257.7</b>

At 31 December 2009, Maurel & Prom held 6,029,739 treasury shares, 5,729,333 of which were investment securities with a total gross value of €75.8 M.

In December, having compared the average acquisition cost of its treasury shares with their average stock market price in December (€11.9 per share), the Company constituted a provision of €7.9 M reducing the total net balance sheet value of its treasury shares to €67.9 M.

The Company's SICAV holdings are immediately cashable as are its bank deposits.

#### 3.7.2 Derivatives and other financial instruments

In its current operations, the Group uses financial instruments to reduce its exposure to the risk of fluctuations in oil prices and foreign exchange rates.

Various instruments are used, including contracts on organised or over-the-counter markets, forward transactions, swaps and options.

Changes in the fair value of derivative instruments are posted in the income statement or shareholders' equity in compliance with IFRS, specifically IAS32 and 39.

**ASSET INSTRUMENTS:**

At the end of 2008 this item included \$92.2 M (€66.2 M) in receivables corresponding to swaps of crude oil liquidated at December-end. This sum was effectively encashed in early January.

**LIABILITY INSTRUMENTS:**

With production starting up in Gabon, at the end of 2008 and beginning of 2009 the Maurel & Prom entities entered into derivative agreements (swap sales) for Brent crude, the price of which is closely tied to the price of locally produced Rabi light crude.

These derivatives could not be posted in the holding company's financial statements as derivatives for cash hedging purposes without an agreement with the subsidiary undertaking that business. Consequently,

the monthly liquidation of these swaps (near zero impact on revenue) and the re-evaluation of the portfolio in terms of market value at year-end (€55.4 M liabilities) were entered against financial income.

In order to hedge the foreign exchange risk, the Group holds liquidities in US dollars to finance provisional investment expenditures in this currency.

Moreover, forward currency transactions and currency options to reduce exposure to the foreign exchange risk were initiated during the year. No transaction of this type was underway at year end.

**3.8 AMORTISED EXPENSES AND PREPAID EXPENSES**

Amortised expenses changed as follows:

In thousands of euros	31/12/2009	31/12/2008
AMORTISED EXPENSES AT 1 <sup>ST</sup> JANUARY	2,148	4,297
Increase during the year	19,875	-
AMORTISATION FOR THE YEAR	-4,778	-2,148
<b>TOTAL</b>	<b>17,245</b>	<b>2,148</b>

Amortised expenses correspond to the various expenses on bonds and bank borrowings amortised over the repayment period of the principal.

The sharp increase in this item (up €19.9 M in gross value) is due to implementation expenses for OCEANE 2014 (€11.9 M) and the \$ 255 M RBL loan (€7.9 M)

**3.9 SHAREHOLDERS' EQUITY**

The table below shows the changes in shareholders' equity:

In thousands of euros	2008	Appropriation of income	Income for the year	Swaps reclass	Capital reduction	Translat adj	Capital increase	2009
Capital	92,839				-84		609	93,364
Premiums	180,151				-1,529		7,309	185,931
Legal reserves	9,281							9,281
Other reserves	29							29
Retained earnings	495,584	-81,747		-9,007		-6,045	-84	398,701
Income	-41,702	41,702	143,466					143,466
<b>TOTAL</b>	<b>736,183</b>	<b>-40,045</b>	<b>143,466</b>	<b>-9,007</b>	<b>-1,613</b>	<b>-6,045</b>	<b>7,834</b>	<b>830,772</b>

At 31 December 2009, share capital was composed of 121,252,271 shares with a par value of €0.77, representing total capital of €93,364,248.67.

## INSTRUMENTS CONFERRING ACCESS TO CAPITAL

### Stock options

The Extraordinary General Meeting of 11 September 2001 authorised Management to grant to its employees and officers Maurel & Prom stock subscription and stock purchase options.

Thus, on 25 October 2001, Management allotted 154,000 stock options at €12.15 each, exercisable from 26 October 2004 with no time limit to 12 people and, on 16 June 2003 to one employee, 26,000 stock options at €19.98 each; these figures became 1,579,030 and 266,540 respectively due to the adjustment subsequent to the issue of the BSARs and the division by ten of the nominal value, the new exercise prices have been changed to €1.185 and €1.949 per share respectively.

By amendment dated 23 May 2005 to the stock options terms and conditions dated 25 October 2001 and 16 June 2003, the corresponding stock options became exercisable immediately.

On the basis of the authorisation of the General Meeting of 26 June 2003, on 29 July 2003 the Management granted 123,000 stock options to 5 beneficiaries at the exercise price of €17.82; these were exercisable immediately within 5 years; this increased to 1,261,160 stock options exercisable at €1.738 after the adjustment caused by the issue of the BSARs and the 10 for 1 stock split.

On the basis of the authorisation granted the same date, i.e., 26 June 2003, Management on 22 June 2004 granted 13,500 stock options to employees of the Company (3 beneficiaries), which could be exercised immediately and within a period of 5 years at a price of €66.94. The number of options was raised to 138,420 and the exercise price reduced to €6.529 a share following the issue of the BSAR and the 10 for 1 reverse stock split.

On the authority of the General Meeting of 28 December 2004, the Management Board, on 16 March 2005, granted 220,000 stock options to one employee (subsequently becoming a corporate officer) at the price of €13.59. Such stock options being exercisable immediately and within 5 years; pursuant to the same authorisation and exercisable under the same terms and conditions, on 6 April 2005, 430,000 stock options were granted to 8 employees at an exercise price of €13.44 per option and on 21 December 2005, 170,000 stock options were granted at an exercise price of €12.91 to 2 people, one of whom was a corporate officer.

In 2006, 160,000 stock options were granted to two employees, 80,000 options were granted on 3 January 2006 at an exercise price of €12.86 and 80,000 options granted on 10 April 2006 at an exercise price of €14.72.

Furthermore, 121,790 options were exercised, leading to the issue of 121,790 new shares, representing a capital increase of €94 K and a gross share premium of €668 K.

In 2007, 344,310 options were exercised, generating the creation of 344,310 shares, representing a capital increase of €265 K and a gross share premium of €2,638 K.

In 2008, 35,890 options were exercised, generating the creation of 35,890 shares, a capital increase of €28 K and a gross share premium of €35 K.

No options were exercised in 2009.

At 31 December 2009, 620,760 options were still to be exercised, which could result in the creation of 620,760 new shares.

### Shares reserved for employees as bonus shares

The General Meeting of 20 June 2006 gave the Management Board power, for a period of 38 months, to carry out, on one or more occasions, the free allotment to employees and/or corporate officers of existing ordinary shares or shares to be issued. The total number of bonus shares allotted may not represent more than 0.5% of the capital on the date of the meeting, or the equivalent value of this amount, as applicable; it is specified that the nominal amount of any capital increase executed under this delegation through the capitalisation of premiums, reserves or profits to issue bonus shares may not exceed €1 M. The allotment of shares to their beneficiaries shall be final after a minimum vesting period of two years and the minimum share holding period by the beneficiaries is set at two years as from the final allotment of said shares.

The Management Board used these authorisations and granted 70,000 bonus shares on 3 October 2006, and 66,800 on 14 December 2006, for a total of 136,800 shares for the year, representing 0.11% of the shares comprising the Company's share capital. The vesting period is set at 2 years and is subject to the employee remaining with the Company to the end of this period. The holding period is set at 2 years as from the vesting date.

The Combined General Meeting of 14 June 2007 delegated all necessary powers to the Board of Directors for a period of 26 months to issue new shares (up to a total nominal value of €2 M) restricted to employees of the Company, without preferential rights, and to set the terms and conditions for subscription.

The Board of Directors also received, at this same meeting, authority to allot to company employees and/or officers existing bonus shares or new shares up to a maximum of 1% of the capital on the date of the meeting. The allotment of shares to their beneficiaries

shall be final after a minimum vesting period of two years and the minimum share holding period by the beneficiaries is fixed at two years as from the final allotment of the said shares.

The Board of Directors used this authority and allotted 116,524 bonus shares on 21 December 2007 representing 0.1% of the shares making up the equity capital, and the vesting period was set at 2 years, and the lock-in period is 2 years from the vesting date.

On 25 April 2008, it also decided to allot 46,750 bonus shares; the vesting period was set at 2 years, and the lock-in period is 2 years from the vesting date.

The combined general meeting of 12 June 2008 delegated authority to the Board of Directors, for a period of 38 months, to decide on one or more occasions a bonus allotment, up to a maximum of 1% of the share capital at 12 June 2008, for employees, or some employees and/or corporate officers or some officers of the Company and/or companies and economic interest groups affiliated with the Company. This delegation of 12 June 2008 terminated, effective immediately for the unused fraction, the delegation granted on 14 June 2007.

The Board of Directors used this new authority and allotted 93,892 bonus shares on 15 October 2008 and 102,750 bonus shares on 16 December 2008, for a total of 196,642 shares representing 0.16% of the number of shares comprising the Company's share capital. For both allotments, the vesting period is set at 2 years and the lock-in period is 2 years from the date of vesting.

The combined extraordinary and ordinary general meeting of 24 February 2009 delegated authority to the Board of Directors, for a period of 38 months, to decide on one or more occasions a bonus allotment, up to a maximum of 1% of the share capital at 24 February 2009, for employees, or some employees and/or corporate officers or some officers of the Company and/or companies and economic interest groups affiliated with the Company. This delegation of 24 February 2009 terminated, effective immediately for the unused fraction, the delegation granted on 12 June 2008.

The Board of Directors used this authority and allotted 57,500 bonus shares on 19 June 2009 and 120,500 bonus shares on 15 December 2009 for a total of 178,000 shares representing 0.15% of the shares comprising the Company's share capital. For both allotments, the vesting period is set at 2 years and the lock-in period is 2 years from the date of vesting.

### Share redemption plan

Following the authorisation granted by the combined general shareholders' meeting on 28 December 2004, senior management launched and set up a share redemption plan for 12th January 2005: The redemption

was limited to 10% of the capital and a maximum buy and sell prices of €17 and €11 respectively.

As part of this buyback plan, on 19 June 2006, 308,994 shares were purchased at an average price of €16.08; 31,829 shares were sold for an average price of €15.98 and none were cancelled.

Following the authorisation granted by the combined general shareholders' meeting on 20 June 2006, senior management changed procedures and set up a share redemption plan for 12th January 2005: The redemption was limited to 10 % of the capital and a maximum buy and sell prices of €25 M and €15 M respectively.

As part of this buyback plan, on 20 June 2006, 756,333 shares were purchased at an average price of €16.97; and 615,702 shares were sold for an average price of €17.21 and none were cancelled.

Regarding the purchased shares, 794,064 were acquired under the liquidity agreement, 265,000 for distribution to employees and 6,263 were used to convert the OCEANE bonds.

Regarding the sold shares, 641,268 were acquired under the liquidity agreement, and 6,263 for the conversion of the OCEANE bonds.

At 31 December 2006, 657,477 treasury shares were held by the company with a total acquisition value of €10,483 K.

Following the approval by the Combined General Meeting of 14 June 2007 for a period of 18 months, the Board of Directors is authorised to redeem Company shares under the following terms: The redemption must be no more than 10% of the currently existing share capital, the maximum purchase price to be €22 per share and minimum share price to be €12 per share.

Under this buyback programme, 3,274,710 shares were purchased in 2007 at an average price of €13.79 and 15,739 shares were remitted (15,000 as bonus shares and 739 for conversions of OCEANE); no shares were cancelled.

Over the same period, under the liquidity agreement, 4,185,707 shares were purchased and 4,236,399 were sold.

At 31 December 2007, the Company held 3,865,756 treasury shares (representing 3.22% of the capital for a value of €54.3 million at the end of 2007), including 102,104 shares under the liquidity contract.

Following the approval by the General Meeting of 12 June 2008 for a period of 18 months, the Board of Directors is authorised to redeem up to 10% of the Company's existing share capital, under the following terms: Maximum purchase price €24 per share and minimum sale price of €13 per share.

Under this buyback programme, 2,527,168 shares were purchased in 2008 for an average price of €12.73 and 135,728 shares were remitted (135,300 for bonus shares and 428 for conversions of OCEANE); 135,300 shares were cancelled as a result of the allotment of bonus shares to employees.

Over the same period, under the liquidity agreement, 2,969,634 shares were purchased and 2,790,422 were sold.

At 31 December 2008, the company held 6,436,408 treasury shares (representing 5.34% of the capital for a gross value of €86 million at year-end 2008), including 281,316 shares under the liquidity contract.

Following the approval by the General Meeting of 24 February 2009 for a period of 18 months, the Board of Directors is authorised to redeem up to 10% of the Company's existing share capital, under the following terms: Maximum purchase price of €18 per share.

Under this buyback plan, no shares were purchased in 2009 and 241,127 shares were remitted (239,751 as payment for the transfer to acquire the shares issued by Prestoil SAS held by Sister Holding SAS as part of the purchase of Prestoil SAS by Maurel & Prom and 1,376 for conversions of OCEANE).

Over the same period, under the liquidity agreement, 2,885,311 shares were purchased and 3,053,353 were sold.

At 31 December 2009, the company held 6,029,739 treasury shares (representing 4.97% of the capital for a gross value of €80 million at year-end 2009), including 113,274 shares under the liquidity contract.

At 31 December 2009, as shown in the capital movements table below, there were 121,252,271 shares of the Company and the share capital was €93,364,248.67.

## SUMMARY OF CAPITAL MOVEMENTS

In euros	Number of shares	Treasury shares
At 31/12/2007	120,533,917	3,865,756
- Issued through exercise of stock options	35,890	
- Redemption of treasury shares		2,570,652
At 31/12/2008	120,569,807	6,436,408
- Issued for payment of dividend	682,464	
- Redemption of treasury shares		-406,669
At 31/12/2009	121,252,271	6,029,739

## Distribution

The General Shareholders' Meeting of 18 June 2009 decided to pay a dividend of €0.35 per share for the financial year ended 31 December 2008 with the option of taking 100% of the dividend in shares at 5% below the issue price (calculated as the average opening

price of the 20 trading days preceding this Meeting) after deducting the net amount of the dividend.

The dividend was distributed on 20 July 2009 in the total amount of €40,044,275.60 of which €7,834,686.72 was reinvested in shares.

### 3.10 PROVISIONS FOR RISKS AND CONTINGENCIES

Provisions for risks and contingencies changed as follows:

In thousands of euros	2008	Constituted during the period	Reversed during the period (provision used)	Reversed during the period (provision not used)	Other changes	2009
Foreign currency risk	3,836	10,205		-2,567	-1,278	10,196
Site remediation	10,885	-	-	-	-10,885 *	-
Litigation	37,349	200	-300	-37,049		200
Other	53,447	71	-50,336			3,182
<b>TOTAL PROVISIONS</b>	<b>105,515</b>	<b>10,476</b>	<b>-50,636</b>	<b>-39,616</b>	<b>-12,163</b>	<b>13,578</b>
Operating income		71	-2,799			
Financial income		10,205	-47,180	-39,416		
Non-recurring income		200	-657	-200		

\* after the legal reorganisation of activities in Gabon.

- Re-valuation at the year-end rate, of foreign-currency debts and receivables, attracted a €10.2 M provision for translation losses.
- Provisions for site remediation relate to Gabon. They were transferred to the company Maurel & Prom Gabon as part of the legal reorganisation of the Group's activities in this country (see above, section 1 – Main events during the period).
- A €36.8 M provision for litigation in 2008 to cover the risk relating to a lawsuit brought by the Group against a bank with respect to structured derivative transactions was reversed in full. In this matter, the litigants agreed to an out-of-court settlement, passing a debt of €23 M to other creditors.
- The other provisions for risks and contingencies, in the amount of €47 M, relate to a guarantee given by Maurel & Prom to its subsidiary Hocol. As part of implementing a centralised management policy for hedging hydrocarbon price risk, in October 2008 Maurel & Prom bought from its subsidiary crude oil swaps that the subsidiary owned. At the same time as this purchase, Maurel & Prom put a guarantee in place for Hocol in the amount of \$28 per barrel based on production of 5,000 barrels per day, with this agreement to run for 18 months from 15 October 2008. This guarantee, which was calculated monthly, applied whenever the average price of oil fell below \$ 88 a barrel. The liability item flowing from this commitment had been provisioned in full at the end

of 2008 in the amount of €47 M. This liability was settled for 2009 by an offset with a dividend voted by Hocol.

- The provision for retirement bonuses was increased by €71 K to €630 K at the end of 2009. The expense for the year 2009 was €143 K and prior service cost €558 K.

In thousands of euros

Actuarial debt at 31 Dec 2008	558
- Cost of services 2009	122
- Financial cost 2009	21
Expense for the year 2009	143
- Benefits paid	-71
Actuarial debt at 31 Dec 2009	630

### 3.11 CONVERTIBLE BONDS

On 9 March 2005, the Company issued 16,711,229 bonds with the option to convert and/or exchange them for new or existing shares (OCEANE) for a total amount of €374,999 K. Bonds bearing interest at 3.5% a year were amortised in full by redemption at par on 1 January 2010. They can be converted or exchanged at any time for 1.1 share per bond. The bond issue was fully subscribed.



To meet its financing needs, in particular to redeem OCEANE 2010 bonds, the Company decided to restructure its bond borrowing in several stages:

#### REDEMPTION OFFER

The Company opened a period to redeem OCEANE 2010 bonds at 1.6% above their nominal value (a purchase price of €22.80) in exchange for winding down its interests for 2009.

This redemption affected 8,820,635 OCEANE for a total amount of €201,110 K. This redemption resulted in a redemption premium of €3,175 K, which was posted under financial expenses.

The residual amount left to redeem at 1 January 2010 was €176,844 K, in addition to remaining OCEANE interests in the amount of €6,191 K.

#### ISSUANCE OF A NEW OCEANES 2014 BOND

On 7 July 2009, the Company issued 19,074,519 OCEANE in the total amount of €297,562 K. Bonds bearing interest at 7.125% a year will be amortised in full by redemption at par on 31 July 2014. They can be converted or exchanged at any time for 1 share per bond. The bond issue was fully subscribed.

At 31 December 2009, 1,266 bonds were converted, reducing bond-based borrowing to €297,542 K. Delivery is by drawing on treasury shares; the number of bonds remaining at 31 December 2009 was 19,073,253. The accrued interest at 31 December 2009 was €10,339 K.

### 3.12 BORROWING FROM CREDIT ESTABLISHMENTS

Borrowing from credit establishments was as follows:

In thousands of euros	2009	2008
<i>Accrued interest</i>	3	27
<i>Creditor banks</i>	-	2,820
<b>ACTUARIAL DEBT AT 31 DEC 2009</b>	<b>3</b>	<b>2,848</b>

### 3.13 OTHER BORROWINGS AND FINANCIAL DEBT

Other borrowing and financial debt was as follows:

In thousands of euros	2009	2008
<i>Borrowing from the subsidiary Hocol</i>	-	14,124
<i>Accrued interest</i>	-	1,083
<i>Other</i>	19	20
<b>TOTAL</b>	<b>19</b>	<b>15,226</b>

In 2007 the Company had contracted a \$ 100 M loan from its subsidiary Hocol at Libor + 1/8th. This loan

was repaid in full by offsetting receivables in the form of dividends voted by Hocol in December 2008.

### 3.14 TRADE PAYABLES AND OTHER DEBTS

Trade payables were reduced through a transfer of Gabonese assets and liabilities to the company Maurel

& Prom Gabon as part of the legal reorganisation of the Group's activities in this country (see above, section 1 – Main events during the period).

Other debts correspond mainly to current account balances with its subsidiaries.

### 3.15 RECEIVABLES MATURITIES

In thousands of euros	Gross amount	< 1 year	1 year	More than 5 years
<i>Bonds</i>	490,917	193,374	297,543	
<i>Borrowing from credit establishments</i>	3	3		
<i>Other borrowings and debt</i>	19	19		
<i>Trade payables and related accounts</i>	18,985	18,985		
<i>Fiscal and corporate payables</i>	3,680	3,680		
<i>Capital creditors and related accounts</i>	4,519	4,519		
<i>Other debt</i>	78,644	78,644		
<b>TOTAL</b>	<b>596,767</b>	<b>299,224</b>	<b>297,543</b>	

### 3.16 FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

Translation adjustments, under assets as well as liabilities, correspond to the revaluation of the year-end price of debts and receivables in foreign currencies (mainly on current accounts and loans at subsidiaries).

The unrealised translation loss of €10.2 M ( (€3.8 M in 2008) was full provisioned.

### 3.17 CASH INSTRUMENTS UNDER LIABILITIES

The liability shown corresponds to the revaluation at the market price of derivative instruments in the portfolio at year-end. This item is described in Note 3.7.2 to these financial statements.

### 3.18 SALES

Sales were as follows:

In thousands of euros	2009	2008
<i>oil sales Congo</i>	-	521
<i>oil sales Gabon</i>	-	6,897
<i>services provided</i>	12,280	24,516
<b>TOTAL</b>	<b>12,280</b>	<b>31,933</b>

Sales correspond exclusively to services and studies provided to the Company's subsidiaries in the amount of €12.3 M.

### 3.19 REVERSALS OF OPERATING PROVISIONS AND TRANSFERS OF EXPENSES

Expenses incurred as part of the Company's exploration and development activities are carried in assets. Transferred expenses were €78.5 M against external

purchases and expenses of €98.9 M in 2009. Combining Gabon activities into a subsidiary explains the reduction in this item.

In thousands of euros	2009	2008
<i>Capitalisation of investments in Gabon</i>	-	161,596
<i>Capitalisation of investments in Tanzania</i>	76,815	64,099
<i>Capitalisation of investments in the Congo</i>	1,680	2,517
<i>Reversal of provisions for risks and contingencies</i>	2,799	11,785
<i>Other</i>	3,477	2,123
<b>TOTAL</b>	<b>84,771</b>	<b>242,120</b>

### 3.20 OTHER INCOME

Other income corresponds mainly to the recycling in 2009 income of derivative instruments allocated to hedged Hocol sales up to the end of 2008.

### 3.21 CONTRIBUTION TO AMORTISATION AND PROVISIONS

Contributions to operating amortisation and provisions are as follows:

In thousands of euros	2009	2008
<i>Amortisation of assets</i>	1,244	1,444
<i>Depreciation of assets</i>	42,191	52,973
<i>Amortised expenses</i>	4,777	2,148
<i>Receivables</i>	18,426	2,719
<i>Provisions for risks and contingencies</i>	71	3,866
<b>TOTAL</b>	<b>66,710</b>	<b>63,150</b>

Depreciation of assets recorded on dry wells amounted to €42.2 M and related mainly to:

- The Congo with the M'Bafou (€0.9 M) and Tié Tié (€4.7 M) wells
- Mozambique with Mecupa well (€10.3 M)

- Syria with the Draco well for €7.9 M
- Senegal with the Kokorong 1 well for €3.8 M
- Tanzania with the Mohoro (€8.2 M) and Mihambia (€6.3 M) wells.

### 3.22 FINANCIAL INCOME

The following table shows financial income for 2009:

In thousands of euros	2009	2008	
<i>Interest on current accounts at subsidiaries</i>	12,493	5,789	(1)
<i>Interest on OCEANE</i>	-16,494	-13,155	(2)
<i>Interest on other borrowings</i>	-	-2,274	
<i>Net cash income (expenses)</i>	-622	9,483	(3)
<i>Net gains (losses) on financial instruments</i>	-27,492	16,035	(4)
<b>Net financial income/expenses</b>	<b>-32,115</b>	<b>15,878</b>	
<b>Dividends</b>	<b>84,930</b>	<b>80,351</b>	<b>(5)</b>
<i>Other income (expenses)</i>	4,182	-66,214	(6)
<i>Reversals from (contributions to) net provisions on securities and current accounts</i>	143,400	-24,517	(7)
<i>Translation adjustments (including provision for exchange losses)</i>	-19,234	-21,568	(8)
<i>Net non-recurring contributions to securities and current accounts</i>	-	10,392	
<b>TOTAL</b>	<b>181,163</b>	<b>-5,678</b>	

(1) This item is mainly Interest billed to Omoueyi in repayment of sums advanced in current accounts.

(2) Interest expenses on OCEANE 2010 and 2014 were €6.1 M and €10.3 M respectively.

(3) Extremely low market interest rates in 2009 reflected a sharp decline in income from term deposits despite the large amounts invested.

(4) Losses on derivative instruments were €27.5 M. These were mostly losses on derivatives on hydrocarbons (-€52.9 M) and gains on foreign exchange transactions (€25.4 M).

Derivatives on hydrocarbons (sales of Brent crude swaps) were entered into with a view to limiting the Group's exposure to fluctuations in revenue from the sales of oil in Gabon caused by fluctuating oil prices.

These derivatives, which are part of the Group's hedging strategy, cannot be posted in the holding company's financial statements as derivatives for cash hedging purposes without an agreement with the subsidiary supporting that business. Consequently, the monthly liquidation of these swaps (near zero impact on revenue) and the re-evaluation of the portfolio in terms of market value at year-end (€53 M liabilities) were posted under financial income.

Gains on foreign currency exchange transactions (€25.4 M) resulted from ongoing cash management transactions conducted to limit foreign currency exchange losses incurred by the Company (-€19.2 M) due to its strong dollar position with the dollar dropping

in the second half.

(5) Dividends received in 2009 relate to Caroil (€10.4 M), Maurel & Prom Venezuela SAS (€8.5 M) and Hocol (\$88 M equivalent to €66 M).

(6) Other financial income (€4.2 M) corresponds mainly to:

- A gain of €8 M resulting from the agreement between the Company and a banking establishment to resolve their litigation.
- A net €22.6 M reversal of provisions on treasury shares taking into account stock market prices in December 2009.
- Abandoning the €12 M receivables from its subsidiary Panther.
- An unfavourable variance of €10.8 M incurred on the liquidation of the subsidiary Maurel & Prom Gabon Ltd.
- A €3.1 M redemption premium on OCEANE 2010 (8,820,635 OCEANE 2010 were redeemed in July at a price of €22.80 per bond which is a 1.6% redemption premium compared to the redemption price at maturity of €22.44).

(7) Provisions on securities (€115 M) and receivables (€9 M) constituted by Maurel & Prom Gabon Ltd were reversed following the liquidation of this subsidiary. The provision on current account receivables on Panther was reversed following the abandonment of the receivables due from this subsidiary.

(8) Exchange rate differences, excluding unrealised profits in the Company's accounts, were €19.2 M.

They result from the decline in the dollar at a time when the company had a very large cash position in this currency.

The dollar, trading at 1.3856 on 28 May – the encashment date for the price of the sale of the Colombian assets – then steadily declined until it reached a floor of 1.5120 in early December before stabilising at 1.4406 at the end of December, on which date cash and investments in dollars stood at \$255 M.

### 3.23 NON-RECURRING INCOME

Non-recurring income (€34.3 M) is mainly the book gain of €153.1 M achieved from the sale of HPL securities (Colombia business line) and the elimination of Maurel & Prom Gabon Ltd securities (-€115 M) as a result of liquidating the entity.

### 3.24 CORPORATION TAXES

Corporation taxes relate to a €75 K positive effect of tax consolidation and a set annual tax liability of €33 K.

A tax consolidation agreement was signed by the Maurel & Prom Group and its French subsidiary Caroil, effective 1 January 2004. Maurel & Prom Venezuela SAS was incorporated into the tax consolidation structure, effective 1 January 2008.

The 2009 tax liability of the consolidation structure was negative and no corporation tax was due for the 2009 financial year for the tax group.

The consolidation group's unlimited deferrable tax losses at 31 December 2009 were €307 M.

### 3.25 EXPOSURE TO FOREIGN EXCHANGE RISK ON THE PRICE OF CRUDE OIL

#### MARKET RISKS

The Company's results are sensitive to various market risks. The most significant are the price of hydrocarbons denominated in dollars, and the euro/dollar exchange rate. However, it should be noted that the Group's functional currency is the dollar, since sales, a major portion of operating expenses, and a significant portion of the capital expenditures are denominated in this currency.

#### RISK RELATED TO THE HYDROCARBONS MARKET

The Company's policy is to hedge a portion of its future production against any decline in oil prices, thus taking advantage, if their prices go up, for the portion of the production that is not hedged. This hedging policy is

part of the management of bank credit lines available to the Group (Reserve-Based Loan "RBL").

In the unhedged portion of the production, the Company is therefore exposed to oil price fluctuations. The Group uses oil derivatives as a hedging instrument (Swaps, futures, floors), using WTI prices, on the NYMEX market, and Brent prices.

Hedging set up in 2009 is explained in the sections on derivative instruments and financial income in the Notes to these financial statements.

#### FOREIGN CURRENCY RISK

Although the dollar is the Company's functional currency (through its subsidiaries), fluctuations in the euro/dollar exchange rate impacts the Company's results when cash held in this currency is revalued at year end.

In order to reduce this risk, the Company uses hedging strategies through derivative instruments (forward foreign exchange transactions and currency options).

Forecast capital expenditures in dollars are hedged by maintaining cash in this currency specially dedicated to such disbursements.

The Company has set up foreign exchange hedging instruments, primarily on foreign exchange puts and calls and \$/€ forwards over a period until December 2009, which are intended to reduce exposure to a decline in the US dollar. No transaction of this type was in use at year end.

#### INTEREST RATE AND LIQUIDITY RISK

The Company's debt consists of two fixed-rate bond issues. An OCEANE issue that matures in 2014 in the amount of €297 M paying 7.125% at redemption and an OCEANE issue that matures in January 2010 in the amount of €176 M paying 3.5%.

Liquidities, which at 31 December 2009 amounted to €389.92 M, are all placed in bank deposits for periods of less than three months. The risk incurred in the event of fluctuations in interest rates is a lost opportunity in the event of a decline and a successful opportunity in the event of a rise.

#### SHARE RISK

At 31 December 2009, Pebercan shares were valued at their net asset value and did not generate any share risk.

Successive treasury share redemption plans have been in place since 12 January 2005. At 31 December 2009, the Company held 6,029,739 treasury shares at a book value of €78.7 M compared to a market value of €70.2 M. A provision of €8.5 M was constituted.

## COUNTERPARTY RISK

In 2009 the Company had no significant receivables other than those on its operating subsidiaries and on oil partners engaged in the same operations as the Company itself and carried in the exploration and/or

production infrastructure development phase. There are consequently no counterparty risks as such but rather the risks inherent in exploration-production.

## 3.26 OFF-BALANCE SHEET COMMITMENTS

In thousands of euros	2009	2008
<i>Customs surety bonds</i>	-	610
<i>Guarantees given on loans</i>	177,000	53,981
<i>Other commitments made</i>	22,995	44,628
<b>TOTAL</b>	<b>199,995</b>	<b>99,129</b>

To Maurel & Prom's knowledge, there are no exceptional events, disputes, risks or off-balance sheet commitments that could materially impact the financial position, holdings, results or businesses of the Group.

### COMMITMENTS GIVEN

#### CUSTOMS SURETY BONDS GIVEN

Customs surety bonds are the guarantees given by the Group to comply with the requirements of local authorities for the import of equipment. The 2008 figure relates to guarantees given in Gabon, which are now managed by the subsidiary.

#### GUARANTEES GIVEN ON LOANS

As part of the Group's refinancing operations, Maurel & Prom in 2006 contracted a loan from a bank pool which included Natexis and BNP ("Reserve Based Loan") for \$350 M allocated to financing operations in the Congo for \$200 M and \$150 M in Colombia.

The \$200 M facility was cancelled as part of sale of Congolese assets in 2007 as was the \$150 M facility allocated to Colombian reserves as part of the sale of Colombian assets in 2009.

On 29 May 2009 the Group entered into a new facility with four banks (BNP Paribas, Calyon, Natixis and Standard Bank) for \$255 M, covered by the oil reserves

in Gabon ("Reserve Based Loan" or RBL). To date this facility has not yet been used.

In addition, Maurel & Prom is committed for the duration of the loan to respect certain technical and financial covenants.

### OTHER COMMITMENTS

#### Work commitments

As part of its normal operations and in keeping with common industry practices, Maurel & Prom enters into numerous agreements with third parties. These commitments are often made for commercial or regulatory purposes or for other operational contracts.

The assessment of oilfield work commitments is based on the budgets approved with the partners. They are subject to numerous revisions during the year depending in particular on the results of the oilfield work carried out.

The work commitments relate mainly to the Alasi licence in Syria and Marine III in the Congo. They total \$33.1 M, corresponding primarily to \$9 M for testing and completion and \$24.1 M for drilling.

The Group has no firm commitments in Tanzania, as its contractual obligations have already been fulfilled.

## Financial instruments

See Note 3.7.2.

## Other commitments

### CAROIL

On 1 July 2009, Maurel & Prom entered into a joint and several guarantee to the benefit of Caroil in the amount of \$8 M for industrial and business credit. The guarantee covers potential payment defaults by Caroil to the bank for any reason..

### ROCKOVER

The contract to purchase the Rockover company in February 2005 stipulated a return clause for former shareholders of 10% in the event of a discovery on one of the permits sold (Ofoubou/Ankani, Omoueyi, Nyanga Mayombe, Kari) and for 50% on the Banio permit.

At Maurel & Prom's initiative, an agreement to buy out this clause was signed on 13 July 2007. This agreement stipulates that Maurel & Prom will pay \$55 M to former shareholders (to date), plus a royalty of 2% when total production exceeds 39 million barrels from all the fields sold to Maurel & Prom in 2005 (excluding Banio), and a royalty of 10% on the production from the Banio field when total production from this field exceeds 3.9 million barrels.

In addition the following commitments were continued:

Maurel & Prom will have to pay the sellers a total royalty in the amount of \$1.30 per barrel produced as of the date on which total production in all the licence zones exceeds 80 Mb;

Maurel & Prom will have to pay one of the two sellers a royalty equivalent to 2% of the total production available up to a threshold of 30 Mboe and 1.5% above that threshold, on the production from the production permits resulting from the MT 2000-Nyanga Mayombé exploration permit.

### TRANSWORLD

Following the purchase of Transworld's residual rights to the Etekamba permit on 18 March 2008, a "net profit interest agreement" was signed, under which Maurel & Prom must pay 10% of the profit oil and 8% of the profit gas to Transworld Exploration Ltd.

### CEPP OMOUEYI

As of the start of production on the Onal field, the Gabonese State automatically obtains 15% of the rights and obligations resulting from the Omoueyi contract for the development and production of the Onal exploitation zone, unless it expressly waives this interest within 120 days after the start date of production on the permit. On 13 December 2006, an exclusive production authorisation was granted for the Onal zone on this permit. As part of this, the State of Gabon sold to Tulip Oil its entire 15% stake in the Onal field, as well as the Omko field, which was brought into

production on 28 September 2009, in which the State automatically had a 15% stake under the same terms and conditions.

The State of Gabon has this right of entry into all the fields of the Omoueyi licence under the same terms and conditions as cited above for Onal and Omko, but also into all the licences held by Maurel & Prom in Gabon, under specific terms and conditions for each CEPP.

In addition, Maurel & Prom is liable for a customs duty of 5% on the exploration and production assets that were admitted duty-free until then. These customs duties were applied in 2009, as production from the Onal and Omko fields exceeded 10,000 tons (approx. 75,000 barrels). On this licence, investments realised on each new well attracts a 5% customs duty.

### ECOPETROL

As part of the sale of Hocol Colombia to Ecopetrol, Maurel & Prom gave the latter a standard liability guarantee in this matter.

## 3.27 LITIGATION

### MESSIER PARTNERS

Messier Partners, a financial consultancy firm hired by the Company to provide financial assistance, brought legal proceedings in 2007 against the Company for payment of a success commission following the signing of the sale agreement with ENI. The claims brought by Messier Partners in these proceedings totalled €14.7 million. Messier Partners partially won in the first instance proceedings and the Company was ordered to pay Messier Partners the sum of €5.6 million. The Company has lodged an appeal against the ruling. A provision has been booked in the Company's account for this sum. The Paris Court of Appeals, in a judgment issued on 5 March 2009, dismissed all provisions of the judgment rendered on 18 December 2007 by the Paris Commercial Court, dismissing all claims of Messier Partners and ordering Messier Partners to pay court costs for the lower court and appeals court and the payment of €50,000 for unrecoverable legal costs.

Messier Partners filed its appeal with the Court on 6 May 2009. The Court is currently hearing the case.

### AGRICHER/TRANSAGRA

From its prior business activity, there is still a contractual liability action dating back to 1996 against Maurel & Prom in connection with the court-ordered bankruptcy restructuring of Transagra and in the insolvency of the Agricher cooperative. The Company considers this action in the amount of approximately €33 million, to be unfounded and has made no provision for it. All the parties to the dispute have given

written notice of their intention not to continue with the action, and this litigation was removed from the roll of the Bourges district court.

#### BANKING INSTITUTION LITIGATION

On 26 November 2008, a bank brought legal action against the Company in the Paris Commercial Court to obtain a judgment for the recognition of the validity of a framework agreement entered into with the Company. The bank is seeking a ruling that the complex financial instruments executed under this framework agreement in the summer of 2008 were validly issued in order to obtain payment from the Company of the sum of \$51 million (i.e., €36.8 million) for unwinding those instruments.

The Company, which provided information on this transaction when it published its 2008 half-year and annual financial statements, is contesting these transactions and believes that the bank acted in violation of the applicable rules and procedures. These negotiations between the parties led to an out-of-court settlement, thereby ending the litigation on 31 December 2009 (see §3.10).

### 3.28 ENVIRONMENT

Because it is primarily involved in oil and gas activities, Maurel & Prom Group seeks to comply with the regulatory restrictions in each country where it operates, particularly by conducting systematic environmental impact assessments before committing to specific work.

Through its oil exploration, production and development work, the Maurel & Prom Group may cause environmental damage. This is covered by ad hoc insurance policies.

Because of the nature of its business, the Group will bear the cost of restoring exploration sites and the extraction lines. A provision for such remediation costs is constituted, as necessary, in the accounts.

### 3.29 PERSONNEL

The Company had 45 employees at 31 December 2009, compared with 49 at 31 December 2008.

### 3.30 COMPENSATION TO MANAGEMENT AND MEMBERS OF THE BOARD OF DIRECTORS

In thousands of euros	2009	2008
Management compensation*	1,723	2,063
Board of Directors (directors' fees and remuneration to committees)**	450	450
<b>TOTAL</b>	<b>2,173</b>	<b>2,513</b>

\* Directors include the Chief Executive Officer and the departmental Directors which numbered 5 in 2009 and 7 in 2008.

\*\* As the Chairman of the Board of Directors declined to accept the fees allocated to him, the amounts actually paid under this item totalled €405 K.



### 3.31 ITEMS CONCERNING RELATED ENTITIES

In thousands of euros	2009	2008
<b>ASSETS</b>		
<i>Holdings</i>	106,660	593,699
<i>Due from customers</i>	16,281	3,800
<i>Other receivables</i>	675,784	152,688
<b>LIABILITIES</b>		
<i>Trade payables</i>	1,466	2,456
<i>Capital debts</i>	37	38
<i>Other debt</i>	18,711	64,592
<b>INCOME STATEMENT</b>		
<i>Share of joint operations</i>		-
<i>Financial income</i>	14,061	11,941
<i>Dividends</i>	84,930	80,351
<i>Other income</i>	235	275
<b>FINANCIAL EXPENSES</b>	2,095	28,757



### 3.32 POST-BALANCE SHEET EVENTS

#### SUCCESS OF THE OMOC-N-1 WELL: MINIMUM FLOW 1,700 B/D

The OMOC-N-1 exploration well, drilled under the Onal operating licence, showed a 111m column of oil. Tests showed minimum pumped flow of 1,700 bbl/d of oil similar to that at Onal. This means it can be processed and evacuated using existing facilities.

The discovery of this accumulation of oil confirms the extent of the Kissenda Sandstone on the Onal licence and the size of this new exploration theme for the entire eastern border of the Gabon side basin where the Group has a large mining field.

(See press release 06-10 of 1 March 2010).

#### MAUREL & PROM ENTERS NIGERIA: A STRATEGIC MOVE

The Maurel & Prom Group has taken a 45% stake in the Nigerian company Seplat.

This company has also signed an agreement with Shell, AGIP and Total to acquire a 45% stake in OML 4, 38 and 41 in onshore Nigeria.

This strategic move was the result of a number of favourable factors that led the Maurel & Prom Group to ramp up its view of the investment opportunities in Nigeria:

(See press releases 03-10 of 3 February 2010 and 01-10 of 29 January 2010).

#### TANZANIA MINING AREA EXTENDED

Maurel & Prom and Dominion have signed an agreement for the sale by Dominion of the following interests in Tanzania:

- 40% of of the Mandawa exploration permit, bringing Maurel & Prom's share to 90% and Dominion's to 10%;
- 35% of the interests carried financially in the Kisangire exploration permit, operated by Heritage Oil.

## INFORMATION ON THE DRILLING OF MAFIA DEEP

- History

Drilling for the Mafia Deep well began on 4 August 2008. The initial objective was to reach a maximum depth of 4,600 metres. During the drilling, interpretation of the well's data meant revising the seismic interpretation and a redefining the target to a depth of approximately 5,600 metres.

- Technical conditions and drilling

The depth of 3,050 metres was reached on 22 November 2008. The Group then carried out a series of three side tracks to reach the final depth of 5,632 metres on 30 August 2009.

As drilling progressed deeper and deeper, the teams encountered temperatures that are exceptionally high for the oil industry (above 255°C, i.e., above 500°F) and pressures of 10,000 psi, requiring long delays at each operation.

- Zones of interest and tests

Three zones of interest were apparent during the drilling:

- The deep zone (starting at 5,519 metres) was first reached on 5 May 2009. The drilling conditions made controlling the well difficult and it was thus not possible to test the zone whose potential remains intact and unknown.

- Logs from the intermediate zone confirmed a column of gas approximately 600 metres thick in a fractured formation and also a column of gas with a cumulative thickness of 110 metres in low porosity sandstone reservoirs. As this gas appeared through a network of faults that was not the target, they were systematically blocked by large quantities of unsuitable material and barytes during drilling.

It nonetheless remains that the sum of various impregnated heights makes it possible to quantify the gas present in this zone at approximately 4 TCF. To confirm the quantity of these resources, the Group will hire an independent expert who will evaluate the amounts of economically recoverable gas.

- Tests conducted in the upper zone showed a good quality, weakly eruptive reservoir (100 to 160 bbl/day of filtrate) following the invasion of the formation during drilling. At this stage the Group has not yet evaluated the extension of the possible reservoir.

*(See press release 07-10 of 17 March 2010)*

### 3.33 TABLE OF SUBSIDIARIES AND HOLDINGS

Amounts refer to monetary units

Companies 2009	Ccy	% owned	Capital (in currency)	Equity other than share capital (in currency)	Gross book value of shares held (euros)
<b>FRANCE</b>					
<i>Caroil</i>	<i>EUR</i>	<i>100%</i>	<i>42,253,330</i>	<i>45,484,236</i>	<i>42,285,825</i>
<i>Maurel &amp; Prom Venezuela SAS</i>	<i>EUR</i>	<i>100%</i>	<i>37,000</i>	<i>5,048,159</i>	<i>37,000</i>
<i>Maurel &amp; Prom Assistance Technique</i>	<i>EUR</i>	<i>100%</i>	<i>120,000</i>	<i>-189,630</i>	<i>15,804,893</i>
<i>Maurel &amp; Prom West Africa</i>	<i>EUR</i>	<i>100%</i>	<i>80,000</i>	<i>-4,518</i>	<i>80,000</i>
<b>FOREIGN</b>					
<i>Zetah (Pointe Noire)</i>	<i>CFA</i>	<i>100%</i>	<i>10,000,000</i>	<i>-2,211,379,394</i>	<i>15,245</i>
<i>Maurel &amp; Prom International (Geneva)</i>	<i>EUR</i>	<i>99.99%</i>	<i>195,270</i>	<i>102,007</i>	<i>194,263</i>
<i>New Gold Mali</i>	<i>USD</i>	<i>26%</i>	<i>20,000,000</i>	<i>-4,371,107,676</i>	<i>15,092</i>
<i>Pebercan (Montreal) (b)</i>	<i>CAD</i>	<i>19.15%</i>	<i>50,767,000</i>	<i>53,076,000</i>	<i>11,992,289</i>
<i>Maurel &amp; Prom Colombia BV</i>	<i>USD</i>	<i>100%</i>	<i>5,000</i>	<i>-2,122,657</i>	<i>26,537,016</i>
<i>Panther Eureka Srl (Sicily)</i>	<i>EUR</i>	<i>60%</i>	<i>128,572</i>	<i>809,381</i>	<i>8,456,242</i>
<i>Maurel &amp; Prom Gabon Développement</i>	<i>CFA</i>	<i>100%</i>	<i>10,000,000</i>	<i>-325,159,006</i>	<i>15,000</i>
<i>Other (c)</i>					<i>1,227,180</i>

(a) Includes accrued interest

(b) Based on financial statements at 30 June 2009 (six months)

(c) M&P Latin America BV, M&P Congo, Raba Xprom, Prestoil Kouilou, M&P Tanzania, Renaissance Energy, la Banque Congolaise de l'Habitat, M&P Volney 2, M&P Volney 4, M&P Nigeria, M&P Exploration Production Tanzania, M&P Etekamba, M&P Headquarter, M&P Volney 5 and M&P Exploration Production Gabon.

Current account advances depreciated by:

1 – Advances depreciated 100%

2 – Advance depreciated to the tune of €9,034,838

Net book value of shares held (euros)	Gross loans and advances granted (euros) (a)	Guarantees given	Dividends encashed	Sales last financial year (in currency)	Profit last financial year (in currency)	Notes
42,285,825	69,651,452		10,390,159	138,974,489	24,117,296	
37,000	-1,339,569		8,500,000	N/A	4,921,527	
15,804,893	10,024,003			183,200	-107,801	2
80,000	73,859			N/A	-7,819	
-	3,740,513			N/A	-19,577,113	1
194,263	-132,180			2,604,656	12,858	
-	9,803,681			N/A	-184,534,464	1
9,655,195	-			69,500,000	25,531,000	
26,537,016	21,561,465			N/A	-2,122,657	
6,402,832	4,722,663			N/A	19,739,363	1
15,000	453,619			N/A	-325,159,006	
1,071,469	42,620,121					



## CASH FLOWS STATEMENT

In thousands of euros	31/12/2009	31/12/2008
<i>Income for the year</i>	143,466	-41,702
<i>Net contributions (writebacks) of amortizations and provisions</i>	-194,282	123,342
<i>Depreciation of exploration assets</i>	-3,747	2,173
<i>Other calculated income and expenses</i>	103,398	-44,700
<i>Increase in expenses to amortise</i>	-15,097	
<i>Gains/losses on disposals</i>	32,258	-130
<i>Cash flow</i>	65,996	38,983
<i>Change in cash flow requirement</i>	-44,435	56,793
<b>I. CASH FLOW FROM / (USED IN) OPERATIONS</b>	<b>21,561</b>	<b>95,776</b>
<i>Purchase of intangible assets, net of transfers</i>	36,895	-185,722
<i>Purchase of property, plant and equipment</i>	369,079	-370,622
<i>Purchase of financial assets</i>	-35,643	-37,911
<i>Sale of intangible assets and property, plant and equipment</i>	-26,555	390
<i>Sale of financial assets</i>	525,571	4,815
<i>Net increase in Group current account</i>	-572,493	135,471
<i>Net investment</i>	296,854	-453,579
<i>Impact of lead time on investment operations</i>	-14,761	2,254
<b>II. CASH FLOW ALLOCATED TO INVESTMENT OPERATIONS</b>	<b>282,093</b>	<b>-451,325</b>
<i>Change in capital and hedging instruments</i>	-2,786	6,880
<i>Dividends paid</i>	-40,045	-137,079
<i>Increase (decrease) in financial debt</i>	87,719	-37,499
<b>III. FINANCING FLOW</b>	<b>44,888</b>	<b>-167,698</b>
<b>IV. CHANGE IN CASH</b>	<b>348,541</b>	<b>-523,248</b>
<b>V. CASH AT START OF PERIOD</b>	<b>126,490</b>	<b>630,878</b>
<b>VI. IMPACT OF FOREIGN EXCHANGE FLUCTUATIONS</b>	<b>-17,203</b>	<b>18,860</b>
<b>VII. NET CASH AT PERIOD END</b>	<b>457,828</b>	<b>126,490</b>



## 9.2.4 Statutory Auditors' Report on the statutory financial statements for the year ended December 31, 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying financial statements of Etablissements Maurel & Prom,
- the justification of our assessments,
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### I. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2009 and the results of its operations for the year then ended, in accordance with French accounting principles.

Without qualifying our opinion, we draw attention to the matters discussed in notes 1.2 "Continuation of investment", 3.1 "Non current assets", and 3.32 "Events occurring after closing", which describe the situation of the exploratory drilling of the Mafia Deep well, which is being tested, and state the amounts incurred and booked within the assets of the balance sheet of your company at year-end.

### II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- As noted in note 2.2 "Oil-Related Operations", your company depreciates its intangible fixed assets (capitalized exploration costs and rights) and tangible fixed assets (related to oil production), and records impairment of these assets, where applicable, based on the economic value of the recoverable oil reserves. In this framework, our assessment on the valuation of the corresponding assets is relying on the conclusions of the independent expert appointed by your company, or, if there are no reserves, on the assumption that exploration is being pursued.
- Your company reports provisions for risks and liabilities under the conditions and in accordance with the methods described in notes 2.10 and 3.10 "Provisions for risks and charges". Because these are complex estimation processes, our opinions have been based on an evaluation of the reasonableness of the assumptions used by the management of your company for these estimates.
- As noted in notes 1.1 "Maintaining Financial Independence" and 3.23 "Exceptional Gain or Loss", your company disposed in March 2009 of its interest in Hocol Petroleum Ltd. As part of our assessment on the accounting principles used for the preparation of the financial statements, we have verified the proper accounting treatment of the transaction and the relevance of the information provided in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments

made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris and Paris-La Défense, April 16, 2010

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit  
Patrick Cassoux



## 9.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

### Authorised agreements and commitments concluded in the year

In accordance with article L.225-40 of the French commercial code, we have been advised of certain related party agreements and commitments which were authorised by your Boards of Directors.

We are not required to ascertain the existence of any other agreements and commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with Article R.225-31 of the French commercial code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

#### 1. With Hocol, Momcol Cayman and Maurel & Prom West Africa

##### Persons Involved

Mr Jean-François Hénin, CEO and General Manager of your company and Director of Hocol and Homcol Cayman, and Chairman of Maurel & Prom West Africa.

Mr Roman Gozalo, Director of your company and Director of Hocol and Homcol Cayman.

##### Nature and Purpose

Your Board of Directors, on 25 September 2008 and 14 January 2009, authorised the signing of a memorandum of understanding entitled "Senior Secured Reserves Based Facility Agreement (RBL)" and various surety documents to be concluded between your company and a pool of banks for which the subsidiaries of your company, Hocol S.A., Homcol Cayman Inc., Hocol Limited, and Hocol Petroleum Limited, are also parties in their capacity as guarantors.

On 28 April 2009, your Board of Directors authorised the conclusion of an addendum in order to make certain amendments to the RBL, such as: (i) an amendment to the margin and (ii) certain modifications to the revenue to be paid into the "Collection Account".

Lastly, on 25 November 2009, your Board of Directors authorised the conclusion of Addendum no. 2 in order to make certain amendments to the RBL, in particular:

- to provide for the inclusion of subsidiaries Maurel & Prom West Africa, as an additional obligor, and Maurel & Prom Gabon, as an additional guarantor in the RBL.
- to provide for the pledging by your company of the shares of Maurel & Prom West Africa that it holds as a guaranty of its contractual obligations defined in the RBL ("Secured Obligations").

##### Modalities

The RBL was signed on 30 January 2009; the first addendum was concluded on 29 May 2009, and the second addendum was concluded 18 December 2009.

#### 2. With Mr Christian Bellon de Chassy, director of your company

##### Nature and Purpose

On 25 November 2009, your Board of Directors agreed to grant two commissions to Mr Christian Bellon de Chassy, concerning the following matters:

- Searching for areas for diversification in renewable energies;
- Insurance, by providing his assistance to the management of the incident that occurred in Gabon.

The Board charged the Appointments and Compensation Committee with the drafting of a compensation proposal for these two commissions, which was ratified by your Board of Directors on 31 March 2010.

##### Modalities

The amount of the compensation of Mr Christian Bellon de Chassy for these services was the lump sum of €98,000.

### Agreements and commitments authorised in prior years and which remain current during the year

However, in accordance with the French commercial code, we have been advised that the following agreements and commitments which were approved in prior years remained current during the year.

#### 1. With Pacifico

##### a. Nature and Purpose

A service agreement was concluded on 21 June 2005 between your company and Pacifico. This agreement was subject to an addendum dated 11 June 2007, previously authorised by your Board of Directors on 29 May 2007.

##### Modalities

This addendum amended several articles of the agreement, in particular art. 1, in order to clarify the respective duties of the parties and to eliminate any ambiguities in the language.

You will recall that the services rendered by Pacifico for your company are the following:

- Searching for strategic partners in the oil and gas industry;
- Studying investment and divestiture proposals, determining the markets' parameters.
- Searching for new markets and development opportunities;
- Design of acquisition or disposal scenarios and determination of financing policy;
- Advising on and monitoring any negotiations entrusted to it (draft contracts, group development), in particular concerning technical cooperation proposals.
- Monitoring and technical, financial, and administrative support for drilling activities.

The financial terms of this agreement are as follows:

- Payment of an annual lump-sum fee in the amount of €100,000 before taxes;
- The payment of additional fees calculated based on services rendered and actual cost of services in the field of financial consultation and tasks related to the drilling area of the subsidiary of your company. For 2009, the additional fees were fixed at €69,385, before taxes, per month. This monthly amount is adjusted on a quarterly basis based on the number of days of service actually provided and the corresponding daily rate. In 2009, these services corresponded to tasks performed by four Pacifico consultants.

This agreement may be terminated by the parties at any time with two months' notice.

The amount paid by your company for the financial year ended 31 December 2009 amounts to €1,103,086 before taxes.

##### b. Nature and Purpose

A sublease dated 11 June 2007 was concluded between your company and Pacifico; it was authorised by the Board of Directors of your company on 13 December 2007.

##### Modalities

This sublease concerns the offices, having a surface area of approximately 240 m<sup>2</sup>, situated on the ground floor of the building located at 12 rue de Volney, 75002 Paris.

The term of the contract is one year, starting 11 June 2007, and renews automatically.

The rent invoiced by your company for FY 2009 was €214,326 before taxes.

#### 2. With Panther Eureka

##### Nature and Purpose

As part of a contract for the purchase of bonds of Panther Eureka signed on 19 February 2005 and authorised by the Board of Auditors of your company on 22 April 2005, your company opened a current account for affiliates with Panther Eureka.

##### Modalities

The contract provides for interest fees at a rate of 8.30% p.a.

At 31 December 2009, the current account, interests included, amounts to €4,722,663 to the benefit of your company.

The interest income was €906,281 for FY 2009.

#### 3. With Caroil

##### Nature and Purpose

On 15 April 2004, the Board of Auditors of your company authorised the conclusion of a domiciliation agreement between Caroil and your company.

##### Modalities

This agreement, concluded on 16 June 2004, took effect on 21 June 2004. The amount invoiced for FY 2009 was €21,006.

#### 4. With Compagnie Européenne et Africaine du Bois (CEAB) and New Gold Mali, S.A.

##### **Nature and Purpose**

On 30 September 1999, your Board of Auditors authorised a cash flow agreement between CEAB, New Gold Mali, and your company.

##### **Modalities**

This agreement, concluded on 20 March 2000, took effect on 1 January 2000 for a term of one year, automatically renewable for equivalent terms. Open account advances are compensated at the tax-deductible rate. At 31 December 2009, the current account (interests included) amounts to €9,803,780 to the benefit of your company. The interest income was €441,924 for FY 2009.

Paris and Paris-La Défense, April 16, 2010

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit  
Patrick Cassoux

## 9.4 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

To the Shareholders,

In our capacity as statutory auditors of Etablissements Maurel & Prom, and in accordance with article L. 225-235 of the French Commercial Code, we hereby 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 year ended December 31, 2009.

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 role is to:

- report on any matters as 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,
- 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 work in accordance with professional standards applicable in France.

### Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness 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. These procedures consist mainly in:

- 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 of the existing documentation;
- 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.

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 confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code.

Paris and Paris-La Défense, April 16, 2010

The Statutory Auditors

Daniel de BEAUREPAIRE

ERNST & YOUNG Audit  
Patrick Cassoux

## 9.5 STATUTORY AUDITOR'S FEES

In thousands of euros	ERNST & YOUNG				DANIEL DE BEAUREPAIRE			
	Amount		%		Amount		%	
	2009	2008	2009	2008	2009	2008	2009	2009
<b>AUDIT</b>								
* Auditing, certification, examination of individual and consolidated balance sheets:								
<i>Issuer (*)</i>	742	1 140	68%	85%	238	322	55%	69%
<i>Globally Integrated subsidiaries</i>	158	181	10%	13%	156	145	36%	31%
* Other measures and services directly related to the Statutory Auditor's commission:								
<i>Issuer (*)</i>	288	22	13%	2%	96	-	9%	-
<i>Globally Integrated subsidiaries</i>	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>1,188</b>	<b>1,343</b>	<b>91%</b>	<b>100%</b>	<b>490</b>	<b>467</b>	<b>100%</b>	<b>100%</b>
Other services rendered via the networks to the globally integrated subsidiaries								
* Legal, tax, corporate	98	-	9 %	-	-	-	-	-
* Other (specify whether > 10% of the audit fees)	-	-	-	-	-	1	-	-
<b>TOTAL</b>	<b>1,286</b>	<b>1,343</b>	<b>100%</b>	<b>100%</b>	<b>490</b>	<b>468</b>	<b>100%</b>	<b>100%</b>

(\*) In 2008, VAT amount, as the issuer did not have any taxable activities in France.

## 9.6 FINANCIAL STATEMENTS FOR THE LAST FIVE FINANCIAL YEARS OF THE COMPANY MAUREL & PROM

Expressed in Euros	2005	2006	2007	2008	2009
<b>I - CAPITAL AT THE END OF FISCAL YEAR</b>					
a) <i>Share capital</i>	89,502,157	92,545,997	92,811,116	92,838,751	93,364,249
b) <i>Number of shares authorized issue and outstanding</i>	116,236,567	120,189,607	120,533,917	120,569,807	121,252,271
<b>II - FINANCIAL DATA AND EARNINGS FOR THE FISCAL YEAR</b>					
a) <i>Net sales</i>	354,141,755	522,707,361	10,651,294	31,933,297	12,279,500
b) <i>Earnings before income tax, depreciation and provisions</i>	203,198,825	340,921,399	726,595,079	158,738,229	-30,330,400
c) <i>Income tax</i>	66,491,974	151,800,713	33,750	392,864	-42,260
d) <i>Earnings after income tax, depreciation and provisions</i>	76,214,850	132,107,460	567,641,365	-41,701,817	143,466,435
e) <i>Amount of dividends distributed</i>	16,626,528	38,273,750	143,737,717	137,080,246	40,044,276
<b>III - EARNINGS PER SHARE</b>					
a) <i>Earnings after income tax and before depreciation and provisions</i>	1.176	1.574	6.028	1.313	-0.250
b) <i>Earnings after income tax, depreciation and provisions</i>	0.66	1.10	4.71	-0.35	1.18
c) <i>Net dividend paid per share</i>	0.15	0.33	1.20	1.20	0.35
<b>IV - SOCIAL INFORMATION</b>					
a) <i>Staff number</i>	44	54	55	49	46
b) <i>Total amount of gross wages and salaries</i>	4,304,293	9,632,249	5,532,965	9,058,911	7,304,867
c) <i>Amounts expensed for social costs (social security and other contributions)</i>	7,176,726	5,646,671	4,026,765	3,533,604	3,461,980



## 9.7 TEXT OF PROPOSED RESOLUTIONS

### PROPOSED RESOLUTIONS TO BE PRESENTED AT THE ANNUAL MIXED GENERAL MEETING OF 20 MAY 2010

#### ORDINARY GENERAL MEETING

Approval of the company financial statements for the year ended 31 December 2009

Approval of the consolidated financial statements for the year ended 31 December 2009

Allocation of the earnings of the year ended 31 December 2009 and distribution of the dividend

Approval of agreements subject to the provisions of Article L. 225-38 of the French Commercial Code

Attendance fees allocated to the Board of Directors

Renewal and ratification of appointed board members

Authorisation to allow the Board of Directors to purchase, hold and sell Company shares

Extraordinary General Meeting

Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, maintaining shareholders' preferential subscription rights.

Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights under a public offer.

Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of existing shareholders' preferential subscription rights under the offers described in Article L. 411-2 section II of the French Monetary and Financial Code.

Delegation of authority to the Board of Directors, in the event of an issue, with removal of shareholders' preferential subscription rights, of Company stock and securities conferring access to equity shares, to set the issue price in accordance with the conditions set by the General Meeting.

Delegation of authority to the Board of Directors, in the event of capital increase with or without removal of shareholders' preferential subscription rights, to increase the number of shares to be issued.

Delegation of authority to the Board of Directors to issue shares and securities conferring access to capital in the event of a public exchange offering initiated by the Company.

Authorisation to the Board of Directors to issue shares and securities conferring access to shares, with a view to compensate in-kind contributions granted to the Company in the form of shares or securities conferring access to capital.

Delegation of authority to the Board of Directors to increase the Company's share capital by incorporating reserves, profits or premiums.

Delegation of authority to the Board of Directors to issue transferable securities conferring access to the allocation of debt securities.

Authorisation to the Board of Directors to allocate free Company shares to employees and/or corporate officers.

Delegation of authority to the Board of Directors to increase the capital reserved for employees who are members of the Company Savings Plan.

Delegation of authority to the Board of Directors to reduce capital by cancelling shares.

Amendments to the Articles of Incorporation

Powers of attorney for legal formalities.

#### ORDINARY GENERAL MEETING

##### FIRST RESOLUTION

*(Approval of the corporate financial statements for the year ended 31 December 2009) .*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Management Report of the Board of Directors and the Report of the Statutory Auditors on the company financial statements, approves the company accounts for the year ended at 31 December 2009, including the balance sheet, the income statement and the annexes, as submitted, as well as the transactions reflected in these statements and summarised in the reports.

The General Meeting approves the profits for the year 2009 at €143,466,435.30.

The General Meeting discharges the members of the Board of Directors from further responsibilities for their duties on the Board for the year ended at 31 December 2009.

It also discharges the Statutory Auditors from further responsibility for the performance of their duties.

## SECOND RESOLUTION

*(Approval of the consolidated financial statements for the year ended 31 December 2009).*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Management Report of the Board of Directors and the Report of the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2009, as submitted, as well as the transactions reflected in these statements and summarised in these reports.

## THIRD RESOLUTION

*(Allocation of the earnings of the year ended 31 December 2009 and distribution of the dividend) .*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Management Report of the Board of Directors and the Report of the Statutory Auditors on the company financial statements for the year,

- (i) notes that the profits in the period amount to €143,466,435.30,
- (ii) decides to withhold an amount of €55,313.47 from these profits, for allocation to the legal reserve,
- (iii) notes that the distributable profits amount to €542,077,145.83,

- (iv) decides to pay a dividend to shareholders in the amount of €0.10 per share, for a total amount of €12,125,227.10 (based on the number of shares composing the Company's capital at 31 December 2009), and to allocate the balance of the distributable profits to the item "Retained earnings".

The dividend will be paid on June 2, 2010.

In compliance with the law, the shares that shall be held by the Company on the dividend payment date are not subject to any entitlements.

The General Meeting decides to give full powers to the Board of Directors to determine, in consideration of the number of shares held by the Company on the date of payment of the dividend and, if necessary, of the number of immediately available new shares that would be created between 1 January 2010 and the date of dividend payment, the overall amount of the dividend and the amount of the balance of the distributable profits that shall be allocated in the item "Retained earnings".

The entire amount of distributed earnings will entitle the individual investors who are domiciled in France for tax purposes to a 40% allowance mentioned in point 2° of section 3 of Article 158 of the French General Tax Code, except for the option for the final payment provided by Article 117 quater of the French General Tax Code.

In compliance with Article 243 bis of the General Tax Code, the dividends paid in the three preceding periods were as follows:

Years	2006(*)	2007 (*)	2008(*)
Amount per share	€1.20	€1,20	€0,35
<b>TOTAL AMOUNT</b>	<b>€143,737,717.20</b>	<b>€ 137,080,245.60</b>	<b>€40,044,275.60</b>

(\*) For some taxpayers, the dividend was eligible for the 40% allowance as per Article 158-3 of the General Tax Code.

## FOURTH RESOLUTION

*(Approval of agreements subject to the provisions of Article L. 225-38 of the French Commercial Code) .*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Special Report of the Statutory Auditors on the agreements subject to the provisions of Article L. 225-38 of the French Commercial Code for the year ended 31 December 2009, records the conclusions of this report and approves the agreements mentioned therein.

## FIFTH RESOLUTION

*(Attendance fees allocated to the Board of Directors).*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Management Report of the board of directors, decides to set at €450,000 the overall annual amount to be distributed to the members of the Board of Directors as attendance fees for the year 2010.



**SIXTH RESOLUTION**

*(Renewal of Mr Jean-François Henin's term on the Board of Directors).*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the Management Report of the Board of Directors, decides to renew the term of Mr Jean François Hénin for a period of three years ending at the conclusion of the General Meeting of shareholders called to approve the financial statements for the period ended 31 December 2012.

**SEVENTH RESOLUTION**

*(Renewal of Roland d'Hauteville's term on the Board of Directors).*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the report of the Board of Directors, decides to renew the term of Mr Roland d'Hauteville for a period of three years ending at the conclusion of the General Meeting of shareholders called to approve the financial statements for the year ended 31 December 2012.

**EIGHTH RESOLUTION**

*(Renewal of Mr Emmanuel de Marion de Glatigny's term on the Board of Directors).*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, after consideration of the report of the Board of Directors, decides to renew the term of Mr Emmanuel de Marion de Glatigny for a period of three years ending at the conclusion of the General Meeting of shareholders called to approve the financial statements for the year ended 31 December 2012.

**NINTH RESOLUTION**

*(Ratification of the appointment of a board member to replace a resigning member)*

The General Meeting, in compliance with the quorum and majority required for ordinary General Meetings, ratifies the appointment of Mr Ambrosie Bryant Chukwueloka Orjiako as a director by the Board of Directors at its meeting of 31 March 2010 to replace Alain Gomez, who is resigning. The General Meeting notes that Mr Ambrosie Bryant Chukwueloka Orjiako has been appointed for the time remaining in the term of his predecessor, i.e., until the General Meeting of shareholders called to approve the financial Statements of period ended 31 December 2011.

**TENTH RESOLUTION**

*(Authorisation to allow the board of directors to purchase, hold and sell Company shares).*

The General Meeting, in compliance with the quorum and majority required for ordinary general shareholders' meetings, after consideration of the report of the Board of Directors,

1) hereby ends, with immediate effect, for the unused portion, the authority granted by the combined ordinary and extraordinary General Meeting of 24 February 2009 in its First Resolution, to purchase Company shares,

2°) authorises the Board of Directors, in compliance with Articles L.225-209 et seq. of the French Commercial Code, to purchase Company shares, within the limit of a number of shares representing 10% of share capital existing on the day of this meeting (provided that when the shares are repurchased to promote liquidity in the conditions mentioned hereinafter, the number of shares used to calculate the 10% limit corresponds to the number of shares purchased, deducting the number of shares re-sold during the time of this authorisation), in the following conditions:

- the maximum purchase price may not exceed 18 euros per share, although this price may be adjusted in the event of capital transactions such as incorporation of reserves followed by the creation and allocation of bonus shares and/or the splitting or consolidating of shares;
- the maximum amount for in the repurchase program is €168 M;
- this authorisation is valid for 18 months;
- the purchases made by the Company under this authorisation may under no circumstances cause the Company to hold directly or indirectly, at any time, more than 10% of the share capital at the date under consideration;
- the acquisition, sale or transfer of shares may be conducted, including as part of a public offering of Company shares provided such offer is settled fully in cash, by any means; specifically, on regulated markets, multinational trading platforms or over-the-counter systems, including when purchased or sold in blocks, or through derivative financial instruments traded on regulated markets, multilateral trading platforms or over-the-counter systems, provided that such transactions comply with the law and regulations in force on the date of the trade concerned and fall within the time periods confirmed by the Board of Directors or by the person authorised to act on the Board's behalf.

Shares may be purchased for allocation in any manner permitted by law or regulation, the aims of this repurchase plan being:

- (i) to honour obligations under stock 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 free or bonus share plan for employees under the terms governed by law, in particular Article L.3331-1 et seq. of the French Labour Code (including any sale of shares governed by Article L.3332-24 of the French Labour Code), or (c) any stock option plan or bonus share allocation plan for employees and corporate officers or for a subset of them;
- (ii) to honour obligations relating to negotiable securities conferring access to Company shares, by any means, immediately or in the future, (including any hedging up to the amount of the Company bonds attached to these negotiable securities);
- (iii) to ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with an ethics charter recognised by the French financial markets authority,
- (iv) to hold shares to subsequently use in exchange or payment as part of any external growth transactions;
- (v) to reduce Company capital pursuant to resolution twenty-two proposed at this General Meeting, subject to the resolution being adopted.

The General Meeting gives full authority to the Board of Directors to determine and carry out the implementation of this authorisation, to specify the terms and procedures for this implementation, to execute any market transaction, sign any agreement, prepare information documents, carry out any formalities, including allocation or reallocation of any shares purchased for any purpose, and to file any statement with any agency, and generally to do everything necessary.

The Board of Directors may delegate to the Chief Executive Officer the necessary authority to execute the operations in this resolution.

## EXTRAORDINARY MEETING

### ELEVENTH RESOLUTION

*(Delegation of authority to the Board of Directors to issue Company stock and securities conferring access to the capital of the Company or of one of its subsidiaries, maintaining shareholders' preferential subscription rights).*

The General Meeting, in compliance with the quorum and majority required for extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the statutory auditors, and in accordance with Articles L.225-129 et seq. of the French Commercial Code, in particular Article 225-129-2

and Articles L.228-91 of the Code, hereby,

- 1) end with immediate effect the delegation conferred in the combined ordinary and extraordinary General Meeting of 24 February 2009 in its second resolution for the unused portion thereof, and,
- 2°) delegates the authority to the Board of Directors, for 26 months starting from the day of this meeting, its authority to decide upon the issue, maintaining shareholders' preferential subscription right, (i) of Company shares, (ii) of transferable securities giving access by all means, immediately or in the future, to existing shares or shares to be issued by the Company (iii) of transferable securities giving access, by all means, immediately or in the future, to existing shares or shares to be issued of which the Company possesses directly or indirectly more than half of the capital (the "Subsidiary"), which may be subscribed either in cash or through the setting off of claims.

Issues of preferential shares and transferable securities giving immediate or future access to preferential shares are expressly excluded.

The ceiling of the Company's nominal capital increase amount, immediately or in the future, resulting from all the issues made by virtue of this delegation is set at €50 M, provided that this ceiling applies to all issues likely to be performed by virtue of the eleventh to seventeenth resolutions proposed at this meeting and that consequently the nominal amount of the capital increases by virtue of the eleventh to seventeenth resolutions cannot exceed this ceiling. To this ceiling will be added the nominal amount of the Company's shares to be issued, if any, as adjustments made to protect the holders of rights attached to the transferable securities giving access to shares.

The transferable securities giving access to Company shares or shares of a Subsidiary thus issued could consist in debt securities or be associated with the issue of such securities, or yet allow them to be issued as intermediary securities. They may take the form of subordinated or unsubordinated securities with a fixed or indefinite term, and be issued either in euros, or in other currencies, or in any monetary units established by reference to several currencies. The nominal amount of debt securities thus issued cannot exceed €600 M or their equivalent value on the date of the decision to issue, provided (i) that this amount does not include the repayment premium or premiums above parity, if such was specified and (ii) that this amount applies to all debt securities whose issue is authorised by the eleventh to seventeenth resolutions submitted to this meeting and that consequently the nominal amount of the debt securities made by virtue of the eleventh to seventeenth resolutions cannot exceed this ceiling.

The duration of borrowings (giving access to the Company's shares or shares of a Subsidiary) other than those that would be represented by securities of indefinite duration, cannot exceed 50 years. The borrowings (giving access to the Company's shares or shares of a Subsidiary) may be accompanied by a fixed-rate interest and/or variable interest rate or even with capitalisation, and may be repaid, with or without premium, or be depreciated, and the securities moreover may be repurchased on the market, or purchased or exchanged by the Company. The securities issued may, if necessary, be accompanied by warrants giving rights to allocation, acquisition or subscription for bonds or other transferable securities representing debts, or allow the Company to issue debt securities (similar or not) in payment of interest whose payment would have been suspended by the Company.

The shareholders have, in proportion to the amount of their shares, a preferential subscription right to shares and transferable securities issued by virtue of this resolution. The Board of Directors may establish a subscription right, on a revocable basis, for shares and transferable securities issued, that will be exercised in proportion to their subscription rights and within the limit of their demands.

If the irrevocable subscription rights, and any revocable subscription rights, have not absorbed the entire issue, the Board of Directors may use, in the order it deems necessary, the facilities provided for hereinafter or certain of such rights: (i) limit the issue to the amount of the subscriptions received under the condition that it reaches at least three fourths of the issue decided, (ii) freely distribute all or part of the unsubscribed securities, or (iii) offer to the public all or part of the unsubscribed securities, on the French and/or international and/or foreign markets.

The General Meeting notes that this delegation includes shareholders' renunciation of their preferential subscription rights to Company's shares to which the transferable securities that would be issued on the basis of the present delegation could give entitlement.

The General Meeting decides that the issue of subscription warrants for shares of the Company could be made by subscription offer, but also by free allocation to holders of older shares and, in the case of allocation of bonus or free subscription warrants, the board of directors will be allowed to decide that the fractional allocation rights shall not be transferable and that the corresponding securities shall be sold.

The Board of Directors will decide upon the characteristics, the amount and the procedures of any issue as well as the securities issued. In particular, it shall determine the class of securities issued and shall set their subscription price, with or without premium, the procedures for their release, their date of availability, retroactive if necessary,

or the procedures for exercising the rights attached to the securities issued (if any, rights to convert, exchange, redeem, including by presenting assets such as transferable securities already issued by the Company of a Subsidiary). The Board of Directors may, if necessary, amend the procedures of the securities issued or to be issued by virtue of this resolution, for the lifetime of the securities concerned in respect of applicable formalities. The Board of Directors may also, if necessary, make any adjustments to take into consideration any transactions on the Company's capital, in particular in the case of amendment of par value of shares, capital increases by incorporation of reserves, allocation of free or bonus shares, splitting or consolidating of shares, distribution of reserves or of any other assets, capital depreciation, or of any other transaction on the capital (including any changes in the control of the Company) or on the equity capital, and determine the procedures by which the preservation of the rights of the holders of transferable securities giving access to the capital shall be enabled if necessary.

The Board of Directors shall have full authority to implement this resolution, in particular by signing any agreement to this end, in particular for successful implementation of any issue, to carry out in one or more times, in the proportions and at the times it wishes, in France and/or, if necessary, abroad and/or on the international market, the above-mentioned issues – as well as, if necessary, to suspend them – to record their completion and make correlated amendments to the Articles of Association, as well as to carry out any formalities and declarations, and seek any authorisations necessary for the execution and success of these issues.

The Board of Directors may, to the extent that will have previously set, delegate to the Chief Executive Officer the authority that is given to it under this resolution.

## TWELFTH RESOLUTION

*(Delegation of authority to the Board of Directors to issue Company stock and securities giving access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights under a public offer).*

The General Meeting, acting with the quorum and majority required for extraordinary General Meetings, having considered the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with Articles L.225-129 et seq. of the French Commercial Code, in particular Articles L.225-129-2, L.225-135 and L.225-136 of said Code, and Articles L.228-91 et seq. of the Code, delegates authority to the Board of Directors, for 26 months starting from the day of this meeting, to decide upon the issue via public offering (i) of Company shares, (ii) of

transferable securities giving access by all means, immediately or in the future, to existing shares or shares to be issued by the Company (iii) of transferable securities giving access, by all means, immediately or in the future, to existing shares or shares to be issued of which the Company owns directly or indirectly more than half of the capital (the "Subsidiary"), of which the subscription made be conducted either in cash or through the setting off of claims.

The public offerings made by virtue of this resolution, may be combined, as part of the same or several issues made concurrently, with offerings falling within the provisions of part II of Article L. 11-2 of the French Monetary and Financial Code made in application of the Thirteenth Resolution submitted to this General Meeting.

The General Meeting decides to eliminate the shareholders' preferential subscription right to these shares and transferable securities, to be issued via public offerings in the conditions stipulated in this resolution.

The ceiling of the Company's nominal capital increase amount, immediately or in the future, resulting from all the issues made by virtue of this delegation is set at 25 million euros, provided that this ceiling applies to all issues likely to be made by virtue of the twelfth, thirteenth, sixteenth and seventeenth resolutions proposed at this meeting and that consequently the nominal amount of the capital increases by virtue of the twelfth, thirteenth, sixteenth and seventeenth resolutions cannot exceed this ceiling. To this ceiling set by this resolution will be added the nominal amount of the Company's shares to be issued, if any, as adjustments made to protect the holders of entitlements to the transferable securities giving access to shares.

The transferable securities giving access to Company shares or shares of a Subsidiary thus issued could consist in debt securities or be associated with the issue of such securities, or yet to allow the issue as intermediary securities. The provisions concerning the same kind of transferrable securities that may be issued on the basis of the eleventh resolution presented to this meeting will apply to their issue, during their existence, and to their access to shares, for their redemption or their amortisation. The nominal amount of debt securities thus issued cannot exceed €350 M or their equivalent value on the date of the decision to issue such securities, provided that (i) this amount does not include the premium or premiums of redemption above parity, if such was specified and (ii) that this amount applies to all debt securities whose issue is authorised by the twelfth, thirteenth, sixteenth and seventeenth resolutions presented at this meeting and that consequently the nominal amount of the debt securities made by virtue of the twelfth, thirteenth, sixteenth and seventeenth resolutions cannot exceed this ceiling.

The Board of Directors can institute, for shareholders, an irrevocable and possibly revocable preferential right, over all or part of the issue, to subscribe shares or the transferable securities, the terms and conditions of which it will set within legal and regulatory conditions, without creating transferable rights.

If the subscriptions, including, if any, those of the shareholders, have not absorbed the totality of the issue, the Board of Directors could limit the amount of the transaction to the amount of subscriptions under the condition that it reaches at least three fourths of the issue decided.

The General Meeting notes that this delegation includes shareholders waiving their preferential subscription right to Company's shares to which the transferable securities that would be issued on the basis of this delegation could give the rights.

The Board of Directors will decide upon the characteristics, the amount and the procedures of any issue as well as of the securities issued. In particular, it shall determine the class of securities issued and shall set their subscription price, with or without premium, their date of availability possibly retroactive, as well as, if necessary, the duration, or the procedures for exercising the rights attached to the securities issued (if any, rights to convert, exchange, redeem, including by presenting assets such as transferable securities already issued by the Company of a Subsidiary); it may, if necessary, amend the procedures for the securities issued or to be issued by virtue of this resolution, for the lifetime of the securities concerned in respect of applicable formalities; it may also, if necessary, make any adjustments to take into consideration transactions on the Company's capital, in particular changing the share's par value, increasing capital by incorporating reserves, allocating free or bonus shares, splitting or consolidating shares, distributing reserves or any other assets, depreciating capital, or any other transaction on the capital (including any changes in the control of the Company) or on the equity capital, and to set the conditions, if necessary, for preserving the rights of the holders of transferable securities giving access to capital;

provided that:

- a) the issue price of shares shall be at least equal to the minimum amount stipulated by laws and regulations in effect at the time this delegation is used, after correction, if any, of this amount to account for the difference in the date of availability;
- b) the issue price of shares shall be such that the amount immediately received by the Company or, in the case of the issue of transferable securities giving access to the shares of a Subsidiary, by the Subsidiary, plus, if necessary, the amount that may be received later by the Company or by the

Subsidiary, as the case may be, is, for each share of these transferable securities issued, at least equal to the amount specified in paragraph “a” above.

The Board of Directors shall have full authority to implement this resolution, in particular by signing any agreement to this end, in particular for the successful implementation of any issue, and to carry out one the aforementioned issues on one or more occasions, in the proportions and at the times it wishes, in France and/or, if necessary, abroad and/or on the international market, – as well as, if necessary, to suspend them – to record their completion and make correlated amendments to the Articles of Association, as well as to carry out any formalities and declarations, and seek any authorisations necessary for the execution and success of these issues.

The Board of Directors may, within the limits it will have previously set, delegate the authority to the Chief Executive Officer that is given to it under this resolution.

The General Meeting hereby ends the unused portion, effective immediately of the authorisation given by the combined ordinary and extraordinary General Meeting of 18 June 2009 in its ninth resolution.

### THIRTEENTH RESOLUTION

*(Delegation of authority to the Board of Directors to issues shares of stock in the Company and securities giving rights to shares of the Company or one of its subsidiaries, eliminating shareholders’ preferential subscription rights in the offerings falling within the provisions of Section II of Article L. 411-2 of the Monetary and Finance Code).*

The shareholders’ meeting, acting with the quorum and majority required for extraordinary shareholders’ meeting, after a reading of the report from the Board of Directors and the special report of the auditors, and pursuant to Articles L.225-129 et seq. of the Commercial Code, in particular Articles L.225-129-2, L.225-135 and L.225-136 of said Code, and Articles L.228-91 et seq. of said Code, hereby delegate to the Board of Directors, for a period of 26 months from the date of this meeting, authority to decide to issue through the offerings falling within the provisions of Section II of Article L. 411-2 of the Monetary and Finance Code (i) shares of stock in the Company, (ii) securities giving access by any and all means, immediately or in the future, to existing shares or shares of the Company to be issued, and (iii) securities giving access by any and all means, immediately or in the future, to existing shares or shares to be issued in a company in which the Company directly or indirectly holds more than half the capital (the “Subsidiary”), subscription of which may be in cash or through set-off claims.

The offerings falling within the provisions of Section II of

Article L. 411-2 of the Monetary and Finance Code completed under this resolution may be combined, in the context of a single issue or several issues executed simultaneously, with public offerings completed pursuant to the twelfth resolution submitted to this shareholders’ meeting.

The shareholders’ meeting hereby eliminates the preferential subscription right of shareholders to such shares and securities to be issued through the offerings falling within the provisions of Section II of Article L. 411-2 of the Monetary and Finance Code under the conditions set forth in this resolution.

The ceiling on the nominal amount of an immediate or future capital increase for the Company resulting from all the issues completed under this authority is set at €25 M. The ceiling set by this resolution will be increased by the nominal amount of the Company’s shares to be issued, if any, for the adjustments made to protect the holders of rights attached to the securities giving rights to shares. It is specified that, in any event, the nominal amount of the capital increases completed under this resolution may not exceed 20% of the share capital per year pursuant to the law.

The securities giving rights to shares of the Company or of a Subsidiary thus issued may consist of debt securities or be combined with the issue of such securities, or allow the issuance of such securities as intermediate securities. The provisions governing the securities of the same type that may be issued under the eleventh resolution above shall apply to their issuance, during their existence or access to shares, their redemption or amortisation. The nominal amount of the debt securities so issued may not exceed €350 M or the equivalent value on the date of the issue decision; it is specified that this amount does not include the redemption premiums above par if stipulated.

If subscriptions have not covered the entire issue, the Board of Directors may limit the amount of the operation to the amount of the subscription, provided this amount equals at least three-fourths of the issue decided.

The shareholders’ meeting formally notes that this authority implies a waiver by shareholders of their preferential subscription rights to the shares of the Company to which the securities to be issued pursuant to this authority may entitle them.

The Board of Directors shall establish the features, amount and conditions of any issue and the securities issued. In particular, it shall determine the class of securities issued and set the subscription price, with or without premium, their availability date which may be retroactive, and, as applicable, the duration, conditions for exercising the rights attached to the securities

issued (as applicable, rights to conversion, exchange, redemption, including through the remittal of assets such as securities already issued by the Company or a Subsidiary); the Board may, as applicable, modify the conditions of the securities issued or to be issued under this resolution during the life of the securities in question and in compliance with the applicable formalities; it may also, as applicable, make all adjustments intended to take into consideration the impact of operations on the Company's capital, including a change in the par value of the share, a capital increase through capitalisation of reserves, a bonus share allotment, a stock split or consolidation, a distribution of reserves or any other assets, amortisation of capital, or any other capital operation (including any changes in control of the Company) or operation on shareholders' equity, and it may define the conditions, if any, under which the rights of holders of securities giving rights to capital shall be protected;

it is specified that:

- a) the issue price of the shares shall be at least equal to the minimum amount stipulated by the laws and regulations in force at the time this authority is used, after any correction of this amount to take into account the difference in the available date;
- b) the issue price of the securities shall be such that the sum immediately collected by the Company or, by the Subsidiary in the event of an issue of securities giving rights to shares of the Subsidiary plus, if applicable, the sum that may be subsequently collected by the Company or the Subsidiary which shall be, for each share issued as a result of the issuance of these securities, at least equal to the amount stipulated in paragraph "a)" above.

The Board of Directors shall have all powers to implement this resolution, including entering into any agreement for this purpose, particularly for the successful completion of any issue, and shall conduct the aforementioned issues, on one or more occasions, in the proportion and at the times it deems appropriate, and as applicable, postpone it, and verify completion and amend the bylaws accordingly and complete all formalities and filings, and request all authorisations that may be necessary to complete said issues successfully.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

The shareholders' meeting terminates, effective immediately and for the unused fraction, the authority granted by the eleventh resolution of the combined ordinary and extraordinary shareholders' meeting of June 18, 2009.

#### FOURTEENTH RESOLUTION

*(Authority granted to the Board of Directors to set the issue price in accordance with the conditions defined by the Meeting in the case of an issue of shares or securities giving rights to shares and eliminating the preferential subscription rights of shareholders) .*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Article L.225-136 of the Commercial Code, hereby authorises the Board of Directors, for a period of 26 months from the date of this meeting, and for each of the issues approved under the twelfth and thirteenth resolutions submitted to this meeting, and subject to compliance with the ceiling stipulated in the resolution governing the issue, up to a maximum of 10% of the capital of the Company (as the capital exists on the date of this meeting) for each 12-month period, to deviate from the conditions for setting the price stipulated in the aforementioned resolutions and to set the issue price of the shares and/or securities issued in accordance with the following conditions:

- a) the issue price of the shares will be at least equal to the closing price of the Company's share on the Euronext Paris market during the last trading session prior to the date the price is set, possibly decreased by a maximum discount of 10%;
- b) the issue price of the securities shall be such that the sum immediately collected by the Company plus, if applicable, the sum that may be subsequently collected by the Company, is, for each share issued as a result of the issuance of these securities, at least equal to the amount stipulated in paragraph "a)" above.

The total nominal amount of a capital increase of the Company resulting from the issues executed under this authority shall be charged against the capital increase ceiling stipulated in the resolution pursuant to which the issue has been decided.

The nominal amount of the debt securities of the Company resulting from the issues executed under this authority shall be charged against the ceiling for debt securities provided in the resolution pursuant to which the issue has been decided.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

The shareholders' meeting ends, effective immediately and for the unused portion, the authorities granted by the tenth and twelfth Resolutions of the combined ordinary and extraordinary shareholders' meeting of June 18, 2009.

## FIFTEENTH RESOLUTION

*(Authority to the board of directors to increase the number of securities to be issued in the case of a capital increase with or without elimination of shareholders' preferential subscription rights).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Article L.225-135-1 of the Commercial Code, hereby authorises the Board of Directors, for a period of 26 months from the date of this meeting, to decide, within the deadlines and limits provided by the laws and regulations applicable on the date of the issue (as of this date, within thirty days from the close of subscriptions, up to a maximum of 15% of the initial issue and at the same price as the price decided for the initial issue), for each of the issues decided pursuant to the preceding eleventh, twelfth, thirteenth and fourteenth resolutions, an increase in the number of securities to be issued, subject to compliance with the ceiling stipulated in the resolution under which said issue was decided.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

The shareholders' meeting ends, effective immediately and for the unused fraction, the authority granted by the thirteenth resolution of the combined ordinary and extraordinary shareholders' meeting of June 18, 2009.

## SIXTEENTH RESOLUTION

*(Delegation of authority to the Board of Directors to issue shares and securities giving rights to shares in the case of a public exchange offer initiated by the Company).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Articles L.225-129 et seq. of the Commercial Code, in particular Articles L. 225-129-2 and L.225-148 of said Code, and Articles L. 228-91 et seq. of said Code, hereby authorises the Board of Directors, for a period of 26 months from the date of this meeting to decide, on the basis and under the conditions provided in the twelfth resolution above, an issue of shares of the Company or of securities giving rights by all means, immediately and/or in the future, to existing shares of the Company or shares to be issued, in consideration for the securities tendered in a public exchange offer initiated in France or abroad, pursuant to local rules, by the Company for securities of a company whose shares are listed for trading on one of the regulated markets described in the aforementioned Article L.225-148 (including shares of the Company)

and decide, as needed, to eliminate the preferential subscription rights of shareholders to said shares and securities in favor of the holders of said securities.

The shareholders' meeting notes that this authority implies a waiver by shareholders of their preferential subscription rights to the shares of the Company to which the securities to be issued pursuant to this authority may entitle them.

The ceiling on the nominal amount of an immediate or future capital increase resulting from all the issues completed under this authority is set at €25 M. It is specified that this ceiling is set without taking into consideration the nominal value of the shares of the Company to be issued, if applicable, for the adjustments made to protect the holders of rights attached to the securities giving rights to shares of the Company.

The shareholders' meeting grants the Board of Directors all powers to implement the public offers described in this resolution, including the powers to:

- set the exchange parity as well as any amount of the cash balance to be paid;
- validate the number of securities tendered in the exchange;
- determine the date, issue conditions, including price and ex-dividend date, of the new shares or, if applicable, securities giving immediate and/or future rights to shares of the Company and, if applicable, to change the conditions of the securities issued or to be issued under this resolution, during the life of the securities in question, and in compliance with the applicable formalities;
- to recognize on the liability side of the balance sheet a "contribution premium" account to which all shareholders shall have rights, showing the difference between the issue price of the new shares and their par value;
- to charge against said "contribution premium" all costs and taxes incurred by the authorised operation;
- to generally take all useful measures and sign all agreements to complete the authorised operations, record the resulting capital increase or increases and amend the bylaws accordingly.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

The shareholders' meeting ends, effective immediately and for the unused fraction, the authority granted by the sixth resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009.

## SEVENTEENTH RESOLUTION

*(Authority granted to the Board of Directors to issue shares and securities giving rights to shares in order to remunerate in-kind contributions made to the Company and composed of equity securities or securities giving rights to capital).*

The shareholders meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Article L.225-147 of the Commercial Code:

- 1°) terminates, effective immediately, for the unused portion, the authority granted by the seventh resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009; and
- 2°) hereby delegates to the Board of Directors, for a period of 26 months from the date of this meeting, the powers to issue, on the report of the auditor or auditors cited in paragraphs 1 and 2 of said Article L.225-147, shares of the Company or securities giving rights by all means, immediately and/or in the future, to existing shares or shares of the Company to be issued in order to remunerate in-kind contributions made to the Company, and consisting of equity securities or securities giving rights to capital, when the provisions of Article L.225-148 of the Commercial Code do not apply and decides, as needed, to eliminate the preferential rights of shareholders to the shares and securities so issued in favor of the holders of the equity securities or securities forming the contributions in kind.

The ceiling on the total nominal amount of the immediate and/or future capital increase resulting from all the issues executed under this authority is set at 10% of the capital of the Company (as it exists on the date of this meeting).

The shareholders' meeting formally notes that this authority implies a waiver by shareholders of their preferential subscription rights to the shares to which the securities to be issued under this authority may entitle them.

The Board of Directors shall have all powers to implement this resolution, including to decide, on the basis of the report of the auditor or auditors provided in paragraphs 1 and 2 of said Article L.225-147, on the valuation of the contributions and the grant of specific advantages, note the definitive execution of the capital increases performed under this authority, amend the bylaws accordingly, complete all formalities and filings, and request all authorisations that may be necessary to complete these contributions.

Within the limits it has previously set, the Board of

Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

## EIGHTEENTH RESOLUTION

*(Delegation of authority to the Board of Directors to increase the capital of the Company through the capitalisation of reserves, profits or premiums).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors, and voting in accordance with Articles L.225-129-2 and L.225-130 of the Commercial Code:

- 1°) terminates, effective immediately, the unused portion of the authority granted by the eighth resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009; and
- 2°) delegates to the Board of Directors, for a period of 26 months from the date of this meeting, its authority to decide to increase the share capital, on one or more occasions, at the times and under the conditions it shall define, through the capitalisation of reserves, profits or premiums, followed by the creation and allotment of bonus shares or an increase in the par value of the existing shares, or a combination of the two.

The meeting delegates to the Board of Directors the power to decide that fractional rights shall not be negotiable or assignable, and that the corresponding securities shall be sold; the sum from the sale shall be allocated to the holders of the rights within the period provided by regulation.

The ceiling on the nominal amount of an immediate or future capital increase resulting from all the issues executed under this authority is set at €100 M; it is specified that this ceiling is set without including the nominal value of the shares of the Company to be issued, if necessary, for the adjustments made to protect the holders of rights attached to the securities giving rights to shares.

The Board of Directors shall have all power to implement this resolution and, generally, to take all measures and complete all formalities required for the execution of each capital increase.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

## NINETEENTH RESOLUTION

*(Delegation of authority to the Board of Directors to issue securities giving the right to the allotment of debt securities).*



The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Articles L.225-129 to L.225-129-6 and L.228-91 et seq. of the Commercial Code, hereby delegates its authority to the Board of Directors to decide on the issue, on one or more occasions, in France, abroad and/or on the international market, of all securities, other than shares, which give the right to an immediate or future allotment of debt securities, such as bonds, related securities, fixed-term and undated subordinated securities or all other securities in the same issue granting the same right of claim against the Company.

The nominal amount of all the securities to be issued as cited above may not exceed €250 M, or the equivalent value of this amount in currencies or any monetary unit established by reference to several currencies; it is stipulated that this maximum nominal amount shall generally apply to debt securities to which the securities may give immediate or future allotment rights, but that this same amount does not include the redemption premiums above par, if any are provided for.

This authority is granted for a period of 26 months from the date of this meeting.

The Board of Directors shall have all powers to:

- executed said issues within the limits defined above, and to determine the date, type, amounts and currency of issue;
- define the features of the securities to be issued and of the debt securities to which the securities would give allotment rights, particularly their par value and available date, the issue price and premium, if any, the interest rate, fixed and/or variable, the payment date, or in the case of variable rate securities, the conditions for determining their interest rate, or the conditions for capitalisation of the interest;
- defined, based on market conditions, the conditions for amortisation and/or early redemption of the securities to be issued and of the debt securities to which the securities would give an allotment right, if applicable, with a fixed or variable premium, or even redemption by the Company;
- as applicable, decide to grant a guarantee or securities on the securities to be issued, and on the debt securities to which the securities would give an allotment right, and define the type and features;
- define all conditions for each of the issues and, if applicable, modify the conditions of the securities issued or to be issued under this resolution, during the life of the securities in question and in compliance with the applicable formalities;

- generally, to sign all agreements, take all measures and complete all formalities required, and generally do what is necessary.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

The shareholders' meeting terminates, effective immediately, for the unused portion, the authority granted by the ninth resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009.

## TWENTIETH RESOLUTION

*(Authority granted to the Board of Directors to allot bonus shares of the Company to employees and/or corporate officers).*

The shareholders' meeting, voting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors:

- 1°) terminates, effective immediately, the unused portion of the authority granted by the tenth resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009; and
- 2°) hereby authorises the Board of Directors, pursuant to Articles L.225-197-1 et seq. of the Commercial Code, to allot, on one or more occasions and under the conditions it shall defined, within the limits set by this authority, bonus new or existing shares of the Company, under the conditions set forth below.

The beneficiaries must be employees and/or corporate officers (as defined by Article L.225-197-1 of the Commercial Code) of the Company or of affiliated companies or groups as defined by Article L.225-197-2 of the Commercial Code or to certain categories of employees and/or officers.

This authority is granted for a period of 38 months from the date of this shareholders' meeting.

The total number of bonus shares allotted under this resolution may not represent more than 1% of the capital of the Company on the date of this shareholders' meeting.

The shareholders' meeting decides that the vesting period will be a minimum of two years; however, in the event of the beneficiary's disability which meets the conditions set by law, the definitive allotment of the shares may be made before the end of the vesting period.

The shareholders' meeting decides that the lock-in period for the shares allotted shall be a minimum of two years, with the exception of shares for which the vesting period will be at least four years and for which the minimum locking period is eliminated.

The existing shares that may be allotted under this resolution must be acquired by the Company, either pursuant to Article L.225-208 of the Commercial Code or, if applicable, in the context of the stock buyback program authorised by the tenth resolution submitted to this meeting pursuant to Article L.225-209 of the Commercial Code or of any stock buyback program previously or subsequently applicable.

The shareholders' meeting duly notes and decides, as needed, that this authority implies a waiver by shareholders of any right to the bonus shares allotted under this authority in favor of the beneficiaries of the shares allotted.

The shareholders' meeting grants all powers to the Board of Directors, within the limits defined above, to:

- define the conditions and any criteria for the allotment of the shares;
- define, under the legal conditions and limits, the dates on which bonus shares shall be allotted;
- determine the beneficiaries, the number of shares allotted to each beneficiary, the conditions for allotment of the shares and, in particular, the vesting and lock-in periods for the bonus shares allotted;
- to decide on corporate officers pursuant to the final paragraph of Section II of Article L.225-197-1 of the Commercial Code;
- decide on the conditions under which the number of shares allotted shall be adjusted; and
- more generally, with an option to sub-delegate in accordance with law, to sign all agreements, establish all documents, complete all formalities and filings with all organisations and do whatever might otherwise be necessary.

The board of directors shall inform the shareholders' meeting every year of the allotments made under this resolution in accordance with Article L.225-197-4 of the Commercial Code.

## TWENTY-FIRST RESOLUTION

*(Delegation of authority to the Board of Directors to execute capital increases reserved for the employees participating in the Company's company savings plan).*

The shareholders' meeting, voting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Articles L.225-129-6, L.225-138 I and II and L.225-138-1 of the Commercial Code and Articles L.3332-18 et seq. of the Labour Code:

1°) terminates, effective immediately, the unused portion of the authority granted by the fifteenth resolution of the combined ordinary and extraordinary shareholders' meeting of June 18, 2009; and

2°) hereby delegates to the Board of Directors, for a period of 26 months from the date of this meeting, its authority to decide to increase the share capital at its sole discretion, on one or more occasions, at the times and under the conditions it shall determine, through the issuance of shares or securities giving rights to existing shares or shares of the Company to be issued, reserves for current or former employees of the company or of its affiliates companies as defined by Article L.225-180 of the Commercial Code, who are participating in a company savings plan of the Company (the "Employees"), or through the allotment of bonus shares or securities giving rights to existing or new shares of the Company, including through the capitalisation of reserves, profits or premiums, within the legal and regulatory limits, to replace the discount described below and/or the employer's contribution.

The ceiling on the nominal amount of an immediate or future capital increase of the Company resulting from all issues executed under this authority (excluding capital increases through the capitalisation of reserves, profits or premiums) is set at €1 M; it is specified that this ceiling is set without including the nominal amount of the shares of the Company to be issued, as applicable, for adjustments made to protect the holders of rights attached to the securities giving rights to shares.

The ceiling on the nominal amount of the capital increase of the Company resulting from all issues executed under this delegation through the capitalisation of reserves, profits or premiums under the conditions and within the limits defined by the aforementioned articles of the Labour Code and their implementing regulations, is set at 1 million euros; it is specified that this ceiling is set without including the nominal amount of the shares of the Company to be issued, as applicable, for adjustments made to protect the holders of rights attached to the securities giving rights to shares.

If subscriptions have not absorbed the entire share issue, the capital increase shall be executed only in the amount of securities subscribed.

The shareholders' meeting decided to eliminate the preferential rights of shareholders to the shares or securities giving rights to share to be issued under this delegation in favor of the Employees concerned, and to waive any right to the bonus shares or other securities allotted on the basis of this authority.

The shareholders' meeting hereby resolves that:

- (i) the subscription price of the new shares will be equal to the average of the prices listed for the twenty trading sessions preceding the decision setting the opening date of subscription, minus the maximum discount provided by law on the date of the Board's decision; it is specified that the Board of Directors may reduce this discount if it believes it is appropriate, particularly in the case of an offering to the participants in the company savings plan abroad in order to meet the requirements of the applicable local laws. The Board of Directors may also replace all or part of the discount with an allotment of shares or other securities pursuant to the provisions below; and
- (ii) the Board of Directors may plan the bonus allotment of existing shares or securities giving rights to existing shares; it is understood that the total benefit resulting from this allotment and, as applicable, from the discount described in the paragraph above may not exceed the legal limits, and provided that the recognition of the equivalent financial value of the bonus shares allotted, valued at the subscription price, does not have the effect of exceeding the legal limits.

The Board of Directors shall have all powers to implement this resolution, in particular to:

- determine features, amount and conditions of any issue or bonus allotment of securities;
- determine that the issues may be made directly to the beneficiaries or through group undertakings;
- define, from among the entities that may be included in the scope of the company savings plan, the list of the companies or groups whose current or former employees may subscribe to the shares or securities issued and, if applicable, receive the bonus shares or securities allotted;
- determine the type and conditions of the capital increase and the conditions for the issue or bonus allotment;
- set the seniority requirements that must be met by the beneficiaries of the shares or securities in each bonus allotment governed by this resolution;
- define the conditions and procedures for issues of shares or securities which will be executed under this delegation, including the available date, and the conditions of payment;
- record the completion of the capital increase through the issue of shares in the amount of the shares that are effectively subscribed;

- determine, as applicable, the type of the bonus securities allotted and the conditions and procedures for this allotment;

- determine, as applicable, the amount of the sums to be capitalized up to the maximum defined above, the equity item or items from which they are withdrawn, and the available date of the shares thus created;

- at its sole discretion and if it believes it to be appropriate, charge the costs of the capital increases against the amount of the premiums on said increases, and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase;
- take every measure for the completion of the capital increases, complete the formalities following the increases, including the formalities relating to the list of the securities create, amend the bylaws on the basis of these increases and generally do what is necessary.

Within the limits it has previously set, the Board of Directors may delegate the powers granted to it under this resolution to the Chief Executive Officer.

## TWENTY-SECOND RESOLUTION

*(Authority granted to the Board of Directors to reduce the capital by canceling shares).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders meetings, after a reading of the report from the Board of Directors and the special report of the auditors, and voting in accordance with Article L.225-209 of the Commercial Code:

- 1°) terminates, effective immediately, the unused fraction of the authority granted by the twelfth resolution of the combined ordinary and extraordinary shareholders' meeting of February 24, 2009
- 2°) delegates to the Board of Directors all powers to cancel, on one or more occasions, up to a maximum 10% of the capital of the Company in 24-month periods, all or some of the shares of the Company acquired in the context of the stock buyback program authorised by the tenth resolution submitted to this meeting, or stock buyback programs authorised prior to or after the date of this meeting;
- 3°) decides that the surplus of the purchase price of the shares over their par value shall be charged to the "Issue premium" item or to any other item of available reserves, including the legal reserve, up to a maximum of 10% of the capital reduction executed;
- 4°) delegates all powers to the Board of Directors, with the option of delegation as permitted by law, to execute a capital reduction resulting from the

cancellation of the shares and the aforementioned charge, and to amend Article 6 of the bylaws accordingly; and

5°) sets the term of this authority at 18 months from the date of this authorisation.

### TWENTY-THIRD RESOLUTION

*(Amendment to Article 10 of the Articles of Incorporation).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors, hereby sets the threshold for declarations of ownership provided in the Articles of Incorporation at 2% and any multiple of 2% of the capital or voting rights, and amends Article 10 of the bylaws as follows:

*“ 10.1. In addition to the disclosure thresholds provided by the applicable legal and regulatory provisions, any individual or legal entity which, acting alone or with another, comes to hold directly or indirectly 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 with another, a total number of shares representing more than two-thirds of the capital and voting rights of the Company, must inform the Company of the total number of shares giving rights to the capital of the Company which he owns, by registered mail with return receipt sent to the corporate offices within a period of 5 trading days from the date on which said ownership threshold(s) are exceeded.*

*10.2. At the request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding at least two percent of the capital or voting rights of the Company, failure to meet this obligation shall be sanctioned, with respect to the shares exceeding the percentage which should have been declared, by withdrawal of the voting right for any shareholders' meeting that may be held until the end of a two-year period after the date on which the notice was regularized.*

*10.3. The same information obligation must be met, within the same period and under the same conditions, each time the fraction of the share capital or voting rights owned by a shareholder falls below one of the thresholds stipulated above.*

*10.4. Calculation of the thresholds provided above includes the shares and voting rights held as well as (even if the person in question does not himself hold shares or voting rights) the shares and voting rights classified as such pursuant to Article L. 233-9 of the Commercial Code, which are brought forward to the total number of shares composing the capital of the company or to the total number of voting rights attached to said shares. The total number of voting rights is*

*calculated on the basis of all shares which carry voting rights, including the shares deprived of the right to vote.”*

### TWENTY-FOURTH RESOLUTION

*(Amendment to Articles 13 and 14 of the Articles of Incorporation).*

The shareholders' meeting, acting with the quorum and majority required for extraordinary shareholders meetings, after a reading of the report from the Board of Directors, hereby decides to delete the reference to categories A, B and C of directors, which has become irrelevant and, therefore, to delete the second paragraph of Article 13.1 of the Articles of Incorporation and the current Article 14.1 of the Articles of Incorporation and to amend Article 14.2 of the Company's Articles of Incorporation as follows (which becomes Article 14.1):

*“The term of office of the directors is three (3) years. The term of a director shall expire at the end of the ordinary shareholders' meeting called to approve the financial statements for the past year, which is held in the year in which the director's term expires.”*

The shareholders' meeting therefore renumbers Articles 14.3, 14.4, 14.5, 14.6 and 14.7, which respectively become Articles 14.2, 14.3, 14.4, 14.5 and 14.6 and modifies the reference to the current Article 14.5 appearing in the current Article 14.6, which becomes a reference to Article 14.4.

### TWENTY-FIFTH RESOLUTION

*(Modifications des articles 15.2, 19.2 et 21.3 des statuts).*

The shareholders' meeting, voting with the quorum and majority required for extraordinary shareholders' meetings, after a reading of the report from the Board of Directors hereby amends Articles 15.2, 19.2 and 21.3 of the Company's Articles of Incorporation to bring the Articles of Incorporation in compliance with various new laws, including new Article L. 225-25 of the Commercial Code resulting from the Law of August 4, 2008 and the new Article L.823-19 of the Commercial Code resulting from the Ordinance of December 8, 2009 and delete a reference error:

New wording for Article 15.2 of the Articles of Incorporation:

*“15.2. If, on the day of his election, a director does not own the number of shares required or if he ceases to own them during his term of office, he shall automatically be deemed to have resigned if he has not regularized his situation within a period of six months.”*

New wording for Article 19.2 of the Articles of Incorporation:

*“19.2. The Board of Directors may allocate a larger portion to the directors who are members of the*

*committees stipulated in Article 16.5. above.”*

*New wording of Article 21.3 of the Articles of Incorporation:*

*“21.3. The advisors are called to attend meetings of the Board of Directors as observers, and may be consulted by the Board; they may, present observations to shareholders’ meetings concerning the proposals submitted to them, if they deem it appropriate. They must be called to each meeting of the Board of Directors. The Board of Directors may assign specific missions to the advisors. Subject to the provisions of Article L.823-19 of the Commercial Code, they may be members of the committees created by the Board of Directors.”*

## TWENTY-SIXTH RESOLUTION

*(Amendments to Articles 26.7, 26.8, 30, 32 and 33 of the Articles of Incorporation).*

The shareholders’ meeting, voting with the quorum and majority required for extraordinary shareholders’ meetings, after a reading of the report from the Board of Directors hereby amends Articles 26.7, 26.8, 30, 32 and 33 of the Company’s Articles of Incorporation to allow, for the purpose of shareholders’ meetings, the transmission of voting forms by electronic telecommunications means and the participation of shareholders in shareholders’ meetings via videoconferencing, or through telecommunications methods that allow identification of the shareholders:

### **New wording for Article 26.7 of the Articles of Incorporation:**

*“26.7 Shareholders may, in accordance with the terms of applicable law and regulation, send their vote by mail or proxy either in paper form or, if the Board of Directors allows, using electronic telecommunications methods. The form must be received by the company at least three (3) days before the date of the shareholders’ meeting; if it is not, it shall not be counted. However, voting forms sent electronically may be received by the company no later than 3:00 p.m. (Paris time) the day before the meeting. The transmission procedures shall be specified by the Board of Directors in the notice of meeting.*

*Mail-in or proxy voting forms, as well as the certification for participation may be established, if the board of directors so stipulates, in electronic form duly signed under the conditions provided by the applicable laws and regulations. For this purpose, the form may be directly entered and signed electronically on the Internet site established by the meeting clearing agency. The electronic signature of the form may be provided (i) by entering, under conditions that comply with the first sentence of the second paragraph of Article 1316-4 of the Civil Code, an identifying code and a password, or (ii) using any other process that*

*meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the Civil Code. The proxy or vote expressed in this way before the meeting using this electronic method, as well as the acknowledgement of receipt given, if any, shall be considered a written, irrevocable instruments enforceable by and against all parties, with the exception of sales of securities which are subject to the notification provided in Section IV of Article R. 225-85 of the Commercial Code.*

*Shareholders who are not domiciled in France may be represented by a registered intermediary who shall act in accordance with legal requirements.”*

### **New wording for Article 26.8 of the Articles of Incorporation:**

*“26.8 The Board of Directors may organize, under legal and regulatory conditions, the participation and vote of shareholders at the meeting via videoconferencing or using telecommunications methods that allow identification and meet legal and regulatory requirements; the Board shall ensure the effectiveness of the means of identification.*

*For calculation of the quorum and majority for any shareholders’ meeting, shareholders who attend the meeting via videoconferencing or using telecommunications methods which allow identification in accordance with legal and regulatory requirements shall be deemed present.”*

### **New wording for Article 30 of the Articles of Incorporation:**

*“Article 30 ATTENDANCE SHEET*

*During each meeting, an attendance sheet shall be kept containing the usual first and last names and addresses of the shareholders present or voting by mail and their agents, if any, and the number of shares each person owns. This sheet, established under the conditions stipulated by Article R. 225-95 of the Commercial Code, to which shall be attached the powers from the shareholders presented and the mail votes shall be initialled by the shareholders present or their agents and certified correct by the officers of the meeting; it is filed at the registered offices and must be provided to any person requesting it under the conditions defined by the regulations in force.”*

### **New wording for Article 32 of the Articles of Incorporation:**

*“Article 32 ORDINARY SHAREHOLDERS’ MEETINGS*

*32.1. The ordinary shareholders’ meeting makes all decisions other than those provided in Articles L. 225-96 and L. 225-97 of the Commercial Code concerning the authority of extraordinary shareholders’ meetings.*

*32.2. An ordinary shareholders’ meeting is held every year and called by the Board of Directors within six*

months after the end of the fiscal year.

32.3. Ordinary shareholders meetings may also be called at other times.

32.4. The ordinary shareholders meeting may validly deliberate on the first notice of meeting only if the shareholders present, represented or voting by mail own at least one-fifth of the voting shares.

32.5. If these conditions are not met, the meeting shall be called again. At this second meeting, deliberations are valid whatever the number of shares represented.

32.6. An ordinary shareholders' meeting rules by a majority vote of the votes held by the shareholders present, represented or voting by mail."

**New wording for Article 33 of the Articles of Incorporation:**

"Article 33 EXTRAORDINARY SHAREHOLDERS MEETINGS

33.1. Pursuant to Articles L. 225-96 and L. 225-97 of the Commercial Code, shareholders meetings are called extraordinary when the purpose is to amend the Articles of Incorporation or nationality of the company.

33.2. Extraordinary shareholders meetings are held whenever the interest of the company requires it.

33.3. An extraordinary shareholders meeting deliberates validly on the first notice of meeting only if the shareholders present, represented or voting by mail hold one-fourth of the voting shares.

33.4. If these conditions are not met, the meeting is called again. It deliberates validly on the second notice of meeting only if the shareholders present, represented or voting by mail hold one-fifth of the voting shares. If this quorum is not reached, the second meeting may be postpone to a date no more than two months after the date on which it was called.

33.5. The extraordinary shareholders meeting votes with a majority of two-thirds of the votes of the shareholders present, represented or voting by mail. However, in the case of a capital increase through the capitalization of reserves, profits or issue premiums, the meeting may vote with the quorum and majority of ordinary shareholders' meetings."

**TWENTY-SEVENTH RESOLUTION**

(Powers for legal formalities).

The shareholders meetings grants all powers to the bearer of an original, a copy, or an excerpt of the minutes of this meeting for the purpose of performing any announcement, filing and other formalities that must be performed.

## 9.8 INFORMATION

### 9.8.1 Financial information

Date of publication	Theme	Medium
February 5, 2009	2008 Revenues	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 31, 2009	Maurel & Prom: 2008 Annual Results	Press release (Reuters, Bloomberg, Boursorama) M&P site
April 30, 2009	Maurel & Prom: Q1 2009 Revenues of €30.2 M	Press release (Reuters, Bloomberg, Boursorama) M&P site
July 30, 2009	H1 2009 Revenues	Press release (Reuters, Bloomberg, Boursorama) M&P site
August 27, 2009	2009 Half-year results	Press release (Reuters, Bloomberg, Boursorama) M&P site
November 5, 2009	Revenues for 3rd quarter 2009	Press release (Reuters, Bloomberg, Boursorama) M&P site
February 2, 2010	2009 revenues up 99% to €183.2 M	Press release (Reuters, Bloomberg, Boursorama) M&P site
April 7, 2010	2009 Annual results	Press release (Reuters, Bloomberg, Boursorama) M&P site

## 9.8.2 Information about the business of the Company

Date of publication	Theme	Medium
February 9, 2009	Initiation of the final acceptance phase of the ONAL facilities	Press release (Reuters, Bloomberg, Boursorama) M&P site
February 11, 2009	New reserves certified	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 6, 2009	Statement from Dominion, a Maurel & Prom partner	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 9, 2009	Maurel & Prom: production begins on Onal field (Gabon)	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 30, 2009	Maurel & Prom: New discovery in Gabon	Press release (Reuters, Bloomberg, Boursorama) M&P site
April 20, 2009	Maurel et Prom: Update on Mafia Deep drilling (Tanzania)	Press release (Reuters, Bloomberg, Boursorama) M&P site
May 15, 2009	Maurel & Prom: Update on the exploration program	Press release (Reuters, Bloomberg, Boursorama) M&P site
May 28, 2009	Maurel & Prom: Signature of the final agreement for the sale of Hocol Colombia	Press release (Reuters, Bloomberg, Boursorama) M&P site
June 17, 2009	Maurel & Prom becomes offshore operator	Press release (Reuters, Bloomberg, Boursorama) M&P site
June 18, 2009	Maurel & Prom: Diversifying into 2nd generation biofuels	Press release (Reuters, Bloomberg, Boursorama) M&P site
July 22, 2009	Signature of a an option to buy a stake in Artumas interests in Tanzania and Mozambique	Press release (Reuters, Bloomberg, Boursorama) M&P site
August 18, 2009	Extension of the option period for Artumas interests in Tanzania and Mozambique	Press release (Reuters, Bloomberg, Boursorama) M&P site
August 27, 2009	Positive technical results on OMTI-1 well in Gabon	Press release (Reuters, Bloomberg, Boursorama) M&P site
September 18, 2009	Acquisition of a stake in Artumas assets in Tanzania and Mozambique	Press release (Reuters, Bloomberg, Boursorama) M&P site



Date of publication	Theme	Medium
September 18, 2009	<i>ERRATUM: Acquisition of a stake in Artumas assets in Tanzania and Mozambique</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
November 12, 2009	<i>Update on the exploration program</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
November 19, 2009	<i>Discovery of a new reservoir at Kissenda southeast of Onal</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
December 22, 2009	<i>Success of OMGW-1 well in Gabon: flow of 3,000 bbl/d</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
January 29, 2010	<i>Acquisition of 45% stake in SEPLAT - Acquisition by SEPLAT of 45% of OML 4, 38 and 41 in Nigeria</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
February 3, 2010	<i>Maurel &amp; Prom opens in Nigeria</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
February 12, 2010	<i>M'Bafou well abandoned in Congo</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
February 15, 2010	<i>Extension of exploration portfolio in Tanzania</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
March 1, 2010	<i>Success of OMOC-N-1 / Update on exploration program</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
March 17, 2010	<i>Update on Mafia Deep drilling</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>
March 29, 2010	<i>Production in Gabon increases significantly</i>	<i>Press release (Reuters, Bloomberg, Boursorama) M&amp;P site</i>

### 9.8.3 Corporate information

Date of publication	Theme	Medium
January 6, 2009	Maurel & Prom entrust financial communication to Influences	Press release (Reuters, Bloomberg, Boursorama) M&P site
January 7, 2009	Half-year report on liquidity contract	Press release M&P and AMF site
January 8, 2009	Cash management	Press release (Reuters, Bloomberg, Boursorama) M&P site
January 16, 2009	Notice of combined ordinary and extraordinary General Meeting	Press release (Reuters, Bloomberg, Boursorama) M&P site and BALO
January 22, 2009	AMF press release	M&P and AMF site
February 6, 2009	Notice of General Meeting	BALO and M&P site
February 24, 2009	M&P reaffirms strategy at shareholders meeting	Press release (Reuters, Bloomberg, Boursorama) M&P site
February 24, 2009	Report of combined ordinary and extraordinary General Meeting of February 24, 2009	Press release (Reuters, Bloomberg, Boursorama) M&P site P
March 9, 2009	Paris Court of Appeals rejects financial claims of Messiers Partners and rules in favour of Maurel&Prom	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 10, 2009	Maurel & Prom: Sale of Hocol Colombia to Ecopetrol for \$748 M	Press release (Reuters, Bloomberg, Boursorama) M&P site
March 10, 2009	Maurel & Prom strengthens its strategic mobility	Press release (Reuters, Bloomberg, Boursorama) M&P site
May 13, 2009	Maurel & Prom: Notice of General Meeting of June 18, 2009	BALO and M&P site
June 3, 2009	Maurel & Prom: Signature of a \$255 M Reserve Based Loan (RBL)	Press release (Reuters, Bloomberg, Boursorama) M&P site
June 18, 2009	Report of the Combined Meeting of June 18, 2009	Communiqué de presse (Reuters, Bloomberg, Boursorama) Site M&P
July 9, 2009	Half-year report on liquidity contract	Press release M&P and AMF site
April 12, 2010	Cooption of a board member	Press release (Reuters, Bloomberg, Boursorama) M&P site

#### 9.8.4 Availability of the information

##### Electronic version

All press releases listed above are available on the Company's website at: [www.maureletprom.fr](http://www.maureletprom.fr).

The press releases, statements, reference documents, statements of executives on their own shares and notices of operations are available on the AMF Internet site at: [www.amf-france.org](http://www.amf-france.org) and on the Euronext site at: [www.euronext.com](http://www.euronext.com).

The press releases are also available on the website of Les Échos at: <http://www.lesechos-comfi.fr>.

The BALO publications are available on the Internet site of the *Bulletin des Annonces Légales Obligatoires* at: <http://balo.journal-officiel.gouv.fr>.

The annual financial statements are filed with the Clerk of the Paris Commercial Court and may be consulted at <http://www.infogreffe.fr>.

##### Printable version

All the documents mentioned in this reference document are available at no charge on request from the Company: Établissements Maurel & Prom, 12, rue Volney 75002 Paris.

## 9.9 LIST OF POSITIONS AND DUTIES PERFORMED IN OTHER COMPANIES BY THE MEMBERS OF THE BOARD OF DIRECTORS OVER THE PAST FIVE YEARS

### Jean-François HÉNIN

In 2005, 2006, 2007 and 2008 Jean François Hénin was Chairman of the Management Board at Pacifico.

### Gérard ANDRECK

In 2005 and 2006, Gérard Andreck held the following positions in French companies:

- Board member of the CCR (Caisse Centrale de Réassurance)
- Chairman of Macif

### 2007

Positions held in French companies:

- Chairman of Macif
- Board member of SEREN S.A.
- Vice-chairman of GEMA (Groupement des Assurances Mutuelles)

### 2008

Positions held in French companies:

- Chairman of Macif, GEMA (Groupement des Assurances Mutuelles)
- Board member of the SCOR, CCR (Caisse Centrale de Réassurance), SEREN S.A.

### Christian BELLON DE CHASSY

(appointed May 2006)

In 2006, 2007 and 2008 Christian Bellon de Chassy held no position.

### Roman GOZALO

Au In 2005 and 2006 he was Chief Executive Officer and member of Maurel & Prom's Management Board. In 2007, he was Chief Executive Officer.

In 2008 he held the following positions:

- Board member of Maurel & Prom Congo
- Board member of HOCOL SA
- Board member of HOCOL PERU
- Board member of HOMCOL CAYMAN

### FINANCIÈRE DE ROSARIO S.A.

(Jean-François MICHAUD)

### 2005

- President and Chief Executive Officer of FINANCIERE DE ROSARIO and FINANCIERE SLOTA
- Chairman of SAS SFIBB and DYB
- Board member of COMCELL INVESTISSEMENTS SA, COPAGNO, COPAGMONT, TAXIS PARIS Ile de France and JDP Luxembourg

### 2006

- President and Chief Executive Officer of FINANCIERE DE ROSARIO and FINANCIERE SLOTA
- Chairman of SAS DYB and SFIBB
- Board member of COMCELL INVESTISSEMENTS SA, COPAGNO, COPAGMONT, TAXIS PARIS Ile de France, JDP Luxembourg and Pacifico Forages

### 2007

- Chairman and Chief Executive Officer of FINANCIERE DE ROSARIO, FINANCIERE SLOTA and SLOTA
- Chairman of SAS DYB
- Managing Director of COMCELL INVESTISSEMENTS SA (Luxembourg)
- Board member of COPAGNO, COPAGMONT, TAXIS PARIS Ile de France, JDP Luxembourg and Pacifico Forages

### 2008

- Chairman and Chief Executive Officer of FINANCIERE DE ROSARIO, FINANCIERE SLOTA and SLOTA
- Chairman of SAS DYB
- Managing Director of COMCELL INVESTISSEMENTS SA (Luxembourg)
- Board member of COPAGNO, COPAGMONT SA, TAXIS PARIS Ile de France, JDP Luxembourg SA and COMCELL MANAGEMENT (Luxembourg)
- Permanent Representative of FINANCIERE DE ROSARIO on the Board of SEREN

### Alain GOMEZ

### 2005

- Board member of Fimalac SA
- Board member of Compagnie Générale de Santé
- Board member of Biospace
- Chairman of Santé Luxembourg
- Chairman and Chief Executive Officer Facom SA

### 2006

- Board member of Fimalac SA
- Board member of Compagnie Générale de Santé
- Board member of Biospace
- Chairman of Santé Luxembourg

### 2007

- Board member of Compagnie Générale de Santé

### 2008

The Company is not aware of any other position held by Alain Gomez.

**Roland d'HAUTEVILLE****2006** (appointment in May 2006)

- Chairman of the Compagnie Financière Internationale Privée (COFIP)
- Chairman of Volney 12 SAS
- Member of the Supervisory Board of Banque Michel Inchauspé
- Board member of the Léséleuc group
- Board member of the company Panhard General Defense

**2007**

- Chairman of the Compagnie Financière Internationale Privée (COFIP)
- Chairman of Volney 12 SAS
- Member of the Supervisory Board of Banque Michel Inchauspé
- Board member of the Léséleuc group
- Board member of the company Panhard General Defense

**2008**

- Chairman of the Compagnie Financière Internationale Privée (COFIP)
- Member of the Supervisory Board of Banque Michel Inchauspé
- Board member of the Léséleuc group
- Board member of the company Panhard General Defense
- Manager of COFFIP S.C.

**Emmanuel de MARION DE GLATIGNY****2005**

- Chairman of the Supervisory Board of Pacifico
- Board member of Easydentic

**2006**

- Chairman of the Supervisory Board of Pacifico
- Board member of Easydentic
- Board member of SEREN

**2007**

- Chairman of the Supervisory Board of Pacifico
- Board member of Easydentic
- Board member of SEREN

**2008**

- Chairman of the Supervisory Board of Pacifico S.A.
- Board member of Easydentic
- Board member of SEREN
- Manager of Glatigny Patrimoine SARL

**Alexandre VILGRAIN****2005**

(member of the Supervisory Board since August 2005)  
Positions held in French companies:

- Chairman and Chief Executive Officer of Somdiaa
- Representative of Somdiaa on the Board of Directors of CIAN

**2006**

(Member of the Supervisory Board)  
Positions held in French companies:

- Chairman and Chief Executive Officer of Somdiaa
- Representative of Somdiaa on the Board of Directors of CIAN

**2007**

(Member of the Supervisory Board then Director since June 2007)

- Chairman and Chief Executive Officer of Somdiaa
- Representative of Somdiaa on the Board of Directors of CIAN (censor)

**2008**

- Chairman and Chief Executive Officer of Somdiaa
- Chairman of the Board of Directors of CIAN (Conseil Français des Investisseurs en Afrique)
- Board member of Care France

Positions held in foreign companies from 2005 to 2008:

- Board member of the Gabonese company SMAG
- Board member of the company Sucrière du Cameroun (SOSUCAM)
- Board member of Saris-Congo
- Board member of the Compagnie Sucrière du Tchad (C.S.T.)
- Board member of the American company FOOD RESEARCH Corporation (FRC)
- Chairman of the Board of Directors of SGMC (Cameroon)

**Gilles BRAC DE LA PERRIÈRE - Censor****2005**

- Vice-chairman of the Supervisory Board of Banque Robeco France
- Vice Managing Director of Instinet France
- Chairman of the Supervisory Board of Siparex Small Cap (Luxembourg)
- Independent Director of Nylstar (Belgium)
- Board member and Chief Executive Officer of GLP Conseil SA
- Director of RDI Gioia SA

**2006**

- Vice-chairman of the Supervisory Board of Banque Robeco France
- Vice Managing Director of Instinet France
- Chairman of the Supervisory Board of Siparex Small Cap (Luxembourg)
- Independent Director of Nylstar (Belgium)
- Board member and Chief Executive Officer of GLP Conseil SA
- Board member of RDI Gioia SA

**2007**

- Vice-chairman of the Supervisory Board of Banque Robeco France
- Board member and Chief Executive Officer of GLP Conseil SA
- Board member of RDI Gioia SA, insurance brokers
- Member of the supervisory committees of Plans d'Épargne Retraite of the Banque Postale

**2008**

- Board member and Chief Executive Officer of GLP Conseil SA
- Board member of RDI Gioia SA, insurance brokers
- Censor of Association Nationale des Sociétés par Actions (ANSA)
- Vice-Chairman of the Supervisory Board of Banque Robeco until May 2008

## 9.10 TABLES OF CONCORDANCE

### 9.10.1 Management Report

ITEMS REQUIRED BY THE COMMERCIAL CODE, THE MONETARY AND FINANCE CODE, THE GENERAL TAX CODE AND THE GENERAL REGULATIONS OF THE AMF	Corresponding pages in this reference document
<i>Analysis of changes in the business, results and financial position of the Company, position of the Company during the past year (L.225-100 and L.232-1 of the Commercial Code)</i>	4-23, 34, 39, 177 and the following decade
<i>Analysis of changes in the business, results and financial position of the Group, position of the Group during the past year (L.225-100-2 and L.233-26 of the Commercial Code)</i>	4-27, 31-34, 113 and the following decade
<i>Results of the subsidiaries and controlled companies by business segment (L.233-6 of the Commercial Code)</i>	24-25, 206-207
<i>Predictable changes (L.232-1 and L.233-26 of the Commercial Code)</i>	41
<i>Significant events since the closing date of the fiscal year (L.232-1 and L.233-26 of the Commercial Code)</i>	39-40
<i>Research and development activities (L.232-1 and L.233-26 of the Commercial Code)</i>	None
<i>Acquisitions of interests or control in companies with registered offices in France (L.233-6 of the Commercial Code)</i>	None
<i>Information on environmental issues and the environmental impacts of the business (L.225-100 and L.225-102-1 of the Commercial Code)</i>	86-91
<i>Information on personnel and social consequences of the business (L.225-100 and L.225-102-1 of the Commercial Code)</i>	76-81
<i>Description of the main risks and uncertainties (L.225-100 and L.225-100-2 of the Commercial Code)</i>	42-49
<i>Group policy on managing financial risks (L.225-100 and L.225-100-2 of the Commercial Code)</i>	44-47
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<i>Summary table of currently valid delegations of authority granted by the shareholders' meeting to the Board of Directors for capital increases and the use of said current delegations (L.225-100 of the Commercial Code)</i>	93-96
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**ITEMS REQUIRED BY THE COMMERCIAL CODE, THE MONETARY AND FINANCE CODE,  
THE GENERAL TAX CODE AND THE GENERAL REGULATIONS OF THE AMF**
**Corresponding  
pages in this  
reference  
document**

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<i>Information on stock buybacks (L.225-211 of the Commercial Code)</i>	97-100
<i>Amount of dividends distributed for the last three years (243 bis of the General Tax Code)</i>	85
<i>Changes made in the presentation of the annual financial statements (L.232-6 of the Commercial Code)</i>	None

### 9.10.2 EU Regulations

In order to facilitate a reading of this annual report, the following table of concordance identifies the information required by EU Regulation 809/2004 of the

Commission of April 24, 2004 implementing Directive 2003/71/EU of the European Parliament and Council.

TITLE		Corresponding pages in this reference document
1.	Persons responsible	Inside front cover
2.	Legal Auditors	Inside front cover
3.	Selected financial information	8-10
4.	Risk factors	42-49
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<b>17.</b>	<b>Employees</b>	76-81
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# NOTES

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