

Reference
Document 2004

MAUREL  PROM

2004 ANNUAL REPORT

REFERENCE DOCUMENT

1



This reference document was deposited with the Autorité des marchés financiers (French Financial Markets Authority) on June 13, 2005 in accordance with articles 211-1 to 211-42 of the General Regulations of the Autorité des marchés financiers.

It may be used in support of a financial transaction if it is supplemented by a transaction prospectus signed by the Autorité des marchés financiers.

Copies of this reference document are available from the head office of Etablissements Maurel & Prom: 12, rue Volney, 75002 Paris, France, on the Etablissements Maurel & Prom website: www.maureletprom.fr, and on the Autorité des marchés financiers website: www.amf-france.org.

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1. Persons responsible for the reference document and for auditing the financial statements

1.1. Person responsible for the reference document

Jean-François Hénin, Chairman of the Management Board of Maurel & Prom (hereinafter called "Maurel & Prom" or the "Company").

1.2. Statement of the person responsible for the reference document

"To my knowledge, the information in this reference document is a true reflection of the reality; it includes all the information necessary to investors to base their judgment on the assets, activity, financial situation, income and outlook of Maurel & Prom; it contains no omission likely to prejudice the significance thereof."

Jean-François Hénin, Chairman of the Management Board
Paris, June 13, 2005

1.3. Person responsible for auditing the financial statements

Principal Statutory Auditors:

Michel Bousquet

213, boulevard Saint-Germain
75007 Paris

Date first appointed: General Meeting of June 14, 2002

Current term of office: 6 years (from June 14, 2002)

Term of office expires: after the General Meeting of shareholders called to approve the annual financial statements for the year ending December 31, 2007

Ernst & Young Audit

Represented by François Carrega

Tour Ernst & Young
Faubourg de l'Arche
92037 Paris - La Défense Cedex

Date first appointed: General Meeting of June 27, 1996

Current term of office: 6 years (from June 14, 2002)

Term of office expires: after the General Meeting of shareholders called to approve the annual financial statements for the year ending December 31, 2007

Deputy Statutory Auditors

François Caillet

66, avenue de Buzenval
92500 Rueil-Malmaison

Date first appointed: General Meeting of June 14, 2002

Current term of office: 6 years (from June 14, 2002)

Term of office expires: after the General Meeting of shareholders called to approve the annual financial statements for the year ending December 31, 2007

Jean-Louis Robic

24, boulevard du Général Ferrié
94100 Saint-Maur-des-Fossés

Date first appointed: General Meeting of November 21, 1989

Current term of office: 6 years (from June 14, 2002)

Term of office expires: after the General Meeting of shareholders called to approve the annual financial statements for the year ending December 31, 2007

1.4. Statement of those responsible for auditing the financial statements

In our capacity as the Auditors of the financial statements of Établissements Maurel & Prom S.A., and in application of article 211-5-2 of the general regulation of the Autorité des marchés financiers, we have, according to the professional standards applicable in France, audited the information relating to the financial situation and historic financial statements given in this reference document.

This reference document has been produced under the responsibility of Jean-François Hénin, Chairman of the Management Board.

It is our task to give an opinion on the honesty of the information that it contains relating to the financial situation and the financial statements.

Our audits consisted, in accordance with the professional standards applicable in France, in assessing the honesty of the information relating to the financial situation and the financial statements, and in checking that it agrees with the financial statements that have been reported. They also involved reading the other information contained in the reference document in order to identify any significant inconsistencies with the information relating to the financial situation and the financial statements, and to point out any manifestly incorrect information that we might have found on the basis of the general knowledge of the Company that we have acquired as part of our task. The outlook data relates to management objectives and not to isolated forecast data resulting from a structured drafting process.

The financial statements and consolidated financial statements for the year ending December 31, 2002, approved by the management, have been audited by us according to the professional standards applicable in France and have been certified without reservation. The following comments have been made:

"Without prejudice to the opinion expressed above, we would draw your attention to:

- The uncertainties relating to the oil or gas assets in France and Vietnam. Specifically, the exploitation of these assets remains conditional upon the evolution of a certain number of factors presented in Note 4.C.1.a of the Notes to the corporate financial statements and in Note 4.D.1.a of the Notes to the consolidated financial statements.
- The methods of calculating the amortization of the petroleum production fixed assets acquired as part of the development of the Kouakouala A and M'Boundi fields that are set out in Notes 4.B.b and 4.C.1.b of the Notes to the corporate financial statements and in Notes 4.B.f and 4.D.1.b of the Notes to the consolidated financial statements.

We would also draw your attention to Notes 4.C.18 and 4.C.22 of the Notes to the corporate financial statements and to Notes 4.D.21 and 4.D.29 of the Notes to the consolidated financial statements concerning the presentation of the sales and petroleum taxes relating to the production-sharing contracts on the Kouakouala A and M'Boundi operating permits which has been adapted to the new billing procedures."

The annual financial statements and the consolidated financial statements for the year ending December 31, 2003 approved by the management have been audited by us according to the professional standards applicable in France. They have been certified without reservation or comment.

The annual financial statements and the consolidated financial statements for the year ending December 31, 2004, approved by the Board, have been audited by us according to the professional standards applicable in France and have been certified without reservation. The following comments have been formulated in our general report on the annual financial statements:

"Without prejudice to the opinion expressed above, we would draw your attention to the following points set out in Notes C.1.a., C.3 and C.23.2 of the Notes respectively concerning the depreciation of the gas assets in Vietnam, the depreciation of the advances to the Compagnie Européenne et Africaine du Bois to cover the operating losses of the gold mining business and the Court referral of the Conseil National de la Comptabilité:

- Note C.1.a. of the Notes sets out the procedures used by your Company to account for a supplementary provision of € 1.1 million on the gas assets in Vietnam, whose net value at December 31, 2004 stood at € 20.3 million. This Note also indicates that, on June 30, 2005, your Company

will know the results of the long term production test begun in 2004 making it possible to decide whether to go ahead with the exploitation of these assets.

- Note C.3. of the Notes sets out the reasons why no additional depreciation to the existing provision in the amount of € 4.1 million, calculated on the basis of the consolidated shareholders' equity of the subsidiaries concerned, was reported on the advances made to the gold mining division which amounted to a gross value of € 6.8 million on December 31, 2004. Your Company also indicates that a study will be commissioned in the coming months from an independent organization to assess the potential of the permit based on the available information.
- In Note C.23.2 of the Notes, your Company describes the accounting procedure used to record the gain from the disposal of 11% interest in the M'Boundi permit to Energy Africa during the year ending December 31, 2003 the principle of which is the subject of a Court referral of the Conseil National de la Comptabilité."

The following comments have been formulated in our report on the consolidated financial statements:

"Without prejudice to the opinion expressed above, we would draw your attention to the following points set out in Notes D.1.a., A and D.33 of the Notes concerning the depreciation of the intangible gas assets in Vietnam, the valuation of the gold mining division assets and the Court referral of the Conseil National de la Comptabilité:

- Note D.1.a. of the Notes sets out the procedures used by your Company to account for a supplementary provision of € 1.1 million on the gas assets in Vietnam, whose net value at December 31, 2004 stood at € 20.3 million. This Note also indicates that, on June 30, 2005, your Company will know the results of the long term production test begun in 2004 making it possible to decide whether to go ahead with the exploitation of these assets.
- In note A - Key events of the year, your Company sets out the reasons for not reporting the depreciations on the net value of the assets relating to the gold prospecting activity in the amount of € 2.8 million. Your Company also indicates that a study will be commissioned in the coming months from an independent organization to assess the potential of the permit based on the available information.
- In Note D.33 of the Notes, your Company describes the accounting procedure used to record the gain from the disposal of 11% interest in the M'Boundi permit to Energy Africa during the year ending December 31, 2003 the principle of which is the subject of a Court referral of the Conseil National de la Comptabilité."

1. Persons responsible for the reference document and for auditing the financial statements

On the basis of these procedures, we have no comments to make on the fairness of the information relating to the financial situation and the financial statements presented in this reference document.

Paris, June 13, 2005
Statutory Auditors

Michel BOUSQUET 213, boulevard Saint-Germain 75007 Paris	Ernst & Young Audit Tour Ernst & Young 11, allée de l'Arche 92400 Courbevoie François CARREGA
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The reference document also includes:

- The general report and the report on the consolidated financial statements for the year ending December 31, 2004 of the Statutory Auditors (presented respectively in section 5.4 and section 5.2 of the reference document) including the justification for the assessments of the Statutory Auditors established in accordance with the terms of article L. 225-235 of the Commercial Code;
- The report of the Statutory Auditors (presented in section 6.4.2 of this reference document), established in accordance with the last paragraph of article L. 225-235 of the Commercial Code, on the report of the Chairman of the Supervisory Board of Etablissements Maurel & Prom S.A. describing the internal audit procedures relating to the production and treatment of the accounting and financial information.

1.5. Information policy

1.5.1. Person responsible for the information

Jean-François Hélin
Chairman of the Management Board
Etablissements Maurel & Prom
12, rue Volney
75002 Paris
Telephone: 01.53.83.16.00
Fax: 01.53.83.16.04
E-mail: maurel.jfh@wanadoo.fr
Company website: www.maureletprom.fr

1.5.2. Shareholder relations

In general, the articles of association, reports of General Meetings, Auditors' reports and other company documents relating to Maurel & Prom may be consulted at the Company's head office: 12, rue Volney - 75002 Paris.

Financial notices are regularly published in the economic and financial press when there are releases concerning sales, income and other important events in the life of the Company or of the Maurel & Prom Group.

Information on the Company is available on the website www.maureletprom.fr, where shareholders, employees and the general public can obtain a general presentation of the Maurel & Prom Group and the essential elements of its financial information, such as income, press releases, annual reports, presentations to analysts, letters to shareholders, share prices, key figures, information on shareholdings and corporate governance and any other important events concerning the Company and the Maurel & Prom Group.

1.5.3. Schedule of financial communications

April 25, 2005	Income for 2005
May 13, 2005	Sales for the first quarter 2005
June 29, 2005	Combined General Meeting of shareholders
Mid-August 2005	Sales for the first half 2005
End October 2005	Income for the first half 2005
Early November 2005	Sales for the third quarter 2005

This schedule, available on the website at www.maureletprom.fr is given for information only and may be modified.

2. Issue/admission for trading on a market for regulated financial instruments representing capital or complex or composite loan notes

Not applicable.

Note: in the event of transactions requiring the signature, registration or assessment of the Autorité des marchés financiers, the information covered in this section would be the subject of a special transaction prospectus.

3. General information concerning the Company and its capital

3.1. General information concerning the Company

3.1.1. Name and head office

Company name: "Établissements Maurel & Prom"

Head office: 12, rue Volney - 75002 Paris.

3.1.2. Legal form and applicable legislation

Maurel & Prom is a Société anonyme with a Management Board and Supervisory Board, subject to the requirements of the Commercial Code (and in particular the terms of articles L.225-1 and following of the said Code) and of Decree n° 67-236 dated March 23, 1967 on trading companies, and subject to all the other French legal and regulatory requirements applicable thereto.

Maurel & Prom was previously a partnership limited by shares; the shareholders, meeting at an ordinary and extraordinary General Meeting on December 28, 2004, decided on the merger by absorption of Maurel & Prom's general partner, Aréopage, and the subsequent conversion of Maurel & Prom into a Société anonyme.

The Company has been formed according to French law.

3.1.3. Date of formation and duration of the Company

Date of formation of the Company: November 1, 1919

Duration of the Company: 99 years or up to November 1, 2018 unless dissolved or prorogued beforehand.

3.1.4. Corporate purpose (Article 3 of the Company's articles of association)

The Company was set up for the purpose, both in France and abroad, of:

- managing all shares and corporate rights and, for this purpose, obtaining interests in all Companies, groups, associations, particularly by means of purchase, subscription and contribution and the disposal by whatever means of the said shares or corporate rights;
- prospecting for and exploiting all mineral deposits, particularly all liquid or gaseous hydrocarbon deposits and related products;
- leasing, purchasing, disposing of, selling all wells, real estate, deposits, concessions, operating permits or prospecting permits, either on its own behalf or on behalf of third parties, jointly or otherwise; transporting, storing, processing, transforming and trading in any natural or synthetic hydrocarbons, any liquid or gaseous products or by-products from beneath the ground, any minerals or metals;

- acquiring any buildings, managing them or selling them;
- trading in any products and merchandise;
- and, in general, allowing the Company to participate directly or indirectly in any commercial, industrial, real estate, agricultural or financial transactions in France or other countries and doing so by creating new companies or by the contribution, subscription or purchase of corporate shares or rights, merger, joint stock Company or otherwise and generally any transactions of whatever nature relating directly or indirectly to these activities and likely to facilitate the growth or management of the Company.

3.1.5. Entry on the Commercial and Companies Register and registration number

The Company is registered on the Commercial and Companies Register of Paris under the number 457 202 331.

The Company's APE code is 111Z.

3.1.6. Consultation of legal documents

The articles of association, minutes of General Meetings, auditors' reports and other corporate documents may be consulted at the Company's head office.

The nature of these documents and the terms under which they are transmitted or made available are determined by the applicable legal and regulatory requirements.

3.1.7. Financial year

The Company's financial year covers a 12 month period beginning on January 1, and ending on December 31 of each year.

3.1.8. Statutory distribution of incomes

The distributable income consists of the income for the year less earlier losses and amounts to be placed in reserve in application of the law and articles of association, plus retained earnings.

From the net income for the year less, where appropriate, earlier losses, at least 5% (five per cent) is deducted to form the legal reserve fund. This deduction ceases to be mandatory when the reserve fund reaches one tenth of the shareholders' equity. It resumes when, for whatever reason, the legal reserve falls below this tenth.

The distributable income may be allocated by the Ordinary General Meeting, in whole or in part, either to retained earnings, or to one or more optional reserves, or to an allocation of dividends to shareholders.

In addition, the shareholders' Meeting may decide to distribute sums taken from the reserves available to it while expressly indicating the reserve items from which the deductions are made. However, dividends are taken primarily from the distributable income for the year.

3.1.9. General Meetings

3.1.9.1. Shareholders' access to and participation in General Meetings

The properly constituted General Meeting represents the whole body of shareholders. Its decisions are binding on all, even non-attenders, dissenters or the incapable. Any shareholder has the right to attend General Meetings and participate in the deliberations, personally or by proxy, irrespective of the number of shares held, simply by proving identity.

However, to have the right to participate in the General Meetings, personally or by proxy, shareholders holding nominal shares must, at least five days before the date of the Meeting, provide proof of an entry in their name in the accounts of the Company, and the shareholders holding bearer shares must, at least five days before the date of the Meeting, have arranged for the deposit, at the head office, or at any other location indicated in the notice of meeting, of an attestation issued by the authorized intermediary responsible for holding the account and stating that the shares are unavailable up to the date of that Meeting.

The Board may reduce or cancel this five-day period by means of a general measure benefiting all shareholders.

Any shareholder may be represented by a partner or another shareholder. For this purpose, the proxy must provide proof of the representation.

Any shareholder may also send a power of attorney to the Company without stating the name of the proxy. Any power of attorney without mention of the proxy's name shall be considered a vote in favor of the resolutions put or approved by the Board to the Meeting.

Each shareholder may vote by mail or by means of a form made out and sent to the Company according to the law and regulations. This form must be received by the Company three (3) days before the date of the Meeting, failing which it will have no effect.

At the discretion of the Board, shareholders may participate in meetings by videoconference or by telecommunication means through which they can be identified according to the terms of the applicable regulations.

3.1.9.2. Notice of General Meetings

The General Meetings of shareholders are called, as provided by law, by the Management Board, the Supervisory Board or, failing this, by the Statutory Auditors or any other person authorized by law.

The Meetings take place at the head office or at any other location specified in the notice of meeting.

3.1.9.3. Agenda and proceedings of General Meetings

The agenda is agreed by the body that issues the notice of meeting.

However, one or more shareholders or the works committee may require, in accordance with the terms determined by the applicable laws and regulations, that a draft resolution be included in the agenda.

The Meeting may not deliberate on a question that does not appear on the agenda. Nevertheless, it may, in all circumstances, remove from office one or more members of the Supervisory Board and replace them.

The General Meeting is chaired by the Chairman of the Supervisory Board or, in his absence, by a member of the Supervisory Board delegated by the Board. Failing this, the Meeting elects its Chairman.

Meetings called by the Statutory Auditors are chaired by the longest serving of the Auditors.

The Chairman of the Meeting is assisted by two scrutineers who, with him, form the returning office. The functions of the scrutineers are performed by the two shareholders present at the beginning of the meeting and accepting the task, who represent, either by themselves or through the powers of attorney conferred upon them, the largest number of shares. The returning office appoints a secretary who does not have to be a member of the Meeting.

At the time of each Meeting, an attendance list is maintained containing the names, usual forenames and domiciles of the shareholders present, represented or voting by correspondence and any of their proxies and the number of shares owned by each. This sheet, produced according to article 145 of the Decree of March 23, 1967, to which are appended the powers of attorney of the represented shareholders and the voting papers sent by mail, is initialed by the shareholders present or their proxies and certified as correct by the Meeting's returning office; it is deposited at the head office and must be communicated to any enquirer under the terms set by the applicable regulations.

The secret ballot takes place when requested by shareholders representing at least 10% of shareholders' equity.

3. General information concerning the Company and its capital

The deliberations are reported in minutes recorded in a special register. These minutes are signed by the members of the returning office. Copies or extracts of the minutes are signed by the Chairman of the Management Board.

3.1.9.4. Conditions for exercising voting rights - Double voting rights

In all General Meetings, each holder of shares who is a member of these Meetings has the same number of votes as the number of shares he owns or represents, with no limitations other than those that may result from legal requirements.

Each share gives the right to one vote. A double voting right is conferred on the owners of fully paid up nominal shares who can prove that they have been entered in the Company's books for at least four years without interruption. In addition, in the event of a capital increase by the incorporation of reserves, earnings or issue premiums, the double voting right is conferred, when issued, on the nominal shares freely allocated to a shareholder by reason of former shares benefiting from this right.

This double voting right will cease forthwith for any share having been the subject of a conversion to bearer or a transfer, but it may be resumed when the new holder of the shares can prove that he has been registered nominally for an uninterrupted period of at least four years.

Nevertheless, any transfer from nominal to nominal as a result of "ab intestat" succession or testamentary succession or sharing of goods held in common or settlement between spouses shall not interrupt the four-year period set hereinabove or shall retain the acquired right. The same shall apply to gifts between living persons to the benefit of a partner or relative entitled to inherit.

Double voting rights are detailed in the shareholding tables in section 3.3 below.

3.1.9.5. Ordinary General Meetings

The Ordinary General Meeting takes all decisions other than those specified in articles L. 225-96 and L. 225-97 of the Commercial Code concerning the competence of Extraordinary General Meetings.

The Ordinary General Meeting is called each year by the Management Board within six months of the financial year end.

Ordinary General Meetings may also be called extraordinarily.

The Ordinary General Meeting deliberates validly at the first calling only if the shareholders present, represented or voting by correspondence own at least a quarter of the

shares with voting rights.

If these conditions are not satisfied, the Meeting is called again. In this second meeting, the deliberations are valid irrespective of the number of shares represented.

The Ordinary Meeting decides by the majority of the votes owned by the shareholders present, represented or voting by correspondence.

3.1.9.6. Extraordinary General Meetings

In accordance with articles L. 225-96 and L. 225-97 of the Commercial Code, General Meetings are called Extraordinary when the purpose of the meeting is to make changes to the Company's articles of association or nationality.

Extraordinary General Meetings are called whenever necessary in the Company's interest.

The Extraordinary General Meeting deliberates validly only if the shareholders present, represented or voting by correspondence own at least, on the first calling, a third of the shares with voting rights.

If these conditions are not satisfied, the Meeting is called again. It deliberates validly only if the shareholders present, represented or voting by correspondence own at least, on the second calling, a quarter of the shares with voting rights. Failing this latter quorum, the second Meeting may be prorogued to a later date not more than two months after that on which it was called.

The Extraordinary General Meeting decides on a two-thirds majority of the votes of the shareholders present or represented. However, in the event of a capital increase by incorporation of reserves, income or issue premiums, the Meeting decides under the terms of quorum and majority of Ordinary General Meetings.

3.1.10. Disposal and transfer of shares

The shares are freely negotiable, providing that the legal and regulatory requirements are satisfied. They are the subject of an account entry and are transmitted by transfer from account to account.

3.1.11. Exceeding statutory thresholds

In addition to the thresholds provided by the applicable legal and regulatory requirements, any individual or body corporate which, alone or in concert, comes to own, directly or indirectly, a number of shares representing a proportion of the capital or of the voting rights that is equal to or greater than 5%, thereafter at each additional 5% of the capital or voting rights, shall, as long as that individual or body corporate does not hold, alone or in concert, a total number

of shares representing more than two thirds of the capital and voting rights of the Company, inform the Company of the total number of shares and securities giving access to the capital of the Company that it owns, by registered mail to the head office, within five stock market trading days from the date on which the said holding threshold or thresholds is/are exceeded.

At the request, set down in the Meeting report, of one or more shareholders holding at least 5% of the capital or voting rights of the Company, failure to comply with this reporting obligation shall be sanctioned, for the shares exceeding the fraction that should have been declared, by withdrawing the voting rights for any meeting held up to the expiry of a period of two years following the date on which the notification is given in the proper form.

The same reporting obligation shall apply, within the same period and according to the same terms, every time the fraction of shareholders' equity or voting rights owned by a shareholder falls below one of the abovementioned thresholds.

3.1.12. Identification of holders of shares and information on significant share purchases

For the purpose of identifying the holders of bearer shares, the Company is entitled at any time, under the terms and according to the procedures required by law and regulations, to ask the central trustee who maintains the issue account of its shares for the identity of the holders of shares conferring immediately or at a later date voting rights at its own shareholder meetings, and the quantity of shares held by each of them and, where appropriate, the restrictions applicable to the shares.

3.2. General information on the capital

3.2.1. Share capital

Maurel & Prom's share capital as at June 1, 2005 stood at € 84 776 114.50; it is divided into 110 098 850 shares of € 0.77 par value each, fully paid up.

It should be noted that the Combined General Meeting of shareholders of the Company, meeting on December 28, 2004, decided to divide the Company's share par value by 10 (from € 7.70 to € 0.77 per share), through a free issue of 97 283 205 new shares at the rate of nine new shares for each old share, effective on the opening of the markets on December 30, 2004.

Each share provides entitlement, in the profits and corporate assets, to a share proportional to the amount of capital that it represents.

Maurel & Prom's share capital may be increased, reduced or amortized as required by law, since the articles of association do not stipulate specific requirements.

3.2.2. The Company's purchase of its own shares

3.2.2.1. Authorization given by the Combined General Meeting of June 28, 2004

The shareholders meeting of June 28, 2004 had decided to authorize the Management, for a period of 18 months, to buy or sell shares in the Company as part of a share buyback program up to the limit of 10% of the share capital, this ceiling being, where appropriate, adjusted to take account of transactions affecting the share capital subsequent to the General Meeting.

This authorization was intended to allow the Company to pursue the following two objectives in parallel: (i) to stabilize the stock market price of the Company's shares by intervening systematically against the market trend and (ii) to grant options in the Company's shares to the employees and corporate officers of the Company and connected companies with managerial responsibilities, it being specified that these priority objectives may relate only to a number of shares comprising no more than 6% of the total number of shares forming the Company's share capital.

In parallel with the aforementioned objectives and up to the limit of the 4% of the total number of shares forming the Company's share capital, this share buyback program may also be used by the Management to achieve the following objectives in descending order of priority:

- (i) to buy and/or sell the Company's shares depending on the market situation;
- (ii) to retain the Company's shares that have been bought, transfer them, place them as guarantees or pledge them or, more generally as required by the applicable stock market regulations, transfer them by any legal method, particularly by carrying out swaps or handovers of these shares, in particular as part of financial transactions, external growth operations, in the context of liquidity commitments undertaken by the Company, or following the issue of marketable securities providing access to the Company's capital, or else in the context of applying a policy of asset and financial management of the company;

3. General information concerning the Company and its capital

- (iii) to allocate shares in the Company to the Company's employees, for their share in the expansion of the company or as part of a company savings plan; and
- (iv) to cancel the purchased shares, particularly for the purposes of optimizing income per share, improving the return on shareholders' equity or for substituting or supplementing the distribution of dividends.

The maximum price at which the Company may purchase its own shares was set at € 110 per share and the minimum selling price at € 70 per share.

The implementation of this authorization was the subject of a prospectus that received the signature of the Autorité des marchés financiers, No. 04-709 dated July 30, 2004.

As part of this program, in September 2004, the Company bought and sold a total of 3 199 Maurel & Prom shares at an average purchase price of € 109.83 and an average disposal price of € 116.10.

3.2.2.2. Authorization given by the Combined General Meeting of December 28, 2004

The Combined General Meeting of shareholders held on December 28, 2004 authorized the Management Board, for a period of 18 months, to buy or sell shares in the Company as part of a share buyback program up to the limit of 10% of the share capital, this ceiling being, where appropriate, adjusted to take account of transactions affecting the share capital subsequent to the General Meeting.

This authorization was intended to allow the Company to pursue the following objectives in compliance with the applicable laws and regulations:

- (i) to retain the Company's shares that have been bought and subsequently use them in exchange or in payment as part of any external growth transactions;
- (ii) to allocate the purchased shares to the employees and/or officers of the Company that benefit from purchase options and to employees of the Company as part of their share in the benefits of the Company's expansion or as part of a company savings plan;
- (iii) to hand over the shares in the Company, following an issue of loan notes giving access to the Company's capital to the bearers of said notes;

it being specified that the coverage of the mechanisms specified in sections (ii) and (iii) above shall be provided by an investment service provider acting independently;

- (iv) to enliven the secondary market in the Company's shares, this being done by an investment service provider acting as part of a liquidity contract according to the charter of ethics of the French association of investment companies; and

- (v) to cancel the shares bought.

The maximum price at which the Company shall buy its own shares was set at € 17 per share and the minimum selling price at € 11 per share.

The implementation of this authorization was the subject of a prospectus which received the signature of the Autorité des marchés financiers, n° 05-053, dated January 31, 2005.

As at the date of the present reference document, Maurel & Prom has not made use of this program to buy back its own shares.

3.2.3. Capital authorized but not issued

3.2.3.1. Ongoing authorizations

The authorizations granted by the General Meeting to the Board concerning a capital increase as at the date of the present reference document and the uses that have been made thereof during 2004 and in 2005 up to the date of the present reference document are as follow:

Type of authority	Ceiling in euros	Usage to date	Balance available	Authorization date	Duration of authorization
Issue with retention of preferential subscription right					
Issue of sundry marketable securities⁽¹⁾	- 450 million (issue amount) ⁽²⁾	-	- € 75 000 021.30 (issue amount)	Meeting of December 28, 2004 (18 th resolution)	26 months, or up to February 28, 2007
	- 300 million (par value of capital increase) ⁽³⁾		- € 287 132 353.70 (par value of capital increase)		
Capital increase by incorporation of reserves, income or issue, merger or contribution premiums	300 million (par value of capital increase) ⁽³⁾	-	€ 287 132 353.70	Meeting of December 28, 2004 (20 th resolution)	26 months, or up to February 28, 2007
Issues with removal of preferential subscription rights					
Issue of sundry marketable securities	- 450 million (issue amount) ⁽²⁾	Issue of OCEANE (see section 3.2.4.2), in the amount of	- € 75 000 021.30 (issue amount)	Meeting of December 28, 2004 (19 th resolution)	26 months, or up to February 28, 2007
	- 300 million (par value of capital increase) ⁽³⁾	€ 374 999 978.76 (likely to give rise to a capital increase of € 12 867 646.33)	- € 287 132 353.70 (par value of capital increase)		
Grant of share options	5% of share capital (on the date on which the Board decides to allocate the options)	Allocation of a total of 700 000 options (see sections 3.2.4.3 (e) and (f))		Meeting of December 28, 2004 (21 st resolution)	38 months, or up to February 28, 2008
Issue of shares reserved for employees	3 million (par value of capital increase) ⁽⁴⁾	-	3 million (par value of capital increase)	Meeting of December 28, 2004 (22 nd resolution)	26 months, or up to February 28, 2007

3. General information concerning the Company and its capital

Type of authority	Ceiling in euros	Usage to date	Balance available	Authorization date	Duration of authorization
Authorizations relating to issues with retention or removal of preferential subscription rights					
Increase in number of shares to be issued for a capital increase	300 million (par value of capital increase) ⁽³⁾	-	€ 287 132 353.70	Meeting of December 28, 2004 up to (23rd resolution)	26 months, or February 28, 2007

(1) In addition, it is specified that, acting within the authorization granted thereto by the Extraordinary General Meeting of June 26, 2003 (Nineteenth resolution), the Management of the Company decided, on June 17, 2004 and July 29, 2004, to issue new redeemable Maurel & Prom shares (see section 3.2.4.1)

(2) (3) These amounts are non-cumulative.

(4) This amount is applied to the total ceiling of € 300 million (par value of the capital increase) applicable to the other issues.

3.2.3.2. New authorizations

During the General Meeting of June 29, 2005, Maurel & Prom shareholders will be asked to confer new authorizations or powers on the Management Board for issuing shares in the capital or marketable securities having the features described in Note 2 to these presents (draft resolutions submitted to the General Meeting). These new authorizations are as follows:

Type of authority	Maximum par value of the issue in euros	Ceiling of the capital increase in euros (in par value)	Duration of authorization	Expiry date
Issues with retention of preferential subscription rights				
Issue of shares in the capital and marketable securities giving access to the capital of the Company or one of its subsidiaries	450 million ⁽¹⁾	300 million ⁽²⁾	26 months	August 29, 2007
Capital increase by incorporation of reserves, profits or issue, merger or contribution premiums	-	300 million	26 months	August 29, 2007
Issues with removal of preferential subscription rights				
Issue of shares in the capital and marketable securities giving access to the capital of the Company or one of its subsidiaries	450 million ⁽¹⁾	300 million ⁽²⁾	26 months	August 29, 2007
Issue of shares in the capital or marketable securities giving access to the capital to pay for contributions of shares in the case of a public offering initiated by the Company	450 million ⁽¹⁾	300 million ⁽²⁾	26 months	August 29, 2007
Issue of shares in the capital or marketable securities giving access to the capital to pay for contributions in kind consisting of capital shares in the capital or marketable securities giving access to the capital	450 million ⁽¹⁾	- 10% of the Company's capital, and - 300 million ⁽²⁾	26 months	August 29, 2007

Type of authority	Maximum par value of the issue in euros	Ceiling of the capital increase in euros (in par value)	Duration of authorization	Expiry date
Issue by public offering of shares in the capital or marketable securities giving access to the capital by setting the issue price	450 million ⁽¹⁾	10% of the Company's capital per 12 month period, and - 300 million ⁽²⁾	26 months	August 29, 2007
Free allocation of shares to employees	-	3 million ⁽²⁾	26 months	August 29, 2007
Issue of shares reserved for employees	-	5% of Maurel & Prom share capital on the date of the Meeting ⁽²⁾	38 months	August 29, 2007
Issue of shares reserved for Knightsbridge Group Ltd	-	10% of Maurel & Prom capital on the date of the Meeting ⁽³⁾	18 months	December 29, 2006
Authorizations relating to issues with retention or removal of preferential subscription rights				
Increase in the number of shares to be issued for an increase in the capital of the Company	450 million ⁽¹⁾	300 million ⁽²⁾	26 months	August 29, 2007
Other				
Issue of marketable securities giving right to allocation of loan notes	300 million ⁽¹⁾	-	26 months	August 29, 2007

(1) This amount is applied to the overall ceiling of € 450 million (par value of the issue) applicable to the other issues.

(2) This amount is applied to the overall ceiling of € 300 million (par value of the capital increase) applicable to the other issues.

(3) This amount is not applied to the overall ceiling of € 300 million (par value of the capital increase) applicable to the other issues.

3.2.4. Securities giving access to the capital

3.2.4.1. Redeemable share warrants

On July 29, 2004, in line with the Management decisions dated June 17, 2004 and July 29, 2004, Maurel & Prom issued 8 317 638 new redeemable Maurel & Prom share warrants free of charge to all shareholders at the rate of one warrant per Maurel & Prom share (the "BSARs").

The BSARs can be exercised at any time from July 29, 2004 to July 28, 2006, the date on which the BSARs that have not been exercised will become void and will lose all value.

At the time of the issue, provision was made for 20 BSARs to give entitlement to subscribe for one new Maurel & Prom share, with a par value of € 7.70, at the price of € 89.65. Following the decision of the Combined General Meeting of December 28, 2004 to divide the Maurel & Prom share par value by 10, the rights of the holders of the BSARs were adjusted as follows: henceforth, 20 BSARs give

entitlement to subscribe to 10 new shares at a par value of € 0.77 each, for a total price for the 10 shares of € 89.65.

The new Maurel & Prom shares subscribed to by exercising the BSARs become eligible for dividend on the first day of the fiscal year during which the BSARs are exercised.

The BSARs are accepted for trading on the Eurolist market of Euronext Paris S.A., ISIN number FR0010096719.

A transaction prospectus relating to this issue was signed by the Autorité des marchés financiers on June 25, 2004, number 04-634, and is available on the Autorité des marchés financiers's website.

Between July 29, 2004 and April 30, 2005, 399 080 BSARs were exercised, which gave rise to capital increases totaling € 153 645.80. Consequently, on May 1, 2005, 7 918 558 BSARs remained in circulation and were likely to cause a capital increase of € 3 048 644.83 by the creation of 3 959 279 new shares with a par value of € 0.77 each.

3.2.4.2. Bonds with the option of conversion and/or exchange for new or existing shares

• Issue on February 7, 2002

On February 7, 2002, following the Management decision dated January 25, 2002, the Company issued, with the removal of preferential subscription rights, shares with the option of conversion and/or exchange for new or existing shares, with a due date of January 1, 2007, in the total nominal amount of € 31 770 165 represented by 1 512 865 bonds with a unit value of € 21.

These bonds were admitted to trading on the Premier marché of Euronext Paris S.A.

A definitive prospectus relating to this issue was signed by the Commission des opérations de bourse (former France's stockmarket watchdog) on January 25, 2002, number 02-060, and is available on the Autorité des marchés financiers website.

On October 4, 2004, the Management decided to carry out an early redemption of all the bonds remaining in circulation on that date, in accordance with the issue agreement. The deadline for conversion was set at October 29, 2004.

On that date, 12 014 bonds remained in circulation and were redeemed on November 9, 2004 in cash for € 25.20 per bond plus the coupon of € 1.08, or a total of € 26.28 per bond. It should be remembered that between January 1, 2004 and November 8, 2004, 1 389 105 bonds were converted, giving rise to increases in share capital totaling € 10 760 634.50 by the creation of 1 397 485 new shares with a par value of € 7.70 each.

Consequently, on the date of the present reference document, no bonds resulting from the issue of February 7, 2002 remain in circulation.

• Issue of March 9, 2005

On March 9, 2005, Maurel & Prom, based on the decisions made by the Management Board on February 28 and March 1, 2005 and of a member of the Board dated March 1, 2005 acting on the Management Board's authority, issued, with removal of preferential subscription rights, convertible bonds falling due on January 1, 2010 in the total nominal amount of € 374 999 978.76, represented by 16 711 229 bonds with a unit value of € 22.44 (the "OCEANES").

Each OCEANE carries interest at the rate of 3.50% per year and gives the holder the right to request at any time from March 9, 2005 until the seventh working day preceding the normal or early redemption date, the allocation of Maurel & Prom shares, at the rate of one share per OCEANE, conditional on adjustments provided in the event of financial transactions made by Maurel & Prom.

Maurel & Prom may, at its discretion, issue new shares or existing shares or a combination of the two. The new Maurel & Prom shares issued following the conversion of the OCEANES will become eligible for dividends on the first day of the financial year during which the OCEANES are converted. The existing shares handed over in exchange for the OCEANES will become eligible for the current dividend (thus giving entitlement to all dividends payable from the date of delivery of the said shares).

The OCEANES are admitted to trading on the Eurolist market of Euronext Paris S.A. under ISIN number FR0010173690.

A transaction prospectus relating to the issue of the OCEANES was assigned by the Autorité des marchés financiers on March 1, 2005 number 05-122, and is available on the Autorité des marchés financiers's website.

Between March 9, 2005 and April 30, 2005, no OCEANES had been converted or exchanged for shares. Consequently, on May 1, 2005, 16 711 229 OCEANES remained in circulation and were likely to cause a capital increase of € 12 867 646.33 by the creation of 16 711 229 new shares, with a par value of € 0.77 each.

3.2.4.3. Share options

A summary table of the existing share options within Maurel & Prom is shown below.

Summary table of Maurel & Prom share options - Information correct at June 1, 2005

Plan	Date of authorization by the Meeting	Date of allocation	Beneficiaries	Number of options allocated	Initial exercise price	Date exercise begins
1	September 11, 2001	October 25, 2001	12 people: - 1 corporate officer ⁽¹⁾ , and - 11 employees not corporate officers ⁽²⁾	154 000 8 000 146 000	€ 12.15	October 26, 2004
1a	September 11, 2001	June 16, 2003	1 employee ⁽³⁾	26 000	€ 19.98	May 23, 2005
2	June 26, 2003	July 29, 2003	5 employees not corporate officers ⁽⁴⁾	123 000	€ 17.82	July 30, 2003
2a	June 26, 2003	June 22, 2004	3 employees not corporate officers	13 500	€ 66.94	June 23, 2004
3	December 28, 2004	March 16, 2005	1 employee ⁽⁵⁾	220 000	€ 13.59	March 17, 2005
3a	December 28, 2004	April 6, 2005	8 employees not corporate officers	480 000	€ 13.44	April 7, 2005

TOTAL

(1) Of Maurel & Prom subsidiaries.

(2) Of these options, (i) 410 130 were held by Frédéric Boulet, an employee of Maurel & Prom at the time of the allocation, but becoming a member of the Management Board on December 28, 2004 and (ii) 153 800 by Daniel Pelerin, an employee of Maurel & Prom at the time of the allocation but becoming a member of the Management Board on April 22, 2005.

(3) This is Frédéric Boulet, an employee at the time of the allocation, becoming a member of the Management Board on December 28, 2004.

(4) Of these options, 1 025 320 were held by Frédéric Boulet, an employee of Maurel & Prom at the time of the allocation, but becoming a member of the Management Board on December 28, 2004.

(5) This is Marc Sengès, an employee at the time of the allocation, becoming a member of the Management Board on April 22, 2005.

(6) Exercise of options before the share's par value was divided by ten

(7) Takes account of the exercise of 5 127 options before the readjustment of December 2004

Notes:

- Each option thus existing provides the right to subscribe to one Maurel & Prom share with a par value of € 0.77.

- No allocated option has been cancelled.

- For all the options, no clause banning the immediate resale of some or all of the shares resulting from the exercise of the options has been provided, and no deadline for the retention of the shares from taking up the option has been stipulated.

3. General information concerning the Company and its capital

Maturity date	After readjustment July 2004		After readjustment December 2004		Number of options exercised	Residual number of options
	Number of options	Exercise price	Number of options	Exercise price		
none	157 903	€ 11.85	1 527 760	€ 1.185	710 230 ⁽⁷⁾	868 800
	8 203		82 030		82 030	0
	149 700		1 445 730 ⁽⁷⁾		576 930 5 127 ⁽⁶⁾	868 800
June 16, 2008	26 654	€ 19.49	266 540	€ 1.949	266 540	0
July 29, 2008	126 116	€ 17.38	1 261 160	€ 1.738	1 025 320	235 840
June 22, 2009	13 842	€ 65.29	138 420	€ 6.529	0	138 420
March 16, 2010	N/A	N/A	N/A	N/A	0	220 000
April 6, 2010	N/A	N/A	N/A	N/A	0	480 000
					2 002 090	1 943 060

3.2.4.4. Maximum potential dilution of the Company's capital

The table below shows the maximum potential dilution of the Company's capital resulting from the conversion or exercise of all the securities giving access to the Company's capital that still exist at the date of the present reference document (subscription options, OCEANEs and BSARs):

	Date of issue	Conversion dates Start	Conversion dates End	Number of securities	Number of shares Current	Number of shares Potential	Potential dilution
Capital as at 1/06/2005					110 098 850		
Subscription options	25/10/01	26/10/04	unlimited	868 800	868 800	868 800	0.79%
Subscription options	16/06/03	23/05/05	16/06/08	0	0	0	0%
Subscription options	29/07/03	30/07/03	29/07/08	235 840	235 840	235 840	0.21%
Subscription options	22/06/04	23/06/04	22/06/09	138 420	138 420	138 420	0.12%
Subscription options	16/03/05	17/03/05	16/03/10	220 000	220 000	220 000	0.20%
Subscription options	06/04/05	07/04/05	06/04/10	480 000	480 000	480 000	0.44%
Total subscription options	-	-	-	1 943 060	1 943 060	1 943 060	1.76%
BSARs	17/06/04	28/07/04	28/07/06	7 918 558	3 959 279	3 959 279	3.60%
OCEANEs	01/03/05	09/03/05	31/12/09	16 711 229	16 711 229	16 711 229	15.18%
TOTAL	-	-	-	-	-	22 613 568	20.54%

3.2.5. Table showing the trend in the Company's capital over the last five years

The table below shows the changes in Maurel & Prom capital over the last five years up to the date of the present reference document:

Transactions and dates	Change in capital Amount of share capital	Number of shares	Amount of share capital after operation	Total number of shares in circulation
2000 January 2000 Issue of ABSAs	F 120 970 400 (or € 18 441 818.59)	2 419 408	F 302 426 000 (or € 46 104 546.49)	6 048 520
2001 June 18, 2001 Conversion of BSAs (from ABSAs issued in January 2000)	F 15 050 (or € 2 294.36)	301	F 302 441 050 (or € 46 106 840.84)	6 048 821
December 3, 2001 Conversion of BSAs (issued on June 20, 2001)	F 102 250 (or € 15 587.91)	2 045	F 302 543 300 (or € 46 122 428.76)	6 050 866
December 3, 2001 Capital converted into € and increase in share par value	€ 46 122 726.08	0	€ 46 591 668.20	6 050 866
2002 January 11, 2002 Conversion of BSAs (issued on June 20, 2001)	€ 2 756.60	358	€ 46 594 424.80	6 051 224
April 5, 2002 Conversion of BSAs (issued on June 20, 2001)	€ 22 961.40	2 982	€ 46 617 386.20	6 054 206
December 31, 2002 Conversion of BSAs (issued on June 20, 2001)	€ 53 237.80	6 914	€ 46 670 624	6 061 120
December 31, 2002 Conversion of OCEANEs into new shares (issued in February 2002)	€ 84.70	11	€ 46 670 708.70	6 061 131

3. General information concerning the Company and its capital

Transactions and dates	Change in capital		Amount of share capital after operation	Total number of shares in circulation
	Amount of share capital	Number of shares		
2003 June 18, 2003 Conversion by Heritage of convertible bonds (issued on August 29, 2002)	€ 1 986 692.40	258 012	€ 48 657 401.10	6 319 143
June 30, 2003 Conversion by Financière de Rosario of convertible bonds (issued on August 29, 2002)	€ 1 918 478.10	249 153	€ 50 575 879.20	6 568 296
June 30, 2003 Conversion of BSAs (issued on June 20, 2001)	€ 16 970.80	2 204	€ 50 592 850	6 570 500
October 31, 2003 Conversion of BSAs (issued on June 20, 2001)	€ 220 913	28 690	€ 50 813 763	6 599 190
October 31, 2003 Conversion of OCEANEs into new shares (issued in February 2002)	€ 304 519.60	39 548	€ 51 118 282.60	6 638 738
December 31, 2003 Conversion of BSAs (issued on June 20, 2001)	€ 4 231 604.30	549 559	€ 55 349 886.90	7 188 297
December 31, 2003 Conversion of OCEANEs into new shares (issued in February 2002)	€ 555 839.90	72 187	€ 55 905 726.80	7 260 484
2004 April 30, 2004 Conversion of OCEANEs into new shares (issued in February 2002)	€ 1 379 763	179 190	€ 57 285 489.80	7 439 674
June 24, 2004 Conversion of OCEANEs into new shares (issued in February 2002)	€ 2 471 353.50	320 955	€ 59 756 843.30	7 760 629
July 19, 2004 Conversion of OCEANEs into new shares (issued in February 2002)	€ 4 288 969.30	557 099	€ 64 045 812.60	8 317 638
September 30, 2004 Conversion of OCEANEs into new shares (issued in February 2002)	€ 191 452.80	24 864	€ 64 237 265.40	8 342 502
September 30, 2004 Exercise of BSARs (issued in July 2004)	€ 60 506.60	7 858	€ 64 297 772	8 350 360
November 8, 2004 Conversion of OCEANEs into new shares (issued in February 2002)	€ 2 429 095.90	315 467	€ 66 726 867.90	8 665 827
November 8, 2004 Exercise of BSARs (issued in July 2004)	€ 50 342.60	6 538	€ 66 777 210.50	8 672 365
November 10, 2004 Exercise of options (October 2001)	€ 39 477.90	5 127	€ 66 816 688.40	8 677 492
December 28, 2004 Merger by absorption of Aréopage by Maurel & Prom	€ 16 414 498.10	2 131 753	€ 83 231 186.50	10 809 245
December 28, 2004 Maurel & Prom share par value divided by 10	-	-	€ 83 231 186.50	108 092 450
December 31, 2004 Exercise of BSARs (issued in July 2004)	€ 5 805.80	7 540	€ 83 236 992.30	108 099 990

Transactions and dates	Change in capital		Amount of share capital after operation	Total number of shares in circulation
	Amount of share capital	Number of shares		
2005 January 1, 2005	€ 181 589.10	235 830	€ 83 418 581.40	108 335 820
Exercise of options (October 2001)				
January 31, 2005	€ 16 300.90	21 170	€ 83 434 882.30	108 356 990
Exercise of BSARs (issued in July 2004)				
March 2, 2005	€ 10 010	13 000	€ 83 444 892.30	108 369 990
Exercise of options (October 2001)				
March 31, 2005	€ 17 047.80	22 140	€ 83 461 940.10	108 392 130
Exercise of BSARs (issued in July 2004)				
May 11, 2005	€ 3 642.10	4 730	€ 83 465 582.20	108 396 860
Exercise of BSARs				
May 11, 2005	€ 1 105 296.50	1 435 450	€ 84 570 878.70	109 832 310
Exercise of options				
June 1, 2005	€ 205 235.80	266 540	€ 84 776 114.50	110 098 850
Exercise of options				

3.3. Current distribution of capital and voting rights

3.3.1. The Company's current shareholders

3.3.1.1. Shareholders of the Company as at June 1, 2005

As at June 1, 2005, the distribution of capital and voting rights was as follows:

	Number of shares	% of capital	Number of voting rights	% of voting rights
Bearer institutions				
including:	20 913 989	19.00	20 913 989	19.03
Macif	8 392 500	7.62	8 392 500	7.64
Pacifico (*)	8 514 460	7.73	8 514 460	7.75
Hallsol	4 007 029	3.64	4 007 029	3.65
Nominal institutions				
including:	20 482 519	18.60	20 610 899	18.75
Pacifico (*)	20 105 290	18.26	20 105 290	18.29
Cogepa	27 200	0.02	54 400	0.05
Note - double votes			64 190	0.06
Public				
including:	68 702 342	62.40	68 435 802	62.27
Frédéric Boulet	1 701 990	1.55	1 701 990	1.54
Total	110 098 850	100	110 163 040	100

(*) Pacifico thus holds a total of 28 619 750 shares, representing 26.06% of the capital and 26.04% of the voting rights.

3. General information concerning the Company and its capital

3.3.1.2. Number of shareholders

The Company does not know the precise number of shareholders.

However, the identification of bearer securities requested from Euroclear France and carried out on November 30, 2004 indicates that 17 680 shareholders held 8 602 655 bearer shares. The distribution of these 17 680 bearers as a percentage of the number of holders is as follows: 95.90% individuals, and 4.1% bodies corporate broken down as follows: 2.18% companies, 1.04% foreigners, 0.86% mutual trusts. The distribution of the 17 680 bearers as a percentage of the number of securities held is as follows: 37.36% individuals and 62.64% bodies corporate, making 36.32% companies, 15.44% foreigners, 9.97% mutual trust and the rest in trading accounts.

At the same period, 80 nominal shareholders held 70 500 shares, or 0.81% of the capital and 1.41% of the voting rights.

3.3.1.3. Shareholders holding more than 5% of the capital

To the knowledge of the Company, no shareholder other than MACIF and Pacifico (Compagnie de Participations Commerciales et Industrielles et Financière S.C.A.) holds directly, indirectly, alone or in concert, more than 5% of the Company's capital and/or the voting rights.

It should be remembered that Pacifico is a company controlled by Jean-François Hénin, Chairman of the Management Board and his family (more than 99% of the capital and voting rights).

3.3.1.4. Significant movements during the fiscal year

The Company has been informed of significant capital movements during the fiscal year 2004 by certain shareholders who are detailed below.

On July 15, 2004, Halisol (a société anonyme controlled by Solinvest B.V.) exceeded the 5% thresholds of Maurel & Prom capital and voting rights following the conversion of OCEANes into shares. On that date, it held 432 500 Maurel & Prom shares representing 5.57% of the capital and 5.54% of the voting rights. Halisol informed the Autorité des marchés financiers thereof in a letter dated July 21, 2004.

On November 9, 2004, Halisol passively fell below the 5% thresholds of capital and voting rights following an increase in the Company's capital resulting from the conversion of OCEANes into shares. On that date, it held 432 500 Maurel & Prom shares representing 4.98% of the capital and 4.95% of the voting rights. Halisol informed the Autorité des

marchés financiers thereof in a letter dated February 4, 2005.

On November 15, 2004, MACIF passively fell below the 10% thresholds of capital and voting rights following an increase in the Company's capital resulting from the conversion of OCEANes into shares. On that date, it held 841 000 Maurel & Prom shares, representing 9.69% of the capital and 9.63% of the voting rights. MACIF informed the Autorité des marchés financiers thereof in a letter dated November 18, 2004.

On December 28, 2004, Pacifico exceeded the thresholds of 10% and 20% of the capital and voting rights, following Maurel & Prom's allocation to Pacifico of 20 105 290 shares as part of the merger by absorption of Aréopage (of which Pacifico was the majority shareholder) by Maurel & Prom. On that date, Pacifico held 28 679 750 Maurel & Prom shares, representing 26.53% of the capital and 26.40% of the voting rights. Pacifico supplemented its declaration of exceeding thresholds, sent to the Autorité des marchés financiers in a letter dated December 28, 2004 with the following declaration of intent:

"Pacifico, which acts alone, does not wish in the next 12 months either to pursue its purchases or to acquire control of Maurel & Prom. Nor does Pacifico intend, within the foreseeable future, to dispose of the Maurel & Prom shares that it holds, except as part of a strategic transaction that may be in the interests of all Maurel & Prom shareholders equally.

In addition, Jean-François Hénin, its managing director and majority shareholder, having been appointed Chairman of the Maurel & Prom Management Board by the Supervisory Board meeting held on December 28, 2004, Pacifico does not wish to request (i) its own appointment or that of one or more other individuals or bodies corporate as members of the Maurel & Prom Supervisory Board, (ii) or that of one or more other individuals as members of the Maurel & Prom Management Board".

3.3.1.5. Shares held by corporate officers, the Company itself and employees

The total number of shares held by officers of the Management Board and Supervisory Board stands at 33 316 017 as at June 1, 2005, or 30.26% of the Company's capital and 30.24% of the voting rights.

As at December 31, 2004, Maurel & Prom held none of its own shares (see section 3.2.2. for more information on the share buyback programs).

As at December 31, 2004, 30 Company employees held, through the salary savings plans (Company Savings Plan

and Partnership Voluntary Salary Savings Plan, see section 6.3.1) 79 310 Maurel & Prom shares.

3.3.2. Any modifications made to the distribution of the share capital during the last three years

The changes in the Company's capital during the last three years are shown in the table below.

In 2002:

At March 31, 2002	Shares held of 6 054 206 at € 7.70	% of capital of € 46 617 386.20	Voting rights	% Voting rights of 6 140 619
BEARER INSTITUTIONS				
MACIF	1 073 906	17.74	1 073 906	17.49
PACIFICO (managing shareholder)	732 986	12.11	732 986	11.94
Maurel & Prom on its own account	103 567	1.71	0	0
Sub-Total	1 910 459	31.55	1 806 892	29.43
NOMINAL (including)				
AREOPAGE (managing shareholder)	106 438	1.76	180 415	2.94
COGEPA	4 000	0.07	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
PACIFICO (managing shareholder)	65 400	1.08	130 800	2.13
Sub-total	248 097	4.10	438 077	7.13
<i>Note - Double votes</i>			<i>189 980</i>	
GENERAL PUBLIC	3 895 650	64.35	3 895 650	63.44
TOTAL	6 054 206	100.00	6 140 619	100.00

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In 2003:

At March 31, 2003	Shares held of 6 061 131 at € 7.70	% of capital of € 46 670 708.70	Voting rights	% Voting rights of 6 137 278
BEARER INSTITUTIONS				
MACIF	1 073 906	17.72	1 073 906	17.50
PACIFICO (managing shareholder)	733 093	12.09	733 093	11.95
Maurel & Prom for its own account	113 883	1.88	0	0
Sub-Total	1 920 882	31.69	1 806 999	29.45
NOMINAL (including)				
ALTER FINANCE	11 146	0.18	11 146	0.18
AREOPAGE (managing shareholder)	106 438	1.76	180 415	2.94
COGEPA	4 000	0.06	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
PACIFICO (managing shareholder)	65 400	1.08	130 800	2.13
Sub-total	249 597	4.12	439 627	7.16
<i>Note - Double votes</i>			<i>190 030</i>	
GENERAL PUBLIC	3 890 652	64.19	3 890 652	63.39
TOTAL	6 061 131	100.00	6 137 278	100.00

3. General information concerning the Company and its capital

At June 30, 2003	Shares held of 6 568 296 at € 7.70	% of capital of € 50 575 879.20	Voting rights	% Voting rights of 6 505 066
BEARER INSTITUTIONS				
MACIF	1 073 906	16.35	1 073 906	16.51
PACIFICO (managing shareholder)	798 493	12.15	798 493	12.28
AREOPAGE (managing shareholder)	106 438	1.62	106 438	1.63
Maurel & Prom for its own account	113 883	1.74	0	0
Sub-Total	2 092 720	31.86	1 978 837	30.42
NOMINAL (including)				
ALTER FINANCE	11 146	0.18	11 146	0.18
COGEPA	4 000	0.06	8 000	0.13
DELBURN	45 000	0.74	90 000	1.47
FINANCIERE DE ROSARIO	249 153	3.79	249 153	3.83
HERITAGE CONGO LTD	258 012	3.93	258 012	3.96
Sub-total	585 724	8.92	636 377	9.78
Note - Double votes			50 653	
GENERAL PUBLIC	3 889 852	59.22	3 889 852	59.80
TOTAL	6 568 296	100.00	6 505 066	100.00

December 31, 2003	Shares held of 7 260 484 at € 7.70	% of capital of € 55 905 726.80	Voting rights	% Voting rights of 7 311 137
BEARER INSTITUTIONS				
MACIF	1 073 906	14.79	1 073 906	14.69
PACIFICO (managing shareholder)	798 493	11.00	798 493	10.92
AREOPAGE (managing shareholder)	106 438	1.47	106 438	1.46
Sub-Total	1 978 837	27.26	1 978 837	27.07
NOMINAL (including)				
COGEPA	4 000	0.06	8 000	0.11
DELBURN	45 000	0.62	90 000	1.23
Sub-total	67 491	0.93	118 144	1.61
Note - Double votes			50 653	
GENERAL PUBLIC	5 214 156	71.81	5 214 156	71.32
TOTAL	7 260 484	100.00	7 311 137	100.00

December 31, 2004	Shares held of 108 099 990 at € 0.77	% of capital € 83 236 992.30	Voting rights	% Voting rights of 108 107 530
BEARER INSTITUTIONS including:				
MACIF	9 295 470	8.60%	9 295 470	8.56%
PACIFICO	28 679 750	26.53%	28 679 750	26.40%
HALISOL	4 325 000	4%	4 325 000	3.98%
Sub-Total	42 300 220	39.13%	42 300 220	38.94%
NOMINAL (including)				
COGEPA	40 000	0.04%	80 000	0.07%
DELBURN	450 000	0.42%	900 000	0.83%
Note - Double votes			528 280	
Sub-total	702 800	0.65%	702 800	0.65%
GENERAL PUBLIC, including:				
Frédéric Boulet	1 067 790	0.99%	1 067 790	0.98%
Emmanuel de Marion de Glatigny	141 300	0.13%	141 300	0.13%
TOTAL	108 099 990	100.00	108 628 270	100.00

3.3.3. Bodies corporate having control of the Company

To the Company's knowledge, there is no pact between the shareholders of the Company or heads of agreement providing for preferential terms of disposal or acquisition of Maurel & Prom shares and concerning at least 0.5% of the Company's capital or voting rights.

Nor have pacts or agreements been made between (i) the Company and one of its subsidiaries or (ii) the Company and a company whether or not admitted to trade on a French or foreign regulated market, with the exception of a pact made on September 30, 2001 between Maurel & Prom and Peberinvest relating to the shares of the Canadian company Pebercan Inc. (a company traded on the Toronto Stock Exchange).

As at June 1, 2005, MACIF held 7.62% of the Company's capital and 7.64% of the voting rights. On the same date, Pacifico held 26.05% of the Company's capital and 26.04% of the voting rights.

3.3.4. Pledges of shares in Maurel & Prom or its subsidiaries

As part of a loan of \$ 4 000 000 which Maurel & Prom had contracted with Alter Finance on May 2, 2002, the Company had pledged 70 969 of its own shares and 7 000 000 of the shares it holds in the Canadian company Pebercan Inc. (equivalent value as at December 31, 2003: € 6 812 000).

The pledge made in favor of Alter Finance on Maurel & Prom's own shares was redeemed on April 7, 2003.

The pledge of Pebercan Inc. shares was redeemed when the total loan was repaid, which occurred on February 16, 2004.

Under the terms of the export prefinance agreement made on November 15, 2002 between the Company and Natexis Banques Populaires in the amount of \$ 18 000 000, the Company pledged all the holdings that it had in Zetah M&P Congo SARL. This prefinancing was refinanced thanks to a finance agreement entitled "Reserve Base Facility Agreement" made with Natexis Banques Populaires, Banque Belgolaise and Standard Bank on September 23, 2003 in the amount of \$ 50 000 000. All the shares held in Zetah M&P Congo SARL had on this occasion been the subject of a new pledge to the benefit of the said banks. As part of this "Reserve Base Facility Agreement", the Company had also pledged to the lenders all the shares it held in the capital of Zetah Kouilou Limited (65%) and Zetah Congo Limited (50%), companies having their head office at Saffrey Square, Suite 205, Bank Lane, Nassau, Bahamas, and whose only assets consisted respectively of the Kouilou exploration permit and the related operating permits, and the Kouakouala operating permit. The pledge of the shares in Zetah M&P Congo SARL was redeemed in August 2004, before Zetah M&P Congo SARL converted to a société anonyme.

The "Reserve Base Facility Agreement" of September 23, 2003 was refinanced by a new "Reserve Base Revolving Facility Agreement" in the amount of \$ 120 000 000 dated January 24, 2005, made with Natexis Banques Populaires. All the shares held by Maurel & Prom in Zetah Kouilou Ltd and Zetah Congo Ltd were the subject of a new pledge when it was signed.

The foregoing information is summarized in the table below:

in thousands	Pledge			Maurel & Prom asset	
	Start date	End date	Amount of asset pledged	Total balance sheet item	corresponding %
Intangible fixed assets	N/A	N/A	0	92 439	N/A
Tangible fixed assets	N/A	N/A	0	112 825	N/A
Financial fixed assets	24/01/2005	25/01/2009*	1**	18 140	0
TOTAL FIXED ASSETS			2	223 405	0
TOTAL BALANCE SHEET			2	311 813	0

* Due date of the "Reserve Base Revolving Facility Agreement" described in greater detail in section 5 below.

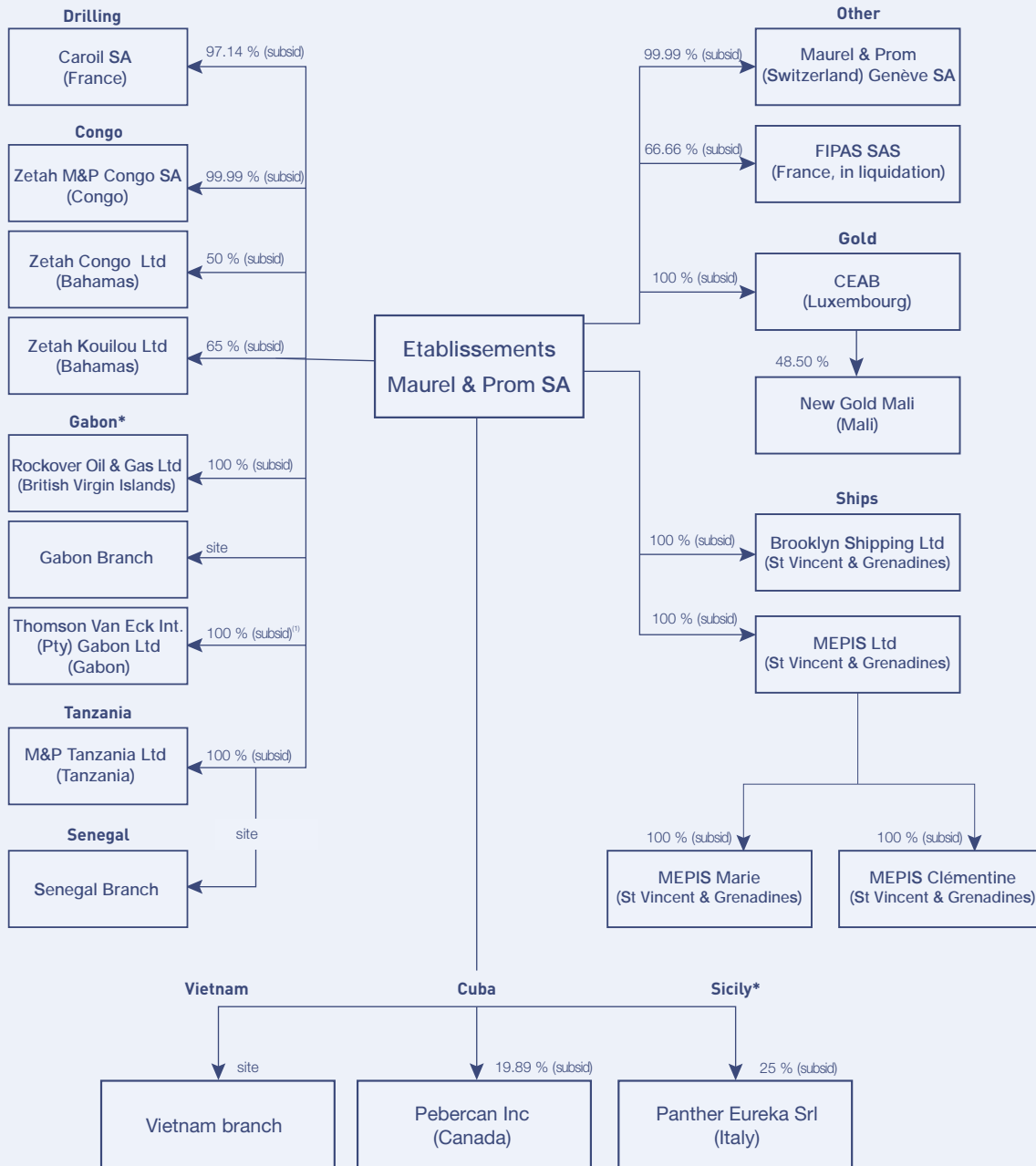
** Zetah Kouilou Ltd and Zetah Congo Ltd shares

Pledges of the issuer's shares: none

3. General information concerning the Company and its capital

3.3.5. Group organization chart

The Maurel & Prom Group (hereinafter called the "Maurel & Prom Group") organization as at March 31, 2005 is shown below. The percentages shown in these charts reflect a holding in capital and not in voting rights.



(*) Companies acquired by Maurel & Prom since December 31, 2004.

(1) conditional upon obtaining the agreement of the South African exchange control authority expected before June 30, 2005.

3.4. Market of the Company's financial instruments

3.4.1. The Company's financial instruments

The shares in the Company are admitted to trading on the Eurolist market of Euronext Paris S.A. (Compartment A) under ISIN code FR00000051070.

The redeemable share warrants (BSARs) issued on July 29, 2004 by the Company are traded on the Eurolist market of Euronext Paris S.A under ISIN code FR0010096719.

The bonds for conversion into new shares and/or for

exchanging for existing shares (OCEANES) issued on March 9, 2005 by the Company are traded on the Eurolist market of Euronext Paris S.A. under ISIN code FR 0010173690.

3.4.2. History of share trading volumes and prices

The monthly price and volume trends for dealings in Maurel & Prom shares over the last 18 months are summarized in the table below:

Month	High/low		Number of shares	Volume	
	Low (in €)	High (in €)			Value (in k€)
November 2003 *	3.31	3.84	3 295 780	11 862.47	
December 2003 *	3.68	4.05	4 585 930	17 968.61	
January 2004 *	3.95	4.72	7 272 500	31 981.49	
February 2004 *	3.99	4.38	2 780 040	11 890.72	
March 2004 *	4.24	5.69	5 166 440	25 847 749	
April 2004 *	5.64	7.87	8 405 180	59 098 3352	
May 2004 *	7.11	8.67	5 805 580	46 832 6345	
June 2004 *	7.54	10.11	5 627 840	51 594 0444	
July 2004 *	9.11	10.94	3 983 610	40 296 4713	
August 2004 *	10.52	12.03	5 042 590	57 982 7646	
September 2004 *	10.80	12.94	4 459 300	52 988 4621	
October 2004 *	12.65	13.96	5 718 210	76 354 2928	
November 2004 *	10.20	14.43	8 497 400	106 644 864	
December 2004 *	11.00	16.78	2 122 565	166 534 656	
January 2005	15.10	18.37	9 285 768	156 112 99	
February 2005	14.50	18.06	7 251 666	120 331 851	
March 2005	16.06	17.90	5 719 318	97 049 583	
April 2005	17.65	18.04	8 157 653	135 888 227	

(Source: Euronext Paris)

* Adjusted data (the par value of Maurel & Prom shares was divided by 10 following a decision of the shareholders on December 28, 2004, with effect from December 30, 2004).

3. General information concerning the Company and its capital

3.4.3. History of the BSAR dealing volumes and prices

The monthly trend in prices and volumes of the Company's redeemable share warrants since they were issued is summarized in the table below:

Month	High/low		Number of shares	Volume	
	Low (in €)	High (in €)			Value (in k€)
July 2004	2.25	3.27	551 521	1 431 436	
August 2004	2.60	3.05	1 351 820	3 907 282	
September 2004	2.65	3.00	523 861	1 481 617	
October 2004	2.93	3.81	1 130 729	3 955 055	
November 2004	2.70	3.75	537 135	1 786 019	
December 2004	2.91	4.5	1 118 725	3 981 145	
January 2005	4.05	4.99	1 166 496	5 235 724	
February 2005	3.90	4.67	859 830	3 714 939	
March 2005	4.02	4.65	861 024	3 817 930	
April 2005	4.55	4.73	684 452	2 860 510	

(Source: Euronext Paris)

3.4.4. History of the OCEANEs prices and volumes

The monthly trend in the prices and volumes of dealings in the OCEANE convertible bonds since their issue is summarized in the table below:

Month	High/low		Number of shares	Volume	
	Low (in €)	High (in €)			Value (in k€)
March 2005	22.02	22.75	281 379	6 324 252	
April 2005	22.37	22.5	397 420	8 694 678	

(Source: Euronext Paris)

3.5. Dividends

3.5.1. Distribution policy

No dividend was distributed for the years 1998, 1999, 2000, 2001, 2002 and 2003.

A proposal will be made to the Combined General Meeting called for June 29, 2005 to pay a dividend in the total amount of € 16 214 998.50, or € 0.15 per share for the year ending December 31, 2004. This total dividend amount will, where appropriate, be modified by the Management Board in the event of the Company's acquisition of its own shares (the self-held shares not being entitled to dividend) and/or the exercise of share options before the date the dividend is due to be paid (see, in Note 2 of the present reference document, the draft resolutions submitted to the Combined General Meeting).

3.5.2. Time limit

It should be noted that unclaimed dividends will not be paid after five years from the date they become payable.

4. Information on the Company's business

4.1. Introduction to the Company and the Maurel & Prom Group

4.1.1. History of the Company and the Maurel & Prom Group

Maurel & Prom was formed to trade between Bordeaux (its original head office) and France's West African colonies. It was one of the main shipping companies operating between France and Senegal, Ivory Coast, Cameroon, Gabon and Congo until 1970 when there was a decline in the shipping sector. After selling its real estate investments, the Company refocused its business on the food production sector (chicken raising, aquaculture). 76% controlled by Électricité et Eaux de Madagascar ("EEM") at the beginning of 1996, it reduced its stock rearing business and gradually developed its business in the shipping, oil and gas, gold mining and forestry sectors.

Since 1999, before the Company and EEM were legally separated (the divestment of EEM took place in May 2000) to concentrate on its own activities, Maurel & Prom has become a recognized company in the hydrocarbon exploration and production sector.

4.1.2. Main businesses of the Company and the Maurel & Prom Group

4.1.2.1. Business sectors

The Maurel & Prom Group's assets are, as at December 31, 2004, currently split between four sectors:

- oil and gas activities,
- shipping activities,
- gold mining activities,
- other activities.

These activities are not dependent on seasonality or specific periods.

The breakdown of the Group's companies, by business type, is as follows:

Oil activities:

- Exploration and production of hydrocarbons (oil and gas):
Maurel & Prom - Pebercan Inc - Zetah M&P Congo - Zetah Congo Ltd - Zetah Kouilou Ltd - Maurel & Prom Tanzania Ltd - Rockover Oil & Gas Ltd (*) - Thomson & Van Eck International (Gabon) (Pty) Ltd (*) - Panther Eureka S.r.l. (*)

(*) Companies acquired by Maurel & Prom after December 31, 2004.

- Oil drilling: Caroil

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Geographic locations of oil activities:



Shipping activities: Brooklyn Shipping Limited - Maurel & Prom International Shipping Limited "Mepis" - Mepis Clementine Limited - Mepis Marie Limited

Gold mining activities: Compagnie Européenne et Africaine du Bois - New Gold Mali

Other activities: Maurel & Prom (Suisse) Genève SA - Finances Publiques Audit et Solutions (in liquidation)

A summary diagram of the Maurel & Prom Group's companies as at the date of this reference document appears on the following page.

OIL & GAS

CONGO ⁽¹⁾

Permits:

■ **Kouakouala** ⁽³⁾
M&P: 50%
Permit holder:
Zetah Congo Ltd
(M&P 50%)

◆ **Kouilou** ⁽³⁾
M&P: 65%
Permit holder:
Zetah Kouilou Ltd
(M&P 65%)

■ **M' Boundi** ⁽³⁾
M&P: 54%
Permit holder:
Zetah Kouilou Ltd

◆ **La Noumbi** ⁽³⁾
M&P: 49%
Permit holder:
Zetah M&P Congo

■ **Pointe-Indienne** ⁽³⁾
(M&P 65%)
Régime : Concession

Opérateur : Zetah M&P
Congo (M&P : 100%)

CUBA ⁽¹⁾

Pebercan Inc
(quoted on the Toronto
Stock Exchange)
M&P stake: 19.89%

DRILLING ⁽¹⁾

Caroil SA
M&P stake: 97.14%

TANZANIA ⁽¹⁾

Permit:

◆ **Bigwa-Rufiji and Mafia** ⁽³⁾
M&P stake: 60%

SENEGAL ⁽¹⁾

Permit:

◆ **Sebikhotane** ⁽³⁾
M&P stake: 54%

SICILY ⁽¹⁾

Panther Eureka
(Sarl italienne)
Participation M&P: 25%

FRANCE ⁽¹⁾

Permit:

◆ **Lavignolle**
M&P stake: 54%
M&P: 25%
Concession

GABON ⁽¹⁾

Permits:

◆ **Ofoubou Ankani**
M&P: 50%
Rockover Oil & Gas: 45%
Thomson Van Eck*: 5%

◆ **Nyanga-Mayombé**
M&P: 50%
Rockover Oil & Gas: 50%

■ **Banio**
M&P: 50%

◆ **AET (3) Kari**
Rockover Oil & Gas: 100%

◆ **AET (3) M'Bindji**
Rockover Oil & Gas: 100%

VIETNAM ⁽²⁾

Permit:

Hanoi Basin
M&P: 100%
Operator: M&P branch

HUNGARY ⁽²⁾

Permit:

Nagylengyel West
M&P stake: 54%
M&P: 35%
Concession

SHIPPING

ST VINCENT & GRENADINES

**Maurel & Prom Int.
Shipping Ltd
(MEPIS)**
M&P: 100%
Holding

MEPIS Marie
MEPIS: 100%
Owner of the multi-purpose
ship Miss Marie

MEPIS Clémentine
MEPIS: 100%
Owner of the multi-purpose
ship Miss Clémentine

**Brooklyn Shipping Ltd
(BSL)**
M&P: 100%
Manager of the two
multipurpose ships
LUXEMBURG

Key to oil and gas activities:

■ : operation; ◆ : exploration

(1) Oil; (2) Gas

(3) Production-sharing contract

(4) Temporary exploration permit

* Conditional upon obtaining authorization from
the South African exchange control authority
(expected before June 30, 2005)

GOLD

LUXEMBURG

**Cie Européenne
& Africaine du Bois
(CEAB)**
M&P: 100%
Holding

**New Gold Mali
(NGM)**
CEAB: 49.50%

OTHER

**Maurel & Prom
(Suisse) Genève SA**
M&P: 99.99%

FIPAS (en liquidation)
M&P : 66%

4.1.2.2. The Group's position in its markets

Maurel & Prom remains France's second largest oil company traded on the Eurolist market of Euronext Paris S.A. (compartment A) after Total (source: Société). The Maurel & Prom Group's main competitors are potentially "juniors" or "mid-size" oil companies for the "energy" businesses.

The Company's strategy and outlook: a situation becoming increasingly favorable to the build-up of an independent oil player of significant size.

The increased interest of investors in independent oil companies is linked to the following factors:

The share of the "majors" is decreasing for several reasons:

- investments in exploration and major discoveries are dropping sharply;
- depletion (see Appendix 1 - Glossary) is more marked than predicted;
- operating costs are on the increase;
- many returns are made before 3D seismic is completed;
- they prefer profitability to growth;
- the majors have to find barrels on the market.

Independents have competitive advantages over the majors:

- they have a degree of responsiveness that is well suited to small and medium-sized fields (discoveries of new, marginal and end-of-life reservoirs);
- they have no involvement in the downstream sector (distribution/refining/trading);
- their Opex/Capex (see Appendix 1 - Glossary) are therefore lower because of these much lighter structural costs;
- in the event of success, the rate of return on invested capital is higher (more than 25%);
- they have the ability to combine growth and return.

Independents are benefiting from a buoyant price situation:

- the market is afraid of being physically short (limited ability to increase production in the Middle East, refinery industry saturated); 15 times more financial than physical petroleum products;
- the market consensus supports the assumption that oil prices will remain high (between USD 35 and 50 per barrel of Brent);
- the high price can be supported for western economies and the two big emerging countries (China and India);

- high political premium due to the instability of large oil-producing countries (Nigeria, Iraq) or uncertainties regarding countries' political future (Saudi Arabia, etc.);
- need to develop deep offshore and unconventional oils.

There are two avenues of growth: (i) first recovery with 3D seismic (even 4D) on mature fields; (ii) second recovery with intelligent and injection wells.

Rapid construction of an independent operator growing strongly in Europe:

The Company's main advantages are:

- the Company has assets very sensitive to the lever effect of the oil price (low production costs);
- its portfolio gives it very high profitability compared with its competitors;
- the Company has broad exploration potential in Congo, Gabon, Cuba and Sicily;
- the value of technical and managerial capabilities independent of assets;
- a 5 to 7-year outlook of rapid and sustained growth;
- West Africa is attractive for investors and oil companies;
- growing value of light oil;
- the Company has the financial resources to double its production through acquisitions in 2005.

The Company's objectives are:

- to have the critical size suitable for the business (access to offshore, spreading of risks, gas market, etc.);
- to benefit from the possible better valuation for reserves;
- to make Maurel & Prom an investment for growth and return;
- to benefit fully over time from a structural increase in oil price.

To achieve its objectives, the Company intends to rely on the following methods:

- reducing the Congo weighting to 50% in the balance sheet within five years;
- achieving a critical size to absorb more complex projects: learning curve in complex engineering, offshore, gas, assisted recovery, opportunity to recruit additional technical staff;
- broadening knowledge to several geological features, have a network of access to new assets; be capable of taking over mature assets belonging to the majors.

4.1.3. Trend of the Company's business

Consolidated financial statements

In € thousands	2004		2003		2002	
	Recorded	Economic at constant scope	Recorded	Economic at constant scope	Recorded	Economic at constant scope
Sales	132 414	138 648	45 286	53 196	26 647	33 920
Including oil operation	111 940	133 615	31 895	39 805	14 170	25 830
Operating income	57 664	60 425	10 258	14 251	-98*	7 989
Including oil operation	68 927	74 877	14 638	18 631	4 078	12 039
Net income, Group share	47 436	58 636	24 276	24 276	388	894
Including oil operation	57 843	57 843	29 702	29 702	8 718	8 718

* The 2002 operating income shown above takes account of the reclassification required by the Commission des opérations de bourse (former France's stock market watchdog) during examination and registration of the 2002 reference document. It includes as operating expenses the € 1 976 000 mining royalties due to the Congo. Thus, the operating income published on December 31, 2002 stood at € 1 877 000.

The "economic" data includes the proportion of the 19.89% share in Pebercan Inc., which is treated by the equity method and appears on the books only as a net income of € 1.4 million. It also includes the disposal gain generated by the sale of the shares acquired at the time of the merger with Aréopage as corporate income but not as consolidated income (€ 11.2 million) due to the merger taking effect on December 28, 2004. Furthermore, the "economic" data shown for oil operation includes the drilling business in sales and operating income.

The 2002 economic data excludes the aquaculture sector which was sold at the end of 2002.

The economic operating income includes non-recurring financial data (oil well loss in the amount of € 1 734 000 in 2002; provision for depreciation of oil assets in the amount of € 2 120 000 in 2004, mainly in Vietnam).

In 2004, the Company experienced a very sharp increase in its income and shareholders' equity due mainly to the growth of its assets in Congo, which are now generating a **positive cash flow** and this growth has confirmed its significant growth potential:

- **Consolidated economic sales** are sharply up by 175% to € 138.6 million, mainly due to Congo (€ 127.1 million compared with € 36.6 million in 2003 including the drilling activity).
- **Current economic operating income** reflects growth in oil production with a 320% increase compared with 2003 (€ 60.5 million compared with € 14.3 million including the Pebercan Inc contribution).
- **Net consolidated economic income** at € 58.6 million (a 140% increase over 2003), despite a sharp decline in exceptional items, shows that the Company is now

receiving most of its profits from its oil production activity.

- The **balance sheet at December 31, 2004** also reflects the Company's major growth with shareholders' equity up by 75% to € 224.5 million and net debt at 18.31% (€ 41 million) compared with 71% in 2003.
 - **Maurel & Prom's proven and probable reserves**, as validated by Beicip-Franlab in April 2005 for Congo, have remained stable overall at some 283 million barrels despite the production achieved this year and the significant decline of Kouakouala and pending the delivery and interpretation of the new 3D seismic survey covering 230 km² of the Kouilou permit.
 - **Cash flow has become structurally positive**, since the Company's oil business in Congo is now generating positive working capital (cash on hand standing at € 34 million on December 31, 2004 and close on € 15 million on March 31, 2005, excluding the cash generated by the OCEANE convertible bonds).
 - **Non-oil assets remain** marginal on the balance sheet and in the Company's business: the gold exploration campaign in Mali is continuing and the economic situation of the sector surrounding the multi-purpose ships could lead to the disposal of these assets without loss during 2005.
 - With a share price oscillating in May 2005 around € 15, and more than 108 million shares (115 million including all dilutions), Maurel & Prom's stock market capitalization, standing at more than 1.7 billion euros, grew fourfold from early April 2004 to early April 2005.
- In parallel with the growth of the share price (€ 6.3 in April 2004), the number of Maurel & Prom shares grew from 7.2 million to 108.1 million due to the combined effect of the

exercise of the redeemable share warrants (BSAR) issued on July 29, 2004, the conversion of the 6% convertible bonds 2002-2006, the division of the par value by 10 and the merger-absorption of the partner Aréopage.

Throughout the period, on average, some 315 000 shares were traded daily or approximately 1% of the capital per week.

4.1.4. Breakdown of Maurel & Prom Group's sales and operating income by business category and geographic market

4.1.4.1. Summary tables

a) The breakdown of sales by business sector is as follows:
Recorded sales by business sector:

In € thousands	2004	2003	2002
Aquaculture			4 387
Multi-purpose ships	3 535	7 868	7 833
Oil drilling (Caroil)	15 441	5 523	257
Oil and gas operation	111 940	31 895	14 170
Other	1 498		
Oil operation (%)	84.5	70.4	53.2
Total	132 414	45 286	26 647

- The preponderance of oil operation in the Company's sales was confirmed in 2004.
- The sales of Caroil, which has drilled all the wells in Congo, and is growing strongly, are recorded after internal margins are removed.
- The disposal of the aquaculture division took place retroactively on January 1, 2003.
- The drop in shipping business sales is due to a low occupancy rate of the ships.

Economic sales on a like for like basis by business sector:

In € thousands	2004	2003	2002
Aquaculture			
Multi-purpose ships	3 535	7 868	7 833
Oil drilling (Caroil)	15 441	5 523	257
Oil and gas operation	118 174	39 805	25 830
Other	1 498		
Oil operation (%)	85.2	74.8	76.1
Total	138 648	53 196	33 920

b) The breakdown of sales by geographic region is as follows:

Recorded sales by region:

In € thousands	2004	2003	2002
Congo	127 056	37 394	14 170
Vietnam	325		
Persian Gulf and South-East Asia	3 535	7 868	7 833
France	1 498	24	4 644
Total	132 414	45 286	26 647

Economic sales by region:

In € thousands	2004	2003	2002
Congo	127 056	37 394	14 170
Cuba	6 234	7 910	11 660
Persian Gulf and South-East Asia	3 535	7 868	7 833
France	1 498	24	257
Vietnam	325		
Total	138 648	53 196	33 920

c) The breakdown of operating income by business sector is as follows:

Recorded operating income by business sector:

In € thousands	2004	2003	2002
Aquaculture			(126)
Multipurpose ships	(2 409)	1 645	562
Gold prospecting	(420)	(613)	(788)
Oil drilling (Caroil)	3 189	962	(152)
Oil operation	68 927	14 638	4 078
Other	(11 623)	(6 374)	(3 672)
Total	57 664	10 258	(98)

The change in net income is mainly due to the growth of oil assets.

Economic operating income on a like-for-like basis by business sector:

In € thousands	2004	2003	2002
Multi-purpose ships	(2 409)	1 645	562
Gold prospecting	(420)	(613)	(788)
Oil drilling (Caroil)	3 189	962	(152)
Oil operation	71 688	631	12 039
Other	(11 623)	(6 374)	(3 672)
Total	60 425	14 251	7 989

d) The breakdown of operating income by geographic region is as follows:

Recorded operating income by business region:

In € thousands	2004	2003	2002
Congo	74 236	15 601	4 078
Mali	(420)	(613)	(788)
Persian Gulf and South-East Asia	(2 409)	1 645	562
France*	(13 743)	(6 374)	(3 179)
Other			(771)
Total	57 664	10 258	(98)

Economic operating income restated by business region:

In € thousands	2004	2003	2002
Congo	74 236	15 601	4 078
Mali	(420)	(613)	(788)
Cuba	2 761	3 993	7 961
Persian Gulf and South-East Asia	(2 409)	1 645	562
France*	(13 743)	(6 374)	(3 053)
Other			(771)
Total	60 425	14 251	7 989

* Including a € 1 067 000 provision for disposal of oil assets in Vietnam and € 1 052 000 for other pre-exploitation expenses.

4.1.4.2. Oil and gas activities

4.1.4.2.1. Description of the business

Maurel & Prom operates in the upstream sector of the oil and gas industry, that is in hydrocarbon exploration and production. Maurel & Prom's business can be broken down into several operational processes. These are described below and the accounting impacts on Maurel & Prom's financial statements are given at each stage of the general process.

1. Exploring and assessing fields:

- **Obtaining exploration permits:** to be able to carry out exploration work, Maurel & Prom must obtain exploration or mining permits from the host states. These permits give the Company the right to undertake exploration work in a specified region in return for a commitment to the host government to carry out a certain volume of work and/or to pay a cash amount (bonus). This amount is recorded as intangible assets and amortized on a straight line basis over the estimated duration of the permit or at the rate of amortization of the oil production installations. If the permit is withdrawn or the exploration fails, the amortization still to run is reported all at once.

- Carrying out exploration and assessment work: when the permit is obtained, Maurel & Prom can begin exploration and assessment work (seismic acquisition, geology and geophysics, reservoir engineering, exploratory drilling, etc.) in order to assess the potential of the explored prospects (see Appendix 1 - Glossary). In accounting terms, the surveys and exploration work, including the geological and geophysical expenditure, is recorded in balance sheet assets as intangible assets until they are considered finished and an operating permit has been obtained. Exploration costs that do not result in a commercial discovery for a given permit and lead to the decision to definitively end the work in this region or in this geological structure are recorded as expenditure for the year in which the failure is reported. Provisions or exceptional depreciation are recorded when the accumulated costs are greater than the actualized cash flow estimates or when technical difficulties are encountered. Depreciation is determined for each exploration permit. Amortization of the exploration expenditure is deferred until the date on which production begins.

2. Developing fields and producing hydrocarbons

- **Developing fields:** the development phase is the phase during which Maurel & Prom predicts the architecture and begins the construction of the infrastructures for producing and transporting the hydrocarbons.
- **Producing hydrocarbons:** production can begin when Maurel & Prom has obtained, first, an operating permit and the signature on a production-sharing contract with the host state and, second, the assurance of a commercial outlet. During the production phase, the exploration expenditure (see above) is transferred to tangible assets. The oil production fixed asset comprises all expenditure relating to the exploration and development of the fields (exploration drilling and production, surface installations, systems for carrying the oil away, etc.) as soon as they are considered complete. Fixed assets that are not yet complete at the year end are recorded as construction work in progress, their amortization being deferred until the end of the work in progress. Completed fixed assets are amortized by production unit.

For those concerning the totality of a field (pipelines, surface units, etc.) the amortization rate equals the ratio of the field's hydrocarbon production during the year over the proven and probable reserves at the beginning of the year that they are capable of processing.

For those dedicated to specific regions of the field, the level of reserves used in calculating the amortization rate is that of the developed proven reserves of the region. Where

appropriate, if there is insufficient data to determine the developed proven reserves, the proven reserves are used to calculate the amortization. The reserves used are the reserves determined from analyses made or revised by independent organizations.

Provisions for depreciation or exceptional amortization are recorded when the accumulated costs are greater than actualized cash flow estimates or when technical difficulties are encountered. Depreciation is determined per operating permit.

3. Acquiring additional hydrocarbon reserves

Developing hydrocarbon reserves: Maurel & Prom must ensure that its hydrocarbon reserves are renewed. The renewal of Maurel & Prom's reserves can be achieved either by working on new oil or gas prospects, or by acquiring additional stakes in the permits on which Maurel & Prom is already operating. The cost of acquiring these additional stakes, which actually means acquiring new reserves, is recorded as an intangible asset and amortized using the unit of production method.

4. Returning production sites to their original state

When production on a reservoir is finished, Maurel & Prom is contractually bound to return the production sites to their original state. Maurel & Prom makes site restoration provisions that are recorded as provisions for contingencies at the rate of the oil production installation amortization. They are estimated by country and by field.

4.1.4.2.2 . 2005 income - Outlook

In € millions

Oil sales *	365
Operating income before amortization	177
Net oil income excluding exceptional items*	151

** economic figures (using Pebercan Inc. sales and cash flow consolidated by the equity method and including the drilling business) estimated on the basis of the following assumptions on average over 2005: production of 28 000 b/d in Congo and 500 b/d in Gabon, EUR/USD parity being 1.25 and Brent price being USD 41/b.*

The sales figure recorded does not take account of the effect of the impacts of conversion to IFRS standards as described in section 5.5 below.

4.1.4.2.3. Oil and gas businesses by geographic area

1) Republic of Congo (Brazzaville)

a) 2004 income:

The sales (oil production) of € 111.6 million (compared with

€ 31.1 million in 2003) are the result of the average daily total production of three fields: M'Boundi, Kouakouala and Pointe Indienne at 10 694 b/d in 2004 or the equivalent of 3.9 Mb on an annual basis for Maurel & Prom (+300% over 2003) with a barrel selling on average at \$35.74 in 2004.

Net income of the Congo business works out at almost € 53.3 million, an increase of 430%. This is in line with the end-2003 forecast.

In total, 2004 saw the completion of 17 wells (+ 2 in progress as at 31/12/2004) and saw the purchase of Heritage Oil's royalty for USD 31.6 million, an extremely attractive deal in the light of the new reserves.

These have just been evaluated by Beicip-Franlab at 250 Mb proven and probable for the Maurel & Prom share. Calculated on the basis of 1 941 Mb of oil in place with a total recovery rate of 24%, Maurel & Prom is stabilizing its reserves in Congo pending the delivery of the 3D seismic campaign (230 km²) and the drilling of a dozen exploration wells in 2005. This stability is in effect explained by the fact that no wells have been drilled since April 2004 outside the initial 42 km² area of the 2P equivalent reserves.

Furthermore, the Kouakouala reserves are in net regression with 4.5 Mb 2P, Maurel & Prom share, compared with 7.5 Mb 2P in April 2004 due to the results of the latest wells. Pending the installation, in early 2006, of a pilot injection well, the recovery rate applied to the proven STOOIP (some 1 billion barrels at 100%) remains 11%.

The possible reserves (3P) are still assessed for the Maurel & Prom share (236 Mb) by including 54% Maurel & Prom stake in the M'Boundi extensions and 65% in the rest of Kouilou.

La Noubi has not yet been evaluated at this stage, the exploration campaign being due to begin in the second half of 2005. Furthermore, the La Noubi permit is being ratified by the Congolese parliament.

A new report will be commissioned from Beicip-Franlab some time before next November to reevaluate the 2P reserves of M'Boundi in the light of the new seismic survey and the wells drilled at that date in this new area, and the possible reserves in the whole of Congo. These reserves will then be expressed as a share net of tax so as to be in line with the presentation of sales figures according to the new IFRS accounting standards (for the 2P reserves). This study, analyzing the results of the seismic campaign begun in the last quarter of 2004 to delineate M'Boundi and assess some of the seven to eight prospects on Kouilou, is currently being interpreted with the results due towards the end of the third quarter 2005.

b) Outlook:

Following the startup of a dozen wells since the beginning of the year, Maurel & Prom should have a production capacity of approximately 25 000 b/d for its share from June 2005.

The 2005 development program is based on the completion of up to 29 new wells on M'Boundi and two on Kouakouala that are likely to take Maurel & Prom's average share of production by the end of 2005 to approximately 35 000 b/d. A new 16 inch pipeline linking the Djeno terminal operated by Total will be up and running by the end of the year and will take the total capacity for crude oil transportation to 90 000 b/d; it will be completed in two phases (Djeno-Mengo in 2005 and Mengo-M'Boundi in 2006).

In 2005, the Company is continually pursuing its exploration campaign:

- On M'Boundi, with the drilling in June-July of a well in the South (Tchicouba), outside the area covered by the new 3D seismic survey and, in the last quarter, the drilling of three wells inside the area covered by the new 3D survey.
- After completion operations, the Company successfully reopened an old well on Tchiniambi, situated on the Kouilou permit and fed by the Mengo formation reservoir. Tested at 300 b/d, this well, which is productive through a fracture in an environment with little permeability, confirms the benefit to the Company in carrying out a total feasibility study aimed at partial development of Mengo, based on the geological surveys and a future targeted seismic campaign.
- Outside M'Boundi, with three wells planned by the end of December on Kouilou (Diosso, Toum and Kitombo), a well in the South East (Tchissakata) and the drilling of DOUNGOU on La Noubi.

In total, Maurel & Prom's investments in Congo are evaluated this year at € 142 million (including € 24 million for the exploration).

The whole of this program will require the permanent mobilization of five or six conventional drilling rigs and one Work Over rig with Caroil, Maurel & Prom's drilling subsidiary, having an acquisition program that should help it to have at its permanent disposal at least seven rigs between now and the end of the year.

The Company is currently having technical tests carried out on core sampling and will run tests on wells in order to format a water injection program; depending on the results of these studies, the assisted production program should begin in 2006.

Finally, in 2005 the Company signed a new marketing agreement with Total to obtain a major reduction in its transit costs and increase the selling price of its production. Thus,

as soon as the work required on the Djeno terminal is complete (by next August-September and costing approximately USD 15 million), the Company will sell its production to Socap (a wholly-owned subsidiary of Total) at the N'Kossa grade price which, as a light oil, obtains a low discount (USD 0.4 per barrel) on Brent compared with Djeno grade (heavier oil given a discount of around USD -8 per barrel in the last quarter of 2004 and early months of 2005).

Furthermore, the processing expenses billed to the Company by the Terminal will be steadily reduced to around 70 cents per barrel compared with USD 1.5 originally.

This agreement also offers Maurel & Prom the possibility of marketing its crude oil separately on certain conditions, after an 18-month period, thereby gaining something like another dollar per barrel compared with selling to Socap on N'Kossa grade (marketing expenses included).

2) Cuba

a) 2004 income

2004 income

The reduction in Pebercan Inc.'s income in 2004 is mainly attributable to the 14% reduction in production of Block 7, which stood at 10 968 b/d in 2004 compared with 12 802 b/d in 2003 (with Pebercan Inc.'s net share being 5 347 b/d in 2004). This fall in production is mainly due to the reduction recorded on the Canasi deposit. Specifically, reductions in production are being forced upon certain wells due to a big increase in the volume of gas and water. At the same time, production on the Seboruco deposit has doubled. The average gross selling price of the oil was \$ 19.92 per barrel in 2004 (\$ 19.64 per barrel in 2003).

Pebercan Inc.'s 2004 year was marked by a sharp upsurge in its exploration drilling and development activities on its Cuban concessions. The Company invested a total of USD 20.2 million in 2004 compared with USD 6.1 million in 2003. These investments led to the drilling of five new development wells on the Seboruco deposit (Seboruco 4, 5, 7, 8 and 10) and an exploration well (Santa Cruz 100). All these drilling operations were crowned with success. On December 31, 2004, a total of 17 wells were producing (7 on Canasi and 10 on Seboruco) compared with 14 wells at the previous year-end (10 on Canasi and 4 on Seboruco). The new wells on the Seboruco field have however contributed little to oil production in 2004, since they began production in the second half of the year.

Furthermore, the payment dates renegotiated at the beginning of 2004 for the Cuban authorities to pay their arrears were generally met during the year.

Because of the fall in oil production, Pebercan Inc. generated a net profit of \$ 9 756 518 (\$ 0.14 per share on an undiluted basis) in 2004, compared with a net profit of \$ 14 280 177 (\$ 0.20 per share on an undiluted basis) for 2003, or a net contribution to Maurel & Prom income of € 1.4 million for 2004.

Reserves

As at December 31, 2004, the evaluation report for the whole of Block 7 indicated proven and probable reserves of 53.8 million barrels of oil, of which the net share of Pebercan Inc. stood at 20.2 million barrels, compared with 24.4 on December 31, 2003 or 33 Mb before tax for comparison with Maurel & Prom's reserves. This estimate was made by Beicip-Franlab. Proven reserves were 10.8 million barrels on December 31, 2004 compared with 11.7 million barrels on December 31, 2003.

b) Outlook

In 2004, the interpretation of a major 3D seismic data acquisition campaign covering the entire offshore part of Block 7 identified five potential targets in the western part of this concession operated by Pebercan Inc.

Pebercan Inc. therefore had another year of technical successes with the discovery of a major deposit following the drilling of an exploration well on the Santa Cruz block: this well was tested at 1300 b/d on a reduced choke and demonstrated the existence of an extremely promising accumulation of hydrocarbons of a better quality than produced hitherto by Pebercan Inc. This deposit is still being evaluated. The other two main structures, Tarara and Guanabo, will be drilled in 2005. Also, one month after the 2004 year-end, the Company completed the drilling of the Seboruco 103 well which revealed a new reservoir impregnated in an overthrust bed hitherto little explored. This new success will therefore help to increase the size of the deposit and install at least two new wells to drain this overthrust bed.

Concurrently on the same Block 7, Pebercan Inc. is running exploration activities (the Tarara and Guanabo structures), evaluation activities (the Santa Cruz deposit) and development activities (the Canasi and Seboruco fields).

A major investment drive is under way on Canasi to improve the processing capabilities and be able finally to consider restarting production on this field. On the Seboruco field, since the drilling of Seboruco 15 did not encounter the structure at the predicted level, it has been decided to suspend operations. Less risky development shafts will be resumed to the east of the Seboruco 10 producer well.

On its other Cuban concessions, Varadero Profundo, Block 12, Block 13 and Block 15, Pebercan Inc. is finalizing

geological surveys before deciding whether to drill exploration wells on each of these permits. Because of the ambitious program proceeding on Block 7 in 2005, there will be no drilling on these concessions before 2006. Pebercan Inc. is continuing its search for a partner.

On Canasi, major reservoir engineering work involving the three partners is being carried out: it mainly involves running new production tests on wells 3 and 6 by increasing the diameter of the chokes and reinterpreting the structural framework with the objective of drilling a new well in the last quarter of 2005. For 2005, Maurel & Prom is reckoning on a contribution in terms of consolidated income of between € 3 and 4 million on a like-for-like basis.

3) Gabon

In February 2005, Maurel & Prom finally acquired for € 54.3 million the South African company Rockover Oil & Gas Ltd which has 27 Mb of 2P barrels and 30 Mb of possible barrels.

This deal gives the Company 100% of the four onshore permits (Kari, M'Bindji, Ofoubou and MT2000) and 50% on the Banio permit. Most of the reserves are located on the M'Bindji permit (23.5 out of 27). At the beginning of 2005, the Company put in place a legal and operational structure to carry out the initial work and draft a plan to develop the four fields. A subsidiary and several branch operations should be rapidly set up for this purpose.

The initial drilling work began at the end of April on the Banio permit by reopening the Banio 2 well which tested out at 1500 b/d. The work will continue on this well to bring it into final production during the autumn (particularly by the installation of a pipeline) and then on the Ofoubou permit in the North with a production target of 2000 b/d to 2500 b/d by the end of 2005 on the basis of the deposits discovered between 1975 and 1992 (Ofoubou: 76 m depth of oil impregnated and not tested by Conoco).

As for Block MT2000 (which is situated in the extension of the Northern Congolese permit of La Noumbi), the Company will begin exploration work straddling 2005/2006 in order to demonstrate the existence of Vandji as a regional oil feature.

4) Vietnam

The daily production level recorded in 2004, before the closure of the well to finalize the production test, remained slightly below the level modeled in the business plan agreed in 2004, that is 1.8 Mcf (million cubic feet) compared with 2 Mcf. Consequently, the company made an additional provision of one million euros on December 31, 2004 to add

to the € 8.5 million provisioned on December 31, 2003. The residual fixed asset value of € 20.2 million could be reconsidered on June 30, 2005 after the current test. Then, the Company will in fact be able to determine the potential reserves to be valued based on the drainage radius of the gas in the reservoir and on the basis of the existing D14 well. In 2004, the test generated gas production which was sold generating additional income of € 0.3 million.

5) Senegal

In 2004, Maurel & Prom informed the Senegalese authorities and its partner, Orchard, that it wanted to reduce its share in the venture (initially 54%) and not retain its position as operator. Since then an agreement has been struck with Fortesa (which supplies the drilling rig), stipulating that in the event of success or failure, Maurel & Prom would reduce its stake in the project to 15% with Fortesa paying 45% of the cost of the well and past costs.

Furthermore, the conflict with the partner Orchard is the subject of arbitration (see section 4.6.2.2 "Disputes"), from which Maurel & Prom estimates it will have no indemnity to pay to Orchard.

6) Peru

After the additional surveys in 2004, Maurel & Prom concentrated its work on declogging the layer hole links (in the wells of the Talara blocks). To this end, a thermal process from ITP will be completely installed in the pilot well in May 2005, with potential positive results on productivity being expected in the following weeks or months. The impact of the pilot will lead to a decision on whether to invest further in Peru.

7) Central African Republic, Iran and Togo

In the absence of conclusive contractual or technical results in 2004, the Company has made a provision of its expenditure in the Central African Republic, Iran and Togo totaling € 1 052 000.

8) Tanzania

In 2004, the Company signed a production-sharing contract on the Bigwa-Rufiji and Mafia permits. The surveys currently being carried out should be completed by June 2005 and, providing an available rig is obtained, a first exploration well should be completed in the second half of this year.

9) Sicily

In February 2005, Maurel & Prom acquired 25% of the share capital of Panther Eureka S.r.l., an Italian company to which

4. Information on the Company's business

the exploration permit of Fuime Tellaro (Sicily) is currently being transferred for USD 2 million. This permit covers an area of 747 km² and in 2004 had its 2P reserves evaluated by Ryder Scott at 274 Bcf (or 50 Mboe classified at this stage by Maurel & Prom as possible).

In 2005, a new well will be completed and an old well reopened. Depending on the results of these operations, the Company, which has purchase options, may increase its stake in Panther Eureka S.r.l. to 40% and then 50% for a maximum of a further USD 20 million. The decision to take up the option will depend on the results of the first two wells starting work in June/July 2005.

4.1.4.3. Drilling activities

a) Income:

Caroil, a subsidiary 97% owned by Maurel & Prom, drilled all the wells in Congo in 2004 on behalf of the operator (Zetah M&P Congo), which meant that it generated total consolidated sales of € 15.4 million (compared with € 5.5 million in 2003) after canceling out the group's internal margins and thus generating net income of € 3.2 million.

b) Outlook:

Caroil will carry out the 2005 program with the permanent mobilization of 5 or 6 rigs plus a Work-Over rig.

The company has begun a program of acquiring at least three new rigs for 2005 with one of them due to arrive in Congo in early May.

Furthermore, in March 2005, Caroil signed a partnership agreement with Romfor, with which it is already working and which uses three rigs. This agreement provides for a 50/50 joint venture which will bring in three rigs worth USD 3 million each (two for Caroil and one for Romfor). It is planned that the new rigs will also be held by this joint venture. This company will lease its rigs to Caroil for an initial five-year period renewable for one year for a lease payment corresponding to the rig's amortization expense (calculated on the basis of straight line depreciation over five years) plus an 8% annual interest rate. The income of the joint venture will be distributed as dividends between its associates. Romfor and Caroil have also signed a five-year service contract with Romfor working on the drilling of different wells on setting up and managing the driller teams. In return, Romfor is committed over the same period to give the right of first refusal on any new drilling operation or rig purchase that it may be offered that are not Maurel & Prom assets.

Caroil and Romfor have an option to acquire the reciprocal rights under certain conditions.

4.1.4.4. Other activities

4.1.4.4.1. Gold mining

The exploration of the Banankoro permit in Mali continued in 2004 with 22 test boreholes that confirmed the high gold content in certain veins (20 g per tonne) discovered in 2003. On the technical side, approximately 15 exploration shafts are again forecast in 2005-2006 so as to reach an economic development of the project.

Furthermore, AfriOre has announced that it is withdrawing from the project at the halfway stage for financial reasons and Pacifico has undertaken to assume AfriOre's rights and obligations in the partnership contract and particularly the financing of the current program.

Finally, a survey will be commissioned in the coming months from an independent organization to assess the potential of the permit based on the available information.

The gold mining division makes a negative contribution of € 600 000 to the Group's net income.

4.1.4.4.2. Shipping activities

The shipping division recorded a historic loss of € 3.2 million in 2004 due to a very low rate of occupancy of the ships.

Because of this weak activity and no improvement at the beginning of 2005, the Company believes it necessary to quickly dispose of the shipping division which is not a growth area for the group. Consequently, Socomet, a specialist ship broker, has been commissioned to dispose of the two ships for USD 11 million each net of commissions. With this disposal, we would be able to clear the Lloyd's debt and remove the ships from the balance sheet without loss.

Pending the sale, the ships continue to take part in tendering for work and doing the jobs assigned to them in an economic environment which seems to be improving in their field though remaining volatile.

The case against Cameron began in January 2005, with a verdict expected by June. The hearings were held in Singapore in conditions which give cause for optimism that Cameron will have to pay damages of USD 10 to 20 million (for more information on this lawsuit, see section 4.6.2.2 below). The costs committed in 2004 for this lawsuit stand at € 1 206 000.

4.1.4.4.3. Other

Finances Publiques Audit et Solutions (Fipas), formed in 2003 between Maurel & Prom and African Partners (owning 66% and 34% shares respectively), which was intended to help Maurel & Prom to set up operations in new oil countries, in Africa in particular, is being dissolved as at

December 31, 2004 and its stake in Fipas Bissau has been taken over by Pacifico with respect to its rights and obligations.

4.1.5. Location of the Maurel & Prom Group's establishments

The head offices or business locations of Maurel & Prom's main subsidiaries are mentioned in the organization charts in sections 3.3.5 and 4.1.2.1 of this reference document and in section 4.5, the latter table also appearing in the notes to the consolidated financial statements in section D "Scope of consolidation".

Beyond its traditional holding activities, Maurel & Prom did not provide specific services to its subsidiaries during 2004, except for providing three employees to its subsidiary Zetah M&P Congo SA in Congo. This service was invoiced at cost.

4.1.6. Description of the reservoirs, estimate of economically exploitable reserves and probable duration of production (unaudited)

4.1.6.1. Methods of assessing reserves

The proven and probable reserves of the various oil assets except for Vietnam assessed by Gaffney, Cline and Associates, have been assessed by the specialist independent firm Beicip-Franlab (Congo Brazzaville, Cuba, Gabon) which determines the technical reserves (before tax). The figures below relate to Maurel & Prom's share in the various permits.

2P (proven + probable) reserves, Beicip Franlab estimate				
	Congo (Mb)	Cuba (Mb)	Gabon (Mb)	Total (Mb)
Latest assessment	256.3	10.8	26.8	293.9
As at December 31, 2003	266.6	13.2		
Change in stake	0	0		
Reestimate	-6.4	-1.576		
Production 2004	3.914	0.824		
As at December 31, 2004	256.3	10.8	26.8	293.9

Possible reserves as at December 31, 2004 (Maurel & Prom estimate in Mb)	
Congo	231
Cuba	19.8
Gabon	30
Vietnam	5.6
Total	286.4

**3P (proven+probable+possible) reserves
As at December 31, 2004 in Mb**

Congo	487.3
Cuba	30.6
Gabon	56.8
Vietnam	5.6
Total (Mb)	580.3

4.1.6.2. Description of the deposits

4.1.6.2.1. Republic of Congo (Brazzaville)

- Kouakouala deposit (Kouakouala A operating permit)

The Kouakouala deposit was the subject of a production-sharing contract (see Appendix 1 - Glossary) with the Republic of Congo on December 14, 1996. The permit is for 10 years from the date of its allocation, that is April 4, 1997. The duration of the permit can be renewed once for five years.

The Kouakouala reservoirs consist of sandstone of fluvial origin, Vandji sandstone, of the Neocomian age, covered by Sialivakou clays. The Vandji sandstone lies unconformably on the basement rock. It is regionally terminated by a thin (a few meters thick) carbonate series, called Vandji "A". The Vandji formation has been subdivided into large sequences labeled from A to D and only units B and C are involved in the Kouakouala field.

Drilling of well KKL-401D began in mid-October 2004. This well, intended to assess a block not yet drilled to the North East of the field, found the Vandji reservoirs at the same shoreline as in the discovery well KKL-101 and reveals a 44 m vertical height impregnated with oil. It also confirmed the same water level as on the central part of the field. It was put into production in the first week of 2005.

The major depletions observed in the four producing wells of the field led to the launch of a water injection feasibility program beginning with the resumption of well KKL-301 as a water well, an operation that was carried out following the drilling of KKL-401D.

A reinterpretation of the existing seismic survey was initiated following the positive result of well 401D.

- M'Boundi deposit (M'Boundi operating permit)

The M'Boundi operating permit is governed by the Kouilou production-sharing contract signed with the Republic of Congo on December 14, 1996. The M'Boundi operating permit, allocated on July 15, 2002, runs for 15 years.

The M'Boundi reservoirs consist of sandstone of fluvial origin, Vandji sandstone, of the Neocomian age, covered by Sialivakou clays. These Vandji sandstones lie unconformably on the basement rock. They are regionally terminated by a generally non-reservoir carbonate series called Vandji "A".

The hydrocarbon reservoirs of the Vandji formation have been subdivided into large sequences labeled A, Lower A, Upper B, Lower B, C and D.

The 3D seismic campaign of 2002 turned out to cover an insufficient area to delimit the field. Also, a new 3D seismic campaign was recorded in 2004 covering 230 km² around the area covered by the 2002 3D survey. There are plans to merge the two campaigns into a single seismic processing to be carried out in mid-2005.

The simple image that emerged of the M'Boundi field before the many (20) drilling operations in 2004 has become considerably complicated both from the structural point of view with the emergence of several different oil/water or gas/oil contacts and from the sedimentary point of view with the appearance and development, in the center and north of the field, of reservoirs with good features not encountered in the first discovery wells.

As at January 1, 2004, wells 503D and 403D were being drilled and, on December 31, 2004, drilling of wells 304D and 1302D was in progress. During the year, in addition to the four wells previously mentioned, 16 wells were drilled, brought in and put into production based on seven platforms which have all been connected by underground transport lines to the production center.

Four different drilling rigs were used to drill these 20 wells and three rigs were working simultaneously at the year-end. Platforms 1000 (in the North), 1800 (in the South East) were under construction at the year-end and three additional platforms were programmed for the beginning of 2005.

At the same time as the delineation wells were being drilled, the construction of the surface infrastructures was undertaken so that the wells could be put into production as and when they were brought in. As part of this work, particular note should be made of the construction of the main M'Boundi production center (including a main storage tank, separators, heaters and manifolds), the creation of the collection network linking the production platforms to the main M'Boundi production center and the completion of the 12" diameter pipeline for carrying the ever increasing production to the Djeno maritime shipping terminal.

On the basis of the first eleven wells drilled and in the area currently covered by the 3D seismic survey, Beicip-Franlab estimates the final proven reserves of the field to be 45Mb with natural depletion and the final 2P reserves to be 478Mb with natural depletion and water injection.

4.1.6.2.2. Gabon

By buying Rockover Oil & Gas in February 2005 (see section 4.1.4.2.3 §3), the Maurel & Prom Group took ownership of the following mining rights:

- Nyanga Mayombé (CPP)
- Ofoubou Ankani (CPP)
- M'Bindji (AET)
- Kari (AET)

The AETs (technical evaluation agreements) give the operator the exclusive right to request allocation of a CPP (production-sharing contract) on the conditions known in advance in the AET.

The area of these permits is more than 14 000 km². Many exploration wells have been drilled on these permits and have shown the presence of oil in traps difficult to image and assess.

The exploration surveys currently in progress will be used to confirm the existence of a regional Vandji reservoir through the discovery of new prospects in the basic sandstone (same formation as Vandji).

Three discoveries will be subject to specific evaluation work:

- The Banio field, Nyanga Mayombé permit.

Banio well 2 was drilled by Elf in 1975 and tested for 30 days. The steady output of this well was 1 000 bopd.

In this field only, Maurel & Prom remains associated with the former shareholders of Rockover Oil & Gas with 50% for Maurel & Prom and 50% for the former shareholders of Rockover Oil & Gas.

Maurel & Prom reopened Banio well 2 on April 26, 2005. The well was tested at more than 1 500 bopd.

This well will be put into production by an Early Production System currently being studied.

The study of the behavior of the reservoir during production will help to finalize a development plan for this discovery.

Geologically, the reservoir is a 15 m thick carbonate stratigraphic trap similar to the carbonates of the TOCA. How far the reservoir extends is currently unknown. The reinterpretation of the seismic lines available on this permit, associated with the dynamic behavior study of the reservoir in production will help to validate the advisability of a second well to assess this structure in 2006.

- The OFMA field, Ofoubou Ankani permit.

When drilling OFMA1 in 1992, Conoco discovered an oil deposit 400 m down in the conglomerates which are now assumed to belong to the basic sandstone.

This shallow OFMA deposit on the limit of the basement rock shows a complex geometry that is faulted and difficult to interpret.

The well was never tested by Conoco who abandoned it.

Maurel & Prom's objective in 2005 is to drill a duplicate of the existing well to measure the oil parameters (composition, physical/chemical properties) and the production parameters of the reservoir: initial pressure, permeability, initial output, productivity index, amongst other things.

If this is a success, a first phase to develop the field using five vertical wells will be launched.

The wells will produce by pumping. After processing, the oil can be exported via the Gabon pipeline system, connecting to the Coucal field (Total being the operator) 15 km away.

- The ONAL discovery, M'Bindji AET.

This structure 1 100 m down in the basic sandstone was discovered by Conoco in 1992. Two wells were drilled in this region but were not able to validate the continuity of the deposit between the two wells.

These wells were not production tested with final completion. The tests currently being drilled have shown an output of 400 bopd while the well was not fully unblocked.

Maurel & Prom's objective for 2005 is to reinterpret the available seismic data to get a better idea of the reservoir's structure and determine where to drill a new well on this discovery to measure the properties of the oil and the characteristics of the reservoir.

Depending on the results, the seismic assessment campaign on this structure and new assessment drillings will be determined.

If this is successful, the final exportation of production will require the installation of a 65 km pipeline to connect to the Gabon pipeline system via the Obangue field.

4.1.6.2.3. Vietnam

The legal circumstances surrounding the Vietnamese asset is currently in transition. The current permit will end on July 28, 2005. An exploration permit should be granted for 15 to 20 years by the Vietnamese authorities. Relations between Maurel & Prom and the Vietnamese government will, as with the other permits, be governed by a production-sharing contract.

The reserves in the Song Tra Ly deposit were evaluated by the independent engineering firm Gaffney, Cline & Associates in July 2001. Two scenarios have been adopted:

- minimum case: the recoverable reserves are estimated at 9.3 billion cubic feet,
- the median case: the recoverable reserves are 54 billion cubic feet.

The Company, after the uncertain results obtained in 2002, has downgraded these reserves from probable to possible.

4. Information on the Company's business

4.1.7. Markets and competition

4.1.7.1. Gold mining activities

The Group is in the process of exploring deposits in Mali. The Company has begun a process of disengaging from this business.

4.1.7.2. Shipping activities

The Group owns two dynamic positioning ships. The Company has identified five other competitive ships on the market. The Maurel & Prom Group's vessels have been modeled to become "support ships for submarine operations or support ships for operations on wells (alongside offshore platforms)".

Although 2004 was a more difficult year than predicted, making a negative contribution to net consolidated income, 2005 seems to have better prospects with the Company noting a larger number of tenders, particularly in Australia and South East Asia (the region in which our ships operate) due to new efforts being made by the oil companies in that region to develop new production fields there.

4.1.7.3. Oil activities

The crude oil market operates in a world geopolitical and economic environment; the fluctuation of prices in this environment is at times highly volatile.

4.2. Possible dependence of the Maurel & Prom Group on certain major customers or procurement contracts

The Company has no major commercial relationship with any supplier.

Maurel & Prom does not have any customer relationship in the oil business in the Congo (Congo-Brazzaville) other than with SOCAP. As a wholly owned subsidiary of Total, this company collects and sells the crude oil from the various fields operated by Maurel & Prom in Congo. The quality of this agreement means that the Company considers that, in this regard, there is no customer risk in Congo.

Furthermore, and still in the oil business, the Company has, indirectly via its share in Canadian company Pebercan Inc, a customer relationship with the Cuban company Cuba Petroleum ("Cupet"). The risk attached to this customer relationship seems limited because Cupet has hitherto honored its payment commitments which have occasionally had to be rescheduled.

Finally, for non-oil activities, the Company has identified no dependency risk with any specific major customer.

In the context of its drilling campaigns, the Company may have to face periods of tension on the price of drilling rigs.

The distribution of the Maurel & Prom Group's customer base may be detailed as follows:

The leading customer (SOCAP) represents 85% of sales in 2004.

The first five customers represent 96% of 2004 sales.

The leading customer pays within 30 calendar days as part of a multi-year contract.

The second largest customer pays within 30 days. This is the third party partner in the drilling activity.

The next three customers pay by 35 or 30 days after the end of the month as part of charter contracts of the "time charter BIMCO 93" type (see Appendix 1 - Glossary).

4.3. Personnel

The Company continued to reinforce its workforce during 2004 as had already been the case in 2003, particularly in Congo.

Breakdown by business	2004	2003	2002
Oil and gas activities	64	40	19
Oil drilling	7	10	-
Aquaculture FMB	-	-	29
Gold mining activity Aurifère	18	18	18
Multipurpose ships	0	0	-
Maurel & Prom holding	34	21	15
Total	123	89	81

Geographic distribution	2004	2003	2002
Africa	84	68	37
Asia	5	0	-
Europe	34	21	44
Total	123	89	81

At December 31, 2004, to the Company's knowledge, only one employee held a direct share in the capital of Maurel & Prom following the exercise of share options. Other employees held shares in Maurel & Prom capital through the salary savings plan that has been set up (see section 6.3.1 below).

The Company intends to continue a policy of building up its workforce in 2005 as part of the development of its businesses (operational and administrative staff).

4.4. Investment policy

The table below summarizes the Group's main investments over the last three years:

Data in € thousands	2004	2003	2002
Shipping activity:		62	296
Multipurpose ships		62	296
Energy Searcher			
Other businesses:			506
FMB			31
NGM/CAM/STOM	141		153
Other		93	322
Subtotal excluding oil		155	802
Drilling rigs	6 572	15 565	6 819
Oil activities:		35 456	70 384
Congo	85 267	33 731	65 672
Gabon	4 978		
Vietnam	744	591	4 280
Russia			282
France	37	78	54
Hungary		2	74
Senegal			20
Other	2 719	1 054	
TOTAL	100 458	51 176	78 005

Furthermore, for 2005, oil investments are planned that are broken down as follows (in € millions):

Investments for 2005	Congo	Tanzania and Senegal	Other	Total
Development	118			118
Exploration	24	7		31
Drilling rigs			5.6	5.6
Other				
Total	142	7	5.6	154.6

The portion of these investments reflecting contractual and firm commitments is shown in section 5 of this reference document.

4.5. Maurel & Prom Group main subsidiaries

The data describing the main subsidiaries of the Maurel & Prom Group are shown in the table below:

Company	Head office	Percentage holding		
		31/12/2004	31/12/2003	31/12/2002
Multipurpose ships				
Brooklyn Shipping Limited	St Vincent and Grenadines	100.00	100.00	100.00
Maurel & Prom International Shipping Limited, "Mepis"	St Vincent and Grenadines	100.00	100.00	100.00
Mepis Clementine Limited	St Vincent and Grenadines	100.00	100.00	100.00
Mepis Marie Limited	St Vincent and Grenadines	100.00	100.00	100.00
Oil operation				
Caroil	Paris	97.14	97.14	70.00
Pebercan Inc	Montreal, Canada	19.89	20.02	20.02
Zetah M & P Congo	Pointe Noire, Congo	100.00	100.00	100.00
Zetah Congo Ltd	Nassau, Bahamas	50	50	33.33
Zetah Kouilou Ltd	Nassau, Bahamas	65	65	-
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania	100	-	-
Aquaculture				
Aquapole	La Celle-Saint-Cloud	-	-	100.00
Compagnie Aquacole du Midi	La Celle-Saint-Cloud	-	-	100.00
Ferme Marine des Baleines	St Clément des Baleines	-	-	100.00
Gold mining				
Compagnie Aurifère du Mali	Bamako, Mali	-	-	100.00
Compagnie Européenne et Africaine du Bois	Luxembourg	100.00	100	100.00
New Gold Mali	Bamako, Mali	49.50	49.50	49.50
Other				
Oil Data International Inc	Houston, USA	-	100.00	100.00
Finances Publiques Audit et Solutions (company in liquidation)	Paris	66.00	66.00	-
Maurel & Prom (Suisse) Genève S.A.	Geneva, Switzerland	99.99	-	-

It should be noted that Rockover Oil & Gas Ltd, Thomson & Van Eck International (Gabon) (Pty) Ltd and Panther Eureka S.r.l. are not mentioned in this table because they became subsidiaries of Maurel & Prom in February 2005.

4.6. Risk factors

4.6.1. Market risks

4.6.1.1. Liquidity risks

All the loans taken out by the Maurel & Prom Group are described below. This description aims at making it possible to measure any liquidity risk relating to the Maurel & Prom Group.

a) Bonded debt

Following the conversion of the OCEANEs and the early redemption by the Company, the bonded debt was discharged on December 31, 2004.

It was decided to issue a new OCEANE in March 2005 on the terms described in section 5.1, consolidated financial statements, section 32. To the Company's knowledge, this bonded debt does not present particular risks.

b) Loans taken out from finance houses or lenders

Loans from finance houses were broken down as at December 31, 2004 as follows (EUR/USD parity: 1.36209):

In € thousands	31.12.2004	31.12.2003
Lloyds	9 296	11 247
Alter Finance		1 584
Faisal Finance	5 873	1 980
Natexis Banques Populaires	36 708	31 670
ABC International Bank	7 341	
Faisal Finance	2 937	
SGPBG	5 000	
Natexis Banques Populaires - Caroil		3 959
Banque Belgoise - Caroil	4 785	
Accrued interest on loans	64	
Lender banks	2 280	
	74 284	50 440

- On April 9, 2001, the Group took out a loan with Lloyds of \$ 18 200 000 for 10 years, repayable in 40 quarterly installments. Half the loan carries interest at a fixed rate of 7.24% and the other half at the Libor rate +1.625%. As a loan guarantee, a first mortgage was taken out on the two multipurpose ships. As at December 31, 2004, the loan stood at \$ 12 662 000 or € 9 296 000.
- The remainder of the \$ 4 000 000 taken out by Maurel & Prom with Alter Finance which stood at € 1 584 000 on December 31, 2003 was repaid on February 16, 2004 and the pledge given for this loan by the Company of 7 000 000 Pebercan Inc. shares was discharged on the same day.
- The \$ 5 000 000 loan taken out on April 4, 2003 with Faisal Finance which stood at € 1 980 000 on December 31, 2003 was repaid on March 18, 2004. The pledge of shares attached to this loan was also discharged.
- On December 31, 2003, \$ 40 000 000 had been used on the \$ 50 000 000 revolving loan agreement (RBL) signed on September 27, 2003 with Natexis Banques Populaires, Belgolaise and Standard Bank.
This outstanding amount was reduced to \$ 35 000 000 by an early repayment of \$ 5 000 000 at the beginning of 2004 following the disposal of 11% of the rights held in the M'Boundi permit.
At December 31, 2004, the amount used stood at \$ 50 000 000.
This loan was refinanced on January 24, 2005 by the conclusion of a new RBL signed with Natexis Banques Populaires in the amount of \$ 120 000 000.
- The balance of the € 3 959 000 loan on December 31, 2003, taken out on July 2, 2003 by Caroil from Natexis

Banques Populaires was repaid on January 9, 2004. Release of the sureties given on this loan was granted.

- On January 9, 2004, Caroil signed a credit agreement with Belgolaise for a maximum of \$ 10 500 000 bearing interest at the Libor rate +3.86% falling due on June 30, 2006. This loan was used to repay the current loan with Natexis Banques Populaires and to finance the continuation of the Company's investments in the drilling rigs. The amount outstanding at December 31, 2004 was \$ 6 517 000, or € 4 785 000.

For this loan, certain sureties and pledges were given to guarantee the money borrowed (see section 27).

- On April 1, 2004, Maurel & Prom took out a \$ 8 000 000 loan with Faisal Finance to continue financing the M'Boundi field development.

This loan, bearing interest deducted at the fixed rate of 4% due in one year, was repaid on March 25, 2005.

- On July 13, 2004, the Company took out a \$ 10 000 000 loan with ABC International Bank to cover the first repayment of the Heritage Oil debt for the purchase of the royalty on the Kouilou permit

This loan carries interest at the USD Libor rate +3.9%. It is repayable in installments of \$ 3 000 000 on March 31, 2005, \$ 3 000 000 on May 31, 2005 and the balance on the final due date of July 27, 2005.

The euro value in the financial statements as at December 31, 2004 stands at € 7 341 000.

The loan was paid off early in full on April 1, 2005.

- On October 14, 2004, a \$ 4 000 000 loan was granted by Faisal Finance at the deducted fixed rate of 4% repayable on October 20, 2005.

The funds were intended to settle the policy premium to cover the Brent price.

The euro value in the financial statement as at December 31, 2004 was € 2 937 000.

- In accordance with the terms of the transaction agreed with Heritage Oil relating to the purchase of a royalty on M'Boundi, Maurel & Prom issued a \$ 14 000 000 Medium Term Note quoted in Luxemburg due on December 31, 2005 payable to Heritage Oil.

This debt carried interest at the Libor rate +2.65%.

At Heritage Oil's request, Maurel & Prom repaid \$ 4 000 000 early on September 29, 2004 and as initially agreed, on that date, the balance of the debt owed to Heritage Oil was converted to euros, that is € 8 137 000.

On November 30, 2004, Heritage Oil further sold on the secondary market a portion of its debt to the value of € 5 000 000 to Société Générale Private Banking Geneva (SGPBG); Maurel and Prom therefore owes SGPBG as at

4. Information on the Company's business

December 31, 2004 a debt of € 5 000 000 carrying interest at the fixed rate of 5.625%.

c) Other loans and financial debts

The other loans and financial debts are broken down as follows:

In € thousands	31.12.2004	31.12.2003
Loan from Financière de Rosario	0	7 918
Loan from Cyril Finance	0	2 500
Loan from Halisol	0	5 000
Solinvest	1 000	-
Heritage Oil	3 137	-
Accrued interest	45	215
	4 182	15 633

- The remaining balance due as at December 31, 2003 of € 7 918 000 on the loan taken out on April 29, 2002 with Financière de Rosario was repaid on February 19, 2004.
- Similarly, the respective loans of € 2 500 000 and € 5 000 000 of February 7, 2003 and October 9, 2003 with Cyril Finance and Halisol were paid off on February 6 and 7, 2004.
- On February 13, 2004, Maurel et Prom, for its operating requirements, took out a loan of € 1 000 000 with Solinvest; this loan, repayable on February 13, 2005, carries interest at the Euribor rate +3.00%; the accrued interest at December 31, 2004 was € 45 000. The loan was repaid on the due date, that is February 13, 2005.

d) Debt repayment schedules

In € thousands	Gross amount	Less than one year	More than one year	More than five years
Bonded debt	0	0	0	0
Loans from lending establishments	74 284	57 663	15 697	924
Other loans and debts	4 182	1 045	0	0
Total	78 466	58 708	15 697	924

4.6.1.2. Exchange rate risks

The Company is exposed to exchange rate risk on the dollar for all its business, its investments and some of its finance. The Company chose an optional strategy to minimize its exchange rate risks, zero premium. It has continued in this direction since the beginning of 2005 (see section 5.2, corporate financial statements, section 21).

The transactional position used to calculate the US Dollar exchange rate risk is summarized in the table below:

	USD currency	
	USD	Euro
Assets	33 137	24 327
Liabilities	(131 900)	(96 836)
Net position before management	(98 763)	(72 509)
Off-balance sheet position		
Net position after management	(98 763)	(72 509)

The dollar exchange rate was 1.3621 on December 31, 2004.

The unfavorable change of 1 cent relative to the euro would have an impact of € 530 000.

4.6.1.3. Interest rate risks

As described in section 4.6.1.1. above, the Company has four variable rate loans outstanding as at December 31, 2004:

- A \$ 18 200 000 loan taken out on April 9, 2001 with Lloyds Bank for ten years, repayable in forty quarterly installments, half of which carries a fixed interest rate of 7.24% and the other half a variable interest rate at the Libor rate +1.625%. As at December 31, 2004, the loan recorded in the financial statements stood at € 9 296 000.
- A \$ 50 000 000 loan for the development of M'Boundi in Congo, taken out on September 23, 2003 with Natexis Banques Populaires, Belgolaise and Standard Bank, repayable in stages up to September 25 2006 carrying interest at the Libor rate +3.5% to 4%. As at December 31, 2004, the loan recorded in the financial statements stood at € 36 708 000.
- A \$ 10 500 000 loan was taken out on January 9, 2004 by Caroil with Belgolaise carrying interest at the USD LIBOR rate +3.86%. As at December 31, 2004, the loan recorded in the financial statements stood at € 4 785 000.
- A € 10 000 000 loan taken out on July 2, 2004 with ABC International Bank Plc carrying interest at the USD LIBOR rate +3.9%. As at December 31, 2004, the loan recorded in the financial statements stood at € 7 341 000.

Under the terms of the aforementioned loans, the Company could be subject to the risk of an increase in interest rates.

In € thousands	Impact of a 1% rise in bank rates during 2004
Natexis loan	Approximately 367
Lloyd's loan (Multipurpose ships)	Approximately 46
Belgolaise loan	Approximately 48
ABC loan	Approximately 73
Total	Approximately 534

Taking account of the low interest rate risk, the Company does not use specific interest rate hedging instruments.

4.6.1.4. Share risks

1) *Own shares*

On the basis of the authorization given by the Combined General Meeting of June 28, 2004, the Company had set up a share buyback program that received the signature of the Autorité des marchés financiers, number 04-709, dated July 30, 2004. As part of this program, Maurel & Prom, in September 2004, purchased and resold Maurel & Prom shares representing a total of 3 199 shares at an average purchase price of € 109.83 and an average selling price of € 116.10.

Maurel & Prom owned none of its own shares as at December 31, 2004.

Following the Combined General Meeting of December 28, 2004, the Company obtained a new authorization to buy back its own shares. This authorization was the subject of a prospectus that received the signature of the Autorité des marchés financiers, N° 05-053, dated January 31, 2005. The minimum purchase price is € 11 and the maximum price is € 17 per share.

As at the date of this document, the Company has not made use of this program.

2) *Pebercan Inc. shares*

The 19.89% holding in Pebercan Inc, a company traded on the Toronto Stock Exchange, has the nature of a major, long term oil industry investment. Its value on an equity basis is € 16 246 000. On December 31, 2004, the company's stock market capitalization was \$ 95 117 000.

As a consequence of the aforementioned developments, the Company does not consider itself to have any share risk and consequently is not using any specific hedging instrument.

4.6.2. Legal risks

4.6.2.1. Risks relating to the regulatory procedure for obtaining certain permits

After a period of oil exploration, providing it is successful, the Company and/or one of its subsidiaries usually enters into a development phase which requires an oil operating permit (example: the M'Boundi permit arising from the Kouilou exploration permit).

Some countries in which the Company and/or one of its subsidiaries has oil operating permits may carry a political risk that is assessed in various ways depending on the nature of the country.

In any case, the Maurel & Prom Group believes that the risk relating to the loss of such permits is low. Its experience has shown that, so long as the obligations placed upon it by the permits it receives are respected, they endure.

Furthermore, the choice made by the Maurel & Prom Group to use, as often as possible, Joint Operating Agreements according to the "International Model Form" guaranteeing the contractors' rights with the lead drilling or hydrocarbon field operating company is such as to shelter Maurel & Prom from any commitment that it has not approved.

4.6.2.2. Lawsuits

a) Promagra, a partnership limited by shares was set up on a 50/50 basis in 1991 between Maurel & Prom and the cooperative group Agri Cher-Transagra. Many problems quickly arose between the two partners including in particular: access to information was made very difficult for Maurel & Prom, disputes with the Doux group, an assignee of Promagra shares, a major crisis before 1994 in the cooperative group, major debts payable to Maurel & Prom.

Agri Cher went into legal liquidation. As part of this procedure, Maurel & Prom declared what it was owed by Agri Cher which totaled € 5 187 000. Provisions were made for this amount to the extent that it is very unlikely that the Company can recover any or all of the money.

In addition, the Company has, since 1996, been the subject of a liability action as part of the judicial punitive tax assessment of Transagra, a subsidiary of the agricultural cooperative Agri Cher in liquidation. As of the date of this reference document, no judgment has been made against Maurel & Prom.

Finally, for its part, Maurel & Prom has issued a writ against the individual directors of the cooperative as being liable for the losses incurred by the Company through

Promagra. These two procedures have been examined but no judgment has been handed down as of the date of this reference document.

b) In 2001, the Company took legal action in the Singapore courts against Cooper Cameron Pte Ltd and Stork Technology Asia Pte Ltd for damage caused on the drilling ship Energy Searcher.

Specifically, on March 16, 2001, when Maurel & Prom still owned the vessel (which has since been sold), a major part of the blowout prevention system became detached causing major damage. For the Company, this accident was inevitable because the repair done by Cooper Cameron Pte Ltd and/or its subcontractor Stork Technology Asia Pte Ltd was defective.

The case was heard at the end of 2004-beginning of 2005; the judgment should be handed down in a few months.

The hearings took place in Singapore in conditions which lead us to be optimistic that Cameron will have to pay damages of the order of USD 10 to 20 million.

In 2004, the expenses of this legal action stood at € 1 206 000.

c) Orchard, a 36% partner on the Sebikothane exploration permit in Senegal, began arbitration proceedings against Maurel & Prom on October 12, 2004 concerning the consortium agreement signed between Maurel & Prom and Orchard on June 24, 2002 (a contract signed before the association agreement took effect governing the rights and obligations between all the partners on the permit).

Orchard believes that it has suffered damage due to the fact that Maurel & Prom had, in 2004, informed the Senegalese authorities and its partner Orchard of its wish to reduce its share in the association and not retain its position as operator.

To take account of the interests of the various parties involved in the project, Maurel & Prom then reversed its decision to withdraw from the project and an agreement has since been made with Fortesa (which supplies the drilling rig) stipulating that, in the case of success or failure, Maurel & Prom will reduce its stake in the project to 15% with Fortesa reimbursing 45% of the cost of the well and the costs incurred. The Company believes that these proceedings are entirely unfounded because Orchard cannot show that any damage has been suffered. In particular, Maurel & Prom should in no circumstances have to pay an indemnity to Orchard because, once the well is complete, Orchard can prove no damage.

4. Information on the Company's business

The arbitration tribunal was set up in April and the arbitration sentence should be handed down in the coming months.

Finally, to the Company's knowledge, there are no lawsuits, arbitrations or exceptional circumstances that are likely to have or have had in the recent past a significant impact on the financial situation, income, business and assets of the Company and/or the Maurel & Prom Group.

4.6.3. Risks relating to the Maurel & Prom Group's business

4.6.3.1. Risks specific to the Maurel & Prom Group's business sector

• Oil and gas business

This type of business which assumes that hydrocarbons can be found and extracted, requires the initiation of occasionally major preliminary operations. These operations precede the exploration drilling. Only this type of drilling makes it possible to decide whether to stop exploration, move on to beginning production or continue exploration in the face of a doubtful result as to the quality of the hydrocarbons and the uncertainties surrounding their extraction.

Furthermore, once operation has begun, knowledge of the reserves may sometimes be uncertain, becoming known only as operation progresses.

Finally, the practical conditions of operation and its cost may vary during the period in which the reserves are exploited.

The Company's business hitherto is concentrated on Congo which represents more than 90% of its reserves and more than 70% of its sales.

In the same spirit, still in the oil business, the Company has begun discussions with new partners who in 2004 and 2005 have started proceedings to participate in permits in Gabon and Tanzania.

• Ship chartering business

The Company indirectly owns two ships for which it is trying to obtain long term contracts. However, the particular quality of these ships is currently recognized such that, as soon as the oil industry situation improves, these ships are the first to get back into work. The ships currently have a satisfactory order book. Nevertheless, as part of the refocusing of its business on gas and oil exploration and production, the Company has asked an agent to sell the ships in 2005.

4.6.3.2. Risks relating to the possible dependence of the Maurel & Prom Group on customers, suppliers or subcontractors

Maurel & Prom has no major commercial relationship with any supplier.

The Company does not maintain a direct customer relationship in the oil business in Congo (Congo-Brazzaville) other than with SOCAP, a subsidiary of Total. This company collects and sells the crude oil from the various fields operated by Maurel & Prom in Congo. The quality of this agreement leads the Company to consider that, in this regard, there is no customer risk in Congo.

Still in the oil business, Maurel & Prom, through its holding in Pebercan Inc., a Canadian company, has an indirect customer relationship with the Cuban company Cupet. The risk associated with this customer relationship seems limited because Cupet has hitherto honored its payment commitments which have occasionally been rescheduled. Concerning its non-oil businesses, the Company has not identified any risk of dependence on a specific major customer.

4.6.3.3. Industrial and environmental risks

Within its oil activities, the Maurel & Prom Group pays constant attention to the prevention of industrial and environmental risks and takes the utmost care to respect the regulatory requirements of the countries in which it operates. It also constantly monitors the legal or regulatory, national or international trends concerning industrial and environmental risks. Maurel & Prom is also constantly seeking to improve its safety and security resources.

Systematic impact studies

Maurel & Prom carries out systematic impact studies before beginning specific work and examines and assesses the safety and environmental risks. So that it can identify, quantify and prevent such hazards, Maurel & Prom uses both its own expertise and that of outside experts.

Approval of surface installations

Maurel & Prom seeks to obtain approval, by the competent ministry, in terms of safety of the surface installations. Such approval may furthermore be required by the insurance policies taken out by Maurel & Prom and/or by the local government (civil security).

In Congo, inspections are regularly made by the hydrocarbons ministry and the ministry of the environment.

Safety-Environment audits, commissioned by Maurel & Prom, are carried out by an independent company.

Standards

In its drilling operations, Maurel & Prom follows the API standards.

The production installations are designed according to the recommendations of American insurance companies (GE GAP Guidelines) and the systems or equipment comply with French or international standards for the field in question (API, ISO, ASME, NF, etc).

Maurel & Prom is also subject to radio and satellite communication standards.

Safety procedures

In Congo, Maurel & Prom has installed a Safety Environment policy and has safety manuals written for all the sites.

Maurel & Prom has a personnel awareness and training policy involving constant improvement of safety and the prevention of risks.

Insurance

As part of its oil exploration, production and development work, the Maurel & Prom Group may cause environmental damage due particularly to subsidence, blow-outs, leaks, fires and explosions in oil wells and the related installations. This damage is covered by insurance policies.

The policies signed with the subcontractors and service providers which Maurel & Prom uses also contain an obligation on these subcontractors and service providers to take out sufficient insurance to cover their liabilities for the contract in question.

Restoring sites to their original state

Maurel & Prom has a policy of restoring the drilling sites to their original state when operations are complete.

Furthermore, because of the nature of its business, the Maurel & Prom Group will normally be required to bear the costs of returning the operating sites to their original state and for the clearance equipment. The Company is currently in the production phase only in Congo, so an annual provision is made for these restoration costs in its financial statements using a unit of production method on the basis of USD 200 000 per well.

4.6.3.4. Risks relating to key employees of the Company

The Company believes that it has an organization and management structure by which it can carry out its business and pursue its growth normally if one of the members of its management team is incapable of performing his functions.

4.6.4. Insurance

The Company takes out the following insurance:

- Manager's public liability,
- Fire, storm, natural catastrophe and water damage,

- Theft and vandalism; glass breakage,
- Office public liability excluding business public liability, basic legal protection.

In addition to coverage against these conventional risks, the Company has taken out insurance policies specific to its business and to the nature and location of its assets.

The insurance policies relating to the oil business cover:

- risk of any damage to the oil installations, including the pipeline system and the drilling rigs which are covered for \$ 2 300 000 per claim, the risk of actual asset losses which are covered for the replacement value and the risks of pollution linked to the drilling operations,
- public liability risks up to \$ 10 000 000 (100%) per claim,
- general pollution risks up to \$ 25 000 000 (100%) per claim.

The total annual premiums paid by the Company are of the order of € 1 670 000.

To date, the Company has decided not to take out insurance cover for business interruption.

5.1. Consolidated financial statements

ASSETS

Amounts in euros	Net	Notes	Net	Net
		31.12.2004	31.12.2003	31.12.2002
Fixed assets				
Intangible fixed assets	95 206 419	1.a.	60 306 810	86 994 511
Acquisition premium	213 426	2	420 142	626 858
Tangible fixed assets	152 325 484	1.b.	99 846 343	56 281 396
Investments and loans	1 547 909	3	221 162	358 436
Investments carried on an equity basis	16 245 817	4	15 930 144	15 827 694
	265 539 055		176 724 601	160 088 895
Current assets				
Inventory and work in progress	233 604	5/8	253 128	2 071 316
Trade receivables	12 094 470	6/8/9	10 529 005	6 869 189
Other receivables	27 397 905	7/8/9	59 503 312	15 598 643
Marketable securities	11 082 438	10	4 515	451 841
Cash in hand and in the bank	23 139 232		11 938 940	12 387 119
	73 947 649		82 228 900	37 378 108
Total	339 486 704		258 953 501	197 467 003

LIABILITIES

Amounts in euros	31.12.2004	Notes	31.12.2003	31.12.2002
Shareholders' equity - Group share				
Share capital	83 236 992		55 905 727	46 617 386
Issue, merger and contribution premiums	69 781 817		58 888 674	45 929 839
Consolidated reserves	24 080 098		(11 010 959)	(11 553 932)
Own shares				(1 824 858)
Income - Group share	47 435 659		24 276 209	388 471
	224 534 566	12	128 059 651	79 556 906
Minority interests	152 188	13	130 074	79 053
Provisions for contingencies	865 865	14	104 393	15 703
Loans and payables				
Bonded loans	0	15	37 073 609	51 166 550
Loans and debts with lending institutions	74 284 664	16/19	50 440 449	35 377 562
Other financial loans	1 045 335	17/19	15 633 024	12 043 917
Trade payables	26 296 587	18/19	17 530 553	11 566 692
Tax and social security	2 698 456	18/19	2 404 800	4 802 682
Other debts	9 609 043	18/19	7 576 948	2 857 938
	113 934 085		130 659 383	117 815 341
Total	339 486 704		258 953 501	197 467 003

Income statement

Amounts in euros	2004	Notes	2003	2002
Operating income				
Sales	132 413 872	21	45 285 918	26 646 780
Production in inventory	24 034			
Capitalized production	14 285 208		9 376 279	
Writeback on provision and transfer of expenses	4 243 323		2 100 011	1 243 621
Other income	406 508		185 246	122 095
	151 372 945		56 947 454	28 012 496
Operating expenses				
Purchases consumed				2 217 126
Change in inventory	(155 699)			
Other purchases and operating expenses	46 810 455		25 489 466	14 108 518
Income and other taxes	20 198 780		6 337 286	59 270
Personnel expenses	9 544 371		6 907 652	5 993 303
Amortization	16 216 179		7 866 444	3 737 893
Provisions	783 145		88 691	18 884
Other expenses	311 395			
	93 708 626		46 689 539	26 134 994
Operating income	57 664 319	22	10 257 915	1 877 502
Financial income	(1 424 670)	23	482 194	(3 602 527)
Net operating income before tax	56 239 649		10 740 109	(1 725 025)
Exceptional income	4 270 929	24	15 069 467	274 281
Corporation tax	14 461 401	31	4 337 799	3 523 726
Net income of consolidated companies	46 049 177		21 471 777	(4 974 470)
Share in income of companies included on an equity basis	1 615 312	25	3 116 488	5 555 343
Depreciation of goodwill	(206 716)		(206 716)	(204 172)
Net consolidated income	47 457 773		24 381 549	376 701
Minority interests	(22 114)		(105 340)	(11 770)
Net income - Group share	47 435 659		24 276 209	388 471

	2004*	2003	2002
Income per share	0.60	3.84	0.06
Operating income per share	0.72	1.70	(0.28)
Diluted income per share	0.55	3.05	0.05

* The share's par value was divided by 10 on the decision of the Combined General Meeting of December 28, 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. Key events of the year

The year was marked by the continued development of the M'Boundi field and the Kouakouala field with four rigs drilling constantly.

The program to delineate the M'Boundi deposit pursued by Maurel & Prom throughout the year considerably increased production capacity taking it to the objective set for end 2004 of a daily production rate of 20 000 barrels.

Thus, 17 new wells were drilled in 2004 and investment continued at a sustained rate particularly through the production of surface installations and survey work (mainly the 3D seismic campaign which was due to be fully interpreted by mid-2005).

In Vietnam, the long term exploration test began in July 2004 and the final results will be known around June 2005. On March 12, 2004, Maurel & Prom and Rockover Oil and Gas Limited signed an agreement through which Maurel & Prom takes a 50% share in Block MT 2000 and a 25% share in the operating branch of Banio Oil in the Republic of Gabon. The prices paid for these stakes were respectively \$ 1 500 000 and \$ 2 000 000.

Furthermore, according to the terms of a contract also signed on March 12, 2004, Rockover Oil and Gas Limited sold Maurel & Prom 50% of its stake in the Ofoubou block in the Republic of Gabon for \$ 1 500 000.

On June 3, 2004, the Company signed a production-sharing contract on the Tanzanian onshore and offshore block of Bigwa-Rufiji and Mafia covering 12 025 km² of permit in which Maurel & Prom holds a 60% stake alongside its partner Petroquest which holds 40%.

After reprocessing the existing seismic data, Maurel & Prom planned to drill as the operator an onshore exploration well within 24 months of signing the contract.

Under the terms of an agreement signed with Heritage Oil on August 1, 2002, Maurel & Prom was owed a royalty when total production of the Kouilou permit reaches 67 000 000 barrels; the royalty applying to 30% of production over and above this threshold and being equal to 5% of the selling price, net of mining royalty and certain operating costs.

On June 9, 2004, an option to buy this royalty was signed; the option was taken up on June 30, 2004 and the royalty purchased for \$ 31 600 000.

On the same date, Maurel & Prom sold Heritage Oil a further 7% stake in the exploration permit of La Noubi for \$ 7 000 000 thus taking Heritage Oil's stake to 14% on the permit.

This transaction therefore takes the value of Maurel & Prom's 50% residual holding on the permit to \$ 50 000 000. On June 17, 2004, the Company decided to issue and allocate free of charge redeemable share warrants (BSARs) to all the Company's shareholders at the rate of one (1) BSAR per Company share, 20 BSARs giving entitlement to subscribe to one (1) new share in the Company at the price of € 89.65 per share. This issue was the subject of a transaction prospectus signed by the Autorité des marchés financiers on June 25, 2004, N° 04-634. On July 28, 2004, the Company thus created 8 317 638 redeemable BSARs. On condition that the Company may redeem the BSARs early and suspend the facility to exercise the BSARs, the BSAR holders may ask to exercise their BSARs at any time up to July 28, 2006 inclusive. The Company may, at its sole discretion, at any time from July 29, 2005 to the end of the exercise period, redeem all the BSARs remaining in circulation at the price of € 0.01 per redeemed BSAR, conditional upon the publication of an early redemption notice and an average share price of more than € 115.26 during the ten days prior.

The issue of these BSARs led to a readjustment of the number of share options allocated to personnel and their exercise price; the ratio of allocation of OCEANES was also adjusted and raised to 1.025 Maurel & Prom shares for one (1) OCEANE.

On the basis of the authorization given by the Combined General Meeting of June 28, 2004, the Company set up a share buyback program up to a limit of 10% of the share capital, a program which obtained the signature of the Autorité des marchés financiers on July 30, 2004, number 04 709; under the terms of this program, the unit price for the Company to buy back its own shares must not exceed € 110 and the unit selling price must not be less than € 70. In accordance with the OCEANE issue agreement, Maurel & Prom decided to exercise the facility of early redemption of all OCEANES issued on February 7, 2002 and still in circulation.

The early redemption took place on November 9, 2004 at € 25.20 per bond, plus the accrued interest receivable since January 1, or € 1.08 per bond.

In the context of implementing its project to convert to a société anonyme, the Company, on October 28, 2004, signed a draft merger treaty with its associated partner, Aréopage, retroactive to January 1, 2004.

This project was the subject of a transaction prospectus signed by the Autorité des marchés financiers on December 15, 2004, N° E. 04-212.

Through the Combined General Meeting of December 28,

2004, this merger was approved by the shareholders and the Company therefore absorbed Aréopage and converted to a société anonyme with a Management Board and Supervisory Board.

By a management decision dated December 7, 2004, the Company registered in Geneva a subsidiary 99.9% owned by Maurel & Prom, called Maurel & Prom (Suisse) Genève SA, a subsidiary set up mainly to study and examine all financial, industrial or commercial dealings in the oil and gas field.

On December 28, 2004, the Combined General Meeting also decided to divide the Maurel & Prom share par value by 10 thus taking the share's par value to € 0.77 with effect from December 30, 2004.

It also authorized a new share buyback program up to the limit of 10% of the share capital, for a maximum unit purchase price of € 17 and a minimum authorized unit selling price of € 11; this buyback program was the subject of a transaction prospectus signed by the Autorité des marchés financiers on January 31, 2005, N° 05-053.

On December 10, 2004, Maurel & Prom signed an agreement to acquire Rockover Oil and Gas Limited, an agreement containing a suspension clause relating to the conclusions of due diligence carried out by Maurel & Prom; Rockover Oil and Gas Limited has interests in Gabon that complement Maurel & Prom on the Ofoubou and MT 2000 permit. It also holds Kari and M'Bindji permits.

The transaction was finalized on February 14, 2005.

During the year, the Company consolidated the financing of its investments in Congo through short term loans and then by extending the revolving credit agreement (RBL) which was confirmed with Natexis Banques Populaires on January 24, 2005 and rose from that date to \$ 120 000 000.

Caroil's drilling business which began in the second half of 2003 took off sharply in 2004 due to the development of the wells drilled both in M'Boundi and Kouakouala.

The rig being built at the end of 2003 (Cooper rig) was commissioned in the second quarter of 2004 and a third rig was purchased at the end of the year.

Exploration of the Banankoro permit in Mali continued in 2004 and the test boreholes confirmed the high gold content in certain veins.

Fifteen exploration shafts are planned in 2005-2006.

AfriOre, a partner of Maurel & Prom, declared that it was withdrawing from the project for financial reasons, so Pacifico undertook to take over the rights and obligations of the partnership contract and particularly the financing of the current program.

A study will, in the months to come, be commissioned from

an independent organization to assess the permit's potential based on the available information.

The net fixed assets of this business stand at € 2.8 million. Because the ships have a very low occupancy rate, the shipping division recorded a considerable loss of € 3.4 million in 2004.

The Company is still seeking to secure a favorable disengagement from this business.

The reduction in Pebercan Inc. income in 2004 is due to the reduced production on the Canasi deposit that certain wells have suffered due to a sharp increase in the volume of gas and water.

The year was also marked by a strong recovery in drilling activities (17 wells as at December 31, 2004); however they contributed little to production because they started production in the second part of the year only.

Consequently, the published profit of Pebercan Inc. stands at \$ 9 757 000 for 2004, compared with \$ 14 280 000 in 2003.

B. Accounting rules and methods

The consolidated financial statements are drafted according to the accounting principles in force in France and comply with the terms of regulation 99-02 of the Comité de la Réglementation Comptable.

a) Scope of consolidation

The companies controlled exclusively by Maurel & Prom are fully consolidated.

The companies in which Maurel & Prom has a considerable influence are consolidated by the equity method.

Subsidiaries representing a negligible interest in the context of the true image are not consolidated.

b) Consolidation methods

The consolidation has been based on the annual financial statements as at December 31, 2004 of Maurel & Prom and its subsidiaries.

All transactions between the consolidated companies, and the internal margins, are eliminated.

The subsidiaries' financial statements drafted according to accounting principles different from those of the Group are the subject of a restatement for uniformity.

c) Intangible assets

Intangible assets are booked at their acquisition cost.

Establishment expenses are amortized over a maximum of five years.

For mining operations, the expenses incurred during the pre-production period are capitalized. They are amortized starting from the beginning of production. An exceptional amortization is reported if the exploration ends in failure.

d) Goodwill

The difference between the price of buying the securities and the fair value of the identified assets and liabilities of the company is booked:

- when it is positive, in assets on the balance sheet under the heading "goodwill". Goodwill is amortized over five years, except for low value goodwill which is amortized over one year.
- when it is negative, in liabilities of the balance sheet under the heading "Provisions for contingencies". The provision is the subject of a writeback plan spread over five years. When a particular event occurs or when the difference is of low value, the writeback methods may be accelerated.

e) Tangible assets

Tangible assets are booked at their acquisition cost.

Amortization is calculated over the estimated lifetime of the assets according to the following linear (L) or reducing balance (D) methods:

- Buildings: L over 10 years,
- Infrastructure works: L over 8 to 10 years,
- Ships: L over 10 to 20 years,
- Drilling rigs: L over 3 to 25 years,
- Plant and machinery: L over 3 to 10 years,
- Fixtures and fittings: L over 4 to 10 years,
- Vehicles: L over 3 to 8 years,
- Office and computer equipment: L or D over 2 to 5 years,
- Office furniture: L over 3 to 10 years.

f) Oil business

The main methods of booking the costs of this business are as follows:

• Drilling permits

The expenditure on the acquisition and allocation of drilling permits is recorded as intangible assets and amortized on a straight line basis over the estimated duration of the permit or at the rate of amortization of the oil production installations.

If the permit is withdrawn or the search fails, any amortization still to run is reported all at once.

• Acquisitions of reserves

Acquisitions of oil reserves are recorded as intangible assets and amortized according to the production unit method.

The amortization rate is the ratio of the field's hydrocarbon production during the year over the hydrocarbon reserves estimated at the time of acquisition minus the total production since that date.

• Exploration expenses

Surveys and exploration work, including geological and geophysical expenditure, are recorded in assets on the balance sheet as intangible fixed assets.

The costs of exploration not culminating in a commercial discovery for a given permit and result in a decision to definitively stop work on that zone or that geological structure are booked as expenses in the year in which the failure is recorded.

Exceptional provisions or amortization are booked when the total costs exceed the actualized cashflow estimates or when technical difficulties are encountered. Depreciation is determined per exploration permit.

The amortization of exploration expenditure is deferred until it is transferred to tangible assets.

• Oil production fixed assets

Oil production fixed assets include all expenditure relating to the exploration and development of the fields (production drilling, surface installations, systems for pumping away the oil, etc).

Fixed assets that are not complete by the year-end are recorded as fixed assets in course of construction.

Completed fixed assets are amortized according to the production unit method. The amortization rate is the ratio of the field's hydrocarbon production during the year over the re-estimated hydrocarbon reserves at the beginning of the same year.

For fixed assets relating to the whole field (pipelines, surface units, etc), the estimated reserves are the proven and probable "2P" reserves.

For those dedicated to specific areas of a field, the estimated level of reserves is that of the area's developed proven reserves.

In 2002, since there was insufficient data to determine the developed proven reserves, the proven reserves that had been used to calculate the amortization rate were used. From 2003 onwards, the above method was able to be followed due to the existence of a complete evaluation report.

The reserves used are the reserves determined on the basis of analyses carried out by independent organizations to the extent that they are available on the date of closure of the accounts.

Provisions for exceptional depreciation or amortization are booked when the total costs are greater than the actualized estimated cashflow or when technical difficulties are encountered. Depreciation is determined per production permit.

• Cost of restoring sites to their original state

Provisions for restoring sites to their original state are made as provisions for contingencies at the amortization rate of the oil production installations. They are estimated by country and by field.

g) Unconsolidated interests, marketable securities

Portfolio securities are recorded in the balance sheet at their acquisition cost.

A provision is made when the inventory value is below the acquisition cost. The inventory value is determined for:

- shares in affiliates: according to the shareholders' equity, the profit prospects of the companies concerned or the realization value for the shares being sold,
- marketable securities: relating to the stockmarket price at December 31.

h) Inventories

Inventories are valued at the cost of acquisition or production.

Production cost includes the items purchased and the direct and indirect production costs.

Inventories are valued according to the FIFO method.

Hydrocarbon inventories are valued at production cost including the field and transport expenses and amortization of the goods used in production.

A provision is made when the realized value is lower than the gross value of the inventories.

i) Receivables

Receivables are booked at their nominal value. A provision for depreciation is applied if there is a risk of non-recovery.

j) Foreign currency transactions

Expenditure and income in foreign currencies are recorded at their value in euros on the date of the transaction. Debts, external finance, receivables and cash in foreign currencies appear on the balance sheet at their value in euros at the year-end exchange rate. The differences resulting from the conversion into foreign currencies at this final exchange rate are posted to the income account on the "financial income" line.

k) Expenditure to be charged over several periods

Expenses relating to bonded debt and other loans are spread over the period of the loan.

l) Redemption premiums

The premiums for redemption of bonded debt are amortized over the period of the loan.

m) Own shares

Own shares are booked as a reduction in shareholders' equity on the basis of their acquisition cost, except for those purchased to steady the share price which are booked as marketable securities.

The result of sales of own shares recorded as a reduction or increase in shareholder's equity is recorded as consolidated reserve in its amount net of tax. Provisions for depreciation that may be reported in the corporate financial statements of Maurel & Prom and provisions for contingencies made

relating to buyback commitments are cancelled out in consolidation.

n) Provisions for contingencies

Provisions for contingencies are made to cover a range of eventualities, particularly lawsuits and any risk relating to subsidiaries.

Because of the Group's structure and the low average years of service of the personnel, pension commitments are not significant and, no provision has therefore been made.

o) Oil sales

Sales relating to the sale of production on deposits worked by the Company as part of production-sharing contracts include the shipment of crude oil as production royalties and taxes.

p) Deferred taxes

Deferred taxes are reported on the temporary differences between the recorded and taxable income according to the variable carry-over method.

In accordance with regulation 99-02 of the Comité de la Réglementation Comptable, deferred tax assets, particularly due to losses carried forward or deferred amortizations, are included only if it is probable that the company may recover them within the prescribed time.

q) Conversion of the annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries are converted at the year-end exchange rate.

The asset and liability elements are converted at the exchange rate applicable on the year-end date.

Income and expenditure is converted at the average exchange rate for the period.

Exchange rate differences reported, either on the opening balance sheet or on income, are recorded, for the portion due to the consolidating company, in shareholders' equity under "goodwill" and, for the third party portion, in the "minority interests" item.

Exchange rate differences on long term internal financing are charged directly to shareholders' equity.

r) Exceptional income

Exceptional income and expenditure in the income statement include the exceptional elements arising from ordinary activities and extraordinary elements. The exceptional elements arising from ordinary activity are those for which production is not related to routine operation, either because they are abnormal in their amount or their incidence, or because they rarely occur.

s) Income per share

Three types of income per share are shown: the basic net income, the income before tax and the diluted income.

The number of shares used to calculate diluted income takes account of the conversion into shares of the dilutive instruments in circulation at the year-end. Diluted income is based on the net income, Group share, corrected by the

financial cost of the dilutive instruments, net of tax. "Poison pill" shares, when they are deducted from consolidated shareholders' equity, are not included in the calculation.

C. Scope of consolidation

Company	Head office	Siren	2004	% interest 2003	2002
Établissements Maurel & Prom	Paris	457 202 331	Consolidating company		
Maurel et Prom (Suisse) Genève SA	Genève		99.99%	-	-
Multipurpose ships					
Brooklyn Shipping Limited	St Vincent and Grenadines		100.00%	100.00%	100.00%
Maurel & Prom International Shipping Limited, « Mepis »	St Vincent and Grenadines		100.00%	100.00%	100.00%
Mepis Clementine Limited	St Vincent and Grenadines		100.00%	100.00%	100.00%
Mepis Marie Limited	St Vincent and Grenadines		100.00%	100.00%	100.00%
Oil operation					
Caroil	Paris	411 671 027	97.14%	97.14%	70.00%
Oil Data International Inc	Houston, USA			100.00%	100.00%
Pebercan Inc	Montréal, Canada		19.89%	20.02%	20.02%
Zetah M & P Congo	Pointe Noire, Congo		100.00%	100.00%	100.00%
Zetah Congo Ltd	Nassau, Bahamas		50.00%	50.00%	33.00%
Zetah Kouilou Ltd	Nassau, Bahamas		65.00%	65.00%	-
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania		100.00%	-	-
Gold mining					
Compagnie Européenne et Africaine du Bois	Luxembourg		100.00%	100.00%	100.00%
New Gold Mali	Bamako, Mali		49.50%	49.50%	49.50%
Aquaculture					
Aquapole	La Celle-Saint-Cloud	381 822 832	-	-	100.00%
Compagnie Aquacole du Midi	La Celle-Saint-Cloud	672 026 507	-	-	100.00%
Ferme Marine des Baleines	Saint-Clément des Baleines	330 084 377	-	-	100.00%

All companies are consolidated fully except for Pebercan Inc. which is consolidated on the equity basis.

Following the capital increase of Pebercan Inc. generated by the exercise of employees' share warrants, the percentage interest of Maurel & Prom became 19.89% in 2004.

Oil Data International was removed from the scope of consolidation following its liquidation.

Finances Publiques Audit et Solutions, formed in October 2003, in which Maurel & Prom holds 66%, did not really begin operating, so it was liquidated and has not been consolidated.

On December 23, 2004, Maurel & Prom (Suisse) Genève SA was registered in Geneva; it is 99.99% owned by Etablissements Maurel & Prom.

D. Further information

1) Fixed assets

a) Intangible assets

The change in intangible assets and amortization is as follows:

In € thousands	31.12.2004	31.12.2003	31.12.2002
Gross as at January 1	73 997	92 624	42 249
Acquisitions	38 394	3 782	52 113
Disposals	(231)	(12 226)	(1 738)
Reclassification		(10 183)	
Gross value at December 31	112 160	73 997	92 264
Amortization and provisions at January 1	13 690	5 629	5 018
Contributions	3 283	8 199	615
Writebacks	(19)	(138)	(4)
Amortization and provisions at December 31	16 954	13 690	5 629
Net value	95 206	60 307	86 995

The variations in intangible assets arise mainly from:

- the pursuit of current exploration in Congo (€ 4 516 000 - mainly on the seismic campaign and environmental studies), in Vietnam (€ 743 000) and in other countries (€ 1 967 000),
- the purchase of the royalty on M'Boundi for € 25.998 000,
- acquisition of rights in Gabon for € 4 509 000,
- the disposal of 7% of the rights of the La Noubi permit for € 211 000,
- and the beginning of exploration activity in Gabon for € 469 000.

Vietnam

In 2002, a fracturation campaign showed the possibility of a potentially profitable gas field in the Song Tra Ly permit.

The negotiations begun with the Vietnamese authorities culminated in February 2004 in a marketing agreement in the context of a long duration production test.

The test is still in progress and will continue until June 30, 2005, the date on which the final conclusions will be available.

On the basis of the technical schedule for running the test, the 13.6% actualized value of the deposit works out at € 20 249 000 on December 31, 2004, causing an additional provision for depreciation of € 1 067 000 for 2004 on the Company's Vietnamese assets.

After the test, that is on June 30, 2005, the residual capitalized value of € 20.2 million could be reconsidered; on that date, the Company will in effect be able to determine the potential of reserves to be valued based on the drainage radius of the gas contained in the reservoir and on the basis of the existing well.

In 2004, the test generated an incidental sale of gas worth € 325 000.

Other countries

The uncertainty surrounding the prospects of success of the pre-exploration work undertaken in Iran, in the Central African Republic and in Togo have led the Company to make a provision for depreciation of € 1 052 000 on these assets.

The intangible assets are broken down as follows:

In € thousands	31.12.2004		31.12.2003		31.12.2002	
	Gross value	Net value	Gross value	Net value	Gross value	Net value
Mining permits	3 676	1 099	3 676	1 376	3 791	1 767
Congo	3 393	1 099	3 393	1 376	3 393	1 652
Hungary	283	0	283	0	283	0
Russia					115	115
Acquisition of reserves						
Congo	59 804	58 070	33 759	32 750	37 424	37 180
Gabon	4 509	4 509				
Oil exploration and research rights	67 989	63 678	37 435	34 126	41 215	38 947
Exploration expenditure	40 887	28 515	33 365	23 112	48 504	45 199
Congo	6 060	6 060	1 755	1 755	10 205	10 205
France	107	107	70	70	4 267	4 267
Hungary	1 767	0	1 767	0	1 766	0
Russia			0	0	3 778	3 778
Gabon	469	469				
Vietnam	29 801	20 249	29 057	20 571	28 466	26 927
Other countries	2 683	1 630	716	716	22	22
Oil fixed assets	108 876	92 194	70 800	57 238	89 719	84 146
Pre-production expenses and concessions of other mining activities - gold mining	2 757	2 757	2 757	2 757	2 742	2 729
Software	527	255	440	312	163	120
Total	112 160	95 206	73 997	60 307	92 624	86 995

b) Tangible assets

The change in tangible assets and amortizations is as follows:

In € thousands	31.12.2004	31.12.2003	31.12.2002
Gross value at January 1	111 033	67 140	41 716
Acquisitions	62 064	47 394	25 893
Reductions	(170)	(8 990)	(469)
Changes in scope		(4 694)	
Reclassification		10 183	
Gross value at December 31	172 927	111 033	67 140
Amortization and provisions at January 1	11 187	10 859	8 210
Contributions	9 550	4 845	2 782
Writebacks	(135)	(585)	(133)
Variations in scope		(3 932)	
Amortization and provisions at December 31	20 602	11 187	10 859
Net value	152 325	99 846	56 281

The main changes relate to:

- continued investment in Congo on the two permits of Kouakouala and M'Boundi (€ 54 654 000) for production of additional wells and the completion of additional surface installations,
- the acquisition by Caroil of a rig and further ancillary equipment (€ 6 572 000).

The tangible assets are broken down as follows:

In € thousands	31.12.2004		31.12.2003		31.12.2002	
	Gross value	Net value	Gross value	Net value	Gross value	Net value
Land					305	209
Buildings	13	0	12	9	119	57
Plant and machinery	156 688	136 720	80 636	69 748	59 133	48 772
Other	2 663	2 042	866	570	749	409
Fixed assets in course of construction*	13 563	13 563	29 519	29 519	6 834	6 834
Total	172 927	152 325	111 033	99 846	67 140	56 281

* The fixed assets in course of construction as at December 31, 2004 are the drilling operations in progress.

The breakdown of fixed assets by business is as follows (net value):

In € thousands	2004	2003	2002
Multipurpose ships	16 446	17 767	18 990
Oil	108 115	59 634	35 980
Drilling rigs	26 967	22 153	2
Aquaculture			(759)
Gold mining	53	109	360
Other	744	183	190
Total	152 325	99 846	56 281

c) Oil and gas fixed assets

The oil and gas assets, both intangible and tangible, are broken down as follows by country (net value):

In € thousands	2004	2003	2002
Congo	200 322	117 676	84 884
France	106	70	4 267
Russia	0	0	3 896
Gabon	4 978	0	0
Vietnam	20 249	20 572	26 927
Other countries	1 630	716	22
Total	227 285	139 034	119 996

To calculate the amortization of the special installations of the Congo fields, the amount of proven reserves developed in 2004 comes from the Company's internal assessment pending the Beicip-Franlab report that is not available on closure of the accounts.

2) Goodwill

Pebercan Inc. was consolidated for the first time in 2001. At December 31, 2004, goodwill stood at € 1 033 000, amortized by € 820 000.

3) Capital assets

Capital assets have changed as follows:

In € thousands	31.12.2004	31.12.2003	31.12.2002
Gross value at January 1	3 880	4 017	3 909
Increases	1 400	68	137
Reductions	49	(205)	(29)
Gross value at December 31	5 231	3 880	4 017
Amortization and provisions at January 1	3 659	3 659	3 659
Contribution	24		
Amortizations and provisions at December 31	3 683	3 659	3 659
Net value	1 548	221	358

The capital assets are broken down as follows:

In € thousands	31.12.2004		31.12.2003		31.12.2002	
	Net value	Gross value	Net value	Gross value	Net value	Gross value
Unconsolidated shares in affiliates	25	0	25	25	202	202
Loans	3 668	10	3 718	59	3 697	38
Other	1 538	1 538	137	137	118	118
Total	5 231	1 548	3 880	221	4 017	358

a) Unconsolidated shares in affiliates

Finances Publiques Audit et Solutions ("FIPAS"), formed in October 2003, of which Maurel & Prom holds 66%, did not really begin its activity, so it was liquidated and has not been consolidated. A € 25 000 provision for depreciation of the shares was made in 2004.

b) Loans

Loans include the € 3 659 000 receivable from Financière Transagra (the same as in 2003), fully depreciated due to the company going bankrupt.

c) Other fixed assets

The other fixed assets represent deposits and sureties paid.

4) Shares held on an equity basis

Pebercan Inc. has been held on an equity basis since January 1, 2001. Maurel & Prom's share in the restated

equity of Pebercan Inc. stands at € 16 245 000 on December 31, 2004 including € 1 615 000 after dilution in 2004 income.

As at December 31, 2004, the receivable from the Cuban state oil company (Cupet) stood at \$ 23 414 000 compared with \$ 34 289 000 in 2003.

5) Inventories

Inventories of € 233 000 essentially represent oil business inventories (€ 209 000).

6) Trade receivables

Trade receivables (gross value) relate to oil production of € 7 482 000 (2003: € 6 048 000), oil drilling of € 4 166 000 (2003: € 2 333 000) and multipurpose ships of € 531 000 (2003: € 2 147 000).

7) Other receivables and prepayments and deferrals

In € thousands	31.12.2004	31.12.2003	31.12.2002
Carry back receivable			337
Transagra receivable	1 528	1 528	1 528
Advance paid for the Rockover acquisition agreement	10 834		
Receivables on Congo partners			3 853
Receivable on disposal of STCPA shares	3 150	3 328	823
Receivable on disposal of Congolese M'Boundi assets	0	39 588	
Shareholders, capital being paid		6 229	
Prepaid expenses	6 756	1 273	513
Expenses to be distributed over several periods	3 014	4 399	4 841
Bond redemption premium		3 603	5 188
Other	4 426	1 083	868
Gross value	29 708	61 031	17 951
Provisions to be deducted	(2 310)	(1 528)	(2 352)
Net value	27 398	59 503	15 599

5. Assets - Financial situation - Income

As at December 31, 2004, provisions have been made on:

- the receivable from Financière Transagra in the amount of € 1 528 000 (the same as 2003),
- and on the risk of late payment by the debtor of the receivable on the sale of STCPA Bois in the amount of € 782 000.

The variation in the other receivables comes from:

- on the one hand, the reduction in the payment that occurred at the beginning of the year on the receivable for the sale of Maurel & Prom's Congolese assets to Energy Africa in the amount of € 39 588 000 and the payment in January 2004 for the share warrant conversion that occurred on December 31, 2003, this amount appearing in the 2003 financial statements at € 6 229 000 as capital being paid, and on the other hand, the increase occasioned by the payment of an advance to Rockover for € 10 834 000 as part of the agreement to acquire the shares of that company.

Expenditure to be charged over several periods (in thousands of euros) relates to:

Expenditure relating to various Maurel & Prom financing operations	326
Expenses for arranging the \$ 50 000 000 loan with Natexis Banques Populaires, Banque Belgoise and Standard Bank (see section 16)	2 444
Expenses relating to the financing of Caroil	244
Total	3 014

All the OCEANES issued in 2002 having been converted or redeemed early. The premium for redemption of the loan is cleared as at December 31, 2004.

The prepaid expenses consist mainly of a € 5 520 000 (\$ 7 519 000) premium paid in October 2004 as part of a hedging policy on the crude oil price from January 1 to December 31, 2005.

8) Provisions for depreciation of current assets

In € thousands	01.01.2004	Contributions	Writebacks	Variation of scope	31.12.2004
Inventories					
Trade receivables		85			85
Other receivables	1 528	782			2 310
Total	1 528	867			2 395

9) Receivable due dates

In € thousands	Gross amount	Less than one year	More than one year	More than five years
Fixed assets:				
Loans	3 668	5	3 663	-
Current assets:				
Trade receivables and related accounts	12 180	12 180		-
Other receivables	29 708	25 802	3 906	-
Total	45 556	37 987	7 569	-

The loans include the € 3 659 000 receivable from Financière Transagra (the same as 2003) which is fully depreciated due to the company going bankrupt.

The receivables from Financière Transagra have been considered to be more than one year due to the fact that the € 5 187 000 is irrecoverable.

The other portion of the receivables at more than one year correspond to the portion standing at more than one year of the receivable on sale of the STCPA shares.

10) Marketable securities

The market value of the marketable securities portfolio stands at € 11 086 000 on December 31, 2004.

Maurel & Prom's own shares, classified as marketable securities, bought as part of the buyback program were sold in 2004. Those contributed as part of the merger with Aréopage were also sold in 2004. Thus, on December 31, 2004, the Company owned none of its own shares.

11) Exposure to exchange rate risk and risk on crude oil price

The Company is exposed to exchange rate risk against the dollar in all its businesses, investments and some of its financing.

To minimize the risk, the Company opted for a prudent hedging strategy through exchange rate options at zero premium: particularly Maurel & Prom bought a call and sold a put on November 9, 2004 in the European fashion (due on June 30, 2005) in the amount of \$ 10 000 000; since the transaction comprises a deactivating barrier USD/EUR 1.36 and the exchange rate has reached a new historic record, the barrier was passed and the exchange rate options automatically cancelled.

Since production in Congo represents the major proportion of the Company's sales, to reduce exposure to the risk of fluctuations on the oil price market, Maurel & Prom bought an asiatic put on Brent on October 15, 2004 from Total Trading at 40 dollars for a volume of 10 000 barrels/day for the full year 2005.

12) Shareholders' equity - Group share

The consolidated shareholders' equity changed as follows:

In € thousands	Capital	Premiums	Reserves	Exchange rate variance	Income for the year	Consolidated shareholders' equity
31.12.2002	46 617	45 930	(12 825)	(553)	388	79 557
Allocation of income			388		(388)	0
Capital increase	9 289	12 959				22 248
Own shares			2 606			2 606
Exchange rate variance			54		(681)	(627)
Income					24 276	24 276
31.12.2003	55 906	58 889	(9 777)	(1 234)	24 276	128 060
Allocation of income			24 276		(24 276)	
Capital increase	27 331	10 893				38 224
Own shares			11 242			11 242
Exchange rate variance					(427)	(427)
Income					47 436	47 436
31.12.2004	83 237	69 782	25 741	(1 661)	47 436	224 535

On December 31, 2004, after dividing the par value by 10 as agreed by the General Meeting of December 28, 2004, capital consisted of 108 099 990 shares at a par value of € 0.77 each.

As part of the authority granted by the Combined General Meeting of June 26, 2003, Maurel & Prom Management decided, on June 17, 2004, to issue and allocate free of charge share warrants redeemable for new Maurel & Prom shares ("BSAR") to all shareholders at the rate of one warrant per Maurel & Prom share.

8 317 638 BSARs were issued, with 20 warrants entitling the holder to subscribe to one new Maurel & Prom share at a par value of € 7.70 for € 89.65; the exercise period running from July 29, 2004 to July 28 2006.

The Company may at any time from July 29, 2005, carry out an early redemption of the BSARs in circulation at € 0.01 on condition that an early redemption notice is published and the share price averages more than € 115.26 during the ten days preceding the notice.

Following the division by 10 of the par value as agreed by the Combined General Meeting of December 28, 2004, twenty warrants provide entitlements to subscribe to ten new shares at a total price of € 89.65 for 10.

As at December 31, 2004, 303 000 warrants had been exercised and 21 936 new shares issued, generating a capital increase of € 117 000 and a net premium of € 1 214 000.

On December 31, 2004, 8 014 638 warrants therefore remained in circulation capable of creating 4 007 319 new shares at a par value of € 0.77.

Following the issue of these BSARs, the number of share options allocated to personnel and their exercise price were adjusted; the OCEANEs allocation ratio, for its part, was adjusted and brought to 1.025 Maurel & Prom shares for one OCEANE.

Through the Extraordinary General Meeting of September 11, 2001, the Management was authorized to grant its employees and managers options to subscribe or purchase Maurel & Prom shares.

Thus, on October 25, 2001, the Management allocated 154 000 share options at € 12.15 each, exercisable without deadline and, on June 16, 2003, 26 000 options at € 19.98 each; these numbers respectively became 1 579 030 and 266 540 following the adjustment made after the issue of the BSARs and the division of the par value, the new exercise prices being changed respectively to € 1 185 and € 1 949 per share.

On December 31, 2004, 5 127 options (before the division of the par value) were exercised generating a capital

increase of € 39 000 and a premium of € 21 000.

The 123 000 share options at the € 17.82 subscription price allocated on July 29, 2003 by the Management, on the authority of the General Meeting of June 26, 2003 were raised to 1 261 160 shares exercisable at the price of € 1.738 after the adjustment occasioned by the issue of the BSARs and the division of the par value by 10.

On the basis of the authorization of the same date, that is June 26, 2003, the Management allocated to the Company's employees, on June 22, 2004, 13 500 share options exercisable immediately and within five years at the price of € 66.94.

This number was raised to 138 420 and the exercise price reduced to € 6.529 per share following the issue of the BSARs and the division of the par value by 10.

On February 7, 2002, the Company issued 1 512 865 convertible bonds ("OCEANEs") in the total amount of € 31 770 000; the bonds carrying interest at 6% per annum and due to be fully amortized by redemption on December 31, 2006 at the price of € 25.20 per bond. Conversion or exchange could be exercised at any time at the rate of one share per bond. All the bonds were subscribed.

In 2003, 111 746 bonds were converted.

In 2004, 1 389 105 bonds were converted generating a capital increase of € 10 761 000 and a net conversion premium of € 20 911 000 and a fractional share premium of € 11 000.

As part of the early redemption of the OCEANEs, 12 014 bonds were redeemed at the price of € 25.20 plus accrued interest of € 1.06, giving a total amount paid of € 316 000. By the merger agreement signed on October 28, 2004, approved by the Combined General Meeting of December 28, 2004, Maurel & Prom absorbed Aréopage, its partner company, with retroactive effect to January 1, 2004.

The net assets contributed by Aréopage, assessed according to the parity rules of the merger agreement stand at € 81 973 000 consisting mainly of the value of the partnership rights in the amount of € 76 824 000 and marketable securities (Maurel & Prom shares and OCEANEs) in an amount assessed at € 5 340 000.

The contribution was paid for by the creation and issue of 2 131 753 new shares of € 7.70 each thus increasing the capital by € 16 414 000.

The merger transaction generated a merger premium of € 65 559 000.

The asset representing the partnership rights in the amount of € 76 824 000 was cancelled on the premium generated by the merger (that is € 65 559 000) and the remainder (€ 11 264 000) was posted to the "Issue premium" item.

Detail of capital variations and premiums:

In € thousands	Capital increase	Issue premium
Conversion of OCEANEs	10 761	20 911
Fractional shares on OCEANEs		11
Exercise of BSARs	117	1 214
Exercise of share options	39	21
Sub-total	10 917	22 157
Merger	16 414	(11 264)
Total	27 331	10 893

Since the clause making the merger agreement with Aréopage retroactive did not make it possible to place the takeover at a date different from that of the share transfer, in line with regulation 99-02 of the Comité de la Réglementation Comptable, the profit from the merger, included in the income of the corporate financial statements, is allocated in the consolidated financial statements as shareholders' equity in the amount of € 11 242 000.

14) Provisions for contingencies

Provisions for contingencies changed as follows:

In € thousands	31.12.2003	Provision for the year (provision used)	Writeback for the year (provision not used)	Writeback for the year	Change in scope	31.12.2004
Expenses		519				519
Restarting sites to initial state	104	243				347
Total provisions	104	762				866
Net impact on accrued expenses						
Operating income		762				
Financial income						
Exceptional income						

- On the basis of the wells that currently exist in Congo, the estimated costs to dismantle and restore the sites to their initial state on December 31, 2004 generated an additional provision for contingencies of € 243 000 for 2004 (as a reminder, the basis for the calculation is, as in previous years, \$ 200 000 per well).
- Following the move of the Company's head office to 12 rue Volney, Maurel & Prom provisioned € 290 000 for the rents of its former head office up to the end of the lease on September 30, 2005.
- Furthermore, a risk of a tax adjustment on Congo sales relating to Caroil justified the making of a provision of € 229 000.

The variation in conversion differences relates to the shareholders' equity of Pebercan Inc. (€ 1 300 000), the fixed assets and equity of Mepis (€ -1 529 000) and the financing of Mepis (€ 660 000).

13) Minority interests

The minority interests change as follows:

In € thousands	Reserves	Income for the year	Minority interests
31.12.2002	91	(12)	79
Allocation of income	(12)	12	0
Changes in scope	(54)		(54)
Income		105	105
31.12.2003	25	105	130
Allocation of income	105	(105)	0
Changes in scope			
Income		22	22
31.12.2004	130	22	152

15) Bonded debt

On February 7, 2002, Maurel & Prom issued 1 512 865 convertible bonds (OCEANEs) in the total amount of € 31 770 000, the bonds carrying annual interest at 6% and having to be totally amortized by redemption on December 31, 2006 at € 25.20 per bond and the conversion or exchange being exercisable at any time at the rate of one share per bond. All the bonds had been subscribed. In 2002, the bonded debt was recorded on the balance sheet at its redemption value of € 38 124 000 plus the asset of a redemption premium of € 6 354 000, a premium amortized by the straight line method over the period of the loan.

On December 31, 2004, all the bonds were either converted (111 746 in 2003 and 1 389 105 in 2004) or redeemed (12 014 bonds).

The convertible bonded debt is therefore cleared as at December 31, 2004.

16) Loans from lending establishments

Loans from lending establishments are broken down as follows:

In € thousands	31.12.2004	31.12.2003	31.12.2002
Lloyds	9 296	11 247	15 226
Alter Finance		1 584	2 861
Natexis Banques			
Populaires	36 708	31 670	17 164
Faisal Finance	5 873	1 980	
ABC International Bank	7 341		
Faisal Finance	2 937		
SGPBG	5 000		
Natexis Banques			
Populaires - Caroil		3 959	
Banque Belgolaise - Caroil	4 785		
Interest accrued on loans	64		28
Lending banks	2 280		99
	74 284	50 440	35 378

On April 9, 2001, the Group took out a \$ 18 200 000 loan with Lloyds over ten years, repayable in 40 quarterly installments. Half of the loan carries interest at the fixed rate of 7.24% and the other half at Libor +1.625%. As surety for the loan, a first mortgage was taken out on the two multipurpose ships.

On December 31, 2004, the loan stood at \$ 12 662 000 or € 9 296 000.

The balance of the \$ 4 000 000 loan taken out by Maurel & Prom with Alter Finance which stood at € 1 584 000 on December 31, 2003 was repaid on February 16, 2004 and the pledge given for this by the Company of 7 000 000 shares in Pebercan Inc. was cleared on the same day.

The \$ 5 000 000 loan taken out on April 4, 2003 with Faisal Finance, which stood at € 1 980 000 on December 31, 2003 was repaid on March 18, 2004. The pledge of shares attached to this loan was also cleared.

On December 31, 2003, \$ 40 000 000 (€ 31 670 000) had been used out of the \$ 50 000 000 revolving credit agreement (RBL) signed with Natexis Banques Populaires, Belgolaise and Standard Bank.

This outstanding loan was reduced to \$ 35 000 000 by an early repayment of \$ 5 000 000 at the beginning of 2004 following the sale of 11% of the rights held in the M'Boundi

permit.

On December 31, 2004, the amount used stands at \$ 50 000 000 or € 36 708 000.

The balance of the loan standing at € 3 959 000 on December 31, 2003, taken out on July 2, 2003 by Caroil with Natexis Banques Populaires, was repaid on January 9, 2004. The sureties granted on this loan were released.

On January 9, 2004, Caroil made a loan agreement with Belgolaise for a maximum of \$ 10 500 000 carrying interest at the Libor rate +3.86% payable on June 30, 2006. This loan was used to repay the current loan with Natexis Banques Populaires and to finance the continuation of the company's investment in the drilling rigs. The outstanding loan on December 31, 2004 is \$ 6 517 000 or € 4 785 000. For this loan, certain sureties and pledges were granted to cover the amounts borrowed (see section 27).

On April 1, 2004, Maurel & Prom took out a \$ 8 000 000 (€ 5 873 000) loan with Faisal Finance intended to continue the financing of the development of the M'Boundi field.

This loan, carrying discounted interest at the rate of 4% after one year, was repaid on March 25, 2005.

On July 13, 2004, the Company took out a \$ 10 000 000 loan with ABC International Bank intended to cover the first payment of the Heritage Oil debt for the purchase of the royalty on the Kouiloul permit.

This loan carries interest at the USD Libor rate +3.9%. It is repayable at the rate of \$ 3 000 000 on March 31, 2005, \$ 3 000 000 on May 31, 2005 and the balance on the due date of July 27, 2005.

The euro value in the financial statements as at December 31, 2004 is € 7 341 000.

The loan was repaid early on April 1, 2005.

On October 14, 2004, a \$ 4 000 000 loan was granted by Faisal Finance at the discounted fixed rate of 4% repayable on October 20, 2005.

The money was intended to pay the premium for the hedging policy on the Brent price.

The euro value in the financial statements as at December 31, 2004 is € 2 937 000.

According to the terms of the transaction agreed with Heritage Oil for the purchase of a royalty on M'Boundi, Maurel & Prom issued a Medium Term Note quoted in Luxemburg of \$ 14 000 000 due on December 31, 2005 to the benefit of Heritage Oil.

This debt carried interest at the Euribor rate +2.65%.

At the request of Heritage Oil, Maurel & Prom repaid \$ 4 000 000 early on September 29, 2004 and according to the initial agreement, on that date, the balance of the debt to Heritage Oil was converted into euros, or € 8 137 000.

On November 30, 2004, Heritage Oil also sold on the secondary market a portion of its receivable in the amount of € 5 000 000 to Société Générale Private Banking Geneva (SGPBG); on December 31, 2004 Maurel & Prom therefore owes SGPBG a debt of € 5 000 000 carrying a fixed interest rate of 5.625% and on December 31, 2004 the outstanding debt to Heritage Oil is only € 3 137 000 at the variable Euribor rate +2.65%.

17) Other loans and financial debts

The other loans and financial debts are broken down as follows:

In € thousands	31.12.2004	31.12.2003	31.12.2002
Solinvest loan	1 000	0	2 384
Financière de Rosario loan	0	7 918	9 536
Cyril Finance loan		2 500	
Halisol loan		5 000	
Accrued interest	45	187	124
Total	1 045	15 605	12 044

The balance of € 7 918 000 remaining due on December 31, 2003 on the loan taken out on April 29, 2002 with Financière de Rosario was repaid on February 19, 2004.

Similarly, the respective loans of € 2 500 000 and € 5 000 000 of February 7, 2003 and October 9, 2003 with Cyril Finance and Halisol were cleared on February 6 and 7, 2004.

On February 13, 2004, Maurel & Prom took out, for its operating needs, a loan of € 1 000 000 with Solinvest; this loan, repayable on February 13, 2005, carries interest at the Euribor rate +3%;

The accrued interest as at December 31, 2004 was € 45 000.

The loan was cleared on the due date, that is February 13, 2005.

18) Trade payables and other debts

The change in trade payables is directly linked to the sharp increase in oil activity in Congo.

Social security and tax payables include the tax payable for the sale of oil in Congo in the amount of € 729 000 (2003: € 490 000) and the drilling activity (€ 874 000).

The other payables relate mainly to the balance of the debt to Heritage Oil for the purchase of the royalty on the Kouilou permit in the amount of € 3 150 000 (accrued interest included); they include deferred income of € 757 000, trade payables of € 902 000 and debts to the Congo associates of € 3 746 000.

The debt owed to Heritage Oil was paid off early on March 15, 2005.

19) Debt due dates

In € thousands	Gross amount	Less than one year	More than one year	More than five years
Bonded debts	0			
Debts with lending establishments	73 441	56 820	15 697	924
Other loans and debts	1 045	1 045		
Suppliers	26 296	26 296		
Social security and tax	2 698	2 698		
Other debts	9 610	9 610		
Total	113 090	96 469	15 697	924

20) Expenses to be paid

The expenses to be paid stand at € 4 017 000 (2003: € 6 528 000) including € 3 500 000 of invoices to be received and € 109 000 of interest on loans.

21) Breakdown of sales

The breakdown of sales is as follows:

a) by business sector

In € thousands	2004	2003	2002
Multipurpose ships	3 535	7 868	7 833
Oil and gas exploration/ oil production	111 940	31 896	14 171
Acquaculture	0	0	4 387
Oil drilling	15 441	5 522	256
Other	1 498		
Total	132 414	45 286	26 647

b) by geographic region

In € thousands	2004	2003	2002
Congo	127 056	37 394	14 171
Persian Gulf and South East Asia (multipurpose ships)	3 535	7 868	7 833
Vietnam*	325		
France	1 498	24	4 643
Total	132 414	45 286	26 647

* This relates to € 325 000 of incidental products linked to the prospecting carried out as part of the long term exploration test in Vietnam, the Company not having entered the production phase.

22) Breakdown of operating income by business sector

The breakdown of operating income is as follows:

a) by business sector

In € thousands	2004	2003	2002
Multipurpose ships	(2 409)	1 645	562
Oil exploration/ production (*)	68 927	14 638	6 054
Aquaculture			(126)
Gold mining	(420)	(613)	(788)
Oil drilling	3 189	962	(152)
Other (**)	(11 623)	(6 374)	(3 672)
Total	57 664	10 258	1 878

(*) Operating income includes provisions for depreciation of oil assets on the oil wells in Vietnam in the amount of € 1 067 000 and on the various pre-exploration expenses in the amount of € 1 052 000.

(**) The others are overheads of the parent company.

The change in activity in Congo explains the sharp increase in the oil business's contribution to operating income. The change in the "Other" item reflects the increase in the Company's overheads, particularly as they relate to technical oil and administrative resources.

b) by geographic region

In € thousands	2004	2003	2002
Congo	74 236	14 786	8 549
Mali	(420)	(613)	(788)
Persian Gulf and South East			
Asia (multipurpose ships)	(2 409)	1 645	(1 172)
France			(3 940)
Other	(13 743)	(5 560)	(771)
Total	57 664	10 258	1 878

23) Financial income

The financial income is analyzed as follows:

In € thousands	2004	2003	2002
Other interests	267	155	151
Writebacks of provisions		3	2 219
Exchange rate gains	8 690	12 567	3 802
Net income on sale of marketable securities	62	117	334
Financial income	9 019	12 842	6 506
Amortization and provisions	719	1 292	3 535
Interest	4 996	5 512	4 360
Exchange rate losses	4 728	5 556	2 214
Financial expenses	10 443	12 360	10 109
Financial income	(1 424)	482	(3 603)

The exchange rate gains are mainly exchange rate gains on loans.

The net exchange gain stands at € 3 962 000 including € 4 823 000 of net realized gains.

Amortization and provisions reflect in 2004 the amortization of the bond redemption premium (€ 695 000) and the provision for Fipas (€ 24 000).

Interest mainly includes:

- accrued interest on the Convertible Bonds and OCEANES in the amount of € 12 000 (2003: € 1 766 000),

- interest on bank borrowings in the amount of € 4 757 000 (2003: € 2 881 000).

24) Exceptional income

Exceptional income is analyzed as follows:

In € thousands	2004	2003	2002
On management transactions	170		1 072
On capital transactions	5 769	43 275	428
Writebacks of provisions		44	78
Exceptional gains	5 939	43 319	1 578
On management transactions	1 217	462	882
On capital transactions	451	20 840	346
Provisions		6 948	75
Exceptional expenses	1 668	28 250	1 303
Exceptional income	4 271	15 069	275

For 2004 it comprises:

The gain on the sale of 7% of the La Noumbi permit

The expenses on lawsuits brought by Maurel & Prom concerning the sale of the Energy Searcher

Other

Total

For 2003, exceptional income consisted essentially of the gain from the sale of rights to Energy Africa (see section 33).

25) Share in income of companies consolidated by the equity method.

This line reflects the share in Pebercan Inc. income.

The income received from Pebercan Inc. stood at \$ 9 757 000 on December 31, 2004. This company uses a method of amortizing its oil fixed assets according to Canadian accounting principles.

To comply with Maurel & Prom Group's accounting principles, these amortizations have been restated. The impact of this restatement is an increase in Pebercan Inc.'s income of \$ 699 000 in 2004.

The Maurel & Prom Group's share in the restated income of Pebercan Inc. is \$ 2 080 000 or € 1 615 000 after dilution.

26) Workforce

The workforces of the fully consolidated companies stood at 123 on December 31, 2004 (2003: 89), 34 of whom were in France and 89 abroad.

27) Off-balance sheet commitments

In € thousands	31.12.2004	31.12.2003	31.12.2002
Contract security bonds			
Receivables sold before maturity			
Pledges, mortgages and real estate securities	9 296	18 060	26 617
Other bonds and guarantees given			
Other commitments given	70 549	41 310	31 390
Total	79 845	59 370	58 007

Detailed below:

Pledge of shares	Number		
	31.12.2004	31.12.2003	31.12.2002
Maurel & Prom			
own shares	0	0	70 969
Pebercan Inc shares	0	7 000 000	7 000 000

In € thousands	Counter value		
	31.12.2004	31.12.2003	31.12.2002
Maurel & Prom			
own shares	0	0	1 451
Pebercan Inc shares	0	6 812	9 940
	0	6 812	11 391

First mortgages in favor of Lloyds on the two multipurpose ships.

In € thousands	31.12.2004	31.12.2003	31.12.2002
Balance of loan	9 296	11 248	15 226
Firm oil work commitments over the next year:			

In € thousands	31.12.2004	31.12.2003	31.12.2002
Congo	64 650	40 300	31 110
Vietnam			280
Tanzania and Senegal	5 899	1 010	
Total	70 549	41 310	31 390

Specific commitments:

As part of the \$ 18 200 000 loan taken out on April 9, 2001 with Lloyd's for a first mortgage was taken out on the two

multipurpose ships. The outstanding loan stands at € 9 296 000 as at December 31, 2004.

Under the terms of the revolving credit agreement made on September 23, 2003 with Natexis Banques Populaires, Belgolaise and Standard Bank, Maurel & Prom gave certain sureties and pledges as a guarantee for the amounts made available.

These sureties and pledges in favor of the lenders consist mainly of:

- the progressive build-up of a cash pledge account of 10% of the highest loan base (this was reached on December 31, 2004 with \$ 5 000 000),
- the pledge of securities held by the Company in Zetah M&P Congo, Zetah Kouilou Ltd and Zetah Congo Ltd,
- the pledge of rights and interests in the Kouilou and Kouakouala production-sharing contracts,
- the sale, as guarantee, of the Company's rights in the oil exportation contracts for the Kouakouala and Kouilou fields,
- the pledge of a bank account receiving the money from the export contracts, the insurance policy and the hedging contracts,
- the sale, as a guarantee, of their hedging contracts and insurance policies,
- the taking out of insurance guaranteeing a minimal billing level per barrel of crude oil.

Furthermore, the Company committed to observing the following main ratios:

- net total financial debt over shareholders' equity of less than 1.4,
- gross operating profit over net financial expense of more than 3.

Following the \$ 10 000 000 loan granted to Maurel & Prom on July 13, 2004 by ABC International Bank, Maurel & Prom committed to setting up a cash pledge in favor of the bank and granted a second rank disposal to the benefit of ABC of its rights concerning the oil exportation contracts for the Kouilou and Kouakouala fields.

The loan was repaid early on April 1, 2005.

The \$ 4 000 000 loan granted by Faisal Finance on October 14, 2004 comes with a guarantee with immediate effect given by ABC International Bank on behalf of Maurel & Prom.

As part of the agreement of June 9, 2004 to purchase the royalty due on Kouilou production from Heritage Oil, it is stipulated that, if, within 18 months of finally signing the agreement, Maurel & Prom should sell some or all of the assets forming the basis of the royalty, on the basis of a total valuation of 1 billion euros, it undertakes to pay Heritage Oil

€ 8 300 000. In the event of a partial sale, this amount will be prorated.

As part of the finance agreement signed on January 9, 2004 between Caroil and Belgolaise, Caroil gave the following sureties: pledge of its goodwill, sale of its business receivables, pledge of the balance of the facility account and signing of a property surety deed relating to the provision account. Furthermore, a guarantee with immediate effect was granted by Maurel & Prom that Caroil's commitments would be upheld.

Commitments received

The following are guaranteed by the whole and indivisible bond of the Agricher cooperative:

- the € 3 659 000 loan, interest included, granted to the Transagra Group,
- the € 1 528 000 receivable from Transagra.

Because these two companies have gone bankrupt, Maurel & Prom has recorded these amounts as liabilities.

Maurel & Prom has been sued for the break-up of the Agricher cooperative. The Company believes that this action is unfounded and has made no provision for it.

Under the terms of the sale of 11% of the M'Boundi permit to Energy Africa, it was agreed that Energy Africa would pay a royalty of \$ 1.50 per barrel of oil for each barrel produced on the M'Boundi permit over and above 15 400 000 barrels on the basis of the barrels allocated to Energy Africa for its rights in the M'Boundi permit. This possible future profit has not been recorded on the balance sheet.

The Company has not omitted to declare significant off-balance sheet commitments according to the accounting standards in force now or in the future.

28) Lawsuits

In 1996, Maurel & Prom was sued as part of the judicial punitive assessment of Transagra.

Furthermore, Maurel & Prom has also sued the individual directors of the cooperative group owning Transagra for the losses made by Maurel & Prom through Promagra.

To date, the case is still awaiting judgment. Because of the slim likelihood of recovering Maurel & Prom's receivable from the cooperative group, this has been fully provisioned.

In June 2001, the Company took out proceedings in Singapore against Cameron concerning the damage to the ship Energy Searcher prior to its sale to Maurel & Prom. The case was heard at the end of 2004-beginning 2005; the conclusions should be available in a few months.

29) Environment

Because of its activities, currently mainly oil and gas, the

Maurel & Prom Group takes care to observe the regulatory requirements of the countries in which it operates and in particular to carry out systematic impact studies before beginning specific work.

As part of its 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 activity, the Group will bear the costs of restoring the operating sites and the oil transport equipment to their original state. Since the Company is in the production phase only in Congo, an annual provision for these restoration costs is posted in its financial statements according to the production unit method. These costs are estimated at USD 200 000 per well.

30) Remuneration of Directors, Managers and members of the Supervisory Board

In € thousands	31.12.2004	31.12.2003	31.12.2002
Remuneration of Directors *	1 662	665	332
Remuneration of Managers (Aréopage) including VAT	91	91	91
Supervisory bodies (Attendance fees and remuneration of the Strategic Committee))	63	30	30
Total	1 816	771	438

* Directors includes the Senior Management and the five departmental directors (four in 2003 and 2002).

31) Corporate income tax

A fiscal integration agreement was signed between Maurel & Prom and its French subsidiary Caroil to take effect in 2004. The tax recorded in the financial statements reflects the foreign local taxes on profits payable for the oil operations in Congo in the amount of € 14 461 000.

The 2004 fiscal income of the integration group is in deficit and no corporation tax is due for 2004 for the fiscal group. On December 31, 2004, there remain no more gains liable to deferred taxation generated from the merger because they were liquidated by the sale, during the year, of the related asset items contributed.

The tax losses of the integration group that can be carried forward as at December 31, 2004 stand at € 28 378 000. The amortizations considered deferred are € 5 434 000 on December 31, 2004.

The Company also benefits from the carry-forward of net

long term losses up to the limit of € 4 976 000 that is chargeable on the long term gains up to 2006 in the amount of € 860 000, 2010 in the amount of € 1 152 000, 2011 in the amount of € 426 000, 2012 in the amount of € 1 847 000 and 2013 in the amount of € 691 000 or on the profits taxable at the normal rate within certain legal limits.

No deferred taxation has been reported. Specifically, for the companies of the Group that have been in deficit for tax purposes for at least two years, the recovery of these fiscal deficits cannot currently be envisaged. According to regulation 99-02 of the Comité de la Réglementation Comptable, in this case, the deferred tax assets are not taken into account.

32) Events after the year end

On January 24, 2005, Maurel & Prom obtained an extension to \$ 120 000 000 of the existing loan facility granted by Natexis Banques Populaires (RBL).

On February 14, 2005, the Company finally acquired Rockover for a total of € 57 364 000.

Through this transaction, Maurel & Prom increases its proven and probable reserves by 27 million barrels and its possible reserves by 30 million barrels by doubling its promising Vandji drilling area.

On February 19, 2005, Maurel & Prom signed an option to buy 25% of the Fuime Tellaro permit operated by the American company Panther for € 10 million. The 2P reserves of this permit are assessed at 274 Bcf.

For 2005, two exploration wells are planned.

If these are successful, Maurel & Prom will be able to take its share to 40 and then 50% (for an additional € 20 million) on this exploration asset which could constitute a significant source of revenue from 2006 onwards.

In addition, in order to speed up and intensify its external growth, Maurel & Prom has issued 1 671 129 OCEANes at € 22.44 to mature on January 1, 2010, redeemable at par and issued with an annual coupon of 3.5%, or a gross issue premium of € 375 million.

In March 2005, the Company signed a new marketing agreement with Total; through this agreement, the Company can obtain a significant reduction in transport and processing costs and an increase in the price at which its production is sold.

33) Other information: court referral of the CNC concerning the accounting treatment of sales with suspensive conditions

Accounting treatment of Maurel & Prom's sale of 11% of the rights and interests in the M'Boundi operating permit to

Energy Africa

Under the terms of the contract between Maurel & Prom and Energy Africa entitled "sale option agreement" that took effect on December 18, 2003, Maurel & Prom took out an irrevocable option to sell Energy Africa 11% of the rights and interests in the M'Boundi operating permit. In a letter dated December 23, 2003, Maurel & Prom took up this option.

The selling price was USD 50 million or € 39.6 million plus a royalty of USD 1.50 per barrel of oil for each barrel produced on the M'Boundi permit over and above 15 400 000 barrels, on the basis of the barrels allocated to Energy Africa for its rights in the permit.

This sale to Energy Africa was conditional upon the lifting of three suspensive conditions:

- Approval of the transfer of interests by the Congolese authorities. This approval was given on January 26, 2004.
- Tacoma Ressources Ltd (a partner of Maurel & Prom on the M'Boundi permit) renouncing its preemption right: this took place de facto since, according to the Joint Operating Agreement (JOA) on the Kouilou permit (including the M'Boundi permit), the partners have 30 days from notification by the seller to exercise their preemption right. According to the JOA, Maurel & Prom notified Tacoma Ressources Ltd of its intention to sell 11% of its interests on December 23, 2003. On January 23, 2004, Tacoma Ressources Ltd had not made use of its preemption right within the period specified in the JOA.
- Approval of the transaction by Natexis Banques Populaires: in a letter dated January 21, 2004, Natexis Banques Populaires approved the transfer of the interests to Energy Africa.

Finally, both in the sale option agreement of December 18, 2003 and the Participation agreement signed on January 23, 2004, Maurel & Prom and its contractor specified that the transaction was taking effect on December 31, 2003, with Energy Africa benefiting from January 1, 2004 from its rights and obligations on the permit.

Maurel & Prom booked the gain of € 27.6 million resulting from this transaction in its 2003 financial statements with reference to the accounting doctrine of the Commission des opérations de bourse (the former French stockmarket watchdog), which has now become the Autorité des marchés financiers, and which, in its 1995 annual report (page 110), considers that a gain must be generated when sales agreements take effect before the year-end date and when the condition (in this instance suspensive) that accompanies these sales agreements is:

- on the one hand, outside the control of the parties (for example, the approval of a government authority),

- on the other hand, taken up at the beginning of the next year before the accounts are closed.

This position of the Commission des opérations de bourse, which became the Autorité des marchés financiers, is currently the subject of committal proceedings (made at the beginning of February 2005) of the Conseil National de la Comptabilité by the Compagnie Nationale des Commissaires aux comptes (the French national Statutory Auditors' association). Consequently, according to the expected decision of the

Conseil National de la Comptabilité, and if the decision is handed down before the General Meeting to approve the financial statements for 2004, the accounting treatment used by Maurel & Prom for the year ending December 31, 2003 would be likely to be revised. In this case, the Company would have to correct the earlier accounting treatment in the 2004 financial statements. This correction would have no impact on shareholders' equity as at December 31, 2004 but would impact the presentation of income for 2004, with no effect on net income.

Cashflow table

In €	31.12.2004	31.12.2003	31.12.2002
Net income of consolidated companies	46 049 177	21 471 777	(4 974 470)
Net contributions (writebacks) of amortization and provisions	16 851 407	16 150 737	5 062 061
(Gains), losses from sale of intangible assets	(5 547 793)	(22 699 533)	1 702 593
(Gains), losses from sale of tangible assets	36 613		
Increase in expenses to be distributed	(1 616 428)	(1 589 517)	(5 165 456)
Cashflow	55 772 975	13 333 464	(3 375 272)
Variation in working capital	33 137 783	(38 215 017)	671 817
I. Cashflow from/(used in) operation	88 910 758	(24 881 553)	(2 703 455)
Acquisitions of intangible assets	(38 394 177)	(3 784 199)	(52 112 972)
Acquisitions of tangible assets	(62 057 447)	(47 394 370)	(25 893 054)
Acquisitions of capital assets	(1 404 325)	(87 704)	(429 426)
Sales of intangible assets	5 758 947	14.672.018	0
Sales of tangible assets	10 231	27 716 774	381 541
Sales of capital assets	49 907	907 232	50 827
Change in debts on capitalizations	3 455 308		
Net (increase) decrease of group current accounts	225 533		
Impact of changes in scope of consolidation		(320 675)	
II. Cashflow assigned to investment transactions	(92 356 022)	(8 290 924)	(78 003 084)
Capital increase	52 827 266	8 617 657	(1 050 944)
Sale of "poison pill" shares		2 799 668	
Increase (decrease) of financial debts	(29 502 408)	20 973 299	79 983 326
Impact of change in scope of consolidation			
III. Financial flows	23 324 858	32 390 624	78 932 382
IV. Variation in cash	19 879 594	(781 853)	(1 774 157)
V. Cash at beginning of the year	11 942 902	12 742 048	6 916 012
VI. Impact of changes in exchange rates	116 680	(17 293)	7 600 193
VII. Net cash at year-end	31 939 176	11 942 902	12 742 048

5.2. General report of the Statutory Auditors on the consolidated financial statements for the year ending December 31, 2004

Dear shareholder,

In accordance with the terms of our appointment at the General Meeting, we have audited the consolidated financial statements of Établissements Maurel & Prom for the year ending December 31, 2004 as attached to this report.

The consolidated financial statements have been approved by the Board of Management. It is our task, on the basis of our audit, to express an opinion on these financial statements.

I. Opinion on the consolidated financial statements

We have carried out our audit according to the standards of the profession applicable in France; these standards require the application of due diligence to obtain a reasonable assurance that the consolidated financial statements do not contain any significant anomalies. An audit consists of examining, by sampling, the probative items justifying the data contained in these statements. It also consists in evaluating the accounting principles followed and the significant estimates used to approve the statements and to assess the overall presentation thereof. We believe that our audits provide a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements are, with respect to French accounting rules and principles, fair and true and that they give a faithful reflection of the assets, financial situation and results of the unit consisting of the companies included in the consolidation.

Without prejudice to the opinion expressed above, we would draw your attention to the following points set out in Notes D.1.a., A and D.33 of the Notes concerning the depreciation of the intangible gas assets in Vietnam, the valuation of the gold mining division and the court referral of the Conseil National de la Comptabilité:

- Note D.1.a. of the Notes explains the methods used by your Company to account for an additional provision of € 1.1 million on the gas assets in Vietnam, whose net value on December 31, 2004 was € 20.3 million. This note also indicates that on June 30, 2005, your Company will know the results of the long term production test begun in 2004 making it possible to decide whether or not to continue to exploit these assets.

- In Note A - Significant events for the year, your Company gives the reasons for not reporting depreciations on the net value of the assets relating to the gold prospecting activity in the amount of € 2.8 million. Your Company also indicates that a study will be commissioned in the coming months from an independent organization to assess the potential of the permit based on the available information.
- In Note D.33 of the Notes, your Company describes the accounting treatment used to record the gain from selling 11% of the interests in the M'Boundi permit to Energy Africa in the year ending December 31, 2003 whose principle is the subject of a court referral of the Conseil National de la Comptabilité.

II. Justification of the assessments

In application of the terms of article L. 225-235 of the Commercial Code relating to the justification of our assessments, we would draw your attention to the following:

- During 2004, your Company made a provision for depreciation of € 1.1 million, supplementing the provision of € 6.9 million reported in the 2003 financial statements, on its intangible gas assets in Vietnam, whose net value stands at € 20.3 million at the year-end. The methods for determining this provision are given in Note D.1.a of the Notes, which also gives the date on which the results of the long term production test begun in 2004 will be available.

As part of our assessment of the significant estimates used to approve the financial statements, we have been led, since it involves a complex estimating process involving specialized techniques, to rely on the conclusions of the Company's Strategic and Technical Steering Committee. We have also checked the other significant data used and the calculations made to corroborate the amount of the provision reported on the balance sheet at the year-end.

We have made a judgment that this estimate is reasonable.

- Your Company makes provisions for depreciation of capitalized expenditure in intangible assets concerning the drilling operations using the method described in Note B.c of the Notes to the consolidated financial statements.

On the basis of the information currently available, our assessment of the provisions is founded on the analysis of the processes used by our Company to identify and assess the risks, and on an examination of the specific situation of the gold prospecting activity in Mali.

We have made a judgment that these estimates are reasonable.

The assessments thus made form part of our procedure for auditing the consolidated financial statements, taken as a whole, and have therefore contributed to the formation of our unreserved opinion expressed in the first part of this report.

III. Specific verification

Furthermore, in accordance with the standards of the

profession applicable in France, we have verified the information relating to the Group given in the management report.

With the exception of the possible impact of the facts outlined above, we have no other comments to make on its honesty or its consistency with the consolidated financial statements.

Paris and Paris-La Défense, May 23, 2005

Statutory Auditors

Michel BOUSQUET

ERNST & YOUNG Audit

François CARREGA

5.3. Transition to IFRS standards

In accordance with the information given in the 2003 reference document, Maurel & Prom has analyzed the impact of the IFRS standards on its consolidated financial statements and on its systems and procedures.

At this stage, the various steps in the process have been presented to the Audit Committee; furthermore, the Company has regularly kept the Statutory Auditors informed of its deliberations and progress on the task.

The conversion project has been carried out in accordance with the steps described in the 2003 reference document:

- differences between the current benchmarks and the IFRS standards have been identified;
- the impact on the organization, the procedures and information systems have been analyzed;
- the choices as to the accounting options offered by the IFRS benchmarks have mostly been analyzed.

The timetable for the project has however been deferred: specifically, in the absence of precise requirements relating to the treatment of production oil assets in the IFRS benchmark, Maurel & Prom has decided to wait for a market consensus to be reached on the treatment of these operations.

Consequently, the exhaustive costing of the impacts of the new standards has not yet been fully finalized.

Also, in accordance with the recommendations of the Autorité des marchés financiers on this subject, the information given below outlines the identified divergences but does not include any quantified information. This will be provided on the occasion of a special communication planned for September 2005.

Assessment divergences

Apart from the oil production activity, the main assessment divergences, as identified to date, relate to the following standards:

IFRS 1

The IFRS 1 standard "First time adoption of international financial reporting standards" offers a number of options to those adopting the standards for the first time. At this stage, Maurel & Prom has worked on the following options:

- to put off until January 1, 2005 application of the IAS 32 and IAS 39 standards on financial instruments; consequently, the impact of these two standards will not appear in the opening balance sheet of January 1, 2004;
- to estimate the provision for restoring sites to their initial state and the corresponding asset on the transition date, without retrospective restatement of the adjustments that have affected these items.

IFRS 6

Concerning the fixed assets, it should be noted that the relevant standards (IAS 16 and IAS 38) have excluded from their scope the assets linked to the exploration and estimation of mineral resources. Consequently, the IASB has published for the extractive industries a specific standard (IFRS 6) allowing the former accounting rules to be used to evaluate and report these assets. Maurel & Prom has decided to apply this IFRS 6 standard from January 1, 2004, and, consequently to maintain the earlier accounting rules for reporting the expenses relating to the exploration and evaluation of oil and gas resources.

IAS 16

With respect to fixed assets other than oil-related assets, the application of the approach by components should not have any significant effect; for the oil-related assets, the Company remains in the waiting position for the reasons given above.

IAS 36

Concerning depreciation of assets, the IAS 36 standard specifies that when events or changes in the market environment indicate a risk of loss of value of intangible and tangible assets, they must be analyzed in detail in order to determine whether their net book value is below their recoverable value, this being defined as the higher of the fair value (minus the costs of sale) and the utility value. The utility value is determined by the discounted present value of estimated future cashflows expected to arise from the use or sale of the asset.

If the recoverable amount is below the net book value, a loss is booked for the difference between the two amounts.

The Company does not anticipate any major impact relating to the application of these tests.

IFRS 2

The Group will apply the IFRS 2 standard "Share-based payments" to the share option plans put in place after November 7, 2002 and whose rights have not been fully acquired on January 1, 2005.

The fair value of the options was assessed according to the Black & Scholes method.

IAS 19

The Group will make provisions in its financial statements for retirement allowances hitherto not booked.

IAS 32 & IAS 39

From January 1, 2005, the transition date adopted for the IAS 32 and IAS 39 standards, the necessary restatements will apply mainly to:

- readjustment of the loan items on the basis of the amortized cost;
- breakdown of hybrid loans: certain financial instruments issued by the Group (particularly the OCEANEs issued in March 2005) contain both a financial debt component and a shareholders' equity component. These two elements will be booked separately, in shareholders' equity and financial loans and debts with respect to their respective portions, as defined in the IAS 32 standard "Financial instruments: disclosure and presentation";
- current or future hedging instruments: in application of IAS 39 "Financial instruments: recognition and measurement", all derivative instruments must be reflected on the balance sheet at their fair value.

Presentation divergences

In terms of presentation of the financial statements, the main impacts arise from the standards and IAS 1 and IAS 18.

IAS 1

Presentation of the income statement

The IAS 1 standard "Presentation of financial statements" does not allow the use of the aggregates "operating income", "income before tax" and "exceptional income"; these are replaced by the concept of operating income.

Nevertheless, to make the company's performance easier to understand, Maurel & Prom has decided to follow the recommendations of the Conseil National de la Comptabilité

and to isolate non-recurring and significant elements within the operating income.

Presentation of the balance sheet

The mandatory distinction according to IAS 1 between current and non-current elements in the balance sheet in IFRS standards is not reflected in the Company's current presentation. Consequently, the way the balance sheet is presented will be altered: assets and liabilities relating to the operating cycle and those having a maturity of less than 12 months on the year-end date are classified as current and the other assets and liabilities are classified as non-current. IAS 18

The IAS 18 standard "Revenue from ordinary activities" allows the reporting of revenues only for the entity's share in the production sold, to the exclusion of the amounts collected on behalf of third parties, such as sales taxes; today, Maurel & Prom's sales also include the share of production relating to the payment of taxes, which is offset in tax expenses; a presentation restatement (without any impact on income) may be necessary on this subject.

5.4. Inventory of marketable securities

- Shares and investments in affiliates: € 16 904 000 (see table of subsidiaries and shareholdings)
- Bonds and similar securities: none

5.5. Fees of the Statutory Auditors and the members of their networks paid by the Group

2004

	Ernst & Young	Michel Bousquet	Other	Total
Audit				
Office of statutory audit, certification, examination of corporate and consolidated financial statements	266 145	254 230	34 987	
Related work (*)	66 098	23 083		
Sub-total	332 243	277 313	34 987	
Legal, fiscal, social	13 784			
Sub-total	13 784	0	0	
Total	346 027	277 313	34 987	658 327

(*) AMF operating memos

	Ernst & Young	Michel Bousquet	Other	Total
Audit				
Office of statutory audit, certification, examination of corporate and consolidated financial statements	408 128	195 146	6 098	
Related work	95 602	14 142		
Sub-total	503 730	209 288	6 098	
Legal, fiscal, social	56 857			
Sub-total	56 857	0	0	
Total	560 588	209 288	6 098	775 974

5.6. Information on non tax-deductible expenses

€ 5 378 has been incorporated for the determination of taxable income, relating to non tax-deductible expenses; it is broken down as follows:

- Expenditure on luxuries:	€ 0
- Excess amortization:	€ 614
- Other expenses:	€ 4 764

5.7. Special report of the Statutory Auditors on the regulated agreements

Dear shareholder,

In our capacity as the Statutory Auditors of your Company, we present our report on the regulated agreements.

In application of article L. 226-10 of the Commercial Code, we have been informed of the agreements previously authorized by your Supervisory Board, prior to your Company being converted into a société anonyme. We would also inform you that no new agreement made after the conversion and specified in article L. 225-88 of the Commercial Code has been reported to us.

It is not our role to look for the existence of any other agreements, but, on the basis of the information disclosed to us, to inform you of the characteristics and main features of the agreements of which we have been informed, and not to express an opinion on their usefulness or legitimacy. It is your responsibility, in accordance with the terms of article 117 of the Decree of March 23, 1967, to assess the value of concluding such agreements in order to approve them.

We have carried out our work in accordance with the standards of the profession applicable in France; these standards require due diligence in checking that the

information given to us is consistent with the documents on which it was based.

1. With Caroil, S.A.

Member of the Management Board involved

Jean-François Hénin

Nature and purpose

On April 15, 2004, the Supervisory Board of your Company authorized the signing of a domiciliation agreement between Caroil and your Company.

Modalities

This agreement, concluded on June 16, 2004, took effect on June 21, 2004. The annual domiciliation amount is set at € 20 558 excluding tax.

2. With Pacifico, S.C.A.

Member of the Management Board involved

Jean-François Hénin

Nature and purpose

On April 15, 2004, the Supervisory Board of your Company authorized the signing of a domiciliation agreement between Pacifico and your Company.

Modalities

This agreement, concluded on June 16, 2004, took effect on June 21, 2004. The annual domiciliation amount is set at € 1 600 excluding tax.

3. With Aréopage, S.A.

Member of the Management Board involved

Jean-François Hénin

Nature and purpose

On April 15, 2004, the Supervisory Board of your Company authorized the signing of a domiciliation agreement between Aréopage and your Company.

Modalities

This agreement, concluded on June 16, 2004, took effect on June 21, 2004. The annual domiciliation amount is set at € 1 600 excluding taxes. Following the merger-absorption of Aréopage by your Company, approved by the Extraordinary General Meeting of December 28, 2004, the domiciliation agreement was cancelled.

4. With Finances Publiques Audit et Solutions, S.A.S (FIPAS)

Member of the Management Board involved

Frédéric Boulet

Nature and purpose

On April 15, 2004, the Supervisory Board of your Company authorized the signing of a domiciliation agreement between FIPAS and your Company.

Modalities

This agreement, concluded on June 16, 2004, took effect on June 21, 2004. The annual domiciliation amount is set at € 1 600 excluding taxes.

Furthermore, in application of the Decree of March 23, 1967, we have been informed that the execution of the following agreements, approved during earlier years, continued during the last year:

1. With Pacifico, S.C.A.

a. Nature and purpose

On October 14, 2002, your Supervisory Board authorized the domiciliation agreement between Pacifico and your Company.

Modalities

This agreement, concluded on October 21, 2002, took effect on January 1, 2003. The annual domiciliation amount is set at € 1 600 excluding taxes. This agreement was cancelled due to the transfer of your Company's and Pacifico's head office to Paris 2e - 12, rue Volney and was replaced by a new domiciliation agreement (see above).

b. Nature and purpose

On October 4, 2000, your Supervisory Board authorized a cash agreement between Pacifico and your Company.

Modalities

The payment of the current account advances is at the EURIBOR three month rate +2%. No advance balance is to be reported on December 31, 2004. No interest has been booked for 2004.

2. With Caroil, S.A.

a. Nature and purpose

On October 14, 2002, your Supervisory Board authorized the domiciliation agreement between Pacifico and your Company.

Modalities

This agreement, concluded on November 12, 2002, took effect on January 1, 2003. The annual domiciliation amount is set at € 20 558 excluding taxes. This agreement was cancelled due to the transfer of your Company's and Pacifico's head office to Paris 2e - 12, rue Volney and was replaced by a new domiciliation agreement (see above).

b. Nature and purpose

On October 7, 2003, your Supervisory Board authorized a cash agreement between Caroil and your Company.

Modalities

This agreement, concluded on October 9, 2003, took effect on January 1, 2003 for one year renewable by tacit agreement. The payment of the current account advances is at the tax-deductible rate. As at December 31, 2004, the current account (interest included) stood at € 11 817 091 to the benefit of your Company. The interest income is € 566 101 for 2004.

3. With Aréopage S.A.

Nature and purpose

On October 14, 2002, your Supervisory Board authorized the domiciliation agreement between Aréopage and your Company.

Modalities

This agreement, concluded on October 21, 2002, took effect on January 1, 2003. The annual domiciliation amount is set at € 1 600 excluding taxes. This agreement was cancelled due to the transfer of your Company's and Pacifico's head office to Paris 2e - 12, rue Volney and was replaced by a new domiciliation agreement (see above).

4. With Compagnie Européenne et Africaine du Bois (CEAB)

Nature and purpose

On September 30, 1999, your Supervisory Board authorized a cash agreement between CEAB and your Company.

Modalities

This agreement, concluded on March 20, 2000, took effect on January 1, 2000 for a one year renewable by tacit agreement for equivalent periods. The payment of the current account advances is at the tax-deductible rate. As at December 31, 2004, the current account (interest included) stands at € 200 825 to the benefit of your Company. The interest is € 6 899 for 2004.

5. With New Gold Mali, S.A.

Nature and purpose

On September 30, 1999, your Supervisory Board authorized a cash agreement between New Gold Mali and your Company.

Modalities

This agreement, concluded on October 5, 2000, took effect

on January 1, 2000 for one year renewable by tacit agreement for equivalent periods. The payment for the current account advances is at the tax-deductible rate. As at December 31, 2004, the current account (interest included) stood at € 6 748 012 to the benefit of your Company. The interest is € 287 187 for 2004.

Paris and Paris-La Défense, May 23, 2005

Statutory Auditors

Michel BOUSQUET

ERNST & YOUNG Audit

François CARREGA

The Combined General Meeting, on December 28, 2004, decided to convert Maurel & Prom into a société anonyme with Board of Management and Supervisory Board, and adopted new articles of association reflecting the new form of the Company.

The current composition and operation of the new corporate bodies and the operation of the former corporate bodies during 2004 are described below.

6.1. Composition and operation of the corporate bodies

6.1.1. Composition of the corporate bodies

6.1.1.1. Board of Management

As at the date of this reference document, the Company's Board of Management consists of the following members:

- Jean-François Hénin, Chairman,
- Frédéric Boulet, CEO,
- Daniel Pelerin, and
- Marc Sengès.

Jean-François Hénin

61 years old

Chairman of the Board from December 28, 2004, for a three-year period until December 27, 2007.

Prior to Maurel & Prom being converted into a société anonyme with a Board of Directors and Supervisory Board, Jean-François Hénin was the managing partner of Maurel & Prom (in its partnership form) and Chairman and Chief Executive Officer of Aréopage, a partner and associate of Maurel & Prom (in partnership form).

Frédéric Boulet

39 years old

Member of the Board and CEO from December 28, 2004, for a three-year period, until December 27, 2007.

Prior to Maurel & Prom being converted into a société anonyme with Board of Management and Supervisory Board, Frédéric Boulet was an employee of Maurel & Prom with no corporate office.

Daniel Pelerin

59 years old

Member of the Board from April 22, 2005 and for the remaining term of office of the other members of the Board, that is until December 27, 2007.

Marc Sengès

39 years old

Member of the Board from April 22, 2005 and for the remaining term of office of the other members of the Board, that is to December 27, 2007.

6.1.1.2. Supervisory Board

As at the date of this reference document, the Company's Supervisory Board consists of the following members:

- Pierre Jacquard, Chairman,
- Jean-Louis Chambon, Vice-Chairman,
- Emmanuel de Marion de Glatigny,
- Financière de Rosario, represented by Jean-François Michaud,
- Fabien Chalandon,
- Guillaume Verspieren,
- Alain Gomez, and
- Laurent Lafond.

Pierre Jacquard

70 years old

Chairman of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until the end of the Ordinary General Meeting called to vote on the financial statements of 2006.

First appointed on June 19, 2001 as a member of the Supervisory Board of Maurel & Prom (in its form as a partnership limited by shares).

Jean-Louis Chambon

60 years old

Vice-chairman of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until the end of the Ordinary General Meeting called to vote on the financial statements of 2006.

First appointed on May 12, 1996 as a member of the Supervisory Board of Maurel & Prom (in its form as a partnership limited by shares).

Emmanuel de Marion de Glatigny

58 years old

Member of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until the end of the Ordinary General Meeting called to vote on the financial statements of 2006.

First appointed on June 19, 2001 as a member of the Supervisory Board of Maurel & Prom (in its form as a partnership limited by shares).

Financière de Rosario

Paris commercial register number 716 580 477

Head office: 20, rue Royale - 75008 Paris.

Member of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until the end of the Ordinary General Meeting called to vote on the financial statements of 2006.

First appointed on June 14, 2002 as a member of the Supervisory Board of Maurel & Prom (in its form as a partnership limited by shares).

Permanent representative: Jean-François Michaud, 48 years old, Chairman and Chief Executive of Financière de Rosario.

Fabien Chalandon

52 years old

Member of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until after the Ordinary General Meeting called to vote on the financial statements of 2006.

First appointed on March 4, 2004 as a member of the Supervisory Board of Maurel & Prom (in its form as a partnership limited by shares).

Guillaume Verspieren

33 years old

Member of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until after the Ordinary General Meeting called to vote on the financial statements of 2006 (first appointed to Maurel & Prom).

Alain Gomez

66 years old

Member of the Supervisory Board of Maurel & Prom from the General Meeting of December 28, 2004 until after the Ordinary General Meeting called to vote on the financial statements of 2006 (first appointed to Maurel & Prom).

Laurent Lafond

37 years old

Member of the Supervisory Board of Maurel & Prom.

Co-opted by the Supervisory Board of Maurel & Prom on January 24, 2005, following the resignation of Halisol, until after the Ordinary General Meeting called to vote on the financial statements of 2006 (first appointed to Maurel & Prom). As specified by law, this co-option is subject to ratification by the General Meeting called for June 29, 2005. The General Meeting called for June 29, 2005 will be asked to approve the appointment of MACIF as a new member of the Supervisory Board (see draft resolutions attached to this reference document).

6.1.1.3. Other corporate bodies

In addition, Gilles Brac de la Perrière was appointed by the Supervisory Board during its meeting of January 24, 2005 to be the Company's vote teller, for the purpose of attending all the Company's Supervisory Board meetings, with a consultative input.

6.1.2. Offices held in other companies by the members of the corporate bodies

6.1.2.1. Members of the Management Board

Jean-François Hénin - Chairman of the Board

Chairman and Chief Executive Officer

- Caroil SA (Company subsidiary)
- Zetah M&P Congo SA

Manager • Pacifico SCA

- Pacifico Financière

Director

- CEAB
- Sofiger

Permanent representative

- Of CEAB on the Board of Directors of NGM (Mali)

Frédéric Boulet - Member of the Board and CEO

Chairman • Maurel & Prom (Suisse) Genève SA

Director

- Pebercan Inc (oil company quoted on the Toronto Stock Exchange)
- Serenus Conseil SA

Permanent representative

- Of Maurel & Prom on the Board of Caroil and Zetah M&P Congo

Liquidator

- Finances Publiques Audit et Solutions SAS

Daniel Pelerin - Member of the Board

Daniel Pelerin is an employee of Maurel & Prom performing the functions of Exploration Director. He has no other corporate office.

Marc Sengès - Member of the Board

Employee of Maurel & Prom performing the functions of Administrative and Financial Director.

General Manager of the Maurel & Prom branch office in Gabon

Director

- Zetah M&P Congo SA

6.1.2.2. Members of the Supervisory Board

Pierre Jacquard - Chairman of the Supervisory Board

Chairman of the Strategic and Technical Steering Committee of Maurel & Prom

Director

- Armines (Law association 1901)
- Sophor
- Vigicell

Member of the Supervisory Board

- Sercel

Jean-Louis Chambon - Vice-Chairman of the Supervisory Board

Member of the Audit Committee of Maurel & Prom
Director of Communication and Public Affairs in the French Atomic Energy Commission
Director of Air France

Financière de Rosario SA - Member of the Supervisory Board

Director

- Progessec
- Sope (Corporate Investment Company)

Represented by Jean-François Michaud who personally fulfils the following offices:

Chairman and Chief Executive Officer

- Financière de Rosario
- Slota
- Financière Slota

Chairman (SAS)

- SOPE
- SFIBB
- DYB et Cie

Director

- Progessec*
- Financière Slota*
- Copagno*
- Copagmont*
- Taxis Paris Ile de France*

* *subsidiary within the meaning of article L. 233-3 of the Commercial Code*

Manager • Ablis Taxis, Amboise Taxis, Appolonia 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, Monfort taxis, Orléans Taxis, Patay, Pierrefonds Taxis, Polmic, Proxiline, Pyrénées Taxis, Reims Taxis, Rochefort Taxis, Saint-Cloud Taxis, Seva, Splendid Taxis, Société Nouvelle Ateliers Go, Taxi Alex, Taxibis, Taxicap, Taxigar, Taxipac, Taxiray, Taxivanes, Tolbiac Taxis, Valisa Taxis, Société Nouvelle Atelier 60, Vaucresson, Vaucouleurs Taxis and Ville d'Avray Taxis.

Emmanuel de Marion de Glatigny - Member of the Supervisory Board

Chairman of the Supervisory Board

- Pacifico

Director

- AVIP (Insurance company)

Fabien Chalandon - Member of the Supervisory Board

Member of the Remuneration Committee of Maurel & Prom
Chairman of the Management Committee

- The Chart Group, LP (New York)

Director

- Texmaille (France)
- Of the General Partner of Hibernia Capital Partners (Development capital fund, Dublin, Ireland)
- New Work Trust Holding (Trust, Jersey, Channel Islands)
- Telnic Ltd (Internet start-up London, Great Britain)

Chairman of the Board

- OTOR SA

Member of the Supervisory Board

- Access Capital Partners (France) (development capital fund)

Member of the Consultative Council

- Banexi Ventures (technology investment fund, France)

Alain Gomez - Member of the Supervisory Board

Member of the Strategic and Technical Steering Committee of Maurel & Prom

Member of the Supervisory Board

- Société Générale de Santé

Director

- Groupe Marc de Lacharrière

Laurent Lafond - Member of the Supervisory Board

Member of the Audit Committee of Maurel & Prom

Chairman

- Compagnie Générale des Plantations et Palmeraies de l'Ogooue -CGPPO SA (subsidiary of Halisol SA)
- Cinesol SAS

Chairman and Chief Executive Officer

- Halisol SA

Manager

- Financière Verneuil SARL
- Non-associate Manager of Solair SARL, SCI of 46 de la rue Boissière (SCI) and Hauts de Solières (SARL)

Director

- CIPM International SA
- GSE SA (subsidiary of CIPM International)
- M.O. Select + (SICAV)

Guillaume Verspieren - Member of the Supervisory Board

Member of the Remunerations Committee of Maurel & Prom
Chairman

- Continental Risk SAS

Director

- SLIH (Société Lilloise Investissements Hôteliers)

6.1.2.3. Teller

Gilles Brac de la Perrière - Teller

Chairman of the Supervisory Board

- Siparex Small Caps (Luxembourg)

Vice-Chairman of the Supervisory Board

- Instinet France SA (investment company)
- Banque Robeco France

Chairman

- Strategic and Ethics Committee of Siparex

Associés

Director

- Richard DI GIOIA et Cie (insurance broker)
- GLP Conseil SA
- Nylstar (Pays-Bas)

6.1.3. Operation of the corporate bodies

6.1.3.1. Operation of the current corporate bodies

As a preliminary comment, it should be said that there is no in-house regulation governing the operation of the Management Board or the Supervisory Board. Furthermore, there are no specific rules barring the members of the Management Board or Supervisory Board from dealing in the Company's shares. Only the legal and regulatory requirements apply in this instance.

a) Board of Management

Since December 28, 2004, the Company has been managed by a Board reporting to the Supervisory Board.

Powers of the Board of Management

The Board is invested with the most extensive powers to act in all circumstances in the name of the Company within the bounds of the corporate objective and within the limits expressly conferred by law on the Supervisory Board and the shareholders' meetings (see below for the decisions requiring the prior authorization of the Supervisory Board). In relationships with third parties, the Company is bound even by Board actions which do not relate to the corporate objective, unless it can prove that the third party knew that the action fell outside this objective or that it could not ignore it due to the circumstances, it being excluded that only the

publication of the articles of association is sufficient proof thereof.

The Board is able to delegate some of its powers as it considers appropriate.

The members of the Board may, with the authorization of the Supervisory Board, divide the management duties between them. However, this distribution may in no circumstances have the effect of depriving the Board of its nature as a collegial body.

The Board calls all General Meetings of shareholders, sets their agendas and carries out their decisions.

At least once a quarter, the Board presents a report to the Supervisory Board. In the three months of each year end, it submits to it, for the purposes of verification and supervision, the annual financial statements and, where appropriate the consolidated financial statements.

Composition

The Board consists of two to seven members, appointed for a three-year term. The members may be re-elected. No person may be appointed a member of the Board if more than 70 years old. The members of the Board, including the Chairman, are appointed by the Supervisory Board and may be asked to stand down by the Ordinary General Meeting or the Supervisory Board.

Remuneration

The Supervisory Board sets the method and amount of remuneration of each member of the Board.

Deliberations

The Board meets as often as the Company's interests require, at the invitation of its Chairman or at least half of its members. Decisions are taken on a majority vote of the members comprising the Board, with proxy voting not allowed. Those who attend the meeting by video conference are considered to be present for calculating the quorum and majority of members of the Board. In the event of a tied vote, the Chairman has the casting vote.

The deliberations are reported in minutes produced on a special register and signed by the Chairman of the meeting and a member of the Board who has attended the meeting.

b) Supervisory Board

Powers of the Supervisory Board

The main role of the Supervisory Board is to exercise constant supervision of the Board's management of the Company. At any time of the year, it carries out the checks and audits it considers appropriate and may request the documents it believes useful to accomplish its task.

It appoints the members of the Board, appoints its Chairman and where necessary the Directors. It may dismiss the members of the Board, terminate the term of

office of the Chairman and when necessary of the Directors. The Supervisory Board sets the remuneration of the members of the Board. Through its report, it gives the General Meeting an account of its comments on the financial statements and the Management Report.

In addition, the following Board decisions are first submitted to the Supervisory Board for approval:

- the sale of buildings for more than € 20 million,
- the total or partial sale of investments for more than € 20 million,
- the setting up of sureties for more than € 20 million,
- any acquisition of assets for more than € 20 million,
- the total or partial sale of significant assets,
- any bond, endorsement or guarantee granted by the Company to a unitary value of € 20 million or more.

The absence of authorization is not binding on third parties, unless the Company can prove that the latter had knowledge thereof or could not be ignorant thereof.

Composition

The Supervisory Board consists of 3 to 18 members, appointed by the General Meeting for a three-year period which expires after the Ordinary Annual General Meeting for the year in which the term of office expires. They can always be re-elected and can be removed at any time by the Ordinary General Meeting.

The composition of the Supervisory Board (described in subsection 6.1.1 above) aims to provide a balance of financial and oil industry expertise and international experience.

In accordance with the applicable regulations, each member of the Supervisory Board must hold at least one Maurel & Prom share.

The number of members of the Supervisory Board over 70 years old may not be more than a third of the members in office.

The Supervisory Board elects from its individual members a Chairman and a Vice-Chairman, responsible for calling Board meetings and chairing its discussions, and it sets the duration of their functions, without exceeding their terms of office.

Each member of the Supervisory Board must hold at least one Company share.

Please note that the new Supervisory Board appointed on December 28, 2004 has not discussed the question of independent members.

Remuneration

The General Meeting sets the overall remuneration of the Supervisory Board members and the Board distributes the amount between its members. Any remuneration of the

Chairman and Vice-Chairman is set by the Board. Remuneration can be fixed or proportional or both fixed and proportional.

Deliberations

The Supervisory Board meets as often as the Company's interests require, at the invitation of its Chairman or its Vice-Chairman or, where appropriate, at the request of at least a third of its members. For its deliberations to be valid, half the members must be present. The decisions are taken on a majority vote of the members present or represented, each member having one vote and not being able to represent more than one other member. In the event of a tied vote, the Chairman shall have the casting vote. Those who attend the meeting by video conference means, within the limits and under the conditions set by the law and regulations, shall be considered to be present for the calculation of a quorum and majority of the members of the Supervisory Board.

c) Committees set up by the Supervisory Board

(i) Strategic and Technical Steering Committee

The Supervisory Board appointed by the General Meeting of December 28, 2004 decided to create a Strategic and Technical Steering Committee.

This currently consists of:

- Pierre Jacquard, Chairman of the Supervisory Board and former Chairman of the Institut Français du Pétrole (IFP), who acts as its Chairman,
- Paul Alba, former Management Executive of Elf Aquitaine, and
- Alain Gomez, member of the Supervisory Board and former Chief Executive Officer of Thomson CSF (now Thales).

Its main tasks are as follows: at the Board's request, to study the strategic options and generally the Company's new policies and projects. It focuses its work on the technical-economic valuation of oil reserves, oil field development projects, technical investments and organization of the oil structure.

The Strategic and Technical Steering Committee has met twice since December 28, 2004 on the following dates:

- February 17, 2005, and
- March 23, 2005.

(ii) Audit Committee

An Audit Committee was set up by the Supervisory Board on December 28, 2004, this currently consists of:

- Jean-Louis Chambon, member of the Supervisory Board,
- Gilles Brac de la Perrière, teller, and
- Laurent Lafond, member of the Supervisory Board.

The main tasks of the Audit Committee are:

- to examine the corporate financial statements and consolidated financial statements of the Company and of the Maurel & Prom Group;
- to verify that the accounting methods used (i) for the corporate and consolidated financial statements and (ii) for the scope of consolidation are appropriate and permanent;
- to examine the internal and external audit procedures put in place in the Maurel & Prom Group;
- to assess the reliability, pertinence, methods, effectiveness and independence of the internal audit;
- to analyze, in collaboration with the project team set up by Maurel & Prom, all the IFRS accounting standards, and in particular, those likely to have an influence on the Group;
- to examine the major transactions involving a risk of conflict of interest between Maurel & Prom, the members of the Board or the members of the Supervisory Board;
- to monitor the independence and objectivity of the Statutory Auditors.

The Audit Committee has met once since December 28, 2004, on April 18, 2005.

(iii) Remunerations Committee

A Remunerations Committee was set up by the Supervisory Board during its meeting of December 28, 2004. This currently consists of Fabien Chalandon, Guillaume Verspieren and Jean-Louis Chambon, all three of them members of the Supervisory Board.

The main task of the Remunerations Committee is to formulate proposals concerning the remuneration of the members of the Board (amount of fixed remunerations and variable remuneration terms, as appropriate) and, where appropriate, of the Chairman and Vice-Chairman of the Supervisory Board. As for the members of the Supervisory Board, the Remunerations Committee is responsible for determining the overall envelope of attendance fees each year that will be submitted for the approval of the General Meeting and the methods of distributing the said attendance fees between the members of the Supervisory Board, taking particular account of the attendance of those members at the meetings of the said Board and the committees on which they serve.

The Remunerations Committee is also responsible for issuing a prior notice concerning any exceptional remuneration proposal put forward by the Supervisory Board concerning the payment of one of its members to which it has assigned a task or office in accordance with the terms of article L.225-84 of the Commercial Code.

As for the members of the Board, the Remunerations Committee each year puts to the Supervisory Board the amount of fixed remuneration and the modalities of variable remunerations where appropriate. The Remunerations Committee also makes recommendations concerning the pension and savings scheme, benefits in kind and various pecuniary entitlements of the office-holders, and concerning the financial terms surrounding the cessation of their office. The Remunerations Committee has met three times since December 28, 2004 on the following dates:

- January 20, 2005,
- February 17, 2005,
- May 9, 2005.

During these meetings, the Committee discussed in particular the remuneration of the members of the Board and made proposals that were submitted to the Supervisory Board on May 23, 2005.

6.1.3.2. Operation of the former corporate bodies during 2004

Until December 28, 2004, Maurel & Prom was a partnership limited by shares, with a single partner being Aréopage S.A. (absorbed by Maurel & Prom in December 2004) and managed by a Management Board controlled by a Supervisory Board.

a) Management Board

During 2004 and until December 28, 2004, the Management Board of Maurel & Prom, a partnership limited by shares, consisted of Aréopage S.A. and Jean-François Hénin.

During 2004, the Company's Management Board adopted 28 formal decisions.

b) Supervisory Board

During 2004 and until December 28, 2004, the Supervisory Board of Maurel & Prom, a partnership limited by shares, consisted of the following members:

- Pierre Jacquard, Chairman,
- Jean-Louis Chambon,
- Emmanuel de Marion de Glatigny, Financière de Rosario, represented by Jean-François Michaud,
- Bernard Polge de Combret (until March 4, 2004),
- GLP Conseil, represented by Gilles de la Perrière (until June 28, 2004),
- Jacques Vandier (until June 28, 2004), and
- Fabien Chalandon (from March 4, 2004).

During 2004, prior to the Company's conversion to a société anonyme, the Supervisory Board met five times with the following attendees:

	March 4 2004	April 15 2004	October 4 2004	October 20 2004	November 8 2004
Pierre Jacquard	present	present	present	present	present
Jean-Louis Chambon	present	present	present	present	present
GLP Conseil*	present	present	-	-	-
Emmanuel de Marion de Glatigny	present	present	present	present	present
Fabien Chalandon**	-	present	present	present	present
Jacques Vandier*	absent	present	-	-	-
Financiere de Rosario	present	present	present	present	present
	5 out of 6	7 out of 7	5 out of 5	5 out of 5	5 out of 5

(*) Terms of office not renewed by the General Meeting of June 28, 2004.

(**) Coopted by the Supervisory Board on March 4, 2004 to replace Bernard Polge de Combret.

The main subjects examined by the Supervisory Board during 2004 were:

- consideration of the partnership status,
- approval of the 2003 financial statements, examination of the draft management report and Supervisory Board report, examination of the draft documents,
- examination of the half-year financial statements to June 30, 2004,
- approval of the project to convert the partnership by merger-absorption of the associate partner,
- approval of the proposed new articles of association,
- approval of the proposal to reduce the par value of the shares,
- approval of the proposed share buyback program put to the vote at the Extraordinary General Meeting of December 2004,
- approval of the proposed early redemption of the OCEANES,
- approval of the contribution agreement,
- calling of the Extraordinary General Meeting and approval of the draft reports,
- appointment of the Chairman and Vice-Chairman of the Supervisory Board, appointment of the members of the Board and the setting of their powers, setting up of the Audit Committee, the Strategic and Technical Steering Committee and the Remunerations Committee (Supervisory Board meeting of December 28, new Board after conversion of the Company into a société anonyme).

c) Committees

Until December 28, 2004, the Company had two Committees set up by the Supervisory Board:

- the Strategic and Technical Steering Committee, and
- the Audit Committee.

(i) Strategic and Technical Steering Committee

During 2004 and until December 28, 2004, the Strategic

and Technical Steering Committee of Maurel & Prom, in the form of a partnership limited by shares, consisted of:

- Pierre Jacquard,
- Paul Alba, and
- Micaël Gulbenkian.

During 2004, as for the previous year, the activity of the Strategic and Technical Steering Committee took several forms:

1. The formalization of regular and frequent contacts with the Management and General Management of the Company which, although usually informal, dealt in particular with Maurel & Prom's main projects in Congo, Cuba and Vietnam and the opportunities available to the Company and the actions to be taken concerning them;
2. Participation in meetings with the General Management of the Company and outside people concerning any questions relating to the development of the Maurel & Prom Group's activities;
3. Contacts with the Statutory Auditors concerning the problems of Vietnam and France;
4. Examination of the technical studies of consultants on specific Company projects and looking into these studies in greater depth with the consultants;
5. Helping to find, select and hire several of the Maurel & Prom Group's technical managers who, progressively, are helping to form the technical backbone of the company; and
6. Constant contacts with the technical managers of the company, including assistance and advice on a range of technical subjects.

During 2004, the Strategic and Technical Steering Committee met on the following dates:

- February 20, 2004,
- March 23, 2004,
- July 30, 2004,

- November 5, 2004, and
- December 16, 2004.

(ii) Audit Committee

An Audit Committee was set up by the Supervisory Board during its meeting of October 7, 2003. It was responsible for the same tasks as the current Audit Committee of Maurel & Prom (see subsection 6.1.3.1 - (c) (ii) above).

When it was created, the Audit Committee consisted of Gilles Brac de la Perrière and Bernard Polge de Combret. Jean-Louis Chambon joined the committee in March 2004 to replace Bernard Polge de Combret.

The Audit Committee met twice in 2004 on the following dates:

- April 8, 2004,
- September 30, 2004.

6.2. Interests of the managers and corporate office-holders

6.2.1. Holdings of the managers in the Company's capital

As at June 1, 2005, and to the Company's knowledge, the members of the Company's Board and Supervisory Board together held 33 316 107 shares in the Company, or 30.26% of the capital and 30.24% of the voting rights.

To the Company's knowledge, the detail of the holdings thus held in the Company and the marketable securities issued by Maurel & Prom and held by the corporate office-holders on the same date are shown in the table below:

	Shares	BSAR warrants	OCEANE bonds
Board			
Jean-François Hénin ⁽¹⁾	28 619 750	7 270	126 236
Frédéric Boulet	1 701 990	-	-
Marc Sengès	-	-	-
Daniel Pelerin	-	-	-
Supervisory Board			
Pierre Jacquard	100	-	-
Jean-Louis Chambon	100	-	-
Fabien Chalandon	10	-	-
Laurent Lafond	1	-	-
Emmanuel de Marion de Glatigny ⁽²⁾	224 425	7 191	-
Guillaume Verspieren ⁽³⁾	1 069 630	89 763	23 382
Alain Gomez	1	-	-
Financière de Rosario	1 700 010	1	-
TOTAL	33 316 017	104 225	149 618

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

(2) Jointly with his wife.

(3) Jointly with the members of his family.

In addition, it should be noted that Gilles Brac de la Perrière, the Supervisory Board teller, holds directly and indirectly 19 150 Maurel & Prom shares.

Each Supervisory Board member thus holds the minimum shares prescribed by law (that is one share), the Company's articles of association containing no particular requirement on this point.

The members of the Supervisory Board are subject to the legal and regulatory requirements concerning dealings in the shares of companies on which they have information that has not yet been made public.

6.2.2. Remuneration paid for the last year, for whatever purpose, to each member of the administration, management or supervisory bodies

Jean-François Hénin

Jean-François Hénin, Chairman of the Management Board, was appointed by the Supervisory Board on December 28, 2004 and received no remuneration for that during the year ending December 31, 2004. In addition, he received no remuneration as Managing Director of Maurel & Prom (in its form as a partnership limited by shares) during the year ending December 31, 2004. Nor did he receive any indirect remuneration via (i) commissions and/or dividends paid by Maurel & Prom to Aréopage and Pacifico or (ii) benefits in kind.

Nevertheless, during 2004, Jean-François Hénin received a net total of € 5 833 in attendance fees as the permanent representative on the administrative board of Zetah M&P Congo SA.

Furthermore, Jean-François Hénin received a remuneration for this function as Managing Director in Pacifico.

Aréopage

Aréopage, an associate managing partner of Maurel & Prom (in the form of a partnership limited by shares) until it was absorbed by Maurel & Prom on December 28, 2004, received during the year ending December 31, 2004 for its managerial functions, a remuneration of € 76 225 excluding taxes. Furthermore, Aréopage in 2004 received no indirect remuneration from Maurel & Prom. Jean-François Hénin received no remuneration from Aréopage for his work as Chairman of the Board of that company.

Frédéric Boulet

Frédéric Boulet, appointed member of the Management Board and CEO by the Supervisory Board on December 28, 2004, received no remuneration for that during the year ending December 31, 2004.

During 2004, Frédéric Boulet received a net total of

€ 23 333 in attendance fees as a permanent representative on the Board of Zetah M&P Congo SA.

Marc Sengès

Marc Sengès, a member of the Board since April 22, 2005, received no remuneration for that during the year ending December 31, 2004.

Daniel Pelerin

Daniel Pelerin, a member of the Board since April 22, 2005, received no remuneration for that during the year ending December 31, 2004.

Management

During 2004, the management which comprises the General Manager and the five departmental directors) received remuneration of € 1 668 445 (gross remuneration).

Supervisory Board

During the year ending December 31, 2004, the members of

the Supervisory Board of Maurel & Prom (in the form of a partnership limited by shares) received a total of € 63 256.25 in attendance fees due to them for 2003, that is:

- Jacques Vandier: € 9 145;
- Pierre Jacquard: € 36 686.68, including (i) € 30 480 for chairing the Strategic and Technical Steering Committee and (ii) € 2 286.25 for chairing the Supervisory Board during the last quarter 2003;
- Jean-Louis Chambon: € 3 194.58;
- GLP Conseil: € 3 920.43;
- Emmanuel de Marion de Glatigny: € 3 920.43;
- Financière de Rosario: € 3 920.43; and
- Bernard Polge de Combret: € 2 468.70.

These payments consist of a fixed portion and a variable portion calculated according to each member's attendance at Supervisory Board meetings.

Summary tables of remunerations paid to corporate office-holders in 2004

Management remuneration:

In €	Fixed remuneration		Variable remuneration		Benefits in kind	
	2004	2003	2004	2003	2004	2003
Aréopage	76 225	76 225	0	0	0	0
Jean-François Hénin		0	0	0	0	0

Remuneration paid to members of the Supervisory Board

In €	Attendance fees	Attendance fees	Attendance fees
	paid in 2004 for 2003	paid in 2003 for 2002	paid in 2002 for 2001
Jacques Vandier*	9 145	9 145	9 145.00
Pierre Jacquard	36 686.68	4 066	2 935.00
Emmanuel de Marion de Glatigny	3 920.43	4 066	5 475.85
GLP Conseil	3 920.43	3 630	5 475.85
Financière de Rosario	3 920.43	1 888	
Jean-Louis Chambon	3 194.58	4 066	1 982.45
Pierre de Barbentanne	-	3 630	5 475.85
Bernard Polge de Combret	2 468.70	-	-
Total	63 256.25	30 490	30 490

* Chairman of the Supervisory Board until October 7, 2003

The abovementioned corporate office-holders received no direct remuneration for 2004 from the Maurel & Prom Group's subsidiaries, except for attendance fees paid to members of the Board of Zetah M&P Congo to Mr Hénin and Mr Boulet.

2005

The General Meeting called for June 29, 2005 will be asked to approve the remuneration of the Supervisory Board members as corporate office-holders in the total amount of € 60 970 for attendance fees for 2004. This amount includes € 30 480 as the portion of attendance fees allocated to Pierre Jacquard for serving as Chairman of the Strategic Committee.

For 2005, the General Meeting called for June 29, 2005 will be asked to set in advance the amount of attendance fees allocated to the Supervisory Board for 2005 in the total amount of € 450 000.

The corporate office-holders also receive no particular benefit in kind.

Finally, the annual remuneration of the Board is € 2 200 000 for 2005.

In line with the recommendations made by the

Remunerations Committee in its report to the Supervisory Board, certain members of the Board benefit from a retirement package equivalent to two years' remuneration (bonus included).

6.2.3. Share subscription or purchase options granted to each corporate office-holder and options taken up by them

No share options were granted to the Company's corporate office-holders during 2002, 2003 and 2004 by the Company, by the companies of the Maurel & Prom Group, by Aréopage or by Pacifico.

Frédéric Boulet, Marc Sengès and Daniel Pelerin, members of the Management Board, hold share options that were allocated by the Company when they were employees holding no corporate office. These options have the following features:

For Frédéric Boulet:

	Plan N° 1	Plan N° 1a	Plan N° 2	Total
Date allocated	October 25, 2001	June 16, 2003	July 29, 2003	-
Exercise price	€ 1.185	€ 1.949	€ 1.738	-
Start of exercise period	October 26, 2004	May 23, 2005	July 30, 2003	-
Expiry date	None	June 16, 2008	July 29, 2008	-
Number of options allocated	410 130	266 540	1 025 320	1 701 990
Number of options exercised	410 130	266 540	1 025 320	1 701 990
Number of options remaining	0	0	0	0

For Marc Sengès:

	Plan N° 3
Date allocated	March 16, 2005
Exercise price	€ 13.59
Start of exercise period	March 17, 2005
Expiry date	March 16, 2010
Number of options allocated	220 000
Number of options exercised	0
Number of options remaining	220 000

For Daniel Pelerin:

	Plan N° 1
Date allocated	October 25, 2001
Exercise price	€ 1.185
Start of exercise period	October 26, 2004
Expiry date	None
Number of options allocated	153 800
Number of options exercised	0
Number of options remaining	153 800

No share options have been granted to the Company's corporate office-holders during the last three years by the Company or by the companies of the Maurel & Prom Group.

6.2.4. Information on transactions concluded between the Company and the members of the corporate or supervisory bodies or shareholders holding more than 10% of the voting rights

No transactions were concluded between the Company and the members of the corporate or supervisory bodies or shareholders holding more than 10% of the voting rights took place during 2004.

6.2.5. Loans and guarantees granted or set up in favor of the members of the administrative, management or supervisory bodies

No loan and no guarantee was granted or set up in favor of the members of the Company's corporate bodies during 2004.

Nevertheless it should be specified that Maurel & Prom and Financière de Rosario (a member of the Maurel & Prom Supervisory Board in the form of a partnership limited by shares from June 14, 2002 to December 28, 2004) concluded on April 29, 2002 a loan agreement by which Financière de Rosario provided the Company with \$ 15 000 000.

The amounts arising from this loan were used by the Company for the purposes of (i) supporting its general cash requirements and (ii) partially financing the purchase of the interest owned by Heritage Congo Limited in the oil and gas operating permit of Kouilou, as this acquisition was described in a transaction prospectus signed by the Commission des opérations de bourse on July 29, 2002, N° 02-911.

Following the conclusion of an endorsement of the loan agreement dated July 30, 2002, the loan was repaid early by the Company, in the amount of \$ 5 000 000 by the quid pro quo issue of Maurel & Prom convertible bonds on August 29, 2002 that had been the subject of the aforementioned transaction prospectus. The balance of \$ 10 000 000 was repaid on February 19, 2004.

6.3. Mention of personnel profit-sharing schemes

6.3.1. Employee involvement: profit-sharing, salary savings plan

The Company operates an ambitious policy of involving the employees in the performance of the Company and its capital, both by signing a profit-sharing agreement and by setting up a salary savings plan.

a) Profit-sharing plan

A profit-sharing plan was put in place on June 27, 2002. This profit-sharing agreement was made for a three-year period from January 1, 2002 and ended on December 31, 2004. A new agreement has been made for three years from January 1, 2005.

The profit-sharing plan was put in place for two reasons:

- (i) to bind the employees together to stimulate a productive group dynamic and respect each employee's contribution to the effort made to increase productivity, and
- (ii) to improve work organization.

All employees (including trainees, fixed term or part time contract employees) with at least three months' service in the Company benefit from the profit-sharing scheme when collective and individual targets are achieved.

The profit-sharing scheme is based on operating income and is calculated in accordance with the applicable collective and individual ceilings.

The profit-sharing scheme in 2004 reached a total of € 300. It is either paid or transferred partly or wholly to the Corporate Savings Plan, and in this case receives an additional contribution from the Company.

Under the law for the maintenance of consumption and investment of August 11, 2004, the Company's employees benefited from a 2004 profit-sharing advance totaling € 200.

b) Salary savings plan

On March 1, 2002, the Company put in place an active salary savings policy by offering its employees the benefit of a Corporate Savings Plan and a Voluntary Salary Savings Partnership Plan: this whole scheme has been operating since 2003.

As part of this scheme, 30 employees have stakes in Maurel & Prom's capital amounting to 79 310 shares.

1. Corporate Savings Plan (PEE)

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

The PEE may be fed by some or all of the employee's profit-sharing when there is some, voluntary payments of the beneficiaries (within the limits stipulated by law), additional contributions from the Company and transfers from the beneficiary's savings into the plan, the inter-company savings plan or the profit-sharing agreement of a former employee where money has become available following the termination of a contract of employment.

The Company encourages the beneficiary's savings effort through an additional contribution that alters according to a general rule and is applied collectively to all beneficiaries.

The plan, which took effect on March 1, 2002, for one year, can be renewed by tacit agreement for periods of one year.

2. Voluntary Salary Savings Partnership Plan with sliding maturity date (PPESV)

The Company had put in place a PPESV, a collective savings scheme allowing Company employees with at least three months' service the facility to participate, through the scheme, in building up a portfolio of marketable securities.

The PPESV could be fed by voluntary payments from the beneficiaries in cash (within the limits stipulated by law), the additional contribution from the Company (according to the rules applicable collectively to all beneficiaries), some or all of the profit-sharing when there is any, the special investment reserve when there is one, transfers from the beneficiary's savings built up with a former employer that he has left following termination of his contract of employment, and transfers from the beneficiary's savings built up in the Company as part of the investment scheme.

The PPESV initially ran until December 31, 2003; it was then renewed by tacit agreement for one year.

In accordance with the loi Fillon dated August 21, 2003, the PPESV scheme was closed down. The amounts allocated to the PPESV may be transferred to a savings plan of a shorter term or to a collective retirement savings plan (PERCO).

6.3.2. Share options granted to employees and options taken up by them

Some Company employees benefit from Maurel & Prom share options, the terms of which are given in subsection 3.2.4.3 above.

6.4. Internal audit

6.4.1. Internal audit procedures in force in the Company

The following paragraphs reiterate all the developments contained in the report of the Chairman of the Supervisory Board on the internal audit procedures put in place by the Company.

"Ladies and Gentlemen,

In application of the new legal requirements arising from the financial security act of August 1, 2003, I have the honor of reporting to you in this report, as Chairman of the Supervisory Board, the work of this Board is prepared and organized and the internal audit procedures put in place by the Company.

I. Organization and operation of the Supervisory Board

The Combined General Meeting of shareholders decided, on December 28, 2004, to convert Maurel & Prom into a société anonyme with a Board of Management and Supervisory Board, and adopted new articles of association reflecting the new corporate form of the Company.

By virtue of the Company's articles of association, the Supervisory Board consists of at least three members and not more than 18 appointed by the Ordinary General Meeting.

At the moment it contains eight members.

Each member of the Supervisory Board must own at least one share.

It is made up to provide a balance of financial and oil industry expertise and international experience.

Within the new legal form of société anonyme, the Supervisory Board has a revised role and responsibilities as part of this change of corporate form.

The Supervisory Board's main role is to exercise permanent supervision over the management of the Company by the Management Board. It mainly ensures that standards of good management and prudence are used in drawing up the financial statements and ensures good control of the risks relating to the Company's business, while providing the management with assistance and advice in its development and organizational strategy.

At any time of the year, it can carry out the checks and audits it considers appropriate and may request the documents it believes useful to accomplish its task.

The Supervisory Board appoints the members of the Management Board, appoints its Chairman and where necessary the Directors. It may dismiss the members of the Management Board, terminate the term of office of the Chairman and where necessary of the Directors. The Supervisory Board sets the remuneration of the members of the Management Board. Through its report, it gives the General Meeting its comments on the financial statements and the Management Report.

In addition, the following Board decisions are subject to the prior approval of the Supervisory Board:

- the sale of buildings for more than € 20 million,
- the total or partial sale of investments for more than € 20 million,
- the setting up of sureties for more than € 20 million,
- any acquisition of assets for more than € 20 million,
- total or partial sale of significant assets,
- any bond, endorsement or guarantee granted by the Company to a unitary value of € 20 million or more.

It meets as often as the Company's interests require and at least once a quarter, at the written invitation of the Chairman or Vice-Chairman or, where appropriate, at the request of at least a third of its members.

It deliberates in the presence of at least half its members. The decisions are taken on a majority vote of the members present or represented, each member having one vote and not being entitled to represent more than one other member. In the event of a tied vote, the Chairman has the casting vote.

The meeting minutes are entered in a special register; the minutes of each meeting are expressly approved during the Board's next meeting.

The main subjects examined by the Supervisory Board during 2004 (in the form of a partnership limited by shares) were as follows:

- consideration of the partnership status,
- approval of the financial statements for 2003, examination of the draft management report and report of the Supervisory Board, examination of the draft documents,
- examination of the half-year financial statements to June 30, 2004,
- approval of the planned conversion of the partnership by merger-absorption of the associate partner,
- approval of the contribution agreement of the associate partner Aréopage,
- approval of the proposed new articles of association,
- approval of the proposed reduction in the share par value,
- approval of the proposed share buyback program put to the vote of the Extraordinary General Meeting of December 2004,
- approval of the proposed early redemption of the OCEANEs,
- calling of the Extraordinary General Meeting, and approval of the draft reports,
- appointment of the Chairman and Vice-Chairman of the Supervisory Board, appointment of the members of the Board and setting of their powers,
- setting up of the Audit Committee, the Strategic and Technical Steering Committee and the Remunerations Committee (Supervisory Board of December 28, 2004, new Board after the Company became a société anonyme).

At the Ordinary General Meeting, the Supervisory Board reports on the conduct of the Company's affairs.

The Supervisory Board met five times in 2004 (in the form of a partnership limited by shares) with a 96% attendance rate. During the meetings to consider approval of the half-year and annual financial statements for 2004, the Board heard

submissions by the Statutory Auditors and the Finance Director and the General Manager.

Work has begun on drafting the internal regulations on the operation of the Supervisory Board and should be rapidly concluded.

II. Committees

A) Strategic and Technical Steering Committee

The Supervisory Board had put in place, on November 1, 2001, a Strategic and Technical Steering Committee to carry out its auditing function more efficiently.

During the Supervisory Board meeting of December 28, 2004, a new Strategic and Technical Steering Committee was formed.

This currently consists of:

- Pierre Jacquard, Chairman of the Supervisory Board and former Chairman of the Institut Français du Pétrole (IFP), who acts as its Chairman,
- Paul Alba, a former Executive Manager of Elf Aquitaine, and
- Alain Gomez, a member of the Supervisory Board and former Chief Executive Officer of Thomson CSF (now Thalès).

Its main tasks are as follows: at the Board's request, to study the strategic options and generally the Company's new policies and projects. It focuses its work on the technical-economic valuation of oil reserves, oil field development projects, technical investments and organization of the oil structure.

The Strategic and Technical Steering Committee met five times during 2004.

As for the previous year, its activity took several forms:

- formalizing regular and frequent contacts with the General Management of the Company which dealt in particular with Maurel & Prom's main projects in Congo, Cuba and Vietnam and the opportunities available to the Company and the action to be taken,
- participating in meetings with the General Management of the Company and outside people concerning any questions relating to the development of the Maurel & Prom Group's activities,
- contacts with the Statutory Auditors concerning the valuation of the assets in Vietnam,
- examining the technical studies of consultants on specific Company projects, and looking into these studies in greater depth with the consultants,
- considering the organization of the Company and its optimization,

- permanent contacts with the company's technical people, including assistance and advice on a range of technical subjects.

B) Audit Committee

An Audit Committee was also set up by the Supervisory Board on October 7, 2003.

During its meeting of December 28, 2004, the Supervisory Board created a new Audit Committee.

This currently consists of:

- Jean-Louis Chambon, member of the Supervisory Board,
- Gilles Brac de la Perrière, teller,
- Laurent Lafond, member of the Supervisory Board.

Its main task is to assist the Supervisory Board so that it has the information and resources to ensure the quality of the internal audits and the reliability of the financial information conveyed to shareholders and the financial market.

The Audit Committee, consisting of three members has the following main tasks:

- examining the corporate financial statements and consolidated financial statements of the Company and of the Maurel & Prom Group,
- verifying that the accounting methods used (i) to draft the corporate and consolidated financial statements and (ii) for the scope of consolidation are appropriate and permanent,
- examining the internal and external audit procedures put in place in the Maurel & Prom Group,
- assessing the reliability, pertinence, methods and independence of the internal audit,
- analyzing, in collaboration with the project team set up by Maurel & Prom, all the IFRS accounting standards, and in particular those likely to have an influence on the Group,
- examining the major transactions involving a risk of conflict of interest between the Company and the members of the Board or the members of the Supervisory Board,
- checking the independence and objectivity of the Statutory Auditors.

The Audit Committee met on April 18, 2005 in the presence of the Company's Management and Statutory Auditors. During this meeting, particular attention was given to the work of the Statutory Auditors. The Audit Committee took note of the work that had been done as part of the task to value the oil assets of the current projects.

During the Supervisory Board meeting on April 22, the Audit Committee reported on its work and expressed its desire to continue to be regularly involved with the financial monitoring of the company.

C) Remunerations Committee

A Remunerations Committee was set up by the Supervisory

Board during its meeting of December 28, 2004. It currently consists of Fabien Chalandon, Guillaume Verspieren and Jean-Louis Chambon, all three members of the Supervisory Board.

The main task of the Remunerations Committee is to formulate proposals concerning the remuneration of the members of the Board and, where appropriate, of the Chairman and Vice-Chairman of the Supervisory Board. As for the members of the Supervisory Board, the Remunerations Committee is responsible for determining the overall envelope of attendance fees each year that will be submitted for the approval of the General Meeting and the methods of distributing the said attendance fees between the members of the Supervisory Board, taking particular account of the attendance of those members at the meetings of the said Board and the committees on which they serve.

The Remunerations Committee is also responsible for issuing a prior notice concerning any exceptional remuneration proposal put forward by the Supervisory Board concerning the payment of one of its members to which it has assigned a task or office in accordance with the terms of article L.225-84 of the Commercial Code.

The Remunerations Committee also makes recommendations relating to the pension and savings scheme, benefits in kind and various pecuniary entitlements of the corporate office-holders, and the financial terms of ending their term of office.

During its meetings in the first half of 2005, the Committee discussed in particular the remuneration of the Board members and the remuneration of committee members and made proposals that were put to the Supervisory Board on May 23, 2005.

III. Internal audit

The internal audit procedures currently in force in the Company have the following aims:

- to ensure that the management or operational actions and the behavior of personnel fall within the framework defined by the guidelines set for the company's activities by the corporate bodies, by the applicable laws and regulations, and by the company's internal values, standards and rules, and
- to check that the accounting, financial and management information communicated to the Company's corporate bodies is an honest reflection of the activity and situation of the Company; one of the objectives of the internal audit system is to predict and control the risks resulting from the company's activity and the risks of errors or fraud,

particularly in the accounting and financial fields. Like any audit system, it cannot however provide an absolute guarantee that these risks have been totally eliminated.

For this, the management bodies establish the organization, methods and procedures of each of the company's activities to ensure that the Company survives long term.

It also sets the internal rules of operation, management and risk prevention for the business.

As mentioned above, the Board conducts the affairs of the Company under the supervision of the Supervisory Board whose role is independent, the Board being assisted by the Strategic and Technical Steering Committee, the Audit Committee and the Remunerations Committee which have been set up to help to optimize and protect the Company's decision-making process.

The following general description of how the Group's internal audit and the procedures for drafting and processing the accounting and financial information are organized has been prepared in the light of information supplied by General Management and interviews with the Operational Managers and the accounting and management control teams.

The Group's business, outside the conventional role of a holding company, is primarily in the oil industry.

Also, in almost all cases, the drilling industry does its business through a regulatory framework involving the participation of partners and host states.

This framework requires extremely formalized processes:

- for drafting an annual budget for each permit discussed with the partners and submitted for the approval of the authorities of the countries concerned,
- for establishing specific works orders for any major expenditure that has to have the approval of the partners,
- for raising funds - giving supporting arguments to the partners - to provide regular finance as projects progress.

Moreover:

- any overspend of more than 10% of the authorized expenditure must be reported with justification to the partners,
- monthly budget spending reports prepared by head office management control are sent to the Finance Department and the partners after they have been reviewed by the local management controller and the managers of the various cost centers.

Finally, the work done is officially presented to the local authorities in the Management Committee for approval of the oil cost and, after the fact, is subject to a full annual audit by the services of the governments concerned.

Thus any investment or oil cost commitment has to be recorded in a budget that is approved and/or validated by all

the parties involved in the various partnership agreements in place.

The result of this is tight systematic operational internal control in which the cost center managers at each operating stage (prospecting, drilling, operation), whether local or at head office, are involved.

The Board, responsible for the publication of reliable financial and accounting information, relies on the Group Finance Department, comprising, at head office and the operational sites, an accounts department and a management control section.

In line with the stages of the project defined at the beginning of 2004, the Company has analyzed the impact of the IFRS standards on its consolidated financial statements and on its systems and procedures. The timetable of the project to move over to the IFRS standards has however been deferred: specifically, in the absence of precise requirements relating to the treatment of production oil assets in the IFRS benchmarks, the Company has decided to wait until a market consensus is reached on the treatment of these operations. Consequently, the exhaustive costing of the impacts of the new standards has not yet been fully finalized. However, despite the delay in the IFRS project, the Company does not anticipate any delay in the publication of its IFRS financial statements on June 30, 2005.

The processing software used, including the financial and cost accounting, consolidation, personnel and real estate management, is standard software.

The corporate and consolidated financial statements are produced on a half-yearly basis; the financial statements of the drilling subsidiary are supervised before consolidation by an outside firm.

The accounting data relating to the Congo sites (which represent 80% of oil sales) are produced monthly and reviewed by head office in Paris before being included in the financial statements.

The Management Control Section carries out spot analyses of variations between budget and actual and a general analysis of costs.

Reconciliations are carried out, if necessary, with the management controller in Congo, who also carries out budget reconciliations with the local managers of the various operational cost centers.

The Finance Department has begun a major recruitment drive to further reinforce the budget and internal audit procedures. So, the accounting team has been strengthened by the recruitment, at the head office, of an Accounts Manager who assists the Consolidation/Accounting and Tax Manager, thus adding a

managerial and supervisory level to the accounting team. Similarly, an additional experienced internal audit and management control manager is being recruited to bolster the Internal Audit and Management Control Department. It should be noted that a change of Finance Director took place in March 2005. Finally, an Administration and Finance Director has been recruited for the Congolese subsidiary Zetah M&P Congo.

Furthermore, because of the surge in growth of Caroil, it has been deemed necessary to start an organizational audit program. This has been commissioned from an outside firm

which will be responsible for checking the existing procedures and analyzing the internal audit procedures. Plans are therefore under way to structure the company's management and administrative teams (particularly by reinforcing the local structure).

Paris, May 18, 2005

Pierre Jacquard
Chairman of the Supervisory Board

6.4.2. Report of the Statutory Auditors on the information supplied by the Company concerning the internal audit procedures for the drafting and treatment of accounting and financial information

Dear shareholder,

In our capacity as Statutory Auditors of Etablissements Maurel & Prom and in application of the terms of the last paragraph of article L. 225-235 of the Commercial Code, we hereby present our report on the report produced by the Chairman of your Company in accordance with the terms of article L. 225-68 of the Commercial Code for the year ending December 31, 2004.

It is the responsibility of the Chairman of the Supervisory Board to give an account, in his report, particularly of how the Supervisory Board prepares and organizes its work and the internal audit procedures put in place within the company.

It is our job to give you the comments we feel necessary based on the information given in the Chairman's report concerning the internal audit procedures for the drafting and treatment of accounting and financial information.

We have done our work according to the professional doctrine applicable in France. This requires the application of due diligence to assess the truth of the information given in the Chairman's report concerning the internal audit procedures for the drafting and treatment of accounting and financial information. This particularly involves:

- ascertaining the objectives and general organization of the internal audit and the internal audit procedures for the drafting and handling of the accounting and financial information contained in the Chairman's report;
- ascertaining the work underpinning the information thus given in the report.

On the basis of this work, we have no comment to make on the information given concerning the Company's internal audit procedures for the drafting and treatment of the accounting and financial information contained in the report of the Chairman of the Supervisory Board, produced in application of the terms of the last paragraph of article L. 225-37.

Paris and Paris-La Défense, May 23, 2005

Statutory Auditors

Michel BOUSQUET

ENST & YOUNG Audit

François CARREGA

7.1.1. Mining

7.1.1.1. Gabon

See section 4, paragraph 4.1.6.2.2, section 3

7.1.1.2. Sicily

See section 4, paragraph 4.1.6.2.2, section 9

7.1.2. Shareholdings

7.1.2.1. Conversion of BSARs

Between January 1, 2005 and April 30, 2005, 96 080 BSARs were exercised taking the total number of BSARs exercised since their creation to 399 080. On May 1, 2005, therefore, 7 918 558 BSARs remained in circulation.

7.1.3. Company activity

7.1.3.1. Sales in the first quarter 2005

Maurel & Prom consolidated sales in the first quarter 2005 improved by 324% over the first quarter 2004.

1st quarter, in € millions	2004		2005	
	Recorded	Economic*	Economic*	Recorded
Oil activities	10.4	11.9	57.5	55.6
Including Congo	10.4	10.4	55.6	55.6
Including Cuba	-	1.5	1.9	-
Drilling services	2.3	2.3	5.0	5.0
Diversified activities (multipurpose ships)	0.8	0.8	1.0	1.0
Total	13.5	15.0	63.5	61.6

* retaining prorata the contribution of the interests in Pebercan Inc. in Cuba treated for accounting purposes using the equity method.

- CONGO: the development of M'Boundi generated an increase of 435%

The combined effect of average production of 20 772 b/d in the first quarter 2005 compared with 5 633 b/d in the first quarter 2004 and a high price per barrel (USD 39.05 on average per barrel sold) brought about an increase in line with forecast to € 55.6 million (compared with € 10.4 million in the first quarter 2004), and this was achieved despite a heavy discount on the selling price between Djeno and Brent (USD 8 on average compared with USD 4 historically), a discount which will end as soon as the new contract with Total takes effect (September/October 2005).

This performance lends credibility to the Congo annual sales target which stands at € 320 335 million (based mainly on the 20 wells still to be drilled this year in M'Boundi), with daily production of some 35 000 b/d by December 31, 2005.

- CUBA: resumption of growth with a 27% improvement
With net production sold of 5 888 b/d (compared with

5 133 b/d in the first quarter 2004), Pebercan Inc. has begun a new upturn in its production and sales which have grown by 27% over the period with a contribution to Maurel & Prom consolidated sales of € 1.9 million (compared with € 1.5 million in the first quarter 2004).

Most of the increased production comes from the intensified development of Seboruco with four new wells on this deposit in the first quarter 2005.

Not yet billed, the production from Santa Cruz, discovered at the end of December 2004, was 115 244 barrels in the first quarter. Maurel & Prom believes that total Pebercan Inc. production, by the end of 2005 could be some 11 000 b/d, or the equivalent of approximately 2 200 b/d for Maurel & Prom's share.

Note: the figures are presented according to French standards and the accounting principles applied by Maurel & Prom without taking account of any impacts of the transition to IFRS which will be covered in a special communication.

7.1.3.2. Press release of May 16, 2005

Congo:

- M'Boundi: delivery of well 1002 tested at 4 000 b/d
- Tchiniambi on Mengo: successful reopening of a well tested at 300 b/d

Maurel & Prom has delivered a new well 1002 in the North-East of the M'Boundi field and inside the initial 50 km² 3D survey close to well 1001. It has tested out with daily production of 4 000 barrels which stabilizes Congo production capacity at close on 26 000 b/d (Maurel & Prom share). This should increase further with the upcoming delivery of M'Boundi 602 and 1801 in the next few weeks.

Elsewhere, the Company has successfully reopened an old well on Tchiniambi, on the Kouilou permit, fed by the Mengo reservoir.

Tested at 300 b/d, this well, which is productive through a fracture in an environment with little permeability, supports the value to the Company of doing a general feasibility study into the partial development of Mengo, based on a future targeted seismic campaign.

This success opens the way to the creation of additional reserves outside Vandji with prospects yet to be determined. Finally, Maurel & Prom's consolidated production capacity (Congo, Gabon, Cuba) is now close to 28 000 b/d.

7.1.3.3. Press release of June 13, 2005: Acquisition of Colombian and Venezuelan assets

Acquisition of Colombian and Venezuelan assets from Knightsbridge Petroleum for USD 460 million (of which 20% in Maurel & Prom shares):

- reserves: +176 Mb proven and probable, an increase of 62%
- current production: +30 000 b/d* (80% in Colombia onshore and 20% in Venezuela offshore)
- additional net income: € +60 million** in 2005 and € +80 million in 2006
- 2005 and 2006 increased share value: +35%

With this transaction, Maurel & Prom becomes one of the leading European quoted independents in terms of reserves with 459 Mb 2P, in terms of production with 70 000 b/d by end 2005 and in terms of net consolidated income (excluding exceptional items) with € 205 million** for 2005 and € 270 million *** for 2006.

On June 10, 2005, the Company signed a contract to buy the petroleum assets of Knightsbridge Petroleum for USD 460 million, of which 20% will be immediately reinvested by the vendor in Maurel & Prom shares at 15.40 per share (corresponding to the 20 days of stockmarket trading prior

to June 1st).

Price per barrel: USD 2.6

These Colombian and Venezuelan assets comprise 176 Mb of 2P reserves as at December 31, 2004 (reserves validated by an independent organization), making an acquisition price per barrel of USD 2.6. It should also be noted that 72% of the 2P reserves are proven.

This price does not include the acquisition of the Tello field reserves in Colombia, where the license expires in February 2006. However, the agreement provides that, if the Colombian Tello license is renewed, Maurel & Prom, which would thereby obtain 36 Mb of additional probable reserves, would pay an additional price equivalent to 50% of the net annual income of this permit over the period used to produce this number of barrels (in this case, the reserves acquired by Maurel & Prom would total 212 Mb).

Finally, further monies would be paid to the vendor if, during the 12 months following the transaction, the price should be more than USD 48 for the Vasconian mix (approximately USD 54 Brent) to the tune of USD 1.5 per barrel produced (or a maximum of approximately USD 13 million on the basis of current production including Tello).

Geographic diversification of reserves and sources of cashflow

According to the strategic objective defined last March when the OCEANE convertible bonds were issued, this investment generates a very significant immediate diversification bringing Congo to 55% of total reserves and 53% of production by December 31, 2005. Maurel & Prom will thereby have a mining portfolio that is balanced in terms of exploration and production, furthermore distributed between West Africa and the South American continent.

Furthermore, the acquisition will mean that Maurel & Prom can increase its expertise in assisted recovery which is one of the strengths of the technical teams of Knightsbridge Petroleum, the operator on most of its permits, and which remains the fourth largest producer in Colombia after BP, Occidental and Petrobras. The Company's main partners in Colombia are Total, Talisman, Perenco and Colombia's State Oil Company, Ecopetrol.

Finally, Maurel & Prom will also have a technical and managerial platform to develop in Colombia and Venezuela and, in general, over the whole South American continent. In this regard, the agreement provides that Knightsbridge's management and operating teams will keep their jobs within the Maurel & Prom Group.

High generation of cashflow

The assets covered by the transaction show not only great visibility in their capacity to deliver significant and steady

cashflow (USD 520 million of free cashflow from 2005 to 2009 excluding Tello probable and with Brent at USD 39), but also major development potential both in terms of increasing the recovery rate based on the existing reserves and by gaining value on the possible reserves currently assessed at 32 Mb.

2005 and 2006 increased share value: 35%

The purchase price per barrel will provide a strong increase in share value in 2005 of the order of 35% with, and on the basis of the second half 2005 only (the operation taking place on July 1), an increase in net income of the order of € 60 million out of the € 205 million in total for 2005** and € 270 million*** in 2006. The acquired assets enjoy high profitability with a net margin close on 50% (with crude at USD 39). This acquisition places Maurel & Prom in a good position to achieve its objective to rapidly become Europe's leading quoted independent in terms of reserves, production and cashflow.

Maurel & Prom will now have a critical size and a sufficient weighting of risks and legibility to grow by renewing its oil business through both organic and external growth.

* including 9 000 b/d for the Tello field

** taking account of the second half 2005 only

*** excluding renewal of Tello

Note: Maurel & Prom's reserves are calculated gross before tax

Disengagement from the shipping business

Maurel & Prom has signed two deals worth a total of USD 22 million for the sale of its two cable-laying vessels. These transactions mean that the Company can generate positive cashflow of more than € 8 million once the bank loans have been cleared. This transaction, completed very satisfactorily without loss, puts the seal on Maurel & Prom's final disengagement from a non-strategic business which is no longer profitable enough to meet the Company's objectives.

7.2. Future prospects

The future prospects for the business of the Company and the Maurel & Prom Group are given in section IV (Information concerning the Group's activity) of this reference document. These aspects are more specifically covered in the following sections:

- a. 4.1.3 - Evolution of the Company's business;
- b. Sub-sections 4.1.4.2.2, 4.1.4.2.3, 4.1.4.3, 4.1.4.4 which give the recent changes and future prospects of the Maurel & Prom Group's various activities.

In addition, the Company's web site is regularly updated by a specialist company. This reference document for 2004 will therefore shortly be on line on this site.

Furthermore, the major events relating to the business of the

Company and the Maurel & Prom Group plus the provisional financial statements discussed in the Supervisory Board meetings are regularly reported in press releases after those meetings.

Finally, the financial prospects of the Maurel & Prom Group for 2005, as described to institutional investors and financial analysts during the various road shows staged by its directors, are summarized below:

Financial prospects

"After the disposals that have been completed and are ongoing, the Group is increasingly focused purely on the oil business.

This business may suffer a highly volatile economic environment due mainly to the price of crude and the EUR/USD exchange rate.

Furthermore, the Company is, mainly in Congo and Gabon, in a phase of rapid development in which many unforeseen events can arise, particularly with drilling times and the productivity of the newly commissioned wells.

In this complex environment, taking account of the assumptions the Group has made, in particular a crude price of \$ 45 per barrel, the 2005 financial outlook envisaged on a consolidated basis is as follows:

<i>Sales</i>	<i>€ 360 to 380 million</i>
<i>Net income</i>	
<i>(excluding exceptional income)</i>	<i>€ 140 to 150 million</i>
<i>With these forces, the 2005 financial situation would balance out as follows (in € million):</i>	
<i>Own resources</i>	<i>203</i>
<i>Including: Cashflow</i>	<i>167</i>
<i>Capital employed</i>	<i>603</i>
<i>Including: Investments (incl. external growth)</i>	<i>553</i>
<i>Loan repayments</i>	<i>50</i>
<i>Working capital requirement</i>	<i>400</i>
<i>New loans</i>	
<i>(incl. 2005 OCEANE issue for € 375 million)</i>	<i>400</i>
<i>Cash at beginning of year</i>	<i>34</i>
<i>Cash at end of year</i>	<i>12</i>

Appendix 1 - Glossary

List of main terms, symbols or abbreviations used in the reference document.

B (barrel)

The volumic unit of measurement of crude oil, or 159 liters (42 American gallons). A ton of oil equals approximately 7.5 barrels.

CAM

Compagnie Aquacole du Midi

CAPEX

Capital expenditure: tangible and intangible investments/development expenditure

Completion

The completion of all the operations to make a well operational (installation of the piping, valves and well head, etc)

Production-sharing contract

The contract made between the State and the company operating the permit; this contract determines all the operator's rights and obligations, and particularly the percentage of cost oil (by which the operator recovers the exploration and development expenses borne by the operating company) and the level of profit oil.

Depletion

The depreciation of an oil deposit resulting from its exploitation

FMB

Ferme Marine des Baleines

Gas Cap

The top filling of a structure with a gaseous fluid

Layer hole links

All the techniques used to improve communication between the formation and the surface (particularly perforation, open hole, gravelpack)

Md

The unit of measurement of permeability

Multipurpose ships

Ships used for a series of tasks

NGM

New Gold Mali

OPEX

Operating expenditure

Prospect

A region in which, after surveys, the geologists believe hydrocarbons can be found

2P reserves

Proven and probable reserves

Proven reserves are the quantities of hydrocarbon contained in reservoirs and blocks surveyed by wells and which, after geological and reservoir analyses, can with

reasonable certainty be commercially recovered in the economic circumstance prevailing at the time.

Probable reserves are the reserves that are not proven but which it is hoped will be able to produce particularly (1) by extension drilling inside the perimeter defined by the oil-water contact (2) by putting in place secondary recovery methods.

3P reserves

These are proven + probable + possible reserves.

Possible reserves are unproven reserves which, on the basis of geological interpretation, (1) could exist beyond the regions defined as probable, (2) appear separated from the proven region by a major fault, (3) are situated in a position below the proven zone but above the structural closure of the field.

Rig

A drilling rig

STOOIP

Stock Tank Original Oil In Place.

The reserves in place, or STOOIP, are the volume of oil in bottom condition raised to the surface.

2D-3D seismic

Seismic is one of the basic essential methods used in oil exploration.

It is the geophysical method consisting of transmitting soundwaves through the subsoil and recording their propagation in the subsoil so as to obtain information on the earth structure.

It can be in 2 or 3 dimensions.

Work-over

An operation to reopen wells.

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Appendix 2 - Draft resolutions submitted to the Combined General Meeting of June 29, 2005

Ordinary resolutions

First Resolution (*Approval of the corporate financial statements for the year ending December 31, 2004*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after taking note of the Management report of the Board, the report of the Supervisory Board and the report of the Statutory Auditors on the corporate financial statements, approves the corporate financial statements for the year ending December 31, 2004, including the balance sheet, the income statement and the notes, as read, and the transactions reflected in these financial statements and summarized in these reports. It approves the net profit for the year of € 54 668 040.79.

The General Meeting discharges the members of the Board for their management for the year ending December 31, 2004.

The General Meeting discharges the members of the Supervisory Board for their services for the year ending December 31, 2004.

Second Resolution (*Approval of the consolidated financial statements for the year ending December 31, 2004*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having heard the management report of the Board, the report of the Supervisory Board and the report of the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the year ending December 31, 2004, including the consolidated balance sheet and income statement and the notes, as read, and the transactions reflected in these financial statements and summarized in these reports.

Third Resolution (*Allocation of income for the year ending December 31, 2004, as reported in the corporate financial statements*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having heard the management report of the Board, the report of the Supervisory Board and the report of the Statutory Auditors on the annual financial statements for the year,

(i) agrees, according to article L. 232-10 of the Commercial Code that out of the profit for the year of € 54 668 040.79, to allocate the sum of € 2 620 607.46 to the statutory reserve, which brings the amount of this reserve to € 4 114 072.26;

(ii) notes that the distributable profit for the year, after allocation to the statutory reserve and charging of negative retained earnings of € 2 255 891.51, stands at € 49 791 541.82; and

(iii) decides to pay the shareholders, as a dividend, € 0.15 per share, or a total of € 16 214 998.50 and to allocate the balance of the distributable profit, that is € 33 576 543.32, to "Retained earnings".

The General Meeting gives all powers to the Board to determine the methods of paying this dividend and in particular to set the date on which the latter is payable.

Since the tax credit has been abolished since January 1, 2005, the dividend will not give entitlement to a tax credit.

The amount of revenue thus distributed will give entitlement, for individuals domiciled for tax purposes in France, the allowance specified in the second item of the third paragraph of article 158 of the General Tax Code.

The General Meeting confers all powers on the Board to modify (i) amount of the aforementioned dividend in the event in a change in the number of shares entitled to dividend for the year ending December 31, 2004 on the date it becomes payable in the event of share options of the Company being exercised and/or the Company purchasing its own shares before the dividend payment date, and (ii) consequently, the balance of distributable profit that will be allocated to "Retained earnings".

In accordance with article 243 bis of the General Tax Code, the General Meeting notes that there has been no distribution of dividends in the previous three fiscal years.

Fourth Resolution (*Transfer of sums posted to the "Special long-term profit reserve"*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, after having heard the management report of the Board and the report of the Supervisory Board, takes formal note that rectifying finance act N° 2004-1485 of December 30, 2004 abolished the obligation to contribute to the reserve for profits imposed for fiscal years open from January 1, 2004 and institutes an obligation to transfer the long term profit special reserve to the "Other reserves" account before December 31, 2005.

Consequently, the General Meeting agrees to transfer the sum of € 28 857.49 corresponding to the long term profit special reserve recorded in the corporate financial statements as at December 31, 2004 to the "Other reserves" account which puts it in credit by € 28 857.49.

Fifth Resolution (*Approval of the agreements specified in articles L. 226-10 and L. 225-86 of the Commercial Code*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings,

having heard the special report of the Statutory Auditors on the agreements specified in articles L. 226-10 and L. 225-86 of the Commercial Code, approves the agreements mentioned therein.

Sixth Resolution (*Ratification of the coopting of a member of the Supervisory Board*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, ratifies the coopting, as a member of the Supervisory Board, of Laurent Lafond, as agreed by the Supervisory Board during its meeting of January 24, 2005, to replace Halisol, which resigned its position. The General Meeting takes formal note that Laurent Lafond has been appointed for the remainder of the term of office of his predecessor, that is until the General Meeting called to vote on the financial statements for the year 2006.

Seventh Resolution (*Attendance fees paid to the Supervisory Board for 2004*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having heard the management report of the Board, agrees to set at 60 970 euros the amount of attendance fees allocated to the Supervisory Board for the year ending December 31, 2004. The General Meeting takes formal note that this amount includes 30 480 euros as the portion of attendance fees allocated to Pierre Jacquard as Chairman of the Strategic Committee.

Eighth Resolution (*Attendance fees allocated to the Supervisory Board for 2005*). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, have heard the management report of the Board, decides to set at 450 000 euros the amount of attendance fees allocated to the Supervisory Board for the current year.

Extraordinary resolutions

Ninth Resolution (*Delegation of authority to the Management Board to issue shares in the capital and/or marketable securities providing access to the capital, with retention of the shareholders' subscription rights*). - The General Meeting deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board and the special report of the Statutory Auditors, and in accordance with the terms of articles L. 225-129, L. 225-129-2, L. 228-91, L. 228-92 and L. 228-93 of the Commercial Code, decides:

1. to delegate its authority to the Board, for 26 months from the date of this General Meeting, to decide to issue, with the retention of the shareholders' preferential subscription

rights, shares in the capital of the Company and/or marketable securities, of whatever nature, providing access, immediately or at a later date, to a proportion of the Company's share capital, and the subscription thereto can be paid in cash or with certain debt securities, liquid and payable, held against the Company, it being specified that the present delegation of authority may allow the issue of marketable securities under the provisions of article L. 228-93 of the Commercial Code; and

2. that the par value of the increase or increases in Company capital that are likely to be decided upon by the Board and carried out, immediately or at a later date, by virtue of this delegation of authority, may not exceed a maximum of € 300 000 000 (three hundred million euros), or the counter value of this amount, excluding the par value of the capital shares to be issued, where appropriate, as adjustments made, according to law, to retain the rights of the holders of marketable securities providing access to shares in the Company capital, it being specified that the ceilings of increase in the capital of the Company, with or without preferential subscription rights, stipulated in the terms of the tenth, eleventh, thirteenth, fourteenth, sixteenth, seventeenth and eighteenth resolutions submitted to this General Meeting, will be set against this total ceiling.

The marketable securities that will, where appropriate, be issued by virtue of this delegation of authority may consist of loan notes or be associated with the issue of such notes, or else make possible the issue thereof as intermediary notes. They may or may not take the form of floating rate notes, perpetual or not, and be issued either in euros, or in currencies other than the euro or in any other monetary units established against a basket of currencies, it being specified that the said loan notes may carry a fixed and/or variable interest rate or else may include capitalization, and be redeemable, with or without premium, or amortization. They may also be the subject of purchase on the market or an offer to purchase or swap by the Company. The maximum nominal amount of the marketable securities thus issued may not exceed € 450 000 000 (four hundred and fifty million euros), or its counter value, on the date of the decision to issue.

The shareholders may, as prescribed by law, exercise their preferential subscription rights irreducibly to the capital notes and/or marketable securities which the Board may decide to issue by virtue of the present delegation of authority. The Board may decide to allocate the unsubscribed notes irreducibly to the shareholders that have subscribed for a

greater number of shares than that to which they could subscribe preferentially, in proportion to the subscription rights that they have and, in any case, within the limit of their requirements. If the irreducible subscriptions and, where appropriate, reducible subscriptions have not fully absorbed all the capital securities and/or the marketable securities issued, the Board shall have the right in an order that it shall determine, (i) to limit, according to law, the issue to the amount of subscriptions received, providing that this amount reaches at least three quarters of the issue that has been agreed, (ii) or to freely distribute some or all of the unsubscribed notes, (iii) or to offer them in the same manner to the public by making an initial public offering in France and/or, where appropriate, abroad and/or on the international market.

The General Meeting takes formal note, as appropriate, of the fact that the present delegation of authority carries to the benefit of the holders of marketable securities likely to be issued and providing access, immediately or at a later date, to shares in the capital of the Company, the shareholders' renunciation of their preferential right to subscribe to the shares in the capital to which the said marketable securities may provide entitlement.

The General Meeting confers all powers on the Board, with the facility to subdelegate under the conditions set by law and the regulations, for the purposes of implementing this delegation of authority and particularly to proceed, on one or more occasions, in the proportion and at the times that it deems fit, to proceed with the abovementioned issues, to determine the conditions of issue, and in particular the price and date of eligibility for dividend of the shares in the capital or marketable securities to be issued, to record any capital increase resulting therefrom and carry out the relevant modification of the articles of association, and, at its sole discretion, to set the expenses, fees and royalties of any issue against the issue premium relating thereto and to deduct from the said premium the amounts necessary to take the statutory reserve to one tenth of the Company's registered capital, and to proceed with all formalities and make all declarations, request all authorizations, particularly from the Autorité des marchés financiers and more generally to take all necessary measures and conclude all agreements to achieve a successful completion of these issues.

The General Meeting notes that this authority may be used during the period of a public offer to buy or swap the Company's shares in accordance with the legal and regulatory requirements.

The present resolution cancels, in the unused amounts, any earlier authority having the same purpose and in particular

the one granted under the eighteenth resolution of the General Meeting of December 28, 2004.

Tenth Resolution (*Delegation of authority to the Board to issue shares in the capital and/or marketable securities giving access to the capital, with removal of the shareholders' preferential rights to subscribe*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board, and according to the requirements of articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91, L. 228-92 and L. 228-93 of the Commercial Code, decides:

1. to delegate to the Board its authority, for a period of twenty six (26) months from the date of the present General Meeting, to decide to proceed, by making an initial public offering, with an issue of shares in the capital of the Company and/or marketable securities, of whatever nature, providing access, immediately or at a later date, to the registered capital of the Company, and whose subscription may be fully paid up in cash or in return for certain debt securities, liquid and payable, held against the Company, it being specified that the present delegation of authority may be used to issue marketable securities under the terms provided by article L. 228-93 of the Commercial code;
2. that the par value of the increase or increases in the Company's capital likely to be decided by the Board and carried out, immediately or a later date, by virtue of the present delegation of authority, may not exceed a maximum of € 300 000 000 (three hundred million euros), or the counter value of this amount, with no account being taken of the par value of the shares in the capital to be issued, where appropriate, with respect to the adjustments made, according to law, to preserve the rights of the holders of marketable securities providing access to shares in the Company's capital, it being specified that the par value of any capital increase with removal of the preferential subscription rights being made in application of the present delegation of authority shall be set against the overall ceiling set in the ninth resolution put to the present General Meeting; and
3. to remove the shareholders' preferential rights to subscribe to the shares in the capital and/or to the marketable securities which may be issued by virtue of the present delegation of authority, it being specified that the Board shall be able to grant the shareholders a priority subscription facility on some or all of an issue of shares in the capital or of marketable securities during a period and on conditions that it shall set according to the terms of

article L. 225-135 of the Commercial Code; this subscription priority shall not give rise to the creation of negotiable rights, but may, if the Board considers appropriate, be exercised reducibly and irreducibly; the shares in the capital or the marketable securities that are not subscribed by virtue of this non-negotiable priority right may be the subject of a placement in France and/or, where appropriate, abroad, and/or on the international market in accordance with the rules applicable in such matters.

The marketable securities providing access to the shares in the Company's capital which are, where appropriate, issued by virtue of the present delegation of authority may consist of loan securities and/or be associated with the issue of such securities, or else allow the issue thereof as intermediary securities. They may or may not in particular take the form of floating rate notes, perpetual or not, and be issued either in euros, in currencies foreign to the euro or in any other monetary units established by reference to a basket of currencies, it being specified that said loan securities may carry a fixed and/or variable interest rate or else be with capitalization, and be redeemable, with or without premium, or amortization. They may also be the subject of stockmarket buybacks or of an offer of purchase or exchange by the Company.

The maximum par value of the marketable securities thus issued may not exceed € 450 000 000 (four hundred and fifty million euros) or their counter value, at the date of issue, it being specified that the amount shall be set against the total amount set by the seventh resolution put to the present General Meeting.

The General Meeting notes, as required, the fact that the present delegation of authority carries, to the benefit of the holders of the marketable securities likely to be issued and providing access, immediately or at a later date, to shares in the Company's capital, renunciation by the shareholders of their preferential right to subscribe to the shares in the capital to which the said marketable securities may give entitlement.

The General Meeting gives all powers to the Board, with the option of subdelegation under the conditions set by the law and regulations, in order, after having taken note of the Special report of the Statutory Auditors, to implement the present delegation of authority and in particular to proceed, on one or more occasions, in the proportion and at the times that it deems fit, with the aforementioned issues, to determine the conditions of issue, and in particular the price and date of eligibility for dividend of the shares in the capital or the marketable securities to be issued, to record any

capital increase resulting therefrom and make the relevant change to the articles of association, and, at its sole discretion, to set the expenses, royalties and fees of any issue against the issue premium relating thereto and to deduct from the said premium the amounts necessary to take the statutory reserve to one tenth of the Company's registered capital, and to carry out all formalities and make all declarations, require all authorizations, particularly from the Autorité des marchés financiers, and more generally to take all necessary measures and conclude all agreements to achieve a successful completion of these issues.

The General Meeting notes that this authority may be used during a period of a public offer to buy or swap the Company's shares in accordance with the legal and regulatory requirements.

The present resolution cancels, in the unused amounts, any earlier authority having the same purpose and in particular that granted under the nineteenth resolution of the General Meeting of December 28, 2004.

Eleventh Resolution (*Authorization for the Board to proceed with the issue of shares in the capital and/or marketable securities giving access to the capital by setting the issue price thereof and so doing within the limit of 10% of the capital*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board and the special report of the Statutory Auditors, in accordance with the terms of article L. 225-136-1° of the Commercial Code, authorizes the Board to proceed with the issue, by a public offering and up to the limit of 10% of the Company's capital per year, of shares in the Company's capital and/or marketable securities giving access to the Company's capital, with removal of the Company's shareholders' preferential subscription rights, and to set the issue price of the shares in the capital and/or marketable securities thus issued, as follows:

- 1) For shares in the capital, the issue price shall be at least equal to the weighted average price of the Company's shares on the Eurolist market of Euronext Paris on the day preceding the issue with a maximum discount of 25%; and
- 2) For marketable securities, the issue price shall be such that the amount immediately received by the Company plus, where appropriate, the amount likely to be received later by the Company is, for each ordinary share issued in consequence of the issue of these marketable securities, at least equal to the amount specified in (1) hereinabove.

The General Meeting notes that the present authorization carries forthwith renunciation by the shareholders of their

preferential rights to subscribe to the shares in the capital to which the marketable securities issued by virtue of the present authorization shall give entitlement.

The General Meeting agrees that the par value of the Company's capital increase resulting from the issues made by virtue of the present authorization shall be set against the capital increase ceiling set by the ninth resolution put to the present General Meeting.

The present authorization is given for a period of twenty six (26) months from the date of the present General Meeting.

The General Meeting confers all powers on the Board, with the facility to subdelegate under the conditions set by law and the regulations, for the purposes of implementing this delegation of authority and particularly to proceed, on one or more occasions, in the proportion and at the times that it deems fit, with the aforementioned issues, to determine the conditions of issue, and in particular the price and date of eligibility for dividend of the shares in the capital or the marketable securities to be issued, to record any capital increase resulting therefrom and make the relevant change to the articles of association, and, at its sole discretion, to set the expenses, fees and royalties of any issue against the issue premium relating thereto and to deduct from the said premium the amounts necessary to take the statutory reserve to one tenth of the Company's registered capital, and to carry out all formalities and make all declarations, require all authorizations, particularly from the Autorité des marchés financiers and more generally to take all necessary measures and conclude all agreements to achieve a successful completion of these issues.

Twelfth Resolution (*Authorization to the Board to increase the number of shares to be issued in the event of an increase in the Company's capital with or without preferential subscription rights*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board and the special report of the Statutory Auditors, in accordance with the terms of article L. 225-135-1 of the Commercial Code, authorizes the Board to approve, in the event of an increase in the Company's capital with or without preferential subscription rights, within thirty (30) days of the close of the subscription to the initial issue, an increase in the number of shares in the capital and/or marketable securities to be issued up to the limit of 15% of the initial issue, at the same price as used for the initial issue, up to the limit of the ceiling specified in the resolution in application of which the issue is decided.

The present authorization is given for a period of twenty six

(26) months from the date of the present General Meeting.

Thirteenth Resolution (*Delegation of authority to the Board to issue shares in the capital and/or marketable securities providing access to the capital, for the purpose of paying for share contributions in the event of a public offering initiated by the Company*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board and the special report of the Statutory Auditors and in accordance with the terms of articles L. 225-129-2, L. 225-148 and L. 228-92 of the Commercial Code, agrees:

- 1) to delegate authority to the Board, for a period of twenty six (26) months from the date of the present General Meeting, to decide to proceed with the issue of shares in the Company's capital and/or marketable securities providing access to the Company's capital, up to the limit of a par value of € 300 000 000 (three hundred million euros) set against the total ceiling set in the ninth resolution put to the present Meeting, for the purpose of paying for the shares contributed to (i) any public offer comprising a swap component initiated by the Company against the shares of another company whose shares are traded on one of the regulated markets specified in article L. 225-148 of the Commercial Code or (ii) any other transaction having the same effect as a public offering as described in (i) hereinabove initiated by the Company against the shares of another company whose shares are traded on a market governed by a foreign law; and
- 2) to remove the Company's shareholders' preferential subscription rights to shares in the capital and/or marketable securities which may be issued by virtue of the present authority, to the benefit of the holders of the said shares in the capital or marketable securities.

The General Meeting notes, as required, the fact that the present authority carries to the benefit of the holders of marketable securities likely to be issued and giving access, immediately or at a later date, to the shares in the Company's capital, renunciation by the shareholders of their preferential rights to subscribe to the shares in the Company's capital to which the said marketable securities may give entitlement.

The General Meeting grants all powers to the Board, with the option of delegation under the terms set by the law and regulations, for the purposes of implementing the present authority and in particular for setting the exchange rate and, where appropriate, the amount of the balance in cash to be paid, to report the number of shares contributed to the swap, to determine the dates, conditions of issue,

particularly the price and date of eligibility for dividend, of the capital shares or, where appropriate, of the marketable securities giving access immediately and/or at a later date to the capital, to record in balance sheet liabilities in a "Share premium" account, to which will relate the rights of all the shareholders, the difference between the issue price of the capital shares and their par value, and, at its sole discretion, to set the expenses, royalties and fees of any issue against the issue premium and deduct from the said premium the amounts necessary to take the statutory reserve to one tenth of the registered capital of the Company, more generally to do whatever is necessary to complete the authorized transaction and modify the articles of association accordingly.

The General Meeting notes that authority may be used in a period of a public offer to purchase or exchange the shares in the Company according to the legal and regulatory requirements.

The present resolution cancels, up to the unused amounts, any earlier authority having the same purpose and in particular that granted under the nineteenth resolution of the General Meeting of December 28, 2004.

Fourteenth Resolution (*Delegation of authority to the Board for the purpose of issuing shares in the capital and/or marketable securities giving access to the capital, for the purpose of paying for contributions in kind consisting of shares in the capital or marketable securities giving access to the capital*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board and the special report of the Statutory Auditors and in accordance with the terms of article L. 225-147 of the Commercial Code, agrees:

- 1) to delegate authority to the Board, for a period of twenty six (26) months from the date of the present General Meeting, to proceed, on the report of the Statutory Auditors on the contributions specified in paragraphs 1 and 2 of article L. 225-147 aforementioned, with the issue of shares in Company capital and/or marketable securities giving access to the Company capital, for the purpose of paying contributions in kind granted by the Company and consisting of shares in the capital or marketable securities giving access to the capital, when the terms of article L. 225-148 of the Commercial Code do not apply;
- 2) that the ceiling of the par value of the capital increase, made immediately or at a later date, resulting from all of the issues made in application of the present delegation of authority is set at 10% of the Company's capital, it

being specified that the capital increases made by virtue of the present resolution shall be set against the total ceiling provided for by the ninth resolution put to the present General Meeting; and

- 3) to remove, to the benefit of the holders of shares in the capital or marketable securities, that are subject to contributions in kind, the Company's shareholders' preferential rights to subscribe to the shares in the capital and marketable securities thus issued.

The General Meeting notes, as required, the fact that the present authority carries to the benefit of the holders of the marketable securities likely to be issued and giving access, immediately or at a later date, to the shares in the Company's capital, renunciation by the shareholders of their preferential rights to subscribe to shares in the capital to which the said marketable securities may give entitlement.

The General Meeting confers all powers on the Board, with the option of delegation under the terms set by the law and regulations, for the purposes of implementing the present delegation of power and particularly for proceeding, on one or more occasions, in the proportion and at the periods that it deems fit, with the aforementioned issues, to determine the issue conditions, and in particular the price and date of eligibility for dividend of the shares in the capital or the marketable securities to be issued, to record any capital increase resulting therefrom and to modify the articles of association accordingly, and, at its sole discretion, to set the expenses, royalties and fees of any issue against the issue premium relating thereto and to deduct from the said premium the amounts necessary to take the statutory reserve to one tenth of the Company's registered capital, and to proceed with all formalities and make all declarations, to request all authorizations, particularly from the Autorité des marchés financiers, and more generally to take all measures and conclude all agreements to achieve a successful completion of these issues.

The General Meeting notes that it may use this authority during a public offering of purchase or exchange relating to the Company's shares in accordance with the legal and regulatory requirements.

The present resolution cancels, up to the unused amounts, any earlier authority having the same purpose and in particular that granted under the nineteenth resolution of the General Meeting of December 28, 2004.

Fifteenth Resolution (*Delegation of authority to the Board to issue any marketable securities giving rights to allocate loan notes*). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, after having heard the report of the Board

and the special report of the Statutory Auditors, and in accordance with the terms of articles L. 225-129-2 and following, L. 228-91 and L. 228-92 of the Commercial Code:

- 1) authorizes the Board, with the option of subdelegation under the terms set by the law and regulations, for a period of 26 months from the date of the present General Meeting, to decide, at its sole discretion, on one or more occasions, to create or issue, both in France and abroad, any marketable securities giving rights to the allocation, immediately and/or at a later date, of loan notes such as bonds, similar securities, floating rate notes, perpetual or not, or any other securities conferring, in one and the same issue, one and the same loan note on the Company;
- 2) the par value of all the marketable securities issued by virtue of the present authority shall not exceed € 300 000 000 (three hundred million euros) or the counter value of this amount in foreign currencies or in any monetary units established with reference to a basket of currencies, it being specified that the maximum par value shall apply in total to the loan notes to which the marketable securities shall give allocation rights immediately or at a later date, but that this same value shall not comprise the redemption premium or premium above par, if such has been provided for.

The General Meeting confers all powers on the Board to:

- (i) carry out the said issues up to the limit set, determine the date, nature, amounts and currency of issue thereof;
- (ii) approve the features of the marketable securities to be issued and the loan notes to which these marketable securities shall give entitlement, and in particular their par value, their effective date, their issue price and their rate of interest;
- (iii) where appropriate, confer a guarantee or sureties to the marketable securities to be issued and of the loan notes to which these marketable securities shall give entitlement; and
- (iv) generally, agree all the terms of each of the issues, make all agreements and conclude all accords with all banks and organizations, take all measures and fulfill all the formalities required, and generally, do all that will be necessary.

This delegation supersedes any earlier delegation of the same nature.

Sixteenth Resolution (*Delegation of authority to the Board to increase the capital of the Company by incorporating reserves, profits or issue, merger or contribution premiums*).

- The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings,

having heard the Board's report, and in accordance with the terms of articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code:

- 1) authorizes the Board, for a period of twenty six (26) months from the adoption of the present resolution, to increase, on one or more occasions, in the proportions and at the times that it deems fit, the registered capital of the Company by the successive or simultaneous incorporation in capital, of some or all of the reserves, profits or issue, merger or contribution premiums, to be realized by the creation and free allocation of shares or by raising the par value of the existing shares or by the combined use of these two procedures; and
- 2) decides that the par value of the capital increase or increases likely to be agreed by the Board and carried out, immediately or at a later date, by virtue of the present authority, may not exceed the maximum of € 300 000 000 (three hundred million euros), not including the par value of the capital securities to be issued, where appropriate, relating to the adjustments made, according to law, to retain the rights of the holders of marketable securities providing access to shares in the Company's capital, and it being specified that the ceiling of the present authority shall be set against the total ceiling set in the ninth resolution put to the present General Meeting.

The General Meeting confers all powers on the Board, with the option of subdelegation under the terms set by the law and regulations, to implement, on one or more occasions, the present authority and particularly:

- to set the amount and nature of the sums to be incorporated into the capital, set the number of new shares to be issued or the amount by which the par value of each of the existing shares shall be increased, agree the amounts, dates and conditions of the issues, set the date, even retroactively, from which the new shares shall be eligible for dividend or the date on which the par value of the existing shares shall effectively be increased;
- to decide that the fractional share rights shall be neither negotiable, nor transferable and that the corresponding shares shall be sold, the amounts from the sale being allocated to the holders of the rights not later than 30 days after the date on which the whole number of allocated shares is recorded on their account; and
- more generally, take all measures and make all agreements to ensure the success thereof, accomplish all acts and formalities to render the corresponding capital increases definitive and make the relevant changes to the articles of association.

The General Meeting notes that this authority may be used during the public offer to buy or swap the Company's shares in accordance with the legal and regulatory requirements.

The present resolution cancels, up to the unused amounts, any earlier authority having the same purpose and in particular that granted under the twentieth resolution of the General Meeting of December 28, 2004.

Seventeenth Resolution (*Delegation of power to the Board to increase the Company's capital by issuing, with removal of the preferential rights to subscribe to shares reserved for employees of the Company and/or its subsidiaries*). - The

General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board and the special report of the Statutory Auditors, and in accordance with the terms of articles L. 225-129, L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the Commercial Code and L. 443-5 of the Labor code, decides:

- 1) to delegate authority to the Board, for twenty six (26) months from the present General Meeting, to proceed, on one or more occasions and at its sole discretion, in the proportions and at the times that it deems fit, both in France and abroad, with the issue of new shares reserved for the employees of the Company and/or of the companies associated with the Company within the meaning of article L. 225-180 of the Commercial Code, who are, where appropriate, members of a company savings plan or a voluntary partnership salary savings plan, and/or of any mutual funds through which the new shares thus issued would be subscribed for by them; and
- 2) that the par value of the capital increases resulting from all the shares issued by virtue of the present authority shall not exceed the total of € 3 000 000 (three million euros), an amount to which shall be added, where appropriate, the par value of the additional shares to be issued to preserve, within the legal and regulatory terms, the rights of the holders of marketable securities giving access at a later date to the shares of the Company and it being specified that the par value of any capital increase made in application of the present authority shall be set against the total ceiling set in the ninth resolution put to the present General Meeting.
- 3) to remove the shareholders' preferential rights to subscribe to the new shares issued by virtue of the present authority to the benefit of the employees of the Company and/or of the companies linked to the Company within the meaning of article L. 225 180 of the Commercial Code and to renounce all rights to the shares allocated on the basis of this resolution;

4) that the price for subscribing to the shares issued by virtue of the present authority shall be determined as prescribed by the terms of article L. 443-5 of the Labor Code;

5) to give all powers to the Board, with the option of subdelegation under the conditions set by the law and regulations, to implement, on one or more occasions, the present authority, in respect of the conditions that have just been approved and, in particular to determine the conditions of the issue or issues made by virtue of the present authority, and in particular:

- (i) approve the list of companies whose employees and former employees may benefit from the issue;
- (ii) set the conditions, particularly of years of service, that the employees must satisfy to be able to subscribe, individually or through a mutual fund, to the shares issued by virtue of the present authority;
- (iii) set the amounts of these issues and approve the prices, dates, times, terms and conditions of subscription, of payment and delivery of the shares issued by virtue of the present authority, and the date, even retroactive, from which the new shares will be eligible for dividend;
- (iv) determine, where appropriate, the amounts to be incorporated into the capital up to the limit set hereinabove, the shareholders' equity items from which they shall be deducted and the conditions for allocating the shares;
- (v) report or have others report the capital increase up to the amount of shares that are effectively subscribed;
- (vi) at its sole discretion, set the expenses, royalties and fees occasioned by such issues against the issue premiums and deduct, where appropriate, from the issue premiums, the sums necessary to assign them to the statutory reserve and thus take the statutory reserve to the level required by the applicable legislation and regulations; and
- (vii) in general, to accomplish all acts and formalities, take all decisions and conclude all agreements useful or necessary (x) to achieve the successful completion of the issues made by virtue of the present authority and, in particular, for the issue, subscription, delivery, effect, quotation, tradability and the financial servicing of the new shares, and the exercise of the rights attached thereto, and (y) to report the final completion of the capital increase or increases made by virtue of the present authority and modify the articles of association accordingly.

The General Meeting notes that this authority may be used during a public offer to purchase or swap the Company's shares in accordance with the legal and regulatory requirements.

The present resolution cancels, up to the unused amounts, any earlier authority having the same purpose and in particular that granted under the twenty-second resolution of the General Meeting of December 28, 2004.

Eighteenth Resolution (Delegation of authority to the Board to proceed with free allocations of existing shares or to issue for the benefit of employees and/or corporate officers of the Company). - The General Meeting deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board and the special report of the Statutory Auditors deliberating in the context of the terms of articles L. 225-197-1 and following of the Commercial Code decides:

- 1) to delegate authority to the Board to proceed, on one or more occasions, with the free allocation, to the benefit of the employees and/or corporate officers of the Company and/or of the companies linked to the Company within the meaning of article L. 225-197-2 of the Commercial Code, of ordinary shares in the Company that exist or are to be issued; and
- 2) that the total number of shares allocated free of charge by virtue of the present authority may not represent more than 5% of the share capital to date, or the counter value of that amount, it being specified where appropriate that the par value of any capital increase made in application of the present authority shall be set against the total ceiling set in the ninth resolution put to the present General Meeting;
- 3) that the allocation of shares to their beneficiaries shall be definitive after a minimum acquisition period of two (2) years and that the minimum duration of the observation of retention of the shares by the beneficiaries is set at two (2) years from the definitive allocation of the said shares.

The General Meeting notes that the present decision comprises, under the conditions prescribed by the applicable legal requirements, renunciation forthwith by the shareholders, to the benefit of the recipients of free shares, of the portion of profits, reserves and issue premiums which, where appropriate, would be used for the issue of new shares.

The General Meeting sets at thirty eight (38) months, from this date, the duration of validity of the present authorization. The General Meeting delegates all powers to the Board, with the option of subdelegation in the conditions set by the law and regulations, to implement the present authority and in particular approve the list of beneficiaries of free shares, set

the conditions and, where appropriate, the allocation criteria, set the dates on which the shares are eligible for dividend, where appropriate reporting the capital increase, modify the articles of association accordingly and more generally do whatever is necessary.

Nineteenth Resolution (Powers for legal formalities). - The General Meeting grants all powers to the holder of an original, a copy or an extract of the minutes of the present Meeting in order to accomplish all formalities of publicity, deposition and other formalities which need to be performed.

Twentieth Resolution (Delegation of powers to the Management Board to issue shares in the capital with removal of the shareholders' preferential subscription rights to the benefit of Knightsbridge Group Limited). - The General Meeting, deliberating under the quorum and majority conditions required for Extraordinary General Meetings, having heard the report of the Board and the special report of the Statutory Auditors and deliberating in accordance with the terms of article L. 225-138 of the Commercial Code decides:

- 1) to delegate all powers to the Board, with the option of subdelegation under the terms prescribed by the law and regulations, for a period of eighteen months from the date of the present General Meeting, to issue, once and for all, with removal of the shareholders' preferential subscription rights to the benefit of Knightsbridge Group Limited, for ordinary shares in the Company, up to the limit of 10% of the registered capital existing on the date of the present General Meeting, at a subscription price equal to the average of the closing price for the Company's shares during the 20 stockmarket trading days preceding June 1, 2005, that is € 15.4235 per share;
- 2) that the par value of the capital increase made by virtue of the present resolution shall not be set against the total ceiling set in the ninth resolution put to the present General Meeting; and
- 3) that the subscription to the new shares issued by virtue of the present resolution may be paid up either in cash, or by a note that is liquid and payable held against the Company.

The General Meeting grants all powers to the Board, with the option of subdelegation under the conditions set by the law and regulations, to implement the present delegation of authority as well as to defer it or renounce it, and in particular to proceed with the aforementioned issue, under the conditions and according to the terms that it shall determine in accordance with the authority conferred by the General Meeting, and in particular to set the subscription period, set

the definitive number of shares to be issued for the reserved capital increase, up to the limit of the maximum par value specified in (1) hereinabove, to report the capital increase and make the relevant change to the articles of association, and to proceed with all formalities and make all declarations, request all authorizations, particularly from the Autorité des marchés financiers and more generally to take all necessary actions and conclude all agreements to achieve the successful conclusion of this issue.

Ordinary resolutions.

Twenty-first Resolution (Appointment of MACIF as a member of the Supervisory Board). - The General Meeting, deliberating under the quorum and majority conditions required for Ordinary General Meetings, having heard the report of the Board, decides to appoint MACIF, as a member of the Supervisory Board of the Company, for a period of three years ending after the Ordinary General Meeting called to vote on the financial statements for 2007.

ERRATUM

Notice published in the Bulletin des Annonces Légales Obligatoires (BALO) dated Wednesday June 22, 2005:

ETABLISSEMENTS MAUREL & PROM

A société anonyme with Management Board and Supervisory Board with registered capital of € 84 776 114.50.

Head office: 12, rue Volney, 75002 Paris - R.C.S. Paris 457 202 331 - Siret: 457 202 331 00056 - APE: 111 Z

Correction to the notice of meeting that appeared in the Bulletin des Annonces légales obligatoires of Monday June 13, 2005, pages 17093 and 17094.

In the twentieth resolution (1°), instead of "at a subscription price equal to the average closing price of the Company's shares during the 20 stockmarket trading days preceding June 1, 2005, that is 15.4235 euros per share", please read: "at a subscription price equal to the average closing price of the Company's shares during the 20 stockmarket trading days preceding June 1, 2005, that is 15.40 euros per share".

The Board.

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