MAUREL & PROM

A PARTNERSHIP LIMITED BY SHARES WITH CAPITAL OF € 46,670,708.70

CORPORATE HEADQUARTERS: 66, RUE DE MONCEAU – 75008 PARIS

TEL.: 33.1 53 83 16 00 – FAX: 33.1 53 83 16 04

REGISTER OF COMMERCE AND COMPANIES OF PARIS B 457 202 331 – SIRET 457 202 331 00056 – APE 741 J

2002 ANNUAL REPORT

REFERENCE DOCUMENT

COB

This document is a translation of the 2002 reference document registered in France on July 16, 2003, under the number R 03-156 with the Commission des opérations de bourse pursuant to its regulation No.98-01. In particular, the corporate financial statements presented in chapter 5 (page 82) of the 2002 reference document do not appear in this translated document.

The 2002 reference document may be used in support of a financial operation only if it is completed by a prospectus approved by the Commission des opérations de bourse. This reference document was prepared by the issuer and engages the liability of its signatories. This registration, completed following an examination of the relevance and the coherence of the information provided concerning the situation of the company, does not imply the authentication of the accounting and financial elements presented.

WARNING

"The Commission des opérations de bourse draws the public's attention to the observations of the auditors formulated on pages 7 and 8 of this reference document, and to the supplemental information to the company and group financial statements appearing on pages 86 to 91."

Table of contents

Chapter 1
Individual responsible for the document and individuals responsible for auditing the financial statements

1.1 – Individual responsible for the reference document

Individual responsible for the reference document: Jean-François HENIN, Manager of Maurel & Prom (hereinafter “Maurel & Prom” or “the Company”).

1.2 – Certification of the individual responsible for the reference document

“To my knowledge, the data contained in this reference document conform to reality; they include all the information necessary for investors to make a judgment concerning the assets, operations, financial position, results and outlook of the Company and of the Maurel & Prom Group.

They do not comprise any omissions likely to alter the scope.”

Jean-François HENIN, Manager
Paris, July 16, 2003

1.3 – Individuals responsible for auditing the financial statements

AUDITOR:

Michel BOUSQUET
213, boulevard Saint Germain
75007 PARIS
Date of 1st appointment: June 14, 2002
Term expires: General Meeting ruling on the financial statements for the fiscal year ending on 12/31/2007

ALTERNATE AUDITOR:
Mr. François CAILLET
66, avenue de Buzenval
92500 RUEIL MALMAISON
Date of 1st appointment: June 14, 2002
Term expires: General Meeting ruling on the financial statements for the fiscal year ending on 12/31/2007

AUDITOR:
ERNST & YOUNG AUDIT
Represented by Mr. François CARREGA
4, rue Auber
75009 PARIS
Date of 1st appointment: June 27, 1996
6-year term. Term expires: General Meeting ruling on the financial statements for the fiscal year ending on 12/31/2007

ALTERNATE AUDITOR:

Jean-Louis ROBIC

24, boulevard du Général Ferrié

94100 SAINT MAUR DES FOSSES

Date of 1st appointment: November 21, 1989

6-year term. Term ends: General Meeting ruling on the financial statements for the fiscal year ending on 12/31/2007

1.4 – Certification of the individuals responsible for auditing the financial statements

"In our capacity as auditors of the company Etablissements Maurel & Prom and pursuant to COB regulation 98-01, we verified the information concerning the financial position and the historical financial statements given in this reference document in accordance with the professional standards applicable in France.

This reference document was prepared under the responsibility of the manager. It is our responsibility to issue an opinion concerning the reliability of the information it contains concerning the financial position and the financial statements.

In accordance with the professional standards applicable in France, we assessed the reliability of the information concerning the financial position and the financial statements and verified its consistency with the financial statements covered by a report. We also read the other information contained in the reference document in order to identify, where relevant, any significant inconsistencies with the information concerning the financial position and the financial statements and to indicate any patently erroneous information we might have noted based on our general knowledge of the Company acquired in connection with our mission. For isolated provisional data resulting from a structured development process, this reading took into consideration the assumptions used by the management and their calculated translation.

The annual financial statements and the consolidated financial statements for the fiscal years ended on December 31, 2000 and on December 31, 2001, prepared by the management in accordance with French accounting principles were audited by Mr. Jean-François Ramolino de Coll'Alto and Ernst & Young in accordance with the professional standards applicable in France, and were certified without reservation or observation.

The annual financial statements and the consolidated financial statements for the fiscal year ended on December 31, 2002, prepared by the management in accordance with French accounting principles were audited by us in accordance with the professional standards applicable in France. The following observations were made:

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

- *the uncertainties related to the oil or gas assets in France and in Vietnam. In fact the exploitation of these assets remains dependent on the development 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 for calculating the depreciation of the oil production facilities acquired as part of the development of the Kouakouala A and M'Boundi fields are presented in notes 4B.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 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 figures and the oil taxes related to the production sharing contracts for the Kouakouala A and M'Boundi operating permits, which was adapted to the new billing methods."

Based on our audits, we have no observations to make concerning the reliability of the information concerning the financial position and the financial statements presented in this reference document."

Paris, July 16, 2003

The Auditors

Michel BOUSQUET
213, boulevard Saint Germain
75007 PARIS

ERNST & YOUNG Audit
4, rue Auber
75009 PARIS
François CARREGA

1.5 Individual responsible for the information

Monsieur Jean-François HENIN
Telephone: 01.53.83.16.00
Fax: 01.53.83.16.04
e-mail: maurel.jfh@wanadoo.fr
Company web site: www.maureletprom.com

Chapter 2
information related to the financial instruments issued

Not applicable.

Chapter 3
general information concerning the company and its capital

3.1 – GENERAL INFORMATION CONCERNING THE COMPANY

3.1.1 – Name and head office

Name:	Etablissements Maurel & Prom
Corporate Headquarters:	66, rue de Monceau – 75008 PARIS
Nationality:	French

3.1.2 – Legal for and applicable laws

Maurel & Prom is a partnership limited by shares subject to the French law on partnerships limited by shares, set forth in particular in articles L.226-1 to l. 226-14 of the Code of Commerce.

3.1.3 – Date of formation of the Company

Date of formation of the Company:	November 1, 1919 (article 1 of the bylaws)
Term of the Company:	until December 31, 2018

3.1.4 – Business purpose

The purpose of the company (article 3 of the bylaws), both in France and abroad is:

- The management of all securities and corporate rights. For this purpose, the acquisition of interests in all companies, groups and partnerships, particularly through purchases, subscriptions and contributions; the sale of said securities or corporate rights in any form,
- The search for and operation of all mineral fields, particularly all liquid hydrocarbon or gas fields and related products,
- The leasing, acquisition, assignment and sale of all wells, sites, fields, grants, operating permits or exploration permits either for itself or for third parties, or collectively or otherwise. The transport, storage, processing, conversion and trade of all natural or synthetic hydrocarbons, of all liquid or gaseous subsurface products or by-products and of all minerals or metals,
- The acquisition of all real property, its management and sale,
- The trade of all products and goods.

And, in general, the direct or indirect participation of the company in all commercial, industrial, real estate, agricultural and financial operations in France or in all other countries either through the creation of new companies or through contributions, subscriptions, purchases of shares or corporate rights, mergers, joint ventures or otherwise and generally all operations of any kind whether they are directly or indirectly attached to these activities and likely to facilitate their development or management.

3.1.5 – Indication of the register of commerce and companies and registration number

The Company is registered in the Register of Commerce and Companies of PARIS under the number: PARIS B 457 202 331.
APE Code: 741 J

3.1.6 - Sites where the legal documents related to the Company may be consulted

The bylaws, minutes of general meetings and other corporate documents may be consulted at the Company's corporate headquarters.

3.1.7 - Fiscal year (article 17 of the bylaws)

The fiscal year begins on January 1 and ends on December 31 of each year.

3.1.8 – Statutory distribution of profits (article 17 of the bylaws)

The distributable profit consists of the net profit for the fiscal year, less prior losses and the amounts contributed to reserves pursuant to the law and the bylaws, plus the profit carried forward.

From the net profit for the fiscal year, less prior losses, if applicable, at least 5% (five percent) is withdrawn to fund the legal reserve. This withdrawal ceases to be mandatory when the reserve fund reaches one-tenth of the capital stock; it resumes when the legal reserve drops below this one-tenth for any reason.

After approval of the financial statements and the establishment of the distributable amounts, the Ordinary General Meeting is required to allocate the profit as follows:

- A share of the profit whose gross amount is equal to 20% of the portion of the net result before taxes for the fiscal year ended exceeding 10% of the total amount of equity capital existing on the first day of said fiscal year is automatically paid to the General Partner. The net share of the profit allocated to the General Partner is equal to the gross amount determined as indicated above, less, if applicable, any tax paid by the company as a result of this allocation.

  If the amount of the distributable profit for a fiscal year is insufficient to allow the payment to the General Partner of all or portion of the share to which he is automatically entitled, the portion that is not paid to him will be definitively lost to him.

- The balance of the distributable profit, after allocation, if applicable, of the share owed to the General Partner, may be allocated by the Ordinary General Meeting at the proposal of the Management, in full or in part, either to the carry forward account or to one or more elective reserve items or allocated as dividends to the limited partners.

Additionally, at the proposal of the Management, the Meeting may decide to distribute amounts withdrawn from the reserves available to it, with the express indication of the reserve items from which the withdrawals are made. However, as a priority, dividends are withdrawn from the distributable profits for the fiscal year.

Except in the case of a capital reduction, no distribution may be made to shareholders when the equity capital is or would as a result drop below the amount of the capital plus reserves for which distribution is prohibited by law.

The General Meeting ruling on the financial statements for the fiscal year may, at the proposal of the Management, grant each general or limited partner, for all or part of the dividend distributed, an option between payment of the dividend in cash or in shares issued by the Company in accordance with the conditions set or authorized by law.

Prior to approval of the financial statements, interim dividends may be distributed in accordance with the conditions set by law. For all or part of this interim dividend, each general or limited partner may be offered the option of payment in cash or in shares.

3.1.9 – General Meetings (article 16 of the bylaws)

Meetings are called in accordance with the conditions set forth by law by the Management and otherwise by the Supervisory Board, and otherwise by the Auditors or by an official representative designated by the Presiding Judge of the Commercial Court in case of an emergency at the request of any interested party or of one or more shareholders representing at least one-tenth of the capital stock.

The Meetings include all shareholders, regardless of whether they are general or limited partners.

Any shareholder may take part, in person or through a representative, in Meetings upon proof of its identity and of the ownership of its shares, in the form either of a nominal registration or the deposit of its bearer shares at the sites mentioned in the notice of meeting; the period during which these formalities must be accomplished expires five days before the date of the Meeting. In accordance with the legal provisions in force, two members of the Work Committee designated by it may attend General Meetings. They may, at their request, be heard during all proceedings that require the unanimity vote of the shareholders.

3.1.10 – Double voting right (article 8 of the bylaws)

Each share gives the right to one vote. A double voting right is conferred on the owners of registered shares that are fully paid up and who can provide proof that their shares have been registered in the company's books for at least four years without interruption. Additionally, in case of a capital increase through the incorporation of reserves, profits or issue premiums, the double voting right is conferred, as of the issue date, on registered shares allocated free of charge to a shareholder as a result of old shares benefiting from this right.

This double voting right will automatically cease for any share converted to a bearer share or transferred, but it may be resumed when the new holder of the shares can provide proof of its nominal registration for an uninterrupted period of at least four years.

Nevertheless, any transfer from registered shareholder to registered shareholder due to intestacy or testamentary succession or to the division of community property or community property acquired after marriage between spouses will not interrupt the four-year period set forth above or will conserve the vested right. The same will apply in the case of inter vivos gifts to a spouse or a relative entitled to inherit.

The double voting rights are detailed in the share ownership tables on pages 22, 23, 24 and 25 of this reference document.

3.1.11 – Threshold crossings (article 7 ter of the bylaws)

Any individual or legal entity, any mutual fund or any other form of co-ownership acting alone or in concert that holds or comes to hold or possess, directly or indirectly, in full ownership, bare ownership or usufruct, a fraction of the capital or of the voting rights of the company equal to 5% of the capital or the voting rights will be required to inform the company, within fifteen days of crossing this threshold, of the total number of shares or voting rights, as well as the potential number of shares or voting rights of the Company it holds directly or indirectly, or that are held by persons acting in concert with it.

This notification must be renewed in accordance with the conditions set forth above whenever a new 5% threshold is crossed either up or down.

In the event the declaration in accordance with the conditions set forth above is not made, the shares exceeding the fraction that should have been declared, as well as those previously declared, if applicable, are deprived of the voting right for all General Meetings taking place until the end of a two-year period following the date the notification was regularized.

3.1.12 – Identification of the shareholders and information concerning significant acquisitions of interests (article 7 bis of the bylaws)

The Company has the option of requesting, at any time, in exchange for remuneration paid by it to the centralizing agency approved by decree, the name or the company name, the address and the nationality of holders of shares conferring immediately or in the future the right to vote at its own shareholders' meetings, as well as the quantity of shares held by each of them and, if applicable, the restrictions to which these shares are subject.

3.1.13 – Special clauses of the bylaws relating to the status as a general partnership (article 1 of the bylaws)

The general partnership limited by shares is a company that includes two categories of partners:

- one of more general partners who are indefinitely liable for the company's liabilities and whose rights are not freely transferable
- limited partners (shareholders) who are in the same situation as the shareholders of a corporation: their shares are negotiable under the same conditions and their liability is limited to the amount of their contribution. They are represented by a Supervisory Board.

The general partnership limited by shares is directed by one or more Managers, individuals or legal entities, chosen by the general partners.

The Company currently has two Managers:

- *AREOPAGE SA (formerly called PLB FINANCE), a French "société anonyme" with capital of 983,530 euros, is the general partner manager and was appointed by the Combined General Meeting of June 27, 1996. This company is controlled by PACIFICO SCA, a company managed by Jean-François Hénin;*
- *Mr. Jean-François HENIN, non-partner Manager.*

Considering the existence of two categories of shareholders, collective decisions require a dual consultation: the consultation of the limited partners meeting as a general meeting and the consultation of the general partners. However, the limited partners alone appoint the members of the Supervisory Board; the general partners, if they are also limited partners, do not take part in the vote.

The bylaws may be amended only with the consent of the general partners.

The general partner Maurel & Prom is governed both by the law and, in connection with this law, by the specific aspects of its bylaws, which have been adjusted many times and which set forth the particular methods for converting the company's form.

Any conversion of the company's current form into a Société Anonyme may take place every ten years and for the first time during the combined General Meeting ruling on the financial statements for fiscal 2010. It must be authorized by the General Meeting of Shareholders ruling extraordinarily, said vote being decided by a two-thirds majority, at the same time as the Meeting ruling on the financial statements for a fiscal year, and is offset by the payment to the general partner of compensation established by an expert. The general partner agrees not to oppose this conversion if this majority is reached.

If, within this ten-year period, the Company's equity capital made up of the capital, the reserves and the carry-forward account, following allocation of the results, were, at the close of a fiscal year, to represent less than 80% of the equity capital existing at the start of the fiscal year, or if the accumulated successive results for two or more fiscal years reduced the equity capital existing at the start of the ten-year period by more than 25%, potentially increased by external contributions or reduced by capital reductions not motivated by losses, the legal form of the Company would automatically converted into a société anonyme in compliance with the legal and regulatory provisions relating to this type of conversion, without compensation for the general partner.

The Manager must call the Extraordinary General Meeting of Shareholders of the Company in order to have it rule on the adoption of the new bylaws of the company as a société anonyme at the same time as the Meeting ruling on the financial statements for the fiscal year at the end of which this insufficiency of equity capital has been established.

The reference amount of equity capital for the Company is 76,988,238 € as of December 31, 2002. It totaled 83,527,178 € on December 31, 2001.

3.1.14 – Liquidation (article 18 of the bylaws)

The net assets remaining after repayment of the par value of the shares are divided among the owners of shares – general partners or limited partners – in proportion to the number of their shares.

Losses, if any, will be borne by the general partners on the date of dissolution and by the owners of shares in the proportions indicated above. However, shareowners will be liable only up to the amount of their shares.

If, as a result of this limitation of shareholders' liability, the part of the loss incumbent upon them is not entirely chargeable against the amount of their shares, the balance will increase the portion of the loss for which the general partners are liable.

3.2 – GENERAL INFORMATION CONCERNING THE CAPITAL

3.2.1 – Conditions to which the bylaws subject capital modifications and the respective rights of the various classes of shares

Any modification of the capital or of the rights attached to the shares that compose it is subject to the legal requirements, since the bylaws do not set forth any specific provisions.

3.2.2 – Acquisition by the Company of its own shares

In its first resolution, the Combined General Meeting of shareholders held on September 11, 2001, authorized the Management, for a period of eighteen months, to purchase shares of the Company in connection with article L.225-209 of the Code of Commerce, limited to a number of shares representing up to 10% of the number of shares making up the capital stock, or 604,882 shares.

These acquisitions of shares were to be carried out in view, more particularly of their:

- purchase – sale, based on market opportunities,
- cancellation, particularly for the purposes of optimizing the earnings per share, of improving the profitability of the equity capital or as a substitution for the distribution of dividends,
- delivery as exchange in case of external growth operations,
- allocation to the members of the Company's salaried personnel cited by article L.225-180 of the Code of Commerce as part of stock options benefiting them.

In its second resolution, this Meeting authorized the Management to cancel a maximum of 10% of the capital stock, or a maximum of 604,882 shares that would be acquired as part of the share buyback program.

This program received COB visa No. 01-1051 dated August 20, 2001.

In connection with this program, on March 10, 2003 (expiration date of the authorization), Maurel & Prom owned 113,883 of its own shares (1.88%). The average purchase price of these shares was 19.76 €. On March 10, 2003, none of these own shares was cancelled.

Furthermore, the Combined General Meeting of shareholders held on June 26, 2003, will be asked to authorize the Management to proceed with the buyback of shares involving a maximum of 10% of the total amount of shares making up the capital of the Company on the date these purchases are made. The buyback program pertaining to this authorization will

give rise, following the Management's effective decision to implement this program, to a prospectus submitted for the approval of the Commission des operations de bourse.

The objectives contemplated by the Company for the share buyback program that could be launched pursuant to this authorization are, in descending order of priority:

1) repayment in shares of a portion of the amount of the loan and interest pertaining to a loan agreement entered into on April 29, 2002, with the Financière de Rosario,
2) regularization of the market price of the Company's share,
3) purchase and/or sale of the Company's shares based on market situations,
4) transfer of the shares bought back as part of financial operations or external growth operations,
5) allotment of options to purchase Company shares to salaried personnel,
6) allotment of shares of the Company to salaried personnel in order to allow them to share in the fruits of the company's expansion or a company stock savings plan; and
7) cancellation of the shares bought back, particularly for the purposes of optimizing the earnings per share, improving the profitability of the equity capital or as a substitution or a supplement to the distribution of dividends.

These purchase, assignment, exchange or transfer operations may be carried out by all means, that is, on the market or by private agreement or even through the use of financial instruments, particularly financial derivatives traded on a regulated market or by private agreement, such as stock purchase or sale options or all combinations of these options, excluding purchases of purchase options, or through warrants in accordance with the competent market authorities and at the times to be determined by the Management and the Company. The maximum share of the capital stock acquired or transferred in the form of blocks of shares may include the entire program.

These operations may take place at any time, subject to the abstention periods set forth by regulation No. 90-04 of the Commission des opérations de bourse, including during public offering periods initiated by the Company or covering the Company's shares, except, for this last possibility, if this public offer comprised in full or in part the delivery of shares, subject to the legal and regulatory provisions applicable in such matters, and particularly the provisions of regulation 002-04 of the Commission des opérations de bourse.

The resolution submitted to a vote of the Combined General Meeting of shareholders planned for June 26, 2003 provides that the maximum purchase price of its own shares by the Company is set at 40 € (forty euros) per share and that the minimum sale price for its own shares by the Company may not be less than 20 € euros (twenty euros) per share sold.

Said resolution will set the maximum number of shares that can be acquired at 10% of the Company's capital stock, which, on the date of the Combined General Meeting of shareholders of the Company, will correspond to 606,113 shares and will provide that the maximum total amount devoted to these acquisitions may not exceed 24,244,524 € (twenty-four million two hundred forty-four thousand five hundred twenty- four euros), it being stipulated that the Company may not hold more than 10% of its capital stock.

According to this resolution, the General Meeting will give all powers to the Management to place Market orders, enter into all agreements, particularly any agreement allowing it to give satisfaction in repayment of the loan agreement entered into on April 29, 2002, by and between the Company and Financière de Rosario, to carry out all formalities and make all declarations to all organizations, particularly the Commission des opérations de bourse and the Financial Markets Council and, in general, to do whatever is necessary for the purposes of completing the operations carried out pursuant to the authorization mentioned above.

3.2.3 – Capital stock

As of March 31, 2003, the capital stock totals 46,670,708.70 €; it is divided into 6,061,131 shares with a par value of 7.7 € each, fully paid up.

3.2.4 – Capital authorized but not issued

In its nineteenth resolution, the Combined General Meeting of June 14, 2002, gave the Management the necessary powers to issue, with maintenance of the shareholders' pre-emptive subscription right, equity securities of the Company and/or of securities of any kind, including purchase warrants for new shares or to acquire existing shares issued autonomously free of charge. It also decided that the face amount of the capital increase or increases likely to be decided by the Management and carried out immediately or in the future pursuant to this delegation could not exceed a maximum of fifty million euros (50,000,000 €), and that therefore issues of bonds with equity warrants could not have the effect of increasing this capital stock by a total face amount over 25,000,000 euros.

Likewise, the total face amount of the capital increase necessary to exercise the autonomous stock purchase warrants could not exceed 25,000,000 euros.

Securities giving access to equity securities of the Company that could, if applicable, be issued pursuant to a resolution could consist of debt instruments or be combined with the issue of such instruments, or even allow their issue as intermediate instruments. They could, more particularly, take the form of perpetual or redeemable floating-rate notes and be issued either in euros or in foreign currencies or in any other monetary unit established by reference to several currencies. The maximum par value of the securities thus issued may not exceed one hundred million euros (100,000,000 €) or their exchange value on the date of the decision to issue, it being stipulated that this amount is common to all the debt instruments whose issue was delegated to the Management by the combined General Meeting of June 14, 2002.

This delegation was given for a period of twenty-six months; it replaced and cancelled the delegation given by the General Meeting of June 14, 2000.

In its twentieth resolution, the Combined General Meeting of June 14, 2002, also delegated to the Management, for a period of twenty-six (26) months from said general meeting, the powers necessary to proceed with the issue of equity securities of the Company and/or of securities of any kind, including purchase warrants for new shares or for existing shares issued autonomously for a consideration, giving access, immediately or in the future, to a percentage of the Company's capital stock.

It also decided to eliminate the shareholders' preemptive right to the equity securities and/or securities that might be issued pursuant to this delegation.

The face amount of the capital increase or increases likely to be decided by the Management and carried out immediately or in the future pursuant to this delegation may not exceed a maximum amount of fifty million euros (50,000,000 €) not taking into account the par value of the equity securities to be issued, if applicable, with regard to the adjustments made in accordance with the law to preserve the rights of the holders of the securities, including the purchase warrants for news shares or for existing shares issued autonomously giving access to the Company's equity securities issued on the basis of this delegation.

The maximum face value of the securities thus issued could not exceed one hundred million euros (100,000,000 €) or their exchange value on the date of the decision to issue, it being stipulated that this amount was common to all the debt instruments whose issue was delegated to the Management by the General Meeting. The terms of the loans could not exceed 20 years, this term being limited to 10 years for convertible, exchangeable, callable instruments or instruments otherwise

transformable into equity securities, it being stipulated that said debt instruments could be accompanied by fixed and/or variable rate interest or even by capitalization, and be subject to repayment, with or without a premium, or to amortization. They could also be repurchased on the stock market or be subject to a purchase or exchange offer by the Company.

This delegation was given for a period of twenty-six months; it replaced and cancelled the delegation given by the general meeting of June 14, 2000.

In its twenty-first resolution, the General Meeting also decided:

- to set at fifty million euros (50,000,000 €) the maximum face amount of the capital increase or increases liable to be decided by the Management and carried out immediately or in the future pursuant to the delegations covered in the nineteenth and twentieth resolutions described above, not taking into account the par value of the equity securities to be issued, if applicable, pursuant to the adjustments made in accordance with the law to preserve the rights of shareholders, including purchase warrants for new or existing shares issued autonomously giving access to equity securities of the company; and
- to set at one hundred million euros (100,000,000 €) or their exchange value in currencies other than the euro, or in all other monetary units established in reference to several currencies, the maximum face value of the securities issued pursuant to the delegations covered in the nineteenth and twentieth resolutions described above and that would consist of debt instruments or would be combined with the issue of such instruments or would allow their issue as intermediate securities.

None of the aforementioned delegations was used by the Management during fiscal 2002. New delegations relating to the issue of securities giving access directly or indirectly to the Company's capital will be submitted to the Combined General Meeting of shareholders scheduled for June 26, 2003.

3.2.5 – Securities giving access to the capital

3.2.5.1 – Share purchase warrants

Pursuant to an authorization of the Combined General meeting of June 14, 2000, and a Management decision dated June 20, 2001, on July 2, 2001, the Company issued 6,048,821 autonomous share purchase warrants allotted to the holders on June 29, 2001, of the 6,048,821 shares making up the Company's capital. Ten warrants allow the holder to subscribe for one Maurel & Prom share at the price of 15 euros per share, with the stipulation that the subscription period extends from July 2, 2001 to December 31, 2003 (issue covered by a prospectus approved by the COB on June 29, 2001, under the number 01-894).

The 6,048,821 stock purchase warrants issued on July 2, 2001, will give rise, if they are all exercised, to the creation of 604,882 shares with a par value of 7.7 € each, or a capital increase of 4,657,591 €.

On March 31, 2003, 128,490 stock purchase warrants had been exercised and 5,920,330 warrants are therefore still outstanding and likely to result in the creation of 592,033 shares.

3.2.5.2 – Stock options

In its third resolution, the Combined General Meeting of shareholders held on September 11, 2001, authorized the Management to grant options giving a right to subscribe or purchase common shares of the Company.

Pursuant to this authorization, by decision dated October 25, 2001, the Management created and allotted stock options with the following characteristics:

- creation of 170,000 stock options,
- subscription price: 12.15 € (or 90% of the average prices listed for the twenty trading sessions preceding October 25, 2001, or 13.50 € x 90%)

• no clause prohibiting the immediate resale of all or part of the shares was set forth;

• no time frame connected to conserving the shares as of the exercise of the option was stipulated;

• the options granted cannot be exercised by their beneficiaries until three years after the date on which they were granted.

HISTORY OF STOCK OPTION ALLOTMENTS

Date of the Meeting	Combined General Meeting of September 11, 2001
Date of creation	Decision of the Management of October 25, 2001. Creation of 170,000 stock options. The 170,000 stock options will result, at the end of a three-year period, in the creation of 170,000 shares, which could represent a maximum capital increase of 1,309,000 € based on a par value of 7.7 € per share.
Beneficiaries	Company employees, excluding Managers or other corporate officers.
Exercise starting point	October 26, 2004
Expiration date	The beneficiaries may exercise their options without any time constraints.
Subscription price	12.15 € (or 90% of the average of the prices listed for the twenty trading sessions preceding October 25, 2001, or 13.50 € x 90%).
Options allotted	154,000 were allotted to 12 Company employees. No options have been granted to the corporate officers of the Company or of the Maurel & Prom Group since these options were created.
Number of shares subscribed	None – period not opened.
Options cancelled during the fiscal year	None – period not opened.
Options remaining to be allotted	16,000

3.2.5.3 – Bonds that can be converted into and/or exchanged for new or existing shares (Oceanes)

On January 24, 2002, the Company issued 1,512,865 Bonds that can be converted into and/or exchanged for new or existing shares ("Oceane") listed for trading on the Premier marché of Euronext Paris SA since February 7, 2002, based on a subscription price of 21 €, representing a gross income of 31.7 M€ (issue covered by a prospectus approved by the COB on January 25, 2002, under the number 02-060).

The term of the loan is 4 years and 328 days from the date of settlement of the Oceane, or February 7, 2002. The Oceane bear interest at a rate of 6% per annum, or 1.26 € per bond, payable on January 1 of each year beginning on January 1, 2003. For the period from February 7, 2002 to December 31, 2002, 1.13227 € per bond was paid on January 1, 2003.

The Oceane will be redeemed in full by redemption on December 31, 2006, at the price of 25.20 € per bond, or with a redemption premium of 20% compared to the face value of the bond.

On December 31, 2002, 11 Oceane were converted. The number of Oceane outstanding is therefore at present 1,512,854. The maximum number of shares likely to be created following the conversion of these bonds is thus 1,512,854. The maximum capital increase for the Company that would result from this conversion would thus be 11,648,976 € (or 1,512,854 shares with a par value of 7.7 € each).

3.2.5.4 – Convertible Bonds

On August 29, 2002, the Company issued 456,366 bonds (the “Convertible Bonds”) convertible into Maurel & Prom shares for total of 11,101,242 € (issue covered by a prospectus approved by the COB on July 29, 2002, under the number 02-911). The beneficiaries of the issue were, on the one hand, Heritage Congo Limited in the amount of 228,183 bonds (in remuneration of the contribution of a share representing 5 MUSD of the rights held by this company in the Kouilou oil and gas prospecting and exploration permit) and, on the other hand, Financière de Rosario in the amount of 228,183 bonds (in repayment of a certain, liquid, due and payable claim in the same amount held by this company against Maurel & prom according to a loan agreement dated April 29, 2002).

The Convertible Bonds issued by the Company on August 29, 2002, were not the subject of a request for listing on a French or foreign regulated market.

Indeed, Heritage Congo Limited and Financière de Rosario noted the private investment nature of these bonds in writing on the date of issue of the Convertible Bonds, and agreed not to sell them through distribution to the public.

The term of the loan is 4 years and 124 days from the payment date, or August 29, 2002, until December 31, 2006. The Convertible Bonds bear interest at the rate of 6% per annum, payable on January 1 of each year beginning on January 1, 2003. For the period running from the payment date to December 31, 2002, interest was paid in proportion to the number of days expired.

Heritage Congo Oil Limited, by letter dated June 18, 2003, and Financière de Rosario, by letter dated June 26, 2003, informed the Company of their request to convert all the Convertible Bonds they held.

By Management decisions of June 18, 2003 and June 30, 2003, respectively, the Company, in accordance with the stipulations of the Convertible Bonds issue contract (as described in section A.2.10-1.2 of the prospectus pertaining to their issue), converted all of the Convertible Bonds by issuing 258,012 new shares to Heritage Congo Limited and 249,153 new shares to Financière Rosario, or a total of 507,165 new shares resulting in a total capital increase of 3,905,170.50 €.

As soon as these new shares are listed for trading on the Premier Marché of Euronext Paris S.A. , the Companies capital stock will thus be fixed at 50,575,87.20 €, divided into 6,568,296 shares with a par value of 7.70 € each, fully paid up.

3.2.5.5 – Maximum potential dilution of the Company's capital in case of exercise or conversion of the Share purchase warrants, Stock Options, Oceane and/or the Convertible Bonds.

	Issue	Conversion deadline		Number of shares		Potential
	date	Start	End	Current	Potential	dilution
Capital on 03/31/2003				6,061,131		
Share purchase warrants	07/02/01	07/02/01	12/31/03		592,033	9.77%
Shares being issued following the conversion of Share purchase warrants					550	0.01%
Stock purchase options	10/25/01	10/26/04	No limit		154,000	2.54%
Oceane	02/07/02	02/07/02	12/31/06		1,512,854	24.96%
Convertible Bonds	08/29/02	08/29/02	12/31/06		258,012	
Heritage (listing in progress)					249,153	4.26%
Financière de Rosario (listing in progress)					2,766,602	4.11%
						45.64%
POTENTIAL NUMBER OF SHARES				8,827,733		

3.2.6 – Table of changes in the Company's capital stock over the last five fiscal years

The capital stock has remained stable for several years. For fiscal years 1992 to 1996, it totaled 80,646,950 FRF divided into 1,612,939 shares with a par value of 50 FRF each. The company's capital stock has changed as follows since fiscal 1997:

Operations and dates	Number of shares Issued	Number of shares Total	Capital increase Capital stock	Capital increase Issue Premium	Capital increase Total	Amount of capital stock
June 1997 capital increase 5 for 4 at 130 F	2,016,173	3,629,112	100,808,650	161,293,840	262,102,490	181,455,600 F
Issue of ASPW January 2000	2,419,408	6,048,520	120,970,400	109,148,604	230,119,004	302,426,000 F
Conversion on 06/18/01 of warrants resulting from the ASPW issue Jan. 2000	301	6,048,821	15,050		15,050	302,441,050 F
Allotment of SPW of 06/20/2001 conversion on 12/03/01	2,045	6,050,866	102,250		102,250	302,543,300 F
Conversion of the capital into euros Raising of the par value on 12/03/01		6,050,866	46,122,726.08	468,942.12		46,591,668.20 €
SPW issued June 2001 conversion on 01/11/02	358	6,051,224	2,756.60		2,756.60	46,594,424.80 €
SPW issued June 2001 conversion on 04/05/02	2,982	6,054,206	22,961.40		22,961.40	46,617,386.20 €

The capital increase following the conversions detailed below was effective on January 13, 2003, the date of the Management's decision to proceed with these conversions.

Operations and dates	Issued	Total	Capital stock	Issue Premium	Total	Amount of capital stock
SPW issued June 2001 Conversion on 12/31/02	6,914	6,061,120	53,322.50		53,322.50	46,670,708.70 €
Oceane issued February 2002 Conversion on 12/31/02	11	6,061,131				

3.3 – CURRENT DIVISION OF THE CAPITAL AND VOTING RIGHTS

3.3.1 – Share ownership of the Company on March 31, 2003

On March 31, 2003, the capital and voting rights of the company were divided as follows:

	Shares held out of 6,061,131 at 7.70 €	% of the Capital out of 46,670,708.70 €	Voting Rights	% of Voting Rights out of 6,137,278
INSTITUTIONAL HOLDERS				
MACIF	1,073,906	17.72	1,073,906	17.50
PACIFICO (managing shareholder)	733,093	12.09	733,093	11.95
MAUREL & PROM on its own behalf	113,883	1.88	0	0
Subtotal	**1,920,882**	**31.69**	**1,806,999**	**29.45**
REGISTERED (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
Subtotal	**249,597**	**4.12**	**439,627**	**7.16**
For the record – Double Votes			190,030	
PUBLIC	3,890,652	64.19	3,890,652	63.39
TOTAL	**6,061,131**	**100.00**	**6,137,278**	**100.00**

- Heritage Congo Limited, by letter dated May 9, 2003, and Financière de Rosario, by letter dated June 26, 2003, informed the Company of their request to convert all of the Convertible Bonds they held.
- By Management decisions of June 18, 2003 and June 30, 2003, respectively, the Company, in accordance with the stipulations of the Convertible Bonds issue contract (as described in section A.2.10-1.2 of the prospectus pertaining to their issue) converted all of the Convertible Bonds by issuing 258,012 new shares to Heritage Congo Limited and 249,153 new shares to Financière de Rosario, or a total of 507,165 new shares resulting in a total capital increase of 3,905,170.50 €.
- To the Company's knowledge, there are no shareholders other than MACIF and PACIFICO who hold more than 5% of the capital or voting rights of the Company.
- Furthermore, the Company has not been informed of any significant capital movements during fiscal 2002, except for Electricité et Eaux de Madagascar, which, having declared on March 22, 2002, that it dropped below the threshold of 5% of the Company's capital, no longer owns any Maurel & Prom shares since the end of October 2002.
- The number of shares held by the members of the management bodies (Management) and the Supervisory Board is 906,886 on March 2003, or 14.96% of the capital of the Company and 17.07% of the voting rights. Maurel & Prom also holds 113,883 of its own shares (or 1.88% of the capital) following the implementation of the share buyback program described in section 3.2.1.

• On March 31, 2003, the bearer shares held by the public represented 95.88% of the capital stock.

The Company has no precise knowledge of the number of its shareholders. However, the identification of the bearer shares requested from Euroclear and carried out on January 27, 2003, indicates that 7,527 shareholders represented 5,750,719 bearer shares. The breakdown of these 7, 527 holders is as follows: 7,319 individuals (97.2%) and 208 legal entities (or 2.8%) broken down as follows: 114 companies, 70 foreign correspondents, 23 mutual funds and 1 operations account. At the same time, 61 registered shareholders held 248,097 shares.

• As indicated in section 4.3 of this Reference Document and subject to the stock options granted to them, as of December 31, 2002, the Company employees did not, to the Company's knowledge, hold any stake in the capital of Maurel & Prom either directly or through collective savings income.

3.3.2 – Modifications, if any, occurring in the division of the capital stock over the last three years

The changes in the Company's capital over the last three years are indicated in the following tables:

In 2000:

SHARE OWNERSHIP ON 01/28/2000 After the issue of shares with purchase warrants on 01/05/2000	Shares held (out of 6,048,520 at 50 F)	% of the Capital (out of 302,426,000 F)	Voting Rights	% Voting Rights out of 6,126,795
INSTITUTIONAL HOLDERS				
E.E.M.	4,340,488	71.76	4,340,488	70.84
AREOPAGE (managing shareholder)	32,461	0.54	32,461	0.53
MACIF	75,000	1.24	75,000	1.22
PACIFICO (managing shareholder)	630,866	10.43	630,866	10.30
Subtotal	**5,078,815**	**83.97**	**5,078,815**	**82.89**
REGISTERED SHAREHOLDERS INCLUDING				
AREOPAGE (managing shareholder)	73,977	1.22	147,954	2.41
COGEPA	4,000	0.06	8,000	0.13
COGUT	46,000	0.76	46,000	0.75
DELBURN	45,000	0.74	45,000	0.73
MORASTO JALOP	38,460	0.63	38,460	0.63
PACIFICO (managing shareholder)	65,400	1.08	65,400	1.07
Subtotal	**274,706**	**4.54**	**352,981**	**5.76**
For the record – double votes			*78,275*	
PUBLIC (holders)	694,999	11.49	694,999	11.35
TOTAL	**6,048,520**	**100.00**	**6,126,795**	**100.00**

SHARE OWNERSHIP ON 05/30/2000 (after the EEM swap transaction on 04/18/2000)	Shares held (out of 6,048,520 at 50 F)	% of the Capital (out of 302,426,000 F)	Voting Rights	% Voting Rights out of 6,126,795
INSTITUTIONAL HOLDERS				
E.E.M.	291,449	4.82	291,449	4.75
AREOPAGE (managing shareholder)	32,461	0.54	32,461	0.53
MACIF	1,551,906	25.65	1,551,906	25.33
PACIFICO (managing shareholder)	630,866	10.43	630,866	10.30
Subtotal	**2,506,682**	**41.44**	**2,506,682**	**40.91**
REGISTERED SHAREHOLDERS INCLUDING				
AREOPAGE (managing shareholder)	73,977	1.22	147,954	2.41
COGEPA	4,000	0.06	8,000	0.13
COGUT	46,000	0.76	46,000	0.75
DELBURN	45,000	0.74	45,000	0.73
MORASTO JALOP	38,460	0.63	38,460	0.63
PACIFICO	65,400	1.08	65,400	1.07
Subtotal	**274,706**	**4.54**	**352,81**	**5.76**
For the record – double votes			*78,275*	
PUBLIC (holders)	3,267,132	54.02	3,267,132	53.33
TOTAL	**6,048,520**	**100.00**	**6,126,795**	**100.00**

SHARE OWNERSHIP ON 12/31/2000	Shares held (out of 6,048,520 at 50 F)	% of the Capital (out of 302,426,000 F)	Voting Rights	% Voting Rights out of 6,126,795
INSTITUTIONAL HOLDERS				
MACIF (managing shareholder)	1,551,906	25.66	1,551,906	25.33
PACIFICO	630,866	10.43	630,866	10.30
E.E.M.	297,283	4.91	297,283	4.85
AREOPAGE (managing shareholder)	32,461	0.54	32,461	0.53
FINANCIERE DE ROSARIO	20,000	0.33	20,000	0.33
Subtotal	**2,532,516**	**41.87**	**2,532,516**	**41.34**
REGISTERED SHAREHOLDERS INCLUDING				
AREOPAGE (managing shareholder)	73,977	1.22	147,954	2.41
COGEPA	4,000	0.07	8,000	0.13
COGUT	11,700	0.19	11,700	0.19
DELBURN	45,000	0.74	45,000	0.73
MORASTO JALOP	38,460	0.64	38,460	0.64
PACIFICO	65,400	1.08	65,400	1.07
Subtotal	**243,7996**	**4.03**	**322,281**	**5.26**
For the record – double votes			*78,285*	
PUBLIC (holders)	**3,272,008**	**54.10**	**3,272,008**	**53.40**
TOTAL	**6,048,520**	**100.00**	**6,126,805**	**100.00**

In 2001:

SHARE OWNERSHIP ON 12/31/2001	Shares held (out of 6,050,866 at 7.7 €)	% of the Capital (out of 46,591,668.20 €)	Voting Rights	% Voting Rights out of 6,125,652
INSTITUTIONAL HOLDERS				
MACIF	1,193,906	19.73	1,193,906	19.49
PACIFICO (managing shareholder)	727,608	12.02	727,608	11.88
E.E.M.	342,941	5.67	342,941	5.60
MAUREL & PROM on its own account	*48,534*	*0.08*	*0*	*0*
Subtotal	**2,312,989**	**38.22**	**2,264,455**	**36.97**
REGISTERED SHAREHOLDERS INCLUDING				
AREOPAGE (managing shareholder)	106,438	1.76	180,415	2.97
COGEPA	4,000	0.07	8,000	0.13
DELBURN	45,000	0.74	90,000	1.47
MORASTO JALOP	38,460	0.64	38,460	0.63
E.E.M.	30,000	0.50	30,000	0.49
PACIFICO (managing shareholder)	65,400	1.08	65,400	1.07
Subtotal	**294,296**	**4.87**	**417,616**	**6.82**
For the record – double votes			*123,320*	
PUBLIC (holders)	**3,443,581**	**54.10**	**3,443,581**	**56.21**
TOTAL	**6,050,866**	**100.00**	**6,125,652**	**100.00**

In 2002:

SHARE OWNERSHIP ON 03/31/2002	Shares held (out of 6,054,206 at 7.7 €)	% of the Capital (out of 46,617,386.20 €)	Voting Rights	% Voting Rights out of 6,140,619
INSTITUTIONAL HOLDERS				
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*
Subtotal	**1,910,459**	**31.55**	**1,806,892**	**29.43**
REGISTERED SHAREHOLDERS 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
Subtotal	**248,097**	**4.10**	**438,077**	**7.13**
For the record – double votes			*189,980*	
PUBLIC (holders)	**3,895,650**	**64.35**	**3,895,650**	**63.44**
TOTAL	**6,054,206**	**100.00**	**6,140,619**	**100.00**

3.3.3 – Legal entities holding control of the Company

To the Managers' knowledge, there is no agreement between the shareholders of the Company nor are there any clauses of an agreement setting forth preferential conditions for the sale or acquisition of Maurel & Prom shares and concerning at least 0.5% of the capital or the voting rights of the Company.

Nor are they any agreements or contracts between (i) the Company and one of its subsidiaries or between (ii) the Company and a company listed or not listed for trading on a regulated French or foreign exchange, except for an agreement entered into on September 30, 2001, between Maurel & Prom and Peberinvest related to the shares of the Canadian company Pebercan Inc. (a company listed for trading on the Toronto Stock Exchange).

MACIF holds 17.74% of the capital and 17.49% of the voting rights of the Company. AREOPAGE and PACIFICO hold 14.95% of the capital and 17.01% of the voting rights of the Company.

3.3.4 – Pledges of Maurel & Prom shares or shares of its subsidiaries

As part of the 4 million dollar loan that Maurel & Prom contracted with the bank Alter Finance on May 2, 2002, the Company pledged 70,969 of its own shares (exchange value on December 31, 2002: 1,451,000 €) and 7,000,000 of the shares it holds in the Canadian company Pebercan, Inc. (exchange value on December 31, 2002: 1,451,000 €).

The pledge of the Maurel & Prom own shares in favor of Alter Finance was released on April 7, 2003. The pledge of the Pebercan Inc. shares will be released when the 4 million dollar loan mentioned above has been repaid in full.

According to the export pre-financing agreement entered into on November 15, 2002, by and between the Company and Natexis Banques Populaires for a total of 18 million dollars, the Company pledged all of the shares it holds in Zetah M&P Congo as security. This pledge will be released on November 15, 2005, following the full repayment of the amounts borrowed by the Company pursuant to this agreement.

The information above is summarized in the following table:

In K€	Collateral Pledge Start date	End date	Maurel & Prom SCA assets Amount of assets pledged	Total Balance sheet item	corresponding %
Intangible assets	**N/A**	**N/A**	**0**	**83,388**	**N/A**
Tangible assets	**N/A**	**N/A**	**0**	**29,222**	**N/A**
Own shares	05/02/02	04/07/03	862	1,184	72.8%
Pebercan Inc. shares	05/02/02	before 12/31/03	5,885	11,992	49.1%
Zetah shares	11/15/02	11/15/05	2	2	100.0%
Long-term investments			**6,750**	**14,233**	**47.4%**
TOTAL FIXED ASSETS			**6,750**	**126,843**	**5.3%**
BALANCE SHEET TOTAL			**6,750**	**178,29**	**3.8%**

3.3.5 – The Group's organisational chart

The organisational chart for the Maurel & Prom Group (hereinafter the "Maurel & Prom Group") on December 31, 2002, and its version on March 31, 2003 appear below.

The percentages indicated in these organisational charts correspond to capital holdings and not to voting rights.

ORGANISATIONAL FLOW CHART ON DECEMBER 31, 2002

- **Operations**

OIL & GAS

CONGO (oil)

Permits
Kouakouala (M&P 50%)
M'Boundi (M&P 65%)
Kouilou (M&P 65 %)
System: PSC ■
Pointe Indienne (M&P 65 %)
System: grant
Operator:
Zetah M&P Congo
M&P 100%

FRANCE (oil)

Permits:
Lavergne (M&P 45%)
Lanot (M&P 45%)
System: grant

HUNGARY (gas)

Permits:
Nagylengyel West
(M&P 35%)
System: grant

VIETNAM (oil and gas)

Permits:
Hanoi Basin (M&P 100%)
System: PSC ■
Operator :
M&P branch office
(100%)

CUBA (oil)

PEBERCAN ●
M&P stake: 20%

RUSSIA (oil)

OIL DATA Int. Inc.
M&P stake 100%
TPE (Timan-Pechora Exploration)
M&P stake 40%
Via ODII

FRANCE (drilling)

CAROIL SA
M&P stake: 70%

MARITIME

ST VINCENT & GRENADINES

MAUREL & PROM INTERNATIONAL SHIPPING LTD – MEPIS
M&P stake: 100%
Holding company

ST VINCENT & GRENADINES

MEPIS MARIE
MEPIS stake: 100%
Owner of the multipurpose ship Miss Marie

ST VINCENT & GRENADINES

MEPIS CLEMENTINE
MEPIS stake: 100%
Owner of the multipurpose ship Miss Clementine

ST VINCENT & GRENADINES

BROOKLYN SHIPPING LTD (BSL)
M&P stake: 100%
Manager of the two multipurpose ships

FISH FARMING

FRANCE

CIE AQUACOLE DU MIDI (CAM)
M&P stake: 100 %
Holding Co.

FRANCE

FERME MARINE DES BALEINES (FMB)
CAM stake: 100 %
Fish farming

FRANCE

AQUAPOLE
FMB stake: 100 %
Sales and marketing

GOLD BUSINESS

LUXEMBOURG

COMPAGNIE EUROPÉENNE & AFRICAINE DU BOIS (CEAB)
M&P stake: 100 %
Holding

MALI

NEW GOLD MALI (NGM)
CEAB stake: 49,5 %

COMPAGNIE AURIFERE DU MALI (CAM)
CEAB stake: 100 %

■ Production - Sharing contract ● traded on the Toronto Stock Exchange

ORGANISATIONAL FLOW CHART ON MARCH 31, 2003

• **Operations**

OIL & GAS

CONGO (oil)

Permits
Kouakouala (M&P 50%)
M'Boundi (M&P 65%)
Kouilou (M&P 65 %)
La Noumbi (M&P 60%) ◆
System: PSC ■
Pointe Indienne (M&P 65 %)
System: grant
Operator:
Zetah M&P Congo
M&P 100%

FRANCE (oil)

Permits:
Lavergne (M&P 45%)
Lanot (M&P 45%)
System: grant

HUNGARY (gas)

Permits:
Nagylengyel West
(M&P 35%)
System: grant

CUBA (oil)

PEBERCAN ●
M&P stake: 20%

RUSSIA (oil)

OIL DATA Int. Inc.
M&P stake 100%

TPX
M&P stake 40%
Via ODII

FRANCE (drilling)

CAROIL SA
M&P stake: 70%

VIETNAM (oil and gas)

Permits:
Hanoi Basin (M&P 100%)
System: PSC ■
Operator :
M&P branch office
(100%)

MARITIME

ST VINCENT & GRENADINES

MAUREL & PROM
INTERNATIONAL
SHIPPING LTD – MEPIS
M&P stake: 100%
Holding company

ST VINCENT & GRENADINES

MEPIS MARIE
MEPIS stake: 100%
Owner of the multipurpose ship
Miss Marie

ST VINCENT & GRENADINES

MEPIS CLEMENTINE
MEPIS stake: 100%
Owner of the multipurpose ship
Miss Clementine

ST VINCENT & GRENADINES

BROOKLYN SHIPPING LTD (BSL)
M&P stake: 100%
Manager of the two multipurpose
ships

GOLD BUSINESS

LUXEMBOURG

COMPAGNIE EUROPÉENNE &
AFRICAINE DU BOIS (CEAB)
M&P stake: 100%
Holding company

MALI

NEW GOLD MALI (NGM)
CEAB stake: 65%

■ Production-Sharing Contract ◆ allocation decree published; PSC under negotiation ● Traded on the Toronto Stock Exchange

3.4 – MARKET OF THE COMPANY'S FINANCIAL INSTRUMENTS

3.4.1 – Market

The 6,061,131 shares making up the capital stock of Maurel & Prom are listed for trading on the Premier Marché of Euronext Paris S.A. (Euroclear code 5107).

The Share Purchase Warrants issued on July 2, 2001, by the Company and allotted free of charge to the shareholders are listed for trading on the Premier Marché of Euronext Paris SA (Euroclear code: 61516)

The Bonds Convertible into and/or Exchangeable for New or Existing Shares (OCEANEs) issued on February 7, 2002, by the Company are listed for trading on the Premier Marché of Euronext Paris S.A. (Euroclear code: 18821).

No request to list the Convertible Bonds issued by the Company on August 29, 2002, for trading on a regulated French or foreign market has been made.

3.4.1.1 – History: the prices and transaction values concerning the Company's shares are recapitulated in the following table:

Month	Extreme prices		Transaction volume	
	Lowest €	Highest €	Number of shares	Millions €
January 2001	9.81	10.49	55, 160	0.56
February 2001	9.90	12.90	150,190	1.78
March 2001	11.30	13.90	113,376	1.44
April 2001	10.85	12.25	50,975	0.59
May 2001	10.50	11.70	47,014	0.52
June 2001	11.00	14.52	215,585	2.71
July 2001	12.60	17.60	411,302	6.18
August 2001	14.20	16.20	117,784	1.83
September 2001	12.00	16.55	179,017	2.74
October 2001	12.65	15.35	142,092	2.04
November 2001	14.00	15.60	268,894	4.05
December 2001	14.95	15.90	95,762	1.49
January 2002	15.10	19.50	409,750	7.50
February 2002	17.00	19.23	120,812	2.22
March 2002	17.89	20.80	452,756	8.66
April 2002	20.49	24.98	462,817	10.93
May 2002	23.02	24.99	178,150	4.36
June 2002	18.60	24.42	282,295	6.24
July 2002	19.48	22.50	142,014	3.00
August 2002	19.50	22.60	113,681	2.36
September 2002	17.50	20.70	101,923	1.94
October 2002	15.31	22.40	232,626	4.54
November 2002	19.04	23.03	287,520	6.03
December 2002	19.82	24.50	106,888	2.35
January 2003	19.80	21.34	57,571	1.17
February 2003	17.02	20.50	48,633	0.94
March 2003	15.57	18.08	83,232	1.38
April 2003	16.15	22.79	108,604	2.06
May 2003	21.60	24.25	132,738	3.04

Source: Euronext Paris SA

3.4.1.2 – History: the prices and values of the transactions concerning the Company's Share Purchase Warrants are recapitulated in the following table:

Month	Extreme prices		Transaction volume	
	Lowest €	Highest €	Number of shares	€
July 2001	0.22	0.55	212,624	94,972.04
August 2001	0.48	0.51	362,281	184,205.19
September 2001	0.45	0.53	276,713	139,586.08
October 2001	0.38	0.57	59,704	28,365.24
November 2001	0.46	0.57	120,207	63,222.93
December 2001	0.51	0.59	116,958	66,150.39
January 2002	0.57	0.92	294,527	231.729.41
February 2002	0.71	0.89	180,144	144,825.96
March 2002	0.75	1.00	353,867	293,537.04
April 2002	1.05	1.34	356,730	441,073.32
May 2002	1.18	1.38	217,037	277,784.02
June 2002	1.04	1.26	312,454	350,240.76
July 2002	0.86	1.16	195,828	203,261.49
August 2002	0.94	1.20	101,612	111,811.86
September 2002	0.72	1.07	103,435	97,482.66
October 2002	0.80	1.10	108,015	105,830.17
November 2002	0.90	1.17	161,555	168,091.74
December 2002	0.90	1.16	111,456	113,295.46
January 2003	0.81	0.97	70,619	62,658.37
February 2003	0.61	0.85	80,825	58,751.47
March 2003	0.46	0.64	127,523	69,769.87
April 2003	0.49	0.61	51,451	28,519.77
May 2003	0.82	0.97	162,415	146,061.09

Source: Euronext Paris SA

3.4.1.3 – History: the prices and values of the transactions concerning the Company's Oceanes are recapitulated in the following table:

Month	Extreme prices		Transaction volume	
	Lowest €	Highest €	Number of shares	€
February 2002	21.10	23.00	32,216	707,265.78
March 2002	21.80	24.00	78,127	1,749,128.37
April 2002	23.20	25.48	103,725	2,549,944.13
May 2002	24.10	26.75	77,136	1,903,623.59
June 2002	22.00	25.30	145,023	3,579,867.59
July 2002	20.75	24.00	8,594	197,094.09
August 2002	21.50	24.00	17,503	409,137.90
September 2002	20.95	23.40	5,801	128,295.10
October 2002	19.75	23.22	20,715	453,142.56
November 2002	21.80	24.50	8,183	187,771.60
December 2002	21.20	24.50	11,727	279,488.91
January 2003	21.80	22.95	6,298	139,800.10
February 2003	20.41	22.95	33,007	734,808.97
March 2003	17.30	21.50	132,644	2,724,653.80
April 2003	19.50	21.75	45,222	956,956.76
May 2003	22.80	24.50	28,179	663,403.29

Source : Euronext Paris SA

3.5 – DIVIDENDS

3.5.1 – Distribution policy

A net dividend of 6 FRF per share accompanied by a dividend tax credit of 3 FRF, or 9 FRF in all (0.91 € or 1.37 € in all) was paid for fiscal 1997, representing a total distributed profit of 21.7 MF (3.3 M€).

No dividend was distributed for fiscal years 1998, 1999, 2000 and 2001. The General Meeting held on June 26, 2003, will not be asked to vote on any resolution to pay a dividend for fiscal 2002.

3.5.2 – Time limitation

It is recalled that unclaimed dividends expire five years after the date of payment.

Chapter 4
information concerning the company's operations

4.1 – PRESENTATION OF THE COMPANY AND OF THE MAUREL & PROM GROUP

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

Maurel & Prom was created to do business between Bordeaux (its original headquarters) and the French colonies in West Africa. It was one of the principal maritime transporters between France and Senegal, Ivory Coast, Cameroon, Gabon and the Congo until 1970, a period of decline for the maritime sector. After selling its real estate investments, the Company refocused its business on the agri-food sector (poultry farming, fish farming). 76% controlled by Electricité et Eaux de Madagascar (EEM) at the beginning of 1996, it reduced its livestock farming operations and progressively developed its operations in the maritime, oil services, gold mining and lumber sectors.

Since 1999, before the Company and EEM became legally separated (Divestiture of EEM in May 2000) to focus on its own activities, Maurel & Prom has worked to become a recognized company in the hydrocarbon exploration and production sector.

Of its historical operations, all that remained on December 31, 2002, was the Companies 100% stake, via Compagnie Aquacole du Midi, in the Ferme Marine des Baleines, which raised and sells bass in basins situated on Ile de Ré. This activity was sold at the beginning of fiscal 2003.

4.1.2 – Principal operations of the Company and of the Maurel & Prom Group

4.1.2.1 – Sectors of operation

As of December 31, 2002, the assets of the Maurel & Prom Group broke down as follows:
- exploration and production of hydrocarbons (oil, gas)
- fish farming operations
- gold mining operations
- maritime operations

With the exception of the fish farming activity, these operations are not dependent on seasonal constraints or specific periods.

The breakdown of the Group companies by type of operations is as follows:

Oil development	Oil Data International Inc. and TPX (Russia) – Pebercan Inc. – Caroil – Zetah M & P Congo – Zetah Congo Ltd.
Multipurpose ships:	Brooklyn Shipping Limited – Maurel & Prom International Shipping Limited "Mepis" – Mepis Clementine Limited – Mepis Marie Limited
Fish farming:	Aquapole – Compagnie Aquacole du Midi – Ferme Marine des Baleines
Gold processing:	Compagnie Aurifère du Mali – Compagnie Européenne et Africaine du Bois – New Gold Mali

4.1.2.2 – Positioning of the Group in its markets

Maurel & Prom is the second leading French oil company listed for trading on the Premier Marché of Euronext Paris S.A. after Total (source: Company). The Group's main competitors are potentially Junior or mid-size oil companies for the "energy" activities.

4.1.3 – Changes in the Company's operations

Summary financial data

in K €	2001 Recorded	2001 Energy Searcher	2001 CUBA	2001 Economic	2002 Recorded	2002 CUBA	2002 Economic
Sales	24,576	7,322	4,667	21,921	26,647	11,714	38,361
Including Oil	5,109		4,667	9,776	14,170	11,714	25,885
Operating result	-792	416	2,386	1,178	1,878	8,110	9,988
Including Oil	2,525		2,386	4,911	6,375	8,110	14,486
Current Operating Result	-792	416	2,386	1,178	3,612	8,110	11,722
Including Oil	2,525		2,386	4,911	8,109	8,110	16,220
Net result – Group share	16,973	20,122		-3,149	386		386
Including Oil	3,366			3,366	9,415		9,415

The "economic" data assume a constant reporting environment (eliminations in 2001 of the financial elements of the drilling ship Energy Searcher operations sold in mid-2001) and incorporate, both for 2001 and 2002 in sales and in the operating result, the share of the 20% stake in the company Pebercan Inc. This share, treated from an accounting standpoint using the equity method, appears only in the net result.

The current operating result does not incorporate non-recurring financial data (loss on oil wells in the amount of 1,734 k€ in 2002).

The year 2002 appears to be the first significant oil year.

Indeed, the contribution of this activity to consolidated sales was 26.6M€ in 2002 compared to 24.6M€ in 2001, showing a very clear contribution of the oil operations (14.2M€ or 53% in 2002 compared to 21% in 2001).

Economic sales rose 75% (38.4M€) with an oil contribution of 67%.

Furthermore, the current operating result (before the loss on oil wells in Vietnam) is still the aggregate that experienced the sharpest growth, (3.6M€ in 2002 compared to –0.8M€ in 2001), even after incorporating the interests held in Cuba (11.7M€ compared to 1.2M€), expressing the high gross margin level (before oil taxation) of the assets in production in Congo (Congo-Brazzaville) and in Cuba.

The economic consolidated gross margin (economic operating result/ economic sales) is 26%.

Finally, the consolidated net result – group share, shows notable growth, even though attenuated compared to the growth in the operating result due to the effect of overhead costs and financial expenses for the parent company.

Indeed, with a constant reporting environment (fiscal 2001 not being significant due to the capital gains on the sale of the Energy Searcher), the year 2002 shows a return to equilibrium (0.4M€ compared to –3.1M€).

The net oil result increased 2.7 times, rising from 3.4M€ to 9.4M€.

The changes in the balance sheet also express the accelerated transformation of the Company due to oil, which now represents 75% of consolidated capital assets.

The major increase in indebtedness (98.6M€ compared to 20M€ in 2001) testifies to the scope of the resources allocated to the development of the Maurel & Prom Group's oil fields in Congo (Congo-Brazzaville). The allocation of these resources testifies to the importance of the reserves to be developed, these reserves constituting a substantial part of the Company's assets. The importance of these reserves justified the acquisition by the Company of Heritage Congo Limited's stake in the Kouilou oil permit.

Thus, both through this acquisition transaction and through the revaluation of the reserves tied to the appraisal work, proven and probable reserves have grown 53% since the end of 2001, increasing from 68 million proven and probable barrels ("Mb") to 104 million proven and probable barrels.

For comprehension purposes, it is stated that (i) proven reserves must be understood as the quantities of hydrocarbons reasonably estimated to be recoverable from a known reservoir and under present economic and technical conditions, (ii) probable reserves must be understood as the quantities potentially recoverable from known reserves, but with a margin of error so that they cannot be classified in the category of proven reserves, (iii) possible reserves are quantities that may be discovered scientifically in reservoirs that are still unknown and extracted under technical and economic conditions that are foreseeable for the next thirty years, (iv) ultimate reserves are the sum of the proven, probable and possible reserves and (v) proven developed reserves are the quantities recoverable thanks to equipment and production systems already produced.

The strategic withdrawal from non-oil operations continued (i) in the gold mining operations, with the partnership agreement signed with AfriOre (this agreement made it possible to culminate with a partial sale of interests) and (ii) in the fish farming operations, in light of the agreement to sell the Company's stake in the Ferme Marine des Baleines, entered into in March 2003 for a total of 3.3M€.

The future sale of the multipurpose ships coupled with the withdrawal initiated (AfriOre partnership) from the gold mining activities would make it possible to complete the strategic movement initiated in 2001 toward transforming Maurel & Prom into a company completely devoted to upstream oil operations.

The Company's stock market performance in 2002 (+31% for the year) in a downward trend for CAC 40 Index stocks (-32% for the year) testifies to the major interest shown by shareholders in this corporate project.

This growth was also made possible by the efforts of the Company's management team, which sought to increase the notoriety of the Maurel & Prom share on the Brussels, Luxembourg, Monaco, Geneva and London Stock Exchanges through "road-shows." This notoriety was also favored by the wide press and analyst coverage the Company is now receiving.

1 These resources come primarily from the public issue of Oceane in February 2002 for a total of 31,800 k€, from the private issue of convertible bonds in August 2002 for a total of 11,100 k€ and the signing of a loan agreement with Natexis Banques Populaires in the amount of 18,000 kUSD in November 2002.

4.1.4 – Breakdown of Maurel & Prom Group sales by category of operations and by geographic market

All the numerical data below are data supplied by Maurel & Prom, except for the data for which specific sources are mentioned.

4.1.4.1 – Summary tables

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

	2002	2001	2000
. Oil drilling (Energy Searcher)	-	7,322	10,737
. Multipurpose ships	7,833	8,366	5,623
. Oil operation	14,427	5,109	4,851
. Fish farming	4,387	3,779	4,847
. Other			5
TOTAL	**26,647**	**24,576**	**26,063**

The sale of the Energy Searcher occurred at the end of June 2001.

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

	2002	2001	2000
. Congo	14,170	5,110	1,630
. Cuba			3,221
. Persian Gulf and Southeast Asia	7,833	15,686	16,360
. France	4,644	3,780	4,852
TOTAL	**26,647**	**24,576**	**26,063**

c) The breakdown of the operating result by sector of operations is as follows:

	2002	2001	2000
. Oil drilling (Energy Searcher)	-	416	(1,900)
. Multipurpose ships	562	657	(1,002)
. Oil operation	5,902	2,323	3,616
. Fish farming	(126)	(759)	(392)
. Gold processing	(788)	(1,234)	(831)
. Other	(3,672)	(2,195)	(2,294)
TOTAL	**1,878**	**(792)**	**(2,803)**

The changes in the operations in Congo explain the strong growth of the contribution of the oil operations to the operating result. The change in the “other” item expresses the strengthening of the Company’s general resources, particularly oil technology resources.

d) The breakdown of the operating result by geographic area is as follows:

	2002	2001	2000
. Congo	8,549	2,984	(669)
. Mali	(788)	(1,235)	(976)
. Cuba		282	2,195
. Persian Gulf and Southeast Asia	(1,172)	1,073	(442)
. France	(3,940)	(3,340)	(2,450)
. Miscellaneous	(771)	(556)	(461)
TOTAL	**1,878**	**(792)**	**(2,803)**

4.1.4.2 – Oil and gas operations

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

1. Exploring and appraising fields:

- Obtaining the exploration permits: to be able to carry out exploration work, Maurel & Prom must obtain exploration permits or mining permits from the host States. These permits allow the Company to undertake exploration work in a determined area in exchange for a commitment to the government of the host State to carry out a certain volume of work and/or to pay an amount in cash. This amount is entered as an intangible asset and is depreciated using the straight-line method over the estimated duration of the permit or at the rate at which the oil production facilities are depreciated. If the permit is withdrawn or the prospecting fails, the remaining depreciation is recorded in a single entry.
- Performing the exploration and evaluation work: when the permit has been obtained, Maurel & Prom can begin the exploration and appraisal work (seismic acquisition, geology and geophysics, reservoir engineering, exploratory drilling, etc.) in order to evaluate the potential of the prospects explored. From an accounting standpoint, the studies and exploration work, including the geology and geophysics expenses, are entered in the assets portion of the balance sheet as intangible assets as long as they are not considered finished and as long as an operating permit has not been obtained. The costs of exploration that did not culminate in a commercial discovery for a given permit and that led to a decision to suspend the work in this area or on this geological structure definitively are accounted for as expenses for the year the failure was established. Non-recurring provisions or depreciation are recorded when the accumulated costs are higher than the updated cash flow estimates or when technical problems are encountered. Depreciation is determined by exploration permit. Depreciation of exploration expenses is deferred until the production start date.

2. Developing the fields and producing the hydrocarbons

- Developing the fields: the development phase is the phase during which Maurel & Prom plans the architecture and begins construction of the hydrocarbon production and transport infrastructures.
- Producing the hydrocarbons: production can begin when Maurel & Prom has obtained an operating permit and has been

assured a commercial outlet. During the transition to the production phase, exploration expenses (see above) are transferred to tangible assets. The fixed oil production assets include all expenses tied to the exploration and development of the fields (exploratory and operational drilling, surface facilities, oil evacuation systems, etc.) insofar as they are considered finished. These fixed assets are depreciated using the production unit method. The depreciation rate is equal to the ratio of the hydrocarbon production of the field during the fiscal year over the proven and developed reserves at the start of the same fiscal year. If necessary, if sufficient data are lacking to determine the developed proven reserves, it is the proven reserves that are used to calculate the depreciation rate. The reserves taken into consideration are the reserves determined from analyses conducted by independent agencies. Provisions for depreciation or non-recurring depreciation costs are recorded when the accumulated costs are higher than the updated cash flow estimates or when technical problems are encountered. Depreciation is determined by operating permit.

3. Acquiring additional hydrocarbon reserves

- Developing hydrocarbon reserves: Maurel & Prom must ensure the renewal of its hydrocarbon reserves. Maurel & Prom reserves can be renewed either through operations on new oil or gas prospects or through the acquisition of additional interests in the permits on which Maurel & Prom is already working. The cost of acquiring these additional interests corresponding in fact to the acquisition of new reserves is entered as an intangible asset and depreciated using the production unit method.

4. Rehabilitation of the production sites

- When production on a field has reached its end, Maurel & Prom must, by contract, rehabilitate the production sites. Consequently, Maurel & Prom sets up provisions for production site rehabilitation as provisions for risks and expenses, at the same rate as the oil production facilities are depreciated. They are estimated by country and by field.

Despite the delays encountered in the projected work program (equivalent to 200,000 barrels in 2002 in Congo), the sharp growth in production in Congo and in Cuba that occurred in a booming oil context in terms of barrel price, allowed the Company to assert itself as a junior oil company in strong development.

Oil sales*:	+165%	to 25.9M€
Current operating result before oil taxation*: (before loss on oil wells in Vietnam)	+230%	to 16.2M€
Oil NR:	+180%	to 9.4M€

** proportionally incorporating the interests held in Cuba and with a constant reporting environment (not taking into account the activity of the drilling ship in 2001)*

The high oil assets margin (gross margin 63%, net margin 36% in 2002) expresses the very considerable leverage effect for the Congolese and Cuban assets whose production cost remains low and controlled. It also induces the measurement of the considerable future impact in terms of results of the major and anticipated growth in production in 2003 and 2004.

In terms of production, Maurel & Prom benefited at the end of 2002 from production equal to 4,000 b/d (barrels/day) in Congo and 1,800 b/d (barrels/day) in Cuba compared to 500 b/d (barrels/day) in Congo and 1,000 b/d (barrels/day) in Cuba respectively.

4.1.4.2.1 – CONGO-Brazzaville

a) 2002 Results

Cumulated 2002 production for the Point Indienne (50,000 barrels) and Kouakouala (559,000 barrels) and M'Boundi (437,000 barrels) fields made it possible to realize sales of 14.2M€ (compared to 5.1M€ in 2001 or a 176% increase) and a net result of 5.2M€ (compared to 2.1M€ in 2001 or a 147% increase).

Drilling carried out in 2002 raised production accruing to Maurel & Prom to around 4,000 b/d (barrels/day). This production remains much higher than the 2001 average, but less than the Company's initial projections due to a lag between the capital expenditure program and the unavailability of M'Boundi 2. In terms of reserves, the combined action of new drilling (particularly M'Boundi 3) and the acquisition in April 2002 of the Heritage Oil Congo Limited stake in the Kouilou permit generated a 53% increase inreserves in a single year.

These reserves are now equivalent to 82 million proven and probable barrels in Congo for Maurel & Prom's share (69Mb for M'Boundi and 13Mb for Kouakouala). These reserves offer visibility in terms of development and cash flow that should allow the Company to rank among the 10 to 15 mid-cap oil companies traded in Europe before long.

b) Outlook

The year 2003 began with a doubling of the operable mining area for the Maurel & Prom Group with the award of the Noumbi license in the northern part of the already existing Kouilou region. Following the interpretation of the seismic data available in 2003, the drilling of a new exploration well should begin during the last quarter of 2003 or the first quarter of 2004.

In terms of exploration and appraisal and based on the seismic results for the two existing permits, one to two wells will be drilled during the year (M'Boundi North, Grand Kouilou). These wells could allow a significant expansion of existing reserves if they are successful.

In terms of development, the work program plans 9 wells (including 6 for M'Boundi) as soon as the drilling rigs expected as of the end of the month of June 2003 are available. The work should make it possible to reach a cumulated production of around 14,000 to 15,000 b/d (barrels/day) at the end of the month of December 2003, recording (for the Maurel & Prom share), based on an average barrel price of 22 USD for the year, sales of around 50M€, a gross margin (before mining royalties and PID) of around 30 M€, and a net result of around 25M€. In all, the Company's capital expenditures will be around 41M€ (excluding financing of the Caroil rig).

This development, continued in 2004, augurs strong growth in the Congolese operating results in 2004 (sales of around 190 M€ and gross margin before mining royalties and PID) of around 130 M€ and a net result of around 100 M€, putting the Company in a self-financing position at the beginning of 2004).

These data are, however, indicative and are likely to fluctuate significantly due to the barrel price of crude oil, the dollar/euro parity and a still possible lag in the capital expenditure programs or in wells productivity that differs from what is expected.

4.1.4.2.2 – CUBA

a) 2002 results

The year 2002 allowed the Cuban assets to become the Company's second full-fledged oil focus. Indeed, the Pebercan Group experienced very strong growth in its oil production in 2002 (9,000 barrels/day ("b/d") at the end of 2002 compared to 7,500 b/d at the end of 2001), its sales (55MUSD compared to 19 MUSD in 2001) and its net result (25MUSD compared to 8.7 MUSD in 2001).

Treated using the equity method, the contribution of the Pebercan Group to the consolidated net result is up 216%. The net margin for the operations is 48%, benefiting from a low production cost and a high barrel price in 2002.

These results express an exceptional success rate in terms of drilling: 13 wells (out of 14) benefited from a productive reservoir with an average production level per well of around 2,000 b/d for the last Canasi wells.

The corollary of these production successes is a very sharp growth in reserves. These reserves have, in fact, quintupled since the end of 2001 and increased to 50 million proven and probable barrels (including 21 million proven barrels), or a 10Mb share for Maurel & Prom.

Cuba therefore has the financial and technical characteristics that should allow it to become a second strategic asset for Maurel & Prom.

The summary financial data for 2002 are as follows:

- Sales: 54 MUSD (+450% compared to 2001)
- Operating result: 40 MUSD (+588% compared to 2001)
- Net result: 25 MUSD (+ 390% compared to 2001)
- Equity capital: 83 MUSD (+210% compared to 2001)
- Net cash position: 10.8 MUSD
- No debt

b) Outlook

In 2003, following another successful drilling operation for Canasi 9 (current production of from 900 to 1,000 b/d (barrels/day), Pebercan must strengthen its evacuation capacities (installation of a pipeline in June 2003) and more specifically its water treatment capacities (8 to 10MUSD are budgeted for this purpose).

To the extent these facilities will allow, two or three new wells may be drilled (for example as infield wells) making it possible to boost daily Pebercan production to a potential 12,000 b/d (barrels/day) at the end of 2003.

In terms of exploration (and appraisal), one to two potential wells should be drilled in block 7, which is the subject of a 3D seismic campaign, and possibly in the deep Varadero block if the seismic campaign underway makes it possible to appreciably increase the probability of success (a farm-out making it possible to reduce the risk is being considered).

Taking into account a median scenario with production up 20% and a barrel price of around 22USD, projected 2003 sales would be around 53MUSD. The net result would be around 25/27MUSD. These projections take into account the unfavorable development of the tax split after recovery of most of the past-costs. Once the evacuation problems are solved, the Pebercan Group may continue its production and reserves growth policy.

For the first quarter of 2003, Pebercan published a net result of 5.9 MUSD to be compared with the result of 1.6 MUSD for the first quarter of 2002.

A technical description of the operation contemplated by Maurel & Prom concerning Pebercan appears in section 7.1 of this reference document.

4.1.4.2.3 – RUSSIA

a) 2002 results

Negotiations with the Russian conglomerate Mosneft in 2002 did not result in the establishment of a desirable development plan for block 1 in the Komi Republic.

Mosneft, Maurel & Prom's partner in this block, after having indicated its desire for a joint development (assuming the workover of two existing wells and the drilling of 3 to 5 additional wells) did not follow up on a memorandum of agreement entered into in February 2002.

The discussions, which then focused on the withdrawal of one of the two partners, and even both at the same time, had still not ended at the end of fiscal 2002, and endangered the maintenance of the license granted to the joint company Timan Pechora Exploration (Maurel & Prom stake through Oil Data International Inc, in this company: 40%).

Finally, an agreement to sell the Oil Data International Inc. stake in Timan Pechora Exploration and the rights pertaining to the existence of this stake was reached on April 17, 2003, with the company OAO Mosneft and some of its subsidiaries. This sale was made for the price of 4,250,000 USD, generating capital gains of around 0.5M€ for the Maurel & Prom Group, with the stipulation that these capital gains will be recorded for fiscal 2003 (the new expenses recorded in 2002 total 0.3M€).

In the absence of any clear possibility for the Maurel & Prom Group to procure a production sharing contract pertaining to the oil permits held by Timan-Pechora Exploration and concerning the conditions of a durable partnership with OAO Mosneft, the sale described above appeared to be the best solution for appreciating the rights held by the Maurel & Prom Group in Timan-Pechora Exploration.

4.1.4.2.4 – VIETNAM

a) 2002 results

The failure of the two exploration wells B 26 and B10 put an end to the hopes of the oil potential of the reservoirs and generated a net expense of 1.7M€ in 2002.

On the other hand, the fracturation of the gas reservoir from well D14 revealed large quantities of gas and made it possible to increase the potential productivity level of the wells appreciably.

However, the revelation of a complex reservoir that lacks permeability did not, in 2002, make it possible to confirm the potential of the reserves (downgraded from probable to possible) or the potential production profile.

b) Outlook

After certain additional studies, the Company decided at this stage not to make additional large capital expenditures (ex.: deviated hole) and to place the priority on a feasibility test in the form of a long-term production test that should take place before the end of the year.

In anticipation of this, negotiations were begun with Petrovietnam and should result in the signing of a well head gas purchase contract during the second half of 2003 to supply the Thai Bin industrial area.

The indicative price range (2.10 to 2.60 USD) per thousand cubic feet and the high level of recoverable costs (70MUSD) will make it possible to offer cost-effective operation if the production test is demonstrably successful.

4.1.4.2.5 – PERU

On April 8, 2003, the Company entered into a partnership agreement with the Peruvian group GMP related to three oil blocks located in the (onshore) region of Talara in the northern part of the country that is still an old and major oil producing area.

This agreement is centered around two principal phases:

- A limited investment by Maurel & Prom in the form of a shallow well in block 1, which appears to be the most promising after a preliminary tapping test for an existing well. Maurel & Prom's financial exposure would, at this stage, be around 0.8MUSD for 2003.
- If phase 1 is successful (based on the satisfactory productivity of the first well produced), Maurel & Prom would exercise the option to acquire 50% of the interests in blocks 1, 14 and 15 (GMP would hold the other 50%) from which it benefits in accordance with the following terms and conditions:
  - Payment of a bonus of 1.5MUSD;
  - Financing of a work program for around 3MUSD on behalf of the partnership;
  - Allotment to GMP of 20% preferential share of the total production limited to 200b/d (barrels/day) in addition to the 50% corresponding to its stake. This mechanism will remain in place until production has generated cumulated resources of 4MUSD.

This project meets all of Maurel & Prom's growth and renewal criteria for the mining domain:

- Significant position in a partnership (50% and co-operating rights).
- Limited initial risk (much lower than Russia, for example).
- Major leverage effect in case of success: the three blocks could generate potential additional reserves of around 100MB based on available studies that indicate a volume of oil in place greater than 1.5 billion barrels, of which 100Mb have been extracted to date.
- Exploration / development balance: these blocks, which produce the equivalent of around 800 to 900 b/d, have only been partially explored.
- Accessible technical control: success supposes the use of drilling/completion technologies and probably assisted onshore recovery technologies that can still be controlled by the Company.
- Economic and fiscal characteristics: coupled with light oil, they offer attractive profitability.

In case of success, the assets would offer a very significant growth prospect and would create a third focus in the mining portfolio.

In terms of constraints, the Company will have to set up a permanent, quality, project, technology and management team, which supposes a necessary organizational, reactivity and monitoring effort by management to manage a new asset that is removed from any operational base.

4.1.4.2.6 – FRANCE

The three-party meeting (Ministry of Industry, Esso and Maurel & Prom) on March 6, 2003, approved the following process:

- The Lavergne permit, which expired on March 31, 2003, was extended for an indefinite period at present.
- Esso agreed to assume responsibility for dismantling the existing production facilities, allowing Maurel & Prom, after additional study, in its capacity as potential acquirer, to use the onshore platform, the Lavergne 12 well, the oil pipes leading to the Guaino treatment center and its facilities.
- In 2003, Maurel & Prom will conduct the feasibility studies in connection with Esso, on the one hand, and the competent administrative authorities on the other (coastal conservancy and DRIRE) to confirm (or negate) its capacity and its interest in recovering the license alone (a subsequent farm-out can be considered).

At this stage, Maurel & Prom and Esso have close positions concerning the technical interest and the potential of the northern (2 to 4Mb of recoverable oil) and western (10Mb) portions of the field.

At the end of these studies, another three-party meeting will be organized for a final decision.

4.1.4.2.7 – HUNGARY

The year 2002 did not allow any progress in the search for a farm-out likely to allow the financing of a new well on the second gas prospect.

Without any significant substantial element in 2003, the asset, which has been fully provisioned since 2001 (no significant expenses were incurred in 2002), could be abandoned at the end of 2003, its ultimate potential remaining limited compared to the other assets.

4.1.4.2.8 – SENEGAL

The production sharing contract negotiated in 2002 has not at this stage taken legal effect due to the delays created by the Senegalese administration.

As the potential purchase price for the gas has not been secured at this stage and as the search for an available rig to drill two new wells is continuing, no capital expenditure has yet been budgeted for 2003.

4.1.4.3 – Fish farming operations

The year 2002 allowed the Ferme Marine des Baleines to record the fruits of the restructuring measures decided upon in 2001.

No call for cash was made to Maurel & Prom, and based on production sold of 454 tons at an average price of 7.45€/kg, the Company recorded sales up 16% at 4.4M€, an appreciable improvement of the operating result (-0.1M€ compared to –0.8M€ in 2001) and a consolidated net result before financial expenses close to equilibrium at –0.1M€ compared to –2.6M€ in 2001.

However, concerned with pursuing its refocusing on purely oil operations, on March 18, 2003, the Company entered into an agreement to sell its stake in Compagnie Aquacole du Midi (the company that holds a stake in Ferme Marine des Baleines) with Electricité des Eaux de Madagascar for 3,300,000 €.

The Company took advantage of all the financial consequences of this sale at the end of fiscal 2002.

Concomitant with this sale, on March 18, 2003, the Company entered into a contract with Electricité et Eaux de Madagascar to acquire its stake in STCPA Bois for a total of 3,300,000 €.

4.1.4.4 – Gold mining operations

The gold mining focus generated a negative contribution to Maurel & Prom's net result of 0.8M€ in 2002 (compared to –1.3M€ in 2001). These expenses will be reduced, in the absence of any operation, to around 0.4M€ in 2003 (depreciation included).

The partnership agreement signed in 2002 with the South African group AfriOre allows an appraisal of the potential of the permit for the western region of Bamako without Maurel & Prom having to pay the expense.

Indeed, AfriOre made capital expenditures totaling around 2.5MUSD for 10 to 15 appraisal drillings intended to make it possible to validate the potential gold reserves in the sulfide level. If this "grand mine" is confirmed, Maurel & Prom's stake would be diluted to around 26%, it would be reimbursed for its past expenses tied to this permit and it could sell its rights at a price that could generate considerable capital gains.

4.1.4.5 – Maritime operations

The multipurpose ships posted sales down 7% at 7.8M€ for an operating result of 0.6M€ (compared to 0.7M€ in 2001) and a loss of 0.4M€ (compared to –0.3 M€ in 2001). These disappointing figures are the result of a very competitive market for offshore ships during fiscal 2002.

The Company is still likely to seize the interesting opportunity to sell these ships; these sales could take place by the end of fiscal 2003.

The damage that occurred shortly before the sale of the drilling ship Energy Searcher in 2001 has entered an active litigious phase with the filing of a complaint against the equipment manufacturer before the Singapore Court.

The technical assessments performed 18 months ago confirm the position of Maurel & Prom, which sees the probability of obtaining compensation for the loss suffered as serious.

4.1.5 – Location of the Maurel & Prom Group's main establishments

The corporate headquarters or sites of operations of the main Maurel & Prom subsidiaries are mentioned in the organizational chart appearing in section 3.3.5 of this document and in chapter 4.5 below, this latter table also appearing in the notes to the consolidated financial statements in chapter D "reporting environment."

Maurel & Prom did not render any specific services to its subsidiaries during fiscal 2002, except for providing two employees to its subsidiary Zetah in Congo. This provision was billed back on a franc for franc basis.

4.1.6 – Description of the fields, estimate of the economically operable reserves and probable duration of operation

4.1.6.1 – Methods for evaluating reserves

The proven and probable reserves of the different oil assets were evaluated by specialized companies who, for the most part, use a conservative method with, most of the time, a static (and not dynamic) analysis of the oil reservoirs:

- BEICIP-FRANLAB for Congo (Congo Brazzaville), France and Cuba,
- IFP for Russia,
- GAFFNEY, CLINE and Associates for Vietnam.

4.1.6.2 – Description of the field

4.1.6.2.1 – CONGO (Congo-Brazzaville)

• Kouakouala A field (Kouakouala permit)

The Kouakouala reservoir consists of sandstone of fluviatile origin, Vandji sandstone from the Neocomien period covered with Sialivakou clay. The Vandji sandstone fields rest unconformably on the basement. They are regionally terminated by a relatively thin carbonated series (a few meters thick), called Vandji "A." The oil reservoir of the Vandji formation was subdivided into wide sequences labeled A to D.

The oil-impregnated heights are respectively 45, 53 and 52 m in the wells KKL-101, KIKL-201 and 202 and the porosities are around 17%. Given the degree of heterogeneity of the reservoir and, more particularly, the overall permeabilities that vary significantly from KKL-101 (70 mD) to KKL-201 and 202 (around 7 mD), there are in each well vertical areas of very good quality, expressed by productivity indices that are high at times.

Thus, for an estimated recovery factor of 30%, the initial reserves (proven + probable) of Kouakouala are evaluated at 18.1 MBbl. With a recovery rate of 40%, as part of a secondary recovery, these initial reserves are thus evaluated at 24.0 MBbl. The estimated duration of operation of the field will be some fifteen years with the assumptions above.

The KKL-202 drilling done in October 2002 confirmed the structural image of the central part of the field and demonstrated interesting initial production characteristics.

The 2D seismic work also recorded during fiscal 2002 changed the tectonic system, which was simple up until then, due to the lack of data. However, none of the faults revealed in the central part should be sealing. The initial drilling done in 2003 should demonstrate the hypothesis. The 2P reserves evaluated by BEICIP remain unchanged.

• M'Boundi field (M'Boundi operating permit)

The image of a vast anticline broken up by faults tied to the Atlantic opening was modified considerably following the acquisition and processing of a 3D seismic of 105 km2 in 2002. The interpretation underway appears promising.

The Vandji sandstone-based reservoir discovered in M'Boundi 101 was encountered in two appraisal/development wells drilled in 2002. The MBD 102 drilling showed a hydrocarbon-impregnated height of 20 meters greater toward the bottom than the one proven by well 101.

Furthermore, the MBD 103 drilling encountered the roof of the reservoir 40 meters higher than the discovery well, thus bringing the total impregnated column to 185 meters.

The reserve and the recovery rate values for the field will be modified only after the complete interpretation of the geophysical data, which is underway. The development plan for the field will also be defined at that time. Production began in July 2002, using a specially refitted network of pipelines. A final 12" diameter pipeline is being produced to allow evacuation of the anticipated production from the scheduled drilling campaigns.

4.1.6.2.2 – VIETNAM

The reserves in the Song Tra Ly field were evaluated by the independent engineering company Gaffney, Cline & Associates. Two cases were considered:

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

- the median case: the recoverable reserves are 54 billion cubic feet

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

4.1.7 – Markets and competition

4.1.7.1 – Fish farming operations

The fish farming operations in which the Group was involved until the end of 2002 (breeding and marketing of bass) were hit hard these last years by the competition from Greek and Turkish breeders who, benefiting from low wage costs and European subsidies, exerted strong downward pressure on sale prices, particularly in France.

As indicated in section 4.1.3.2, the Maurel & Prom Group withdrew completely from this activity at the beginning of 2003.

4.1.7.2 – Gold mining operations

The Group is in the exploration phase of the fields in Mali. The Company has initiated its withdrawal from these operations.

4.1.7.3 – Maritime operations

The Group owns two dynamically positioned ships. The Company identifies five other competing ships in this market. The ships of the Maurel & Prom Group were modeled to become “supports for undersea operations or supports for well operations (along offshore platforms).”

This market is experiencing natural growth, since many oil fields can no longer accept mooring in the middle of their network of pipelines or cables.

Furthermore, the market for undersea work picked up two years ago in Southeast Asia (operations area of our ships) due to efforts made by the oil companies in this area to develop new production fields.

For example, the two ships of the Maurel & Prom Group are currently on the short list of three ships pre-selected in a long-term call for bids (5 years) released by a major oil company.

4.1.7.4 – Oil operations

The crude oil market is governed in a global geopolitical and economic environment; the fluctuation of prices is highly volatile during certain periods.

4.2 – POTENTIAL DEPENDENCY OF THE MAUREL & PROM GROUP WITH RESPECT TO CERTAIN IMPORTANT CUSTOMERS OR PROCUREMENT CONTRACTS

The Company does not maintain any major commercial relationships with any supplier.

Maurel & Prom maintains a direct customer relationship in the oil field in Congo (Congo-Brazzaville) only with the company SOCAP. A subsidiary of Total, this company removes and sells crude from the different fields operated by Maurel & Prom in Congo. The quality of this signature allows the Company to deem that there is, in this regard, no customer risk in Congo.

Furthermore, and still in the field of oil, through its stake in Pebercan Inc., a company organized under Canadian law, the Company has an indirect customer relationship with the Cuban company Cupet. The risk attached to this customer relationship seems to it restricted inasmuch as Cupet has always, to date, honored its payment commitments.

Finally, for non-oil operations, the Company had not identified any dependency risks vis-à-vis a specific important customer.

As part of its drilling campaigns, the Company may be faced with periods of tension concerning the price of the drilling rigs.

The breakdown of the clientele (excluding the fish farming operations sold at the beginning of 2003) of the Maurel & Prom Group can be detailed as follows:

The No. 1 customer (SOCAP) represents 59% of 2002 sales,

The 5 leading customers represent 94% of 2002 sales.

The No. 1 customer pays within 30 calendar days as part of a multi-year contract,

The next 4 customers pay within 35 or 30 days, end of month, as part of the "BIMCO 93 time charter" (charter contracts).

4.3 – PERSONNEL

The Company has had employees since October 1, 2000, the date of dissolution of the resources IEC, which, since April 1, 1996, handled the administrative, financial and accounting management of the Company. On December 31, 2001, the Company employed 11 people. On December 31, 2002, this number was 15 (including 11 executives). On December 31, 2002, the Maurel & Prom Group employed 81 people (compared to 86 on December 31, 2001): 15 for the company Maurel & Prom, 5 for Aquapole, 24 for the Ferme Marine des Baleines ("FMB"), 18 for New Gold Mali and 19 for Zetah Congo SARL ("Zetah").

Breakdown by activity		2002	2001	2000
Oil	Zetah Congo SARL	19	10	10
Oil Drilling	Jet Shipping Ltd	-	-	44
Fish farming	FMB	24	26	26
	AQUAPOLE	5	4	4
Gold mining operations	STOM	-	0	1
	New Gold Mali	18	16	27
	Compagnie Aurifère du Mali	-	19	20
Holding company	Maurel & Prom	15	11	5
Total		**81**	**86**	**137**

Geographic breakdown		2002	2001	2000
Africa	Zetah Congo SARL	19	10	10
	New Gold Mali	18	16	27
	Compagnie Aurifère du Mali	-	19	20
Asia	Jet Shipping Ltd	-	0	44
Europe	Aquapole	5	26	26
	FMB	24	4	4
	Maurel & Prom	15	11	5
Total		**81**	**86**	**137**

On December 31, 2002, to the Company's knowledge, outside the stock options the employees did not hold any stake in the capital of Maurel & Prom or its subsidiaries either directly or through a collective savings program.

The Company modified its hourly organization when it changed over to the 35-hours workweek on January 1, 2002.

The Company will pursue a policy of strengthening its workforce in 2003 as part of the development of its operations.

The year 2002 was also marked by the establishment of an employee savings plan (PEG and Voluntary Employee Partnership Savings Plan) and a collective profit-sharing plan (see section 7.3.1 of this document).

4.4 – CAPITAL EXPENDITURE POLICY

The capital expenditure policy is detailed by operations and geographic areas in chapter 4.1 above. However, the table below summarizes the Group's main capital expenditures during the last three fiscal years:

Data in k€	2000	2001	2002
Maritime operations:	**1,085**	**0**	**296**
Multipurpose ships	0	0	296
Energy Searcher	1,085	0	
Other operations:	**2,005**	**1,323**	**506**
FMB	461	353	31
NGM/CAM/STOM	1,498	923	153
STCPA	21	0	0
Other	25	47	322
Subtotal, excluding oil	**3,090**	**1,323**	**802**
Drilling rig	**-**	**-**	**6,819**
Oil operations:	**8,630**	**19,390**	**70,384**
Congo	2,606	10,245	66,672
Cuba	5,350	1,116	
Vietnam	166	3,829	4,280
Russia	323	2,550	282
France	186	80	54
Hungary	0	1,570	74
Senegal			20
TOTAL	**11,720**	**20,713**	**78,005**

Furthermore, the scheduled oil capital expenditures indicated in the table below are planned for fiscal 2003:

Capital expenditures planned for 2003	Congo	Miscellaneous	TOTAL
- development	40.00 M€	-	40.00 M€
- exploration	2.6 M€	1.39 M€	3.90 M€
- drilling rig		6.00 M€	6.00 M€
(including contractual commitments)	31.1 M€	0.3 M€	31.4 M€

These capital expenditures are detailed in the table summarizing the Maurel & Prom Group's off balance sheet commitments (see chapter 5 of this document).

4.5 – PRINCIPAL SUBSIDIARIES OF THE MAUREL & PROM GROUP

The characteristic data of the Maurel & Prom Group's principal subsidiaries is given in the following table:

Company	Headquarters	% Control	
		2002	2001
Multipurpose ships			
Brooklyn Shipping Limited	St. Vincent and the Grenadines	100.00	100.00
Maurel & Prom International Shipping Limited "Mepis"	St. Vincent and the Grenadines	100.00	100.00
Mepis Clementine Limited	St. Vincent and the Grenadines	100.00	100.00
Mepis Marie Limited	St. Vincent and the Grenadines	100.00	100.00
Oil Development			
Caroil	Paris	70.00	100.00
Oil Data International Inc.	Houston, USA	100.00	100.00
Pebercan Inc.	Montreal, Canada	20.02	19.69
Zetah M & P Congo	Pointe Noire, Congo	100.00	100.00
Zetah Congo Ltd.	Nassau, Bahamas	33.33	
Fish Farming			
Aquapole	La Celle Saint-Cloud	100.00	73.54
Compagnie Aquacole du Midi	La Celle Saint-Cloud	100,00	100,00
Ferme Marine des Baleines	St. Clément des Baleines	100,00	73.33
Gold processing			
Compagnie Aurifère du Mali	Bamako, Mali	100.00	100.00
Compagnie Européenne et Africaine du Bois	Luxembourg	100.00	100.00
New Gold Mali	Bamako, Mali	49.50	49.50

4.6 – RISK FACTORS

4.6.1 – Market risks

4.6.1.1 – Liquidity risks

All of the loans taken out by the Maurel & Prom Group are described below. This description seeks to allow a measurement of any liquidity risks pertaining to the Maurel & Prom Group.

a) Bond loans

These bond loans are described in sections 3.2.5.3 and 3.2.5.4 of this Reference Document.

The summary data pertaining to these bond loans are as follows:

	Issue Date	Ultimate conversion date	Value on 12/31/2002 in K€	Value Subscription in €	Conversion in €
OCEANE	02/07/02	12/31/06		21.00	25.20
Principal			38,124		
Interest accrued			1,714		
TOTAL			**39,838**		
C.B.	08/29/02	12/31/06		24.33	variable
Principal			11,101		
Interest accrued			228		
TOTAL			**11,329**		
TOTAL BOND LOANS			**51,167**		

These bond loans do not present any particular risks to the Company's knowledge.

b) Loans taken out from financial institutions or credit institutions

The loans taken out by the Maurel & Prom Group from credit institutions break down as follows:

In thousands of Euros	12/31/2002	12/31/2001
Bank loans	35,251	19,618
Accrued interest on loans	28	318
Credit banks	99138	
	35,378	**20,074**

On April 9, 2001, the Maurel & Prom Group took out a loan from Lloyds Banks in the amount of 18,200 k$ for a term of 10 years, repayable in 40 quarterly payments. This loan bears interest at the Libor + 1.625%. As security for the loan granted, a 1st rank mortgage was taken on the two multi-purpose ships owned by the Group "Miss Marie" and "Miss Clementine." On December 31, 2002, the loan amount was 15,226,000 € (2001: 19,618,000 €).

On May 2, 2002, the Company took out a loan from Alter Finance in the amount of 4,000,000 USD. A first repayment of 1,000,000 USD was made on November 29, 2001. The balance, or 2,861,000 €, will be repaid during fiscal 2003. As security for the loan granted, the Company pledged in favor of Alter Finance (i) 80,969 of its own shares and (ii) 7,000,000 of the shares held by the Company in the Canadian company Pebercan, Inc.

The Company's pledge of 70,969 of its own shares was released on April 7, 2003.

On November 15, 2002, the Company entered into an export pre-financing agreement with Natexis Banques Populaires in the amount of 18 million dollars (17,164 K€ on December 31, 2002) intended to develop the M'Boundi field in Congo. The loan pertaining to this agreement is backed by the Company's current hydrocarbon production in Congo. It is accompanied by insurance intended to cover the risk of a drop in crude oil prices. It is repayable in 30 equal principal payments beginning on May 15, 2003.

According to the aforementioned export pre-financing agreement, the Company agreed on December 31, 2002, to keep the "Total Net Debt over Equity Capital" and "Gross Operating Surplus over Net Financial Expenses" ratios within the limits set forth hereinbelow:

• Total Net Financial Debt over Equity Capital must be less than 1.4

• Gross Operating Surplus over Net Financial Expenses must be higher than 1.5

Subject to the temporary lifting of the application of these financial ratios, their subsequent modification or other conditions, non-compliance with these "agreements" would be likely to create a risk of the early call of the funds made available to the Company according to the terms of the aforementioned loan agreement.

According to the aforementioned export pre-financing agreement, the Company granted certain securities or collateral pledges in favor of Natexis Banques Populaires to guarantee the amounts made available to it. These securities or collateral pledges are, more particularly:

- the progressive constitution of a cash security account corresponding to 110% of two principal payments of the loan;
- the pledge of securities held by the Company in Zetah M&P Congo;
- the transfer, free of charge, of the Company's rights in an oil export contract relating to the Kouakouala and Kouilou fields;
- the pledge of a bank account provisionally receiving the income drawn from the production of the Kouakouala and Kouilou fields;
- insurance covering all the industrial and political risks in Congo;
- insurance guaranteeing a minimum billing level of the barrel of crude oil.

c) Miscellaneous borrowing and financial liabilities

The miscellaneous borrowing and financial liabilities break down as follows:

In thousands of Euros	12/31/2002	12/31/2001
Heritage Oil loan	2,384	-
Financière de Rosario loan	9,536	-
Accrued interest	124	-
	12,004	-

A loan in the amount of 2,500,000 USD (2,384 k€) was contracted with Heritage Oil on October 4, 2002. This loan comes due on October 4, 2003.

A loan in the amount of 15,000 kUSD was taken out from Financière de Rosario according to the terms of a loan agreement dated April 29, 2002. By amendment to this agreement dated July 30, 2002, the Company made an early payment on the loan granted in the amount of 5,000 kUSD through the reserved issue of convertible bonds on August 29, 2002. The balance of 10,000 kUSD (9,536 k€) will be repaid in 2003.

d) Other liabilities

The increase in accounts payable stems essentially from the growth in research and in the oil operations in Congo.

Corporate and tax liabilities include the tax liability for sales of oil in Congo (4,050 k€).

Other liabilities include a current account for a shareholder in the amount of 1,013 k€ and the suppliers of drilling rigs being constructed for a total of 1,052 k€.

e) Debt timetable

In thousands of Euros	Gross Amount	Under one year	Over one year	Over five years
Bond loans:	51,167	1,941	49,226	
Loans from credit institutions	35,378	9,730	19,553	6,095
Misc. loans and liabilities	12,044	12,044		
Accounts payable	11,566	11,566		
Corporate and tax liabilities	4,802	4,802		
Other liabilities	2,858	2,858		
Total	**117,815**	**42,941**	**68,779**	**6,095**

4.6.1.2 – Exchange risks

The Company's exposure to exchange risk (in USD exclusively) is detailed in the corporate appendices (chapter C – additional information – section 21):

"The Company is primarily exposed to exchange risk for the US dollar through its investments in this currency. The main exposures to exchange risk are as follows:

	12/31/2002		12/31/2001	
	k$	k€	k$	k€
Operating receivables	22,481	21,479	12,454	14,131
Receivables from sales of fixed assets	11,174	10,654	10,846	12,307
Operating liabilities	(9,781)	(9,376)	(1,172)	(1,329)
Liabilities on fixed assets	(10)	(10)	(2,052)	(2,329)
Long-term liabilities	(33,631)	(32,069)	-	-

The Company's exposure to exchange risk (in USD exclusively) is also detailed in the notes to the consolidated financial statements (section 11):

"The Company is exposed to exchange risk for the dollar through its investments in this currency. The main exposures to exchange risk are as follows:

	12/31/2002		12/31/2001	
	k$	k€	k$	k€
Capital assets	25,747	24,551	21,221	24,080
Working assets	20,419	19,470	14,461	16,409
Liabilities	(65,461)	(62,422)	(21,664)	(24,581)
Total	**(19,295)**	**(18,401)**	**(14,018)**	**(15,908)**

The Company does not use any hedging instrument against exchange variations.

4.6.1.3 – Rate risks

As described in section 4.6.1.1., the Company took out two variable rate loans:

- a loan in the amount of 18,200 kUSD contracted on April 9, 2001, from Lloyd's Bank for a term of ten years, repayable in forty quarterly payments, half of which bears interest fixed at 7.24% and the other half of which bears variable interest at the Libor + 1.625%. On December 31, 2002, the amount of the loan was entered in the financial statements in the amount of 15,226 k€,
- a loan in the amount of 18,000 kUSD intended for the development of the M'Boundi field in Congo, taken out on November 15, 2002, from Natexis Banques Populaires and repayable in 30 uniform monthly installments beginning on May 15, 2003, and bearing interest at the Libor + 4%. On December 31, 2002, the loan was entered in the financial statements in the amount of 17,164 k€.

According to the two aforementioned loans, the Company could be subject to a risk of higher interest rates.

In thousands of Euros Fiscal 2003	Impact of a 1% increase in bank rates
Congo loan	Around -200
Lloyd's Loan (Multipurpose ships)	Around -100
OVERALL	Around -300

Given the low rate risk, the Company does not use any hedging instruments for specific rates.

4.6.1.4 – Share risks

On December 31, 2002, the Company had two types of shares in its portfolio:

1) Own shares

As part of the own share buyback program (COB visa No. 01.1051 dated August 20, 2001) authorized by the General Meeting of shareholders of September 11, 2001, the Company owns 97,464 of its own shares. These shares, classified as long-term investments, are, in accordance with the accounting rules in force, subject to different accounting treatments in the Company's corporate financial statements and in the Group's consolidated financial statements:

- In the corporate financial statements, since they could be used in connection with the stock option program, they are depreciated in the amount of 12.15€, the subscription price set for employees. They are thus valued on December 31, 2002, at 1,184k€ for a stock market valuation on this same date of 1,993k€.
- In the consolidated financial statements, these own shares are cancelled through reduction of the equity capital.

Furthermore, as part of this same share buyback program, the Company currently owns 6,088 of its own shares acquired in connection with a liquidity contract entered into with KBC Securities on January 25, 2002. These shares are classified in the corporate financial statements and consolidated financial statements as "investment securities" for a balance sheet value on December 31, 2002, of 125k€ corresponding to the stock market valuation of these shares on this same date.

2) Pebercan Inc. shares

The 20% stake held in Pebercan Inc., a company traded on the Toronto Stock Exchange, is considered a major and durable oil industry investment. Its value in the Company's books (15,827k€) is below its stock market value and its stock market valuation.

	kUSD	K€
Updating of future cash flows (*)	19,000	18,118
Stock market valuation on December 31, 2002	21,216	20,231

(*) Maurel & Prom calculation

As a result of the developments above, the Company does not see itself running any share risks and therefore does not use any specific hedging instrument.

4.6.2 – Legal risks

4.6.2.1 – Risks tied to the regulatory procedure for obtaining certain permits

At the end of an oil exploration period and if this exploration is successful, the Company and/or one of its subsidiaries generally enters a development phase that requires obtaining oil development permits (example: M'Boundi permit resulting from the Kouilou exploration permit).

Certain countries in which the Company and/or one of its subsidiaries benefit from oil development permits may present a political risk that can be assessed in various ways depending on the nature of these countries.

Concerning Congo, the Company took out political risk insurance in order to minimize this risk. This insurance policy was signed under normal market conditions.

In any event, the Maurel & Prom Group feels that the risk related to losing such permits is low. Its experience has, in fact, shown it that as long as the obligations incumbent upon it under the permit are fulfilled, these permits endure.

Furthermore, the choice made by the Maurel & Prom Group to use, as often as possible, Joint operating agreements that conform to the "International Model Form" guaranteeing the rights of the contracting parties against the lead hydrocarbon drilling or field operation contractor shelters Maurel & Prom from any commitment it has not approved.

4.6.2.2 – Disputes

a) PROMAGRA, a general 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 arose very quickly between the two partners including, more particularly: access to information made difficult for Maurel & Prom, dispute with the Doux Group, assignee of Promagra shares, an important crisis even before 1994 in the cooperative group, large debts with regard to Maurel & Prom.

Since 1996, the Company has been sued for liability in the court-ordered recovery process for TRANSAGRA – a subsidiary of the farm cooperative AGRI CHER, which is in liquidation.

For its part, Maurel & Prom sued the individual managers of the cooperative for liability for the losses incurred by the Company through PROMAGRA. These respective petitions were the subject of expert assessments and judgments whose findings are still pending. The Maurel & Prom claim against the cooperative AGRI CHER is provisioned inasmuch as, since the cooperative is in court-ordered liquidation, it is not very likely that the Company can recover all or part of this amount.

b) Concerning the damage that occurred prior to the sale of the drilling ship Energy Searcher in June 2001, the Company decided, based on an independent expert's report supporting this decision, to institute proceedings against Cameron, the builder of the rig lost.

Finally, to the Company's knowledge, there is no dispute, arbitration or exceptional fact likely to have or that has had in the past a significant impact on the financial position, result, operations and the assets of the Company and/or of the Group.

4.6.3 – Risks tied to the operations of the Maurel & Prom Group

4.6.3.1 – Risks specific to the Maurel & Prom Group's sector of operations

• Oil and gas operations

This type of activity, which supposes that the hydrocarbons can be found and extracted, requires the commitment of preliminary operations that are at times considerable. These operations are preliminary to exploratory drilling. This type of drilling only makes it possible to decide to stop exploration, to shift to the production development stage or to continue exploratory work faced with a mitigated result regarding the quality of the hydrocarbon and the uncertainties weighing on its extraction.

Furthermore, once operation has begun, knowledge of the reserves can sometimes be random, only being revealed as operation continues.

Finally, the practical operating conditions and operating cost may vary during the reserves development period.

In these operations, the Company estimates its customer risk as low, except with respect to the gas operations in Vietnam. Indeed, as this involves a gas asset, the value of this asset remains dependent on the contractual conditions for selling gas and the capacity of the buyer. At this stage, the Company is working on marketing with Petrovietnam.

The Company also feels that the legal risks tied to this activity are low, since its experience has shown it that as long as the obligations incumbent on it through the permits or grants it has are fulfilled, these permits or grants endure.

The choice made by the Company to use, as often as possible, Joint operating agreements that conform to the "International Model Form" guaranteeing the rights of the contracting parties against the lead hydrocarbon field drilling and development contractor is likely to shelter Maurel & Prom from any commitment it has not approved.

The commitments given in this domain were 31.4 MUSD, including 31.1 MUSD in Congo and 0.3 MUSD in Vietnam on December 31, 2002.

• Maritime outfitting operations

The Company indirectly owns two ships for whose use it is working to obtain long-term contracts. However, the particular quality of these ships is now recognized, so that as soon as the oil environment improves, these ships will be the first to return to operations.

These ships currently have a satisfactory backlog of orders.

• Gold mining operations

The costs incurred for this activity, fully provisioned since 1998, no longer constitute a financial risk.

4.6.3.2 – Environmental risks

As part of its activities (today primarily oil and gas), the Maurel & Prom Group seeks to comply with the regulatory constraints of the countries in which it is present and, in particular, to perform routine impact studies before beginning specific work.

As part of its oil exploration, production and development work, the Maurel & Prom Group may cause environmental damage. This damage is covered by ad hoc insurance contracts (see section 4.6.4 hereinbelow).

Due to the nature of its operations, the Maurel & Prom Group will normally be inclined to bear the expenses for rehabilitating operating sites and evacuation devices. As the Company is currently in production phase only in Congo, an annual contribution to the provisions for these site rehabilitation expenses is recorded in its financial statements according to the production unit method. The complete costing of the rehabilitation of non-productive sites is being evaluated. An initial estimate of these costs gives a range of 150,000 to 200,000 USD per well.

4.6.3.3 – Risks tied to key Company employees

The Company feels that it has an organization and a management structure that will allow it to pursue its operations and its development under normal conditions if one of the members of its executive management is unable to carry out his duties.

4.6.4 – Insurance

The Company has taken out the following insurance:

- Civil liability for management in the amount of 7,652 k€ per year and per claim,
- Fire, storm, natural disaster, and water damage liability in the amount of 15 k€
- Theft and vandalism liability; glass breakage in the amount of 75 k€
- Civil office liability excluding professional civil liability, basic legal protection in the amount of 187 k€.

In addition to its standard risk coverage, the Company has taken out insurance contracts specific to its business and thus to the nature and the location of its assets:

• insurance connected to the oil operations covering:
  - potential risks of damage to the oil facilities in the amount of 15M€ per claim,
  - civil liability risks in the amount of 5M€ per claim,
  - pollution risks in the amount of 10 M€ per claim,
  - risks of real losses of assets (5 M€ per claim; 30 M$ specifically for the drilling rig).

• furthermore, as part of obtaining the Natexis Banques Populaires loan dated November 15, 2002, a Congo political risk insurance policy was taken out by the Maurel & Prom Group intended, in case of a claim, to insure repayment of the amount of the loan taken out from this banking institution (18 M$ on December 31, 2002).

The total annual amount of insurance premiums paid by the Company is around 1,300 k€.

Chapter 5
Assets – Financial position Results

Consolidated financial statements
as of december 31, 2002

Balance sheet

Assets

Amounts in Euros	Net amount 12/31/2002	Notes	Net amount 12/31/2001	Net amount 12/31/2000
Fixed assets				
Intangible assets	86,994,511	1.a.	37,230,963	33,729,775
Consolidated goodwill	626,858	2	810,194	-
Tangible assets	56,281,396	1.b.	33,506,956	48,907,273
Long-term investments	358,436	3	250,430	229,905
Securities accounted for using the equity method	15,827,694	4	12,651,073	-
	160,088,895		**84,449,616**	**82,866,953**
Working capital				
Inventories	2,071,316	5/8	4,557,810	6,303,808
Accounts receivable	6,869,189	6/8/9	4,866,766	5,783,597
Other receivables and accruals	15,598,643	7/8/9	8,856,278	2,581,320
Investment securities	451,841	10	1,230,167	548,807
Cash and cash equivalents	12,387,119		5,821,376	3,518,427
	37,378,108		**25,332,397**	**18,735,959**
TOTAL	**197,467,003**		**109,782,013**	**101,602,912**

Liabilities

Amounts in Euros	Net amount 12/31/2002	Notes	Net amount 12/31/2001	Net amount 12/31/2000
Equity capital – group share				
Capital	46,617,386		46,591,666	46,104,546
Issue, merger, contribution premiums	45,929,839		45,905,457	46,357,389
Consolidated reserves	(11,553,932)		(29,985,738)	(21,924,391)
Own shares	(1,824,858)		(723,814)	-
Result – group share	388,471		16,972,704	(6,273,850)
	79,556,906	**12**	**78,760,275**	**64,263,694**
Minority interests	**79,053**	**13**	**194,519**	**(1,078,682)**
Provisions for risks and expenses	**15,703**	**13**	**2,243,534**	**1,083,028**
Liabilities				
Bond loans	51,166,550	15/19	-	-
Loans from and debts with credit institutions	35,377,562	16/19	20,073,233	15,843,721
Misc. financial borrowing and liabilities	12,043,917	17/19	-	2,306,069
Accounts payable	11,566,692	18/19	4,541,176	5,199,385
Tax and social security liabilities	4,802,682	18/19	950,525	1,742,965
Other liabilities	2,857,928	18/19	3,018,751	12,242,732
	117,815,341		**28,583,685**	**37,334,872**
TOTAL	**197,467,003**		**109,782,013**	**101,602,912**

Incomes statements

Amounts in Euros	2002	Notes	2001	2000
Operating income				
Sales	26,646,780	21	24,576,094	26,063,065
Reversals of provisions and transfers of expenses	1,243,621		836,273	6,497,572
Other income	122,095		51,160	6,834
	28,012,496		**25,463,527**	**32,567,471**
Operating expenses				
Purchases consumed	2,217,126		1,816,660	2,451,115
Other operating expenses	14,108,518		13,244,773	22,043,663
Taxes	59,270		60,333	200,807
Personnel expenses	5,993,303		7,317,385	4,537,475
Depreciation	3,737,893		3,807,070	5,731,165
Provisions	18,884		8,866	406,336
	26,134,994		**26,255,087**	**35,370,561**
Operating result	**1,877,994**	**22**	**(791,560)**	**(2,803,090)**
Financial result	(3,602,527)	23	(2,504,123)	(2,905,106)
Current result	**(1,725,025)**		**(3,295,683)**	**(5,708,196)**
Non-recurring result	274,281	24	18,751,946	(211,417)
Taxes on income	3,523,726	26	430,093	518,628
Net result for the consolidated companies	**(4,974,470)**		**15,026,170**	**(6,438,241)**
Share in the results of the companies treated using the equity method	5,555,343	25	1,897,809	19,314
Depreciation of consolidated goodwill	(204,172)		(202,594)	-
Net result for the consolidated companies	**376,701**		**16,721,430**	**(6,418,927)**
Minority interests	(11,770)		(251,274)	(145,077)
Net result – group share	**388,471**		**16,972,704**	**(6,273,850)**
Earnings per share	**0.06**		**2.81**	**(1.04)**
Current earnings per share	**(0.28)**		**(0.54)**	**(0.94)**
Current result, including the result for companies treated using the equity method, after taxes and before non-recurring elements, per share	**0.02**		**(0.18)**	
Diluted earnings per share	**0.05**		**2.97**	**(1.04)**

Notes to the consolidated financial statements

A. – Characteristic aspects of the fiscal year

On February 7, 2002, the Company issued 1,512,865 bonds convertible into or exchangeable for new or existing shares (Oceane) for a total of 31,770,165 €.

On February 2002, Maurel & Prom acquired the interests of Heritage in the Kouilou field in Congo for 35 million dollars, raising its stake in this permit from 35% to 65%.

As part of the acquisition of these interests, Maurel & Prom carried out a convertible bond issue in the amount of 11,101,242 € on August 29, 2002.

On July 15, 2002, the partnership led by Maurel & Prom obtained from the Republic of Congo the operating permit for M'Boundi extracted from the Kouilou operating permit. A loan of 18 million dollars was taken out on November 15, 2002, from the Natexis to ensure the financing of the Maurel & Prom share of an initial segment of the development work for this permit.

Following the implementation of a partnership agreement with the South African group AfriOre, additional exploratory work was recently begun on the gold mining permits in Mali to determine their ultimate potential and to allow the Maurel & Prom Group to withdraw from this activity under satisfactory financial conditions.

B. - Accounting rules and methods

The consolidated financial statements were prepared in accordance with the accounting principles in force in France and in compliance with the provisions of the law of January 3, 1985, the implementing decree of February 17, 1986, and regulation 99-02 of the accounting regulations.

a) Reporting environment

The companies controlled exclusively by Maurel & Prom are consolidated via full consolidation.

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

As an exception, the subsidiaries whose information could not be obtained within time frames compatible with the legal communication time frames were not consolidated.

b) Consolidation methods

Consolidation was effected on the basis of the annual financial statements of Maurel & Prom and its subsidiaries as of December 31, 2002.

All transactions between the consolidated companies were eliminated.

The financial statements of the subsidiaries prepared in accordance with accounting principles that are different from those of the Group are restated to make them homogeneous.

c) Intangible assets

Intangible assets are recorded at their acquisition cost.

Setup expenses are depreciated over a maximum duration of five years.

For the mining operations, the expenses incurred during the pre-operation period are capitalized. They are then depreciated as of the start of operation. Exceptional depreciation is recorded in case the exploration fails.

d) Consolidated goodwill

The difference between the acquisition price of securities and the fair value of the Company's identified assets and liabilities is entered:
– when it is positive, in the assets portion of the balance sheet under the heading "consolidated goodwill." The consolidated goodwill is depreciated over five years, except for goodwill whose value is low, which is depreciated over one year.
– when it is negative, in the liabilities portion of the balance sheet under the heading "provisions for risks." The provision is subject to a reversal plan spread out over five years. When a particular event occurs or when the value is low, the reversal terms and conditions may be accelerated.

e) Tangible assets

Tangible assets are recorded at their acquisition cost.

Depreciation is calculated over the estimated use life of the assets according to the following straight-line (L) or the declining balance (D) methods:
– Buildings: L over 10 years,
– Infrastructures: L over 8 to 10 years,
– Ships: L over 10 to 20 years,
– Technical facilities: L over 3 to 10 years,
– Fixtures and systems: L over 4 to 10 years,
– Transport equipment: 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 operations

The principal methods for accounting for the costs of these operations are as follows:

• Mining permit

Mining permits are entered as intangible assets and depreciated using the straight-line method over the estimated use life of the permit or at the rate of the depreciation of the oil production facilities.

If the permit is withdrawn or prospecting fails, the remaining depreciation is recorded in a single amount.

• Acquisitions of reserves

Acquisitions of oil reserves are entered as intangible assets and depreciated using the production unit method.

The depreciation rate is equal to the ratio of the hydrocarbon production of the field during the fiscal year to the estimated hydrocarbon reserves at the time of the acquisition less cumulated production since this date.

• Exploration expenses

Studies and exploration work, including geology and geophysics expenses, are entered in the assets portion of the balance sheet as intangible assets as long as they are considered terminated and as long as an operating permit has not been obtained.

Costs for exploration work that has not resulted in a commercial discovery for a given permit and that resulted in a decision to suspend the work in this area or on this geological structure are recorded as expenses [for] the year this failure was established.

Non-recurring provisions or depreciation are recorded when the cumulative costs are higher than the updated cash flow estimates or when technical difficulties are encountered. Depreciation is determined by operating permit.

The depreciation of exploration expenses is deferred until they are transferred as tangible assets.

• Oil production assets

Fixed oil production assets include all the expenses tied to the exploration and development of the fields (development drilling, surface facility, oil evacuation system, etc.) once they are considered terminated.

These fixed assets are depreciated using the production unit method. The depreciation rate is equal to the ratio of the hydrocarbon production of the field for the fiscal year to the proven estimated hydrocarbon reserves developed at the start of this same fiscal year.

If applicable, if the data is not sufficient to determine the developed proven reserves, the proven reserves are used to calculate the depreciation rate.

The reserves taken into consideration are the reserves determined using analyses conducted by independent agencies.

Provisions for depreciation or non-recurring depreciation are recorded when the cumulative costs are higher than the updated cash flow estimates or when technical problems are encountered. Depreciation is determined by operating permit.

• Costs of well rehabilitation

Provisions for site rehabilitation are set up as provisions for risks and expenses at the rate of the depreciation of the oil production facilities. They are estimated by country and by field.

g) Unconsolidated stakes, investment securities

Portfolio securities appear on the balance sheet at their acquisition cost.

A provision is set up when the inventory value is lower than the acquisition cost. The inventory value is determined for:

- equity interests, based on equity capital, the profitability outlook of the companies concerned or the realization value of the stakes being sold,
- investment securities, compared to the market price on December 31.

h) Inventories

Inventories are valued at the acquisition or production cost.

The production cost includes consumptions and direct and indirect production costs.

Inventories are valued using the FIFO method.

Hydrocarbon stocks are valued at the production costs including field expenses, transport, mining royalties and the depreciation of goods involved in production.

A provision is set up when the realization value is lower than the gross value of the stocks.

i) Receivables

Receivables are recorded at their face value. A provision for depreciation is set up if there is a risk of non-collection.

j) Transactions in foreign currencies

Expenses and income in foreign currencies are recorded at their exchange value in Euros on the date of the transaction. Liabilities, receivables and cash and cash equivalents in foreign currencies appear in the balance sheet at their exchange value in Euros at the closing price. The different resulting from the conversion into foreign currencies at this price is entered in the income statement on the line “exchange difference.”

k) Deferred expenses

Equity interest acquisitions and capital increase expenses are entered as deferred expenses and are depreciated over five years.

Expenses pertaining to bond loans and to other loans are spread out over the life of the loan.

i) Redemption premiums

Redemption premiums for bond loans are depreciated over the life of the loans.

m) Own shares

Own shares are applied against equity capital based on their acquisition cost, except for those purchased for the purposes of regularizing prices, which are entered as investment securities.

The proceeds from sales of own shares applied against equity capital are entered in consolidated reserves at their net tax amount. Provisions for depreciation, if any, recorded in the Maurel & Prom corporate financial statements and provisions for risks set up for buyback commitments are cancelled in consolidation.

n) Provisions for risks and expenses

Provisions for risks and expenses are set up to cover miscellaneous contingencies, particularly disputes and any risks concerning subsidiaries.

Due to the group's structure and the average low seniority of the personnel, retirement commitments are not significant.

o) Deferred taxes

Deferred taxes are recorded for the temporary differences between the accounting and tax results according to the variable carry forward method.

In accordance with regulation 99-02 of the Accounting Regulatory Committee, deferred tax assets, particularly due to losses that can be carried forward or deferred depreciation are taken into consideration only if it is likely that the company may recover them within the prescribed time periods.

p) Conversion of the annual financials statements of foreign subsidiaries

The financial statements of foreign subsidiaries are converted using the closing price method.

Asset and liability items are converted at the exchange rate in force on the closing date of the fiscal year. Income and expenses are converted at the average rate for the period.

Translation gains or losses recorded both in the opening balance sheet and in the result are entered, for the part accruing to the consolidating entity, in its equity capital in the item "translation gains or losses" and for the third-party portion in the item "minority interests."

Translation gains or losses on internal long-term financing are charged directly to equity capital.

q) Non-recurring result

Non-recurring income and expenses in the income statement include the non-recurring elements coming from ordinary operations and the non-recurring elements. The non-recurring elements coming from ordinary operations are those whose realization is not tied to current operations, either because they are abnormal in their amount or their impact, or because they rarely occur.

r) Earnings per share

Three types of earnings per share are presented: the base net earnings, the current earnings, including that of the companies treated using the equity method, after taxes and before non-recurring elements, and the diluted earnings. The number of shares used to calculate the diluted earnings takes into account the conversion into shares of diluting instruments outstanding at the close of the fiscal year. The diluted earnings are calculated using the net result – group share, corrected by the financial cost of the diluting instruments, net of tax.

Treasury shares are not taken into consideration in the calculation when they are applied against consolidated equity capital.

C - Reporting environment

Company	Headquarters	Siren	% of interest 2002	2001
Etablissements Maurel & Prom	Paris	457 202 331	Consolidating	
Multipurpose ships				
Brooklyn Shipping Limited	St. Vincent and the Grenadines		100.00%	100.00%
Maurel & Prom International Shipping Limited, “Mepis”	St. Vincent and the Grenadines		100.00%	100.00%
Mepis Clementine Limited	St. Vincent and the Grenadines		100.00%	100.00%
Mepis Marie Limited	St. Vincent and the Grenadines		100.00%	100.00%
Oil operations				
Caroil	Paris	411 671 027	70.00%	100.00%
Oil Data International Inc.	Houston, USA		100.00%	100.00%
Pebercan Inc.	Montreal, Canada		20.02%	19.69%
Zetah M & P Congo	Pointe Noire, Congo		100.00%	100.00%
Zetah Congo Ltd.	Nassau, Bahamas		33.33%	
Fish farming				
Aquapole	La Celle Saint-Cloud	381 822 832	100.00%	73.54%
Compagnie Aquacole du Midi	La Celle Saint-Cloud	672 026 507	100.00%	100.00%
Ferme Marine des Baleines	Saint Clément des Baleines	330 084 377	100.00%	73.33%
Gold processing				
Compagnie Aurifère du Mali	Bamako, Mali		100.00%	100.00%
Compagnie Européenne et Africaine du Bois	Luxembourg		100.00%	100.00%
New Gold Mali	Bamako, Mali		49.50%	49.50%

All the companies are consolidated via full consolidation except for Pebercan Inc., which is consolidated using the equity method.

TPX, of which Odii owns 40% of the shares, was not consolidated. Its financial statements could not be obtained within the required time limits.

D – Additional information

Unless otherwise indicated, the information given is in thousands of Euros (k€).

1) Fixed assets

a) Intangible assets

The changes in intangible assets and depreciation are presented below:

In thousands of Euros	12/31/2002	12/31/2001
Gross value on January 1	42,249	38,530
Acquisitions	52,113	10,486
Reductions	(1,738)	(6,401)
Reclassification	-	(366)
Gross value on December 31	92,624	42,249
Depreciation and provisions on January 1	5,018	4,801
Contributions	615	2,235
Reversals	(4)	(2,018)
Depreciation and provisions on December 31	5,629	5,018
Net value	86,995	37,231

The variation in intangible assets stems essentially from:

. the acquisition of an additional 30% stake in the Kouilou permit in Congo (37,424 k€),

. the pursuit of prospecting underway, in Congo (7,964 k€), in Russia (294 k€) and in Vietnam (6,014 k€),

. the recording of the loss on the prospecting in Vietnam for the oil structure (1,734 k€).

Oil operating expenses:

• Vietnam: the work performed revealed a gas area of significant size, but whose production characteristics are limited for the time being by the low permeability of the reservoir rock combined with a poorly defined communication of the different lentils making it up. However, a well test, accompanied by a successful fracturing operation, suggested production possibility that needs to be verified first via a long-term test that is the only way of providing the information necessary to properly evaluate the capacities of the reservoir encountered (possible sustainable gas output rate, changes in pressure, etc.). The Vietnamese authorities confirmed their desire to buy this gas, given the considerable energy needs of this area, which would be accomplished in accordance with favorable tax conditions. Long-term tests will begin during the second half of 2003, providing the company with the elements that will allow it to make a decision concerning the Vietnam gas prospect, which, in the meantime does not strike it as unproductive.

• France (Lavergne, Lanot): the Company's interest in the Lavergne and Lanot permits is justified by the probable existence of reserves not yet placed into production. The question of extending the mining rights was discussed during a positive meeting with Essorep and the Ministry of Industry on March 6, 2003. The developments in this matter also depend on the responses given to the issues of soil and site rehabilitation, subjects currently being discussed with Essorep.

Intangible assets break down as follows:

In thousands of Euros	12/31/2002		12/31/2001	
	Gross value	Net value	Gross value	Net value
Oil prospecting and operating rights	41,215	38,947	3,812	2,051
Oil operating costs	48,502	45,198	35,825	32,595
Pre-operation expenses and concessions of the other mining operations	2,742	2,730	2,590	2,581
Other	165	120	22	4
TOTAL	**92,624**	**86,995**	**42,249**	**37,231**

b) Tangible assets

Changes in tangible assets and in depreciation are as follows:

In thousands of Euros	12/31/2002	12/31/2001
Gross value on January 1	41,716	67,061
Acquisitions	25,893	10,227
Reductions	(469)	(9,822)
Variations in the reporting environment	-	(22,856)
Reclassification	-	(2,894)
Gross value on December 31	67,140	41,716
Depreciation and provisions on January 1	8,210	18 153
Contributions	2,782	3,515
Reversals	(133)	(3,481)
Variations in the reporting environment	-	(9,977)
Depreciation and provisions on December 31	10,859	8,210
Net value	**56,281**	**33,506**

The principal variations can be analyzed as follows:

– capital expenditures continued in Congo on the two Kouakouala (5,568 k€) and Kouilou (12,640 k€) permits,
– the work on the Pointe Indienne concession (346 k€),
– the sale of 35% of the interests in this concession (357 k€),
– Caroil built a drilling rig (6,819 k€),
– Mepis did work on the multipurpose ships (295 k€),
– depreciation according to the production unit method concerning the Kouakouala assets in the amount of 632 k€ and concerning Kouilou in the amount of 78 k€. As Maurel & Prom does not yet have estimates of its proven and developed reserves at the end of 2002, the oil production assets for these two fields were depreciated on the basis solely of proven reserves; the 2003 drilling campaign will allow the acquisition of the data necessary for estimating the proven and developed reserves,
– The depreciation of the fixed assets (straight-line depreciation over 5 years) of the Point Indienne concession represents 185 k€. Tangible assets break down as follows:

In thousands of Euros	12/31/2002		12/31/2001	
	Gross value	Net value	Gross value	Net value
. Sites	305	209	290	216
. Buildings	119	57	119	77
. Technical facilities	65,967	55,606	40,726	32,865
. Other	749	409	581	348
TOTAL	**67,140**	**56,281**	**41,716**	**33,506**

The breakdown of tangible assets by activity is as follows (gross value) (in thousands of Euros):

Activity	2002	2001
. Multipurpose ships	24,311	24,015
. Oil	36,986	11,973
. Fish farming	4,793	4,848
. Gold processing	756	760
. Other	294	120
TOTAL	**67,140**	**41,716**

c) Oil assets

The intangible and tangible oil assets break down by country as follows (net value):

(in thousands of Euros):

Country	2002	2001
. Congo	78,065	15,898
. France	4,267	4,213
. Hungary	0	0
. Russia	3,896	3,610
. Senegal	22	-
. Vietnam	26,927	22,646
. Other (drilling rig)	6,819	-
TOTAL	**119,996**	**46,367**

2) Consolidated Goodwill

Pebercan Inc. was consolidated for the first time in 2001. On December 31, 2002, consolidated goodwill totaled 1,034 k€ depreciated in the amount of 407 k€.

3) Long-term investments

Long-term investments changed as follows:

In thousands of Euros	12/31/2002	12/31/2001
Gross value on January 1	3,909	5,123
Increases	137	195
Reductions	(29)	(1,409)
Gross value on December 31	4,017	3,909
Depreciation and provisions on January 1	3,659	4,893
Reversals for the fiscal year	-	(1,234)
Depreciation and provisions on December 31	3,659	3,659
Net value	**358**	**250**

Long-term investments break down as follows:

In thousands of Euros	12/31/2002		12/31/2001	
	Gross value	Net value	Gross value	Net value
Unconsolidated equity interests	202	202	143	143
Loans	3,697	38	3,697	38
Other	118	118	69	69
Total	**4,017**	**358**	**3,909**	**250**

a) Unconsolidated equity interests

For 202 k€, Odii owns 40% of the Russian company TPX with which the Maurel & Prom Group is investing in oil exploration in the Komi Republic.

b) Loans

The entire claim against the company “Financière Transagra Transformation” 3,659 k€ was provisioned at 100% due to this company’s filing for bankruptcy.

4) Securities treated using the equity method

In 2001, Maurel & Prom swapped all its Cuban oil assets for 19% of Pebercan Inc. for a value of 10,000 kUSD. Maurel & Prom acquired other interests, bringing its stake to 20.02% on 12/312002 for 11,992 k€.

Pebercan Inc. was treated using the equity method as of January 1, 2001. Maurel & Prom’s share in Pebercan’s restated equity capital totaled 15,827 k€ on December 31, 2002, including 5,555 in 2002 result (see § 25) (2001: 12,651 k€, including 1,898 k€ in result).

5) Inventories

Inventories represent a gross amount of 4,440 k€. They essentially concern fish farming in the amount of 4,343 k€ (2001: 4,475 k€).

The fish farming group was sold in March 2003; a provision equal to the consolidated capital loss on the sale was contributed in 2002 for the inventories of the activity (2,366 k€) (See § 14).

6) Accounts receivable

Accounts receivable primarily concern oil production in the amount of 4,515 k€ (2001: 2,470 k€), cable installations for 1,628 k€ (2001: 1,817 k€) and fish farming for 638 k€ (2001: 587).

7) Other receivables and accruals

In thousands of Euros	12/31/2002	12/31/2001
Carry back claim	337	1,573
Claim against Transagra	1,528	1,528
Claims against Congo partners	3,853	5,497
Receivables from sales of interests	823	823
Current account for group companies not consolidated via full consolidation	-	1,097
Prepaid expenses	513	214
Deferred expenses	4,841	16
Bond redemption premium	5,188	-
Other	868	463
Gross value	17,951	11,211
Provisions to be deducted	(2,352)	(2,355)
Net value	**15,599**	**8,856**

The carry-back claim on December 31, 2002, corresponds to the balance of the claim related to 1995.

Deferred expenses (in thousands of Euros) concern:

. Oceane issue expenses (See § 15)	717
. convertible bonds issue expenses (See § 15)	215
. issue expenses for the 18,000 k$ loan taken out from Natexis (See § 16)	3,736
. Other	173
	4,841

The redemption premium for the bonds is connected to the issue of the Oceane (See § 15).

8) Provisions for depreciation of receivables

In thousands of Euros	01/01/2002	Contributions	Reversals	12/31/2002
Accounts receivable	9	3	7	5
Other receivables	2,356		4	2,352
Total	**2,365**	**3**	**11**	**2,357**

Provisions for depreciation of other receivables primarily concern a claim against Financière Transagra in the amount of 1,528 k€ (2001: idem) and the receivables from the sale of equity interests in the amount of 823 k€ (2001: idem).

9) Schedule of receivables

In thousands of Euros	Gross amount	Under one year	Over one year	Over five years
Fixed assets:				
Loans	3,697	11	3,686	-
Working capital:				
Accounts receivable	6,869	6,869		-
Other receivables	15,599	13,248	2,351	-
Total	**26,165**	**20,128**	**6,037**	**-**

The claims against Société Financière Transagra were considered to be over one year due to their unrecoverability (See § 3b and 8) in the amount of 5,187 k€.

10) Investment securities

The market value of the investment securities totaled 462 k€ on December 31, 2002.

11) Exposure to exchange risk

The company is exposed to exchange risk for the dollar through its investments in this currency.

The main exposures to exchange risk are as follows:

In thousands of Euros	12/31/2002		12/31/2001	
	k$	k€	k$	k€
Fixed assets	25,747	24,551	21,221	24,080
Working capital	20,419	19,470	14,461	16,409
Liabilities	(65,461)	(62,422)	(21,664)	(24,581)
Total	**(19,295)**	**(18,401)**	**(14,018)**	**(15,908)**

12) Equity capital – group share

The consolidated equity capital evolved as follows:

In thousands of Euros	Capital	Premiums	Reserves	Translation gains or losses	Result for the fiscal year	Consolidated equity capital
12/31/2000	**46,104**	**46,357**	**(25,015)**	**3,091**	**(6,274)**	**64,263**
Allocation of the result			(6,274)		6,274	0
Capital increase	487	(452)				35
Own shares			(724)			(724)
Translation gains/losses			3,317	(5,104)		(1,787)
Result					16,973	16,973
12/31/2001	**46,591**	**45,905**	**(28,696)**	**(2,013)**	**16,973**	**78,760**
Allocation of the result			16,973		(16,973)	0
Capital increase	26	25				51
Own shares			(1,102)			(1,102)
Translation gains/losses				1,460		1,460
Result					388	388
12/31/2002	**46,617**	**45,930**	**(12,825)**	**(553)**	**388**	**79,557**

As of December 31, 2002, the capital was composed of 6,054,206 shares with a par value of 7.70 Euros each.

By decision made during the combined general meeting of June 27, 1995, the management had the power to raise the capital to a maximum amount of 500 million francs in one or more installments. This authorization was renewed by the General Meeting of June 14, 2000, in the amount of 1,000 million francs.

In accordance with this authorization, the management decided on June 20, 2001, to issue 6,048,821 share purchase warrants allotted free of charge to each Maurel & Prom shareholder. The exercise ratio is 10 Warrants for one share, and the exercise price is 15 € per share. The exercise period runs from July 2, 2001 to December 31, 2003.

On December 31, 2002, 53,850 warrants had been exercised and 5,385 had been created.

The General Meeting of September 11, 2001, authorized the management to grant stock options to Company employees. In accordance with this decision, the number of options is 170,000 at the subscription price of 12.15 € each. 13 employees benefited from the plan.

As part of the authorization given by the General Meeting of September 11, 2001, the Company bought back 97,464 of its own shares as of December 31, 2002. These shares are primarily intended to be cancelled, exchanged in the case of external growth operations, or allotted to employees as part of the stock option plan.

In accordance with regulation 99-02, the shares were charged against the equity capital. The variations in conversion gains or losses primarily concern the equity capital of Pebercan Inc (-2,601 k€), the equity capital and fixed assets of Mepis (5,393 k€) and the financing of Mepis (-1,337 k€).

13) Minority interests

The minority interests evolved as follows:

In thousands of Euros	Reserves	Result for the fiscal year	Minority interests
12/31/2000	**(934)**	**(145)**	**(1,079)**
Allocation of the result	(145)	145	0
Variations in the reporting environment	1,524	-	1,524
Result	-	(251)	(251)
12/31/2001	**445**	**(251)**	**194**
Allocation of the result	(251)	251	0
Variations in the reporting environment	(103)	-	(103)
Result	-	(12)	(12)
12/31/2002	**91**	**(12)**	**79**

In 2001, the variation in the reporting environment came from the withdrawal of STOM from the consolidation scope.
In 2002, the variation in the reporting environment concerned the repurchase by the minority interests of the fish farming operations and the entry of minority shareholders in CAROIL.

14) Provisions for risks and expenses

Provisions for risks and expenses evolved as follows:

In thousands of Euros	12/31/2002	12/31/2001
Provisions on January 1	2,244	1,083
Contributions	12	1,575
Reversals (provision used)	(1,829)	(301)
Reversals (provision not used)	(390)	-
Variations in reporting environment	(21)	(113)
Provisions on December 31	16	2,244

Provisions for risks and expenses break down into:

In thousands of Euros	12/31/2002	12/31/2001
Risks on subsidiaries	-	2,219
Other	16	25
	16	**2,244**

The sale of the fish farming operations occurred in March 2003. In order to comply with the terms and conditions of this transaction, the provision for risks funded in 2001 (1,829 k€) was reversed on December 31, 2002, and a provision was set up for the inventories of the fish farming operations to take into account the loss on the sale (2,366 k€) (See § 5).

The provision to guarantee liabilities in the amount of 390 k€ concerning STCPA-Bois, now inapplicable, was reversed.

Provisions were reversed in the financial result in the amount of 2,219 k€.

15) Bond loans

On February 7, 2002, Maurel & Prom issued 1,512,865 bonds convertible into and/or exchangeable for new or existing shares (Oceane) for a total of 31,770,165 €. The bonds bear interest at 6% per annum. The bonds will be amortized in full through redemption on December 31, 2006 at the price of 25.20 € per bond. Conversion or exchange may be exercised at any time at the rate of one share for one bond. All the bonds have been subscribed.

The bond loan was entered in the balance sheet at its redemption value, or 38,124 k€, accompanied by a redemption premium of 6,354 k€. This premium is amortized using the straight line method over the life of the loan.

Interest accrued as of December 31, 2002 totals 1,713 k€.

On August 29, 2002, Maurel & Prom issued 456,366 convertible bonds for a total of 11,101,242 € in equal amounts to Heritage Congo Limited and Financière de Rosario. The bonds were issued at par and bear interest at 6% per annum. They may be converted at any time until December 31, 2006, at a price that varies depending on the price of the share on that date, the total exchange value in shares being set at 11,101,242 €.

Interest accrued as of December 31, 2002 totals 228 k€.

16) Loans from credit institutions

Loans from credit institutions break down as follows:

In thousands of Euros	12/31/2002	12/31/2001
Bank loans	35,251	19,618
Accrued interest on loans	28	318
Credit banks	99	138
	35,378	**20,074**

On April 9, 2001, the group contracted a loan in the amount of 18,200 k$ for a term of 10 years repayable in 40 quarterly payments. The loan bears interest at the Libor + 1.625%. To secure the loan, a 1st rank mortgage was taken on the two multipurpose ships. On December 31, the loan amount totaled 15, 226 k€, (2001: 19,618 k€).

On May 2, 2002, the company contracted a loan in the amount of 4,000 k$ from Alter Finance. A first repayment of 1,000 k$ was made on November 29, 2002. The balance, 2,861 k€, will be paid during fiscal 2003.

On November 15, 2002, the company contracted a loan in the amount of 18 million dollars from Banque Natexis (17,164 k€ on December 31, 2002) intended for the development of the M'Boundi field in Congo. This loan backed by the company's current oil production in Congo is accompanied by insurance to cover the risk of a drop in crude oil prices. It is repayable in 30 uniform payments beginning on May 15, 2003.

17) Miscellaneous loans and financial liabilities

Miscellaneous loans and financial liabilities break down as follows:

In thousands of Euros	12/31/2002	12/31/2001
Heritage Oil loan	2,384	-
Financière de Rosario loan	9,536	-
Accrued interest	124	-
	12,044	-

A loan in the amount of 2,500 k$ (2,384 k€) was contracted from Heritage Oil and is due on October 4, 2003.

A loan in the amount of 15,000 k$ was contracted from Financière de Rosario. 5,000 k$ were converted into convertible bonds (See § 16). The balance of 10,000 k$ (9,536 k€) will be repaid in 2003.

18) Other liabilities

The increase in accounts payable stems essentially from the increase in prospecting and from the oil operations in Congo.

Corporate and tax liabilities include the tax debt on sales of oil in Congo (4,050 k€).

The other liabilities include a current account for one shareholder in the amount of 1,013 k€ and the suppliers of the drilling rig under construction in the amount of 1,052 k€.

19) Debt schedule

In thousands of Euros	Gross amount	Under one year	Over one year	Over five years
Bond loans:	51,167	1,941	49,226	-
Loans from credit institutions	35,378	9,730	19,553	6,095
Misc. loans and liabilities	12,044	12,044	-	-
Accounts payable	11,566	11,566	-	-
Corporate and tax liabilities	4,802	4,802	-	-
Other liabilities	2,858	2,858	-	-
Total	**117,815**	**42,941**	**68,779**	**6,095**

20) Expenses due and accrued

Expenses due and accrued total 4,594 k€ (2001: 1,790 k€) including 1,956 k€ in invoices receivable and 2,093 k€ in interest on loans.

21) Breakdown of sales by sector of operations

The breakdown of sales by sector of operations is as follows:

In thousands of Euros	2002	2001
. Multipurpose ships	7,833	8,366
. Oil development	14,427	5,109
. Fish farming	4,387	3,779
. Oil drilling	-	7,322
TOTAL	**26,647**	**24,576**

The oil drilling ship was sold on June 22, 2001, and its sales were consolidated up to this date.

Maurel & Prom production in Congo on the Kouakouala and Kouilou permits is governed by production sharing contracts with the Republic of Congo. In 2002, following the change in oil buyer (i.e., hydrocarbons), Maurel & Prom decided to record the sale of its share of production on the permits as sales before deduction of the share going to the State. The counterpart of sales corresponding to the State's share of the oil profit, to the proportional mining royalty and to the provision for diversified investments is recorded as corporate tax. In 2001, the proportional royalty was deducted from sales. Sales of oil in Congo (including the proportional mining royalty) totaled 5,440 k€ on December 31, 2001.

22) Breakdown of the operating result by sector of operations

The breakdown of the operating result by sector of operations is as follows:

In thousands of Euros	2002	2001
. Multipurpose ships	562	657
. Oil development	5,902	2,322
. Fish farming	(126)	(759)
. Gold processing	(788)	(1,234)
. Oil drilling	-	416
. Overhead expenses	(3,672)	(2,194)
TOTAL	**1,878**	**(792)**

23) *Financial result*

The financial result can be analyzed as follows:

In thousands of Euros	2002	2001
Other Interests	151	526
Reversals of provisions	2,219	16
Positive exchange differences	3,802	4,144
Net income from sales of securities	334	126
Financial income	6,506	4,812
Contributions to provisions	3,535	1,587
Interest	4,360	1,868
Negative exchange differences	2,214	3,861
Financial expenses	10,109	7,316
Financial result	**(3,603)**	**(2,504)**

The exchange result stems essentially from gains on the Group's loans denominated in dollars.

Contributions to provisions include the redemption premium on bonds (1,166 k€) and the loss on the sale of the fish farming subsidiaries (2,366 k€). They are partially offset by the reversal of the provision for risk on the fish farming subsidiaries (1,829 k€) and the reversal of the liabilities guarantee for STCPA-Bois (390 k€).

Interest includes the accrued interest on the convertible bonds (1,940 k€), interest paid by Maurel & Prom to its shareholders in the amount of 717 k€ (2001: 328 k€) and the interest on bank loans in the amount of 1,301 k€ (2001: 1,412 k€).

24) *Non-recurring result*

The non-recurring result can be analyzed as follows:

In thousands of Euros	2002	2001
On management operations	1,072	-
On capital operations	428	40,046
Reversals of provisions	78	7
Non-recurring income	1,578	40,053
On management operations	882	5,009
On capital operations	346	14,28
Contributions to provisions	75	2,005
Non-recurring expenses	1,303	21,301
Non-recurring result	**275**	**18,752**

It essentially includes a repayment of a claim from an Energy Searcher customer (1,067 k€) and the associated attorney's fees (655 k€), tax penalties in Congo (212 k€) and the total depreciation of the latest work undertaken in Hungary (75 k€).

In 2001, the capital gain from the sale of Jet Shipping Limited (24,556 k€), the expenses tied to the sale (4,661 k€) and the amortization of the expenses incurred in Hungary 91,974 k€) appeared.

25) Share in the results of the companies treated using the equity method

This line corresponds to the share of results of Pebercan Inc.

The result published by Pebercan Inc. totaled 23,991 kUS$ as of December 31, 2002. This company uses the depreciation method for its fixed oil assets that conforms to the Canadian accounting principles.

In compliance with the use of the Maurel & Prom accounting principles, these amortizations were restated.

The impact of this restatement is an increase in the Pebercan Inc. result of 2,078 kUS$. The Maurel & Prom Group share in this result thus restated is 5,213 kUS$, or 5,555 k€.

26) Personnel

Personnel of the fully consolidated companies totaled 81 on December 31, 2002 (2001: 86).

27) Off-balance sheet commitments

a) Commitments received

The following are guaranteed by the joint surety of Coopérative Agri Cher:

. the medium-term loan in the amount of 3,048 k€ granted to the Transagra Group,

. the claim totaling 1,524 k€ against Transagra.

Due to the bankruptcy of these two companies, Maurel & Prom lists these amounts a liabilities. Maurel & Prom was sued for liability in the insolvency of Coopérative Agri Cher. The Company deems this action to be unfounded and has not set up any provision in this regard.

b) Mortgage

To guarantee the loan in the amount of 18,200 K$ contracted to finance the multipurpose ships (See § 16), a first-rank mortgage was taken out on the two ships.

c) Financial commitments

As part of the 18,000 k$ loan intended to finance the M'Boundi field that Maurel & Prom contracted from Natexis (See § 16), the Company granted this latter a certain number of operational and financial guarantees for the entire term of the loan (November 15, 2005):

. insurance covering all industrial and political risks,

. insurance guaranteeing a minimum level of billing for the crude barrel,

. the transit of revenues drawn from the production of the Kouakouala and Kouilou fields to a specific Natexis account,

. the progressive funding of a cash security deposit corresponding to 110% of two principal payments of the loan. As of December 31, 2002, the cash security deposit totaled 320 k$ (315 k€).

As part of the 4,000K$ loan that Maurel & Prom took out from the bank Alter Finance (See § 16), the following were pledged as security in favor of Alter Finance:

. 70,969 of Maurel & Prom's own shares for an exchange value on December 31, 2002 of 1,451 k€,

. 7,000,000 shares of Pebercan Inc. for an exchange value on December 31, 2002 of 9,940 k€.

d) Commitments given in the oil domain

As part of the oil production sharing and technical assistance contracts in Congo and in Vietnam, Maurel & Prom agreed to finance prospecting and work expenses.

These expenses totaled 31,110 k$ for Congo (firm 2003 expense commitments presented and approved by the Congolese Administration) and 280 k$ for Vietnam on December 31, 2002.

e) Environment

As a result of its operations, it will normally be required to bear the expenses for rehabilitating the sites (operating sites and evacuation devices). At present, the company is in production phase only in Congo, and a contribution to provisions for these site rehabilitation costs is recorded in accordance with the production unit method. The complete calculation of the rehabilitation costs for non-productive sites is under evaluation.

28) Remuneration allotted to the direction, to management and to the members of the Supervisory Board

The Direction (4 people) received remuneration in the amount of 332 k€ for the fiscal year; the management received 91 k€ and the supervisory bodies received 30 k€.

Additionally, in accordance with article 17 of the bylaws, the management is authorized to collect participative remuneration based on 20% of the net corporate result before taxes for the portion exceeding the amount equal to 10% of the corporate equity capital on January 1 of the fiscal year. The management waived its remuneration for fiscal 2001. In 2002, due to Maurel & Prom corporate losses, this clause is not applicable.

29) Corporate tax

The reconciliation of the consolidated result – group share and the company's tax result can be summarized as follows (in thousands of Euros):

Result – group share	**-**	**388**
Temporary differences		
. net reversals of non-deductible provisions for subsidiaries (including STOM and STCPA: 19,465)	1,128	-
. deferred expenses	(101)	
. other	438	
		1,465
Permanent differences		
. Pebercan result	(5,555)	
. operations not taxable in France (Congo)	(4,406)	
. other	(1,233)	
		(11,194)
TOTAL		**(9,341)**

The tax recorded in the financial statements corresponds primarily to the local foreign taxes on profits owed on the oil operations in Congo. In 2001, the tax did not include the proportional mining royalty, which was deducted from sales. In 2002, the amounts related to the proportional mining royalty were recorded as sales and corporate taxes.

In 2001, the same principle would have led to recording the amount of 1,176 k€ as taxes.

No deferred tax was recorded. In effect, the main companies of the group have recorded a deficit for at least two years. According to regulation 99-02 of the Accounting Regulatory Committee, in this case the deferred tax debits are not taken into account.

Due to previous tax deficits, Maurel & Prom does not owe corporate tax for the fiscal year.

The extendable fiscal losses as of December 31, 2002, total 23,055 k€ (2001: 13,714 k€) and the long-term capital losses total 8,700 k€ (2001: 5,762 k€).

Furthermore, the company holds a claim against the State for loss carrybacks for a total of 337 k€ (2001: 1,573 k€) entered as "Other receivables." The claim was partially repaid in 2002. The balance should be paid in 2003.

The company was audited for the 1998/2000 period. The audit notice was received on March 8, 2002. Due to the company's carryovers and the nature of the points cited, which primarily involve a tax deficit carryover and the challenge of other points, no provision was recorded in the financial statements.

30) Subsequent events

- On February 10, 2003, Maurel & Prom obtained a permit from the Republic of Congo for La Noumbi site in the northern part of Congo, allowing the company to double its operable mining area in this country.
- On March 18, 2003, the Maurel & Prom company sold to Electricté et Eaux de Madagascar (EEM) for 3,300 K$ all of the interests (securities and current accounts) it held in Compagnie Aquacole du Midi, thereby ending all ties with the fish farming sector.

  As of the end of 2002, the Company took advantage of the financial consequences of this sale, which translated, through various contributions and reversals of provision, into a net expense of 536 k€.

  On the same date, Maurel & Prom purchased, for the same amount (3,300 k$) from EEM all the interests (securities and current accounts) that this latter held in the lumber sector in Congo through the company STCPA.

  Maurel & Prom's oft repeated intention to focus its operations exclusively in the oil domain led it to sell off these lumber operations, and therefore STCPA, immediately to specialized investors for the same price (3,300 k$).

  These crossover operations also allowed Maurel & Prom to reverse the provision in the amount of 390 k€ that it had set up in 2001 to cover the risk of any third-party complaint related to STCPA.

  Financially, these operations thus translated for Maurel & Prom into a net expense of 147 k€ for fiscal 2002.
- On April 17, 2003, Maurel & Prom signed an agreement to sell its stake in the Block 1 exploration project in the Komi Republic to the Russian conglomerate Mosneft for 4,000 k€. This sale will generate a capital gain of 500 k€ for fiscal 2003.

Cash flow schedule

Amounts in Euros	12/31/2002	12/31/2001	12/31/2000
Net result of the consolidated companies	(4,974,470)	15,026,170	(6,273,850)
Net contributions to (reversals of) depreciation and provisions	5,062,061	6,556,096	2,833,117
(Capital gains), capital losses on sales	1,702,593	(25,759,690)	415,422
Increase in deferred expenses	(5,165,456)		
Net cash flow	**(3,375,272)**	**(4,167,424)**	**(3,025,311)**
Variation in working capital requirements	671,817	749,424	(26,759,222)
I – Cash flows from/(used in) operations	**(2,703,455)**	**(3,418,000)**	**(29,784,533)**
Acquisitions of intangible assets	(52,112,972)	(10,486,306)	(10,125,439)
Acquisitions of tangible assets	(25,893,054)	(10,226,735)	(1,771,683)
Acquisitions of long-term investments	(429,426)	(11,933,029)	(221)
Sales of intangible assets	0	4,44,462	-
Sales of tangible assets	381,541	7,544,981	30,724
Sales of long-term investments	50,827	24,556,910	209,784
Impact of the variation on the reporting environment		12,878,737	2,862,351
II – Cash flows allocated to investment operations	**(78,003,084)**	**16,779,021**	**(8,794,484)**
Capital increase	(1,050,944)	(688,624)	35,081,416
Dividends paid			
Increase (decrease) in financial liabilities	79,983,326	3,744,436	2,978,633
Impact of the variation on the reporting environment		(13,359,167)	
III – Financing flows	**78,932,382**	**(10,303,355)**	**38,060,049**
IV – Variation in cash position	**(1,774,157)**	**3,057,666**	**(518,968)**
V – Cash postion at the start of the fiscal year	**6,916,012**	**3,858,346**	**4,377,314**
VI – Impact of variations in currency prices	**7,600,193**		
VII – Net cash position at the end of the fiscal year	**12,742,048**	**6,916,012**	**3,858,346**

Report of the auditors
Consolidated financial statements

In execution of the mission entrusted to us by your General Meeting, we audited the consolidated financial statements of Etablissements Maurel & Prom relating to the fiscal year ended on December 31, 2002, as appended to this report.

The consolidated financial statements were prepared by the management. It is our responsibility to express an opinion concerning these financial statements based on our audit.

We performed our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform our audit in order to obtain a reasonable assurance that the consolidated financial statements do not comprise any significant misstatements. An audit consists in examining, on a test basis, the evidence supporting the data contained in these financial statements. It also consists in assessing the accounting principles followed and the significant estimates used to prepare the financial statements and to evaluate their overall presentation. We feel that our audits provide a reasonable basis for the opinion expressed below.

We certify that in light of the French accounting rules and principles, the consolidated financial statements are regular and true and give a faithful picture of the assets, the financial position and the result of the entity made up of the businesses included in the consolidated reporting environment.

Without placing the opinion expressed above into question, we draw your attention to:

- The uncertainties related to the oil or gas assets in France and in Vietnam. In effect, the development of these assets remains dependent on the changes in a certain number of factors presented in note 4.D.1 of the notes to the consolidated financial statements.
- The methods for calculating the depreciation of the oil production assets acquired as part of the development of the Kouakouala A and M'Boundi fields that are presented in notes 4.B.f and 4.D.1.b of the notes to the consolidated financial statements.

We also draw you attention to notes 4.D.21 and 4.D.29 of the notes to the consolidated financial statements concerning the presentation of oil sales and taxes related to the production sharing contracts for the Kouakouala A and M'Boundi operating permits, which was adapted to the new billing terms and conditions.

Furthermore, in accordance with the professional standards applicable in France, we also verified the information concerning the Group given in the management report.

We have no observations to make concerning their accuracy and their consistency with the consolidated financial statements.

Paris, April 24, 2003

The Auditors

Michel Bousquet

Ernst & Young Audit
François Carrega

Auditors’ special report

In our capacity as auditors of your company, we present to you our report on regulated agreements.

Agreements authorized during the fiscal year

Pursuant to article L 225-38 of the Code of Commerce, we were advised of the agreements that were subject to prior authorization by your Supervisory Board.

It is not our responsibility to seek out the potential existence of other agreements, but to communicate you, based on the information provided to us, the characteristics and the essential terms and conditions of the agreements we were advised of, without needing to make a decision concerning their utility or their justification. It is up to you, in accordance with the terms of article 92 of the decree of March 23, 1967, to assess the interest attached to entering into these agreements in view of their approval.

We performed our work in accordance with the professional standards applicable in France; these standards require that we plan and perform our audit in order to verify the consistency of the information given to us with the basic documents from which it came.

With Pacifico

During its meeting held on October 14, 2002, the Maurel & Prom Supervisory Board approved the domiciliation address agreement between Pacifico and Maurel & Prom. This agreement, signed on October 21, 2002, took effect on January 1, 2003.

The annual domiciliation fee is set at 1,600 euros, ex. tax. Telephone calls are billed separately based on actual use.

With Aréopage

During its meeting held on October 14, 2002, the Maurel & Prom Supervisory Board approved the domiciliation agreement between Aréopage and Maurel & Prom. This agreement, signed on October 21, 2002, took effect on January 1, 2003.

The annual domiciliation amount is set at 1,600 euros, ex. tax. Telephone calls are billed separately based on actual use.

With Caroil

During its meeting held on October 14, 2002, the Maurel & Prom Supervisory Board approved the domiciliation agreement between Caroil and Maurel & Prom. This agreement, signed on November 12, 2002, took effect on January 1, 2003.

The annual domiciliation amount is set at 20,558.45 EUR, ex. tax. Telephone calls are billed separately based on actual use.

Agreements approved during previous fiscal years and whose performance continued during the fiscal year

Furthermore, pursuant to the decree of March 23, 1967, we were informed that the performance of the following agreements, approved during previous fiscal years, continued during the last fiscal year.

With Pacifico

On October 4, 2000, Maurel & Prom's Supervisory Board authorized a cash advance agreement between Pacifico and Maurel & Prom. Account advances are repaid at the three-month EURIBOR rate + 2%.

No advance was granted during fiscal 2002.

With Electricité et Eaux de Madagascar (E.E.M.)

During its meeting on March 12, 1996, Maurel & Prom's Supervisory Board authorized the opening of a current account between Maurel & Prom and E.E.M. This agreement set the repayment of the advances granted at the T4M rate + 0.5%. By amendment, this rate was raised to the Libor + 2% as of June 1, 2000.

No advance was granted during fiscal 2002.

With Brooklyn Shipping Ltd

During its meeting held on December 11, 1997, Maurel & Prom's Supervisory Board authorized the establishment of a master current account agreement between Maurel & Prom and Brooklyn Shipping Ltd., providing for the repayment of cash advances at the tax deductible rate.

On December 31, 2002, the current account advances totaled 4,473,234 euros in favor of Maurel & Prom. The interest income totaled 244,369 euros for fiscal 2002.

With Compagnie Aquacole du Midi

On June 30, 1997, Maurel & Prom's Supervisory Board authorized the signing of a current account agreement between Maurel & Prom and Compagnie Aquacole du Midi.

This agreement was signed on September 16, 1997, for a term of one year, with effect retroactive to January 1, 1997, automatically extendible, providing for repayment of advances at the tax-deductible rate.

On December31, 2002, the current account advances totaled 3,919,021 euros in favor of Maurel & Prom. Interest income totaled 209,515 euros for fiscal 2002.

With EEM Conseils

During its meeting of March 12, 1996, Maurel & Prom's Supervisory Board approved the domiciliation agreement between Maurel & Prom and EEM Conseils.

Due to the change in Maurel & Proms corporate headquarters, this agreement was cancelled by registered letter sent to EEM Conseils on October 17, 2002, and ceased having any effect on January 17, 2003.

The inclusive rent amount totaled 197,646 for fiscal 2002.

With C.E.A.B

During its meeting held on September 30, 1999, Maurel & Prom's Supervisory Board authorized the establishment of a current account agreement between Maurel & Prom and Compagnie Européenne et Africaine du Bois.

The agreement was signed on March 20, 2000, with an effective date of January 1, 2000, for a term of one year, automatically renewable for equivalent periods. It provided for repayment of the cash advances at the tax-deductible rate.

On December 31, 2002, the current account totaled 103,645 euros in favor of Maurel & Prom. The interest income totaled 3,370 euros for fiscal 2002.

With Compagnie Aurifère du Mali

During its meeting on October 4, 2000, Maurel & Prom's Supervisory Board authorized the establishment of a current account agreement between Maurel & Prom and Compagnie Aurifère du Mali.

The agreement was signed on October 5, 2000, and took effect on June 12, 2000, for a term of one year, automatically renewable for equivalent periods. It provided for repayment of cash advances at the tax-deductible rate.

On December 31, 2002, the current account totaled 1,508,670 euros in favor of Maurel & Prom. Interest income totaled 78,486 euros for fiscal 2002.

With C.E.A.B. / New Gold Mali

During its meeting held on September 30, 1999, Maurel & Prom's Supervisory Board authorized the establishment of a current account agreement between Maurel & Prom and C.E.A.B. / New Gold Mali.

The agreement was signed on October 5, 2000, with an effective date of January 1, 2000, for a term of one year, automatically renewable for equivalent periods. It provided for repayment of cash advances at the tax-deductible rate.

On December 31, 2002, the current account totaled 3,779,381 euros in favor of Maurel & Prom. Interest income totaled 189,378 euros for fiscal 2002.

With S.T.C.P.A Bois

During its meeting held on September 30, 1999, following the acquisition of STCPA Bois by Maurel & Prom on January 4, 1999, Maurel & Prom's Supervisory Board authorized the opening of a current account between Maurel & Prom and STCPA Bois, providing for repayment of cash advances at the tax deductible rate.

On December 31, 2002, the current account totaled 22,047 euros in favor of Maurel & Prom. Interest income totaled 1,181 euros for fiscal 2002.

Paris, May 24, 2003

The Auditors

Michel Bousquet

Ernst & Young Audit

François Carrega

Supplement to the corporate and group financial statements

5.3 - Supplement to the notes to the consolidated financial statements

Recording of oil sales and taxes

As part of the production sharing contracts, the Company records the share of its production as sales. This share incorporates the portion that it must pay to the State as mining royalty, whether it is paid in cash or in kind (barrels).

The mining royalty as well as the provision for diversified capital expenditures were entered in 2002 as corporate tax. To take into account the recommendations of the Commission des Opérations de Bourse, beginning in 2003 they will be recorded as operating expenses (taxes and fees) and will thus impact the operating result.

The following paragraph will be inserted in the Company's accounting principles for the 2003 six-month financial statements:

**** Oil sales:***

Sales corresponding to the sale of the production from the fields operated by the Company as part of the Production Sharing Contract include deliveries of crude oil as production royalties and taxes.

Details of intangible oil assets

in K€	12/31/02		12/31/01	
	Gross	Net	Gross	Net
Mining permit				
Congo	3,393	1,652	3,413	1,935
Hungary	283	0	283	0
Russia	115	115	115	115
	3,791	1,767	3,812	2,051
Acquisition of reserves				
Congo	37,424	37,180		
Oil prospecting and development rights	**41,215**	**38,947**	**3,812**	**2,051**
Exploration expenses				
Congo	10,204	10,204	2,241	2,240
France	4,267	4,267	4,213	4,213
Hungary	1,766	0	1,691	0
Russia	3,778	3,778	3,495	3,495
Senegal	22	2	0	0
Vietnam	28,465	26,927	24,185	22,647
	48,502	**45,198**	**35,825**	**32,595**

• **Convertible bonds**

The stock market valuation of the Oceane on December 31, 2002, was 22€ per bond.

The convertible bonds issued on August 29, 2002 are not listed for trading on a regulated market.

Provision for risks and expenses

(see notes to the consolidated financial statements - § 14)

HEADINGS	Opening balance	Contribution for the fiscal year	Reversal for the fiscal year (provision used)	Reversal for the fiscal year (provision not used)	Method change	Variation of perimeter	Other	Closing balance
Guarantee of liabilities	390			390				0
Risks on fish farming subsidiaries	1,829		1,829					0
Other	25	12				(21)		16
TOTAL PROVISIONS	**2,244**	**12**	**1,829**	**390**	**0**	**(21)**	**0**	**16**
Impact (net of expenses incurred)								
Operating result		12				(21)		
Financial result			1,829	390				
Non-recurring result								

Sites rehabilitation costs:

Sites rehabilitation costs are between 150 and 200 KUSD per well (see § 4.6.3.2 – Environmental Risks) and also include the costs of dismantling the oil facilities. With five oil fields in Congo, Maurel & Prom accounted between 750 and 1,000 KUSD sites rehabilitation costs on December 31, 2002. The Company agreed on provisions for sites rehabilitation at the rate of depreciation of the oil production facilities, i.e., using the production unit method.

Comparative information:

- Proforma 2001 income statement: treatment of sales and oil taxes identical to the method applied in 2002:

In thousands of Euros	2001		2002
	Published	Proforma	Published
Operating income	25,463	26,209	28,013
Operating expenses	26,254	26,254	26,135
Operating result	**(791)**	**(45)**	**1,878**
Financial result	**(2,504)**	**(2,504)**	**(3,603)**
Non(recurring result	**18,752**	**18,752**	**274**
Corporate tax	**430**	**1,176**	**3,524**
Net result for the consolidated companies	**15,027**	**15,027**	**(4,975)**
Shares of the companies treated using the equity method	1,898	1,898	5,555
Depreciation of consolidated goodwill	(203)	(203)	(204)
Net result of the entity	**16,722**	**16,722**	**376**
Share of minority interests in the losses (or profits)	251	251	12
Net Result	**16,973**	**16,973**	**388**

- *Proforma 2001 and 2002 income statement:* methods for presenting sales conform to the presentation in 2002 and reclassification in the tax and fees item of the proportional mining royalty and of the provision for diversified capital expenditures, previously presented as corporate tax, in accordance with the recommendations of the Commission des opérations de bourse.

In thousands of Euros	2001		2002	
	Published	Proforma	Published	Proforma
Operating income	**25,463**	**26,209**	**28,013**	**28,013**
Purchases	1,817	1,817	2,217	2,217
Other purchases	13,244	13,244	14,109	14,109
Taxes and Fees	60	806	59	2,035
Wages and Salaries + payroll taxes	7,317	7,317	5,993	5,993
Depreciation expenses	3,807	3,807	3,738	3,738
Contributions to Provisions	9	9	19	19
Operating expenses	**26,254**	**27,000**	**26,135**	**28,111**
Operating result	**(791)**	**(791)**	**1,878**	**(98)**
Financial Result	(2,504)	(2,504)	(3,603	(3,603)
Non-recurring result	18,752	18,752	274	274
Corporate tax	**430**	**430**	**3,524**	**1,548**
Net result for the consolidated companies	**15,027**	**15,027**	**(4,975)**	**(4,975)**
Shares of the companies treated using the equity method	1,898	1,898	5,555	5,555
Depreciation of consolidated goodwill	(203)	(203)	(204)	(204)
Net result for the entity	**16,722**	**16,722**	**376**	**376**
Minority interests' share in the losses (or profits)	251	251	12	12
Net Result	**16,973**	**16,973**	**388**	**388**

Sensitivity calculation impact on the consolidated net result

In thousands of Euros	Impact of a 10% depreciation of the US$ compared to the € Fiscal 2003
Oil operations result	Around – 2,500
Maritime operations result	Not significant
Financial expenses	Around + 300
Translation gains or losses on loans	Around + 4,000
OVERALL	**Around +1,800**

In thousands of Euros	Impact of a 1% increase in bank rates Fiscal 2003
Congo loan	Around -200
Lloyd's loan (multipurpose ships)	Around -100
OVERALL	**Around –300**

Off balance sheet commitments

In thousands of Euros	as of 12/31/2002	as of 12/31/2001
Counter-guarantee securities on the market	-	-
Receivables assigned, not due	-	-
Pledges, mortgages and real sureties	26,617	19,618
Endorsements, bonds and guarantees given	-	-
Other commitments given	31,390	23,680
TOTAL	**58,007**	**43,298**

detailed below:

Pledges of shares

	number	
	On 12/31/2002	On 12/31/2001
Maurel & Prom own shares	70,969	0
Pebercan shares	7,000,000	0
In thousands of Euros	**Exchange value (k€)**	
	On 12/31/2002	**On 12/31/2001**
Maurel & Prom own shares	1,451	0
Pebercan shares	9,940	0
	11,391	**0**

First rank mortgages in favor of lloyd's on the two multipurpose ships

In thousands of Euros	on 12/31/2002	on 12/31/2001
Balance of the loan	15,226	19,618

Firm oil work commitments for the next fiscal year

In thousands of Euros	on 12/31/2002	on 12/31/2001
Congo	31,110	14,708
Vietnam	280	8,972
TOTAL	**31,390**	**23,680**

Additional information: specific commitments

According to an export pre-financing agreement signed on November 15, 2002, by and between the Company and Natexis Banques Populaires, the Company granted certain securities or pledges to guarantee the sums made available to it. These securities or pledges granted to Natexis Banques Populaires consist more particularly of:

- the progressive set up of a cash guarantee account corresponding to 110% of two principal payments on the loan;
- the pledge of the shares held by the Company in Zetah M&P Congo;
- the assignment, as guarantee, of the Company’s rights in an oil exporting contract related to the Kouakouala and Kouilou fields;
- the pledge of a bank account provisionally receiving the revenues from the production of the Kouakouala and Kouilou fields;
- insurance covering all of the industrial and political risks in Congo;
- insurance covering a minimum crude oil barrel billing level.

Chapter 6
Composition of the administration, management and supervisory bodies

6.1 - Composition and operation of the corporate bodies

6.1.1 Members of the corporate bodies

General partner

AREOPAGE SA, a French société anonyme controlled at 94.31% (in terms of capital and voting rights) by PACIFICO SCA, of which Mr. Jean-François Hénin, Manager, along with the members of his family, holds 99.04% of the capital stock and voting rights.

AREOPAGE SA also possesses the status as limited partner of the Company, since on March 31, 2003, AREOPAGE holds 1.76% of the capital stock (2.94% of the voting rights) of Maurel & Prom.

AREOPAGE SA is a holding company whose business purpose is the management of all companies, direct or indirect equity interests in all enterprises, the exploitation and management of all property and industrial, commercial, financial or other establishments and the involvement as consultant in companies. A Société Anonyme with capital of 983,530 Euros, it was appointed limited partner Manager by the General Meeting of June 27, 1996. Its chairman is Jean-François HENIN. Except for its stake in Maurel & Prom, AREOPAGE SA does no hold any other equity interests.

On March 31, 2003, PACIFICO also had the status of limited partner of the Company, since this company holds 13.17% of the capital of Maurel & Prom (14.08% of the voting rights).

PACIFICO is a general partnership limited by shares with capital of 1,000,000 Euros whose Manager is Jean-François HENIN. It’s activity includes the study, research and examination of all financial, industrial, commercial and agricultural deals, the creation, organization and control of all commercial, industrial and agricultural enterprises, and the acquisition of equity interests in all enterprises or companies that may be related to its business purpose.

Management

AREOPAGE SA (President and permanent representative: Jean-François HENIN)

Mr. Jean-François HENIN

General Management

The position as non-corporate officer and salaried Chief Executive Officer has been filled since September 8, 2001, by Mr. Frédéric BOULET, who is also a director of AREOPAGE SA.

Supervisory Board

Mr. Jacques VANDIER, Chairman, First appointment on May 12, 1996

Term expires during the Meeting called to approve the financial statements for fiscal 2002

GLP CONSEIL, Member, First appointment on June 19, 2001

Represented by Mr. Gilles Brac de la Perrière

Term expires during the Meeting called to approve the financial statements for fiscal 2003

Mr. Jean-Louis CHAMBON, Member, First appointment on May 12, 1996

Term expires during the Meeting called to approve the financial statements for fiscal 2002

Mr. Emmanuel de MARION, Member, First appointment on June 19, 2001

Term expires during the Meeting called to approve the financial statements for fiscal 2006

Mr. Pierre JACQUARD, Member, First appointment on June 19, 2001

Term expires during the Meeting called to approve the financial statements for fiscal 2002

FINANCIERE DE ROSARIO, Member, First appointment on June 14, 2002

Represented by Mr. Jean-François Michaud, Term expires during the Meeting called to approve the financial statements for fiscal 2007

Mr. Bernard POLGE de COMBRET, Member (subject to the approval of the Meeting of June 26, 2003)

Term expires during the Meeting called to approve the financial statements for fiscal 2008.

Mr. Pierre JACQUARD is also Chairman of the Maurel & Prom Strategic Committee.

Each of the members of the Board hold the minimum number of shares required by law (or 1 share).

The number of shares held by the Managers and members of the Supervisory Board of the Company is 906,886 as of March 31, 2003, or 14.96% of the capital and 17.07% of the voting rights of the Company.

6.1.2 – Offices held and duties carried out in other companies by the members of the corporate bodies

Mr. Jean-François HENIN – Manager

President AREOPAGE SA, Managing Limited Partner of Maurel & Prom – CAROIL SA (subsidiary of the Company)

Manager PACIFICO SCA – ZETAH M&P Congo

Director CEAB – COMPAGNIE AQUACOLE DU MIDI (resigned on March 20, 2003)

Permanent representative of PACIFICO on the Board of Ferme Marine des Baleines (resigned on March 20, 2003) – on the Board of JT Finances – of CEAB on the Board of NGM (Mali)

Mr. Jacques VANDIER – Chairman of the Supervisory Board

Director MACIF PARTICIPATIONS; I.DP.C.; FONCIÈRE de LUTÈCE; ESFIN; OFIVALMO Gestion

Member of the Insurance Control Commission

Mr. Jean-Louis CHAMBON – Member of the Supervisory Board

Director of Communications and Public Affairs for the ATOMIC ENERGY COMMISSION.

Mr. Emmanuel de MARION – Member of the Supervisory Board

Chairman of the PACIFICO Supervisory Board

Permanent representative of PACIFICO on the Board of Directors of Compagnie Aquacole du Midi (resigned on March 20, 2003) and on the Board of Directors of AREOPAGE

Director in an Insurance Company (AVIP).

GLP CONSEIL SA – Member of the Supervisory Board

RCS PARIS B No. 388 047 383

Represented by Mr. Gilles BRAC de LA PERRIERE, who occupies the following offices on a personal basis:

Vice Chairman of the Supervisory Board: INSTINET France SA (investment company); Banque ROBECO France

Director and Chief Executive Officer: GLP Conseil SA

Director: R. DI GIOIA and Cie (Insurance Broker)

Mr. Pierre JACQUARD – Member of the Supervisory Board

Chairman of the Strategic Committee	Maurel & Prom
Chairman of the Supervisory Board	ALDRAN
Director	ARMINES (1901 law association)
	SOPHOR
	VIGICELL
Member of the Supervisory Board	SERCEL

FINANCIERE DE ROSARIO SA – Member of the Supervisory Board

RCS PARIS B No. 716.580.477

Director	PROGRESSEC
	SOPE (Joint Venture)
	SOFIRO (Luxembourg)

represented by Mr. Jean-François MICHAUD, who personally fills the following offices:

Chairman and CEO	FINANCIERE ROSARIO
	SLOTA
Chairman of the Board of Directors	FINANCIERE SLOTA
President (simplified business association)	SOPE
	SFIBB
	DYB
Director	FINANCIERE DE ROSARIO – PROGESSEC – FINANCIERE SLOTA – SLOTA – COPAGNO – COPAGMONT – TAXIS PARIS Ile de France – EGIDE EUROPE ACTIONS
Member of the Supervisory Board	WILROAD TELECOM
Manager of the Limited Liability Companies	ABLIS TAXIS – AMBOISE TAXIS – APOLLONIA TAXIS – ARRAS TAXIS – ATOLS LOCATION – BENYAMIN TAXIS – BLOIS TAXIS – BREHAT TAXIS – CAESAREA – CHARTRES TAXIS – CHAUMONT TAXIS – CLISSON TAXIS – DOMREMY – DYKA – FREDALEX – JOUTRED – KADY – KARAM – KITAX – KRIZERTAX – LAHIRE TAXIS – LAVI TAXIS – LOCHES TAXIS – LOIRE TAXIS – MICPOL ONTFORT TAXIS – ORLEANS TAXIS – PATAY – PIERREFONDS TAXIS – POLMIC – PROXILINE – PYRENEES TAXIS – REIMS TAXIS – ROCHEFORT TAXIS – SAINT CLOUD TAXIS – SEVA – SOCIETE TAXIS BLOC – SPLENDID TAXIS TAXI ALEX – TAXIBIS – TAXICAP – TAXIGAR – TAXIPAC – TAXIRAYI – TAXIVANES – TOLBIAC TAXIS – VALISA TAXIS – VAUCOULEURS TAXIS – VAUCOULEURS TAXIS – VILLE D’AVRAY TAXIS

Mr. Bernard POLGE de COMBRET – Member of the Supervisory Board (subject to the approval of the Meeting of June 26, 2003)

Chairman of the Board of Directors	ELF TRADING (Geneva)
Director	EUROTRADIA INTERNATIONAL (Paris)
	AXA RE (Paris)

6.1.3 – Operation of the administration, management and supervisory bodies

6.1.3.1 – Operation of the corporate bodies

a) Management

Decision of the Management are recorded in reports entered in a special register. They are recorded when required with the Tax Center with jurisdiction over the Company.

According to article 12 of the Company's bylaws, the powers of the Management are fixed as follows:

"The manager or each of the managers, if there are several, has the most extensive power to act in all circumstances in the name of the Company. He exercises these powers within the limit of the business purpose and subject to those powers attributed by law to the meetings of shareholders.

If there are several managers, the opposition by one manager to the acts of another manager has no effect with respect to third parties unless it can be established that they knew of this opposition.

As an internal measure not enforceable against others, it is stipulated that the management must obtain the approval of the limited partners:

- to enter into any contract committing the Company in the amount of 762,245.10 euros,

- for all decisions placing the Company in debt,

- for all commitments by signature.

If there are several managers, each of them has the right to oppose any operation considered by another manager before it is concluded.

The manager or each of the managers may, under his personal responsibility, confer any delegation of powers for one or more determined objectives.

The manager or, if there are multiple managers, the managers acting jointly, may select one or more directors for whom they will determine the entry and departure conditions, the responsibilities and the fixed or proportional wage."

During fiscal 2002, the Management of the Company adopted seven formal decisions on the dates indicated below:

- January 11, 2002,
- January 25, 2002,
- April 5, 2002,
- August 29, 2002,
- October 4, 2002,
- October 21, 2002, and
- November 13, 2002.

b) Supervisory Board

In accordance with article 14 ter of the Company's bylaws, the powers of the Supervisory Board are set as follows:

"The Supervisory Board continuously controls the management of the Company. It has, for this purpose, the same powers as the Auditors.

It gives a report during the annual Ordinary General Meeting on the conduct of business in which it indicates, more particularly, the irregularities and inaccuracies noted in the annual financial statements and, if applicable, the consolidated financial statements for the fiscal year.

It is notified at the same time as the Auditors of the documents made available to them.

It may call the General Meeting of shareholders.

It authorizes the agreements cited in article 258 of the law of July 24, 1966, in accordance with the conditions set forth in articles 101 to 106 of said law and in article 14 quinquies of these bylaws.

The members of the Supervisory Board incur no liability as a result of their management acts. However, they may be declared civilly liable for infractions committed by the management if, being aware of these infractions, they did not reveal them to the General Meeting. They are also liable for personal wrongdoing committed while carrying out their office."

Considering the size of the Company, there are no internal regulations concerning the operation of the Supervisory Board.

During fiscal 2002, the Supervisory Board met seven times on the following dates:

- January 21, 2002,
- February 12, 2002,
- April 4, 2002,
- April 29, 2002,
- June 14, 2002,
- October 9, 2002,
- October 14, 2002.

The meeting dates of the Supervisory Board and the presence of its members are summarized in the following table:

	01/21	02/12	04/04	04/29	06/14	10/09	10/14
Jacques VANDIER	present	present	present	absent	absent	absent	present
Jean-Louis CHAMBON	present	present	present	present	present	present	present
GLP CONSEIL	present	present	present	absent	present	present	present
Emmanuel de MARION	present	present	present	present	present	present	present
Pierre de BARBENTANNE	present	present	present	present	absent	present	present
Pierre JACQUARD	present	present	present	present	present	present	present
FINANCIERE de ROSARIO	(*)	(*)	(*)	(*)	absent	present	present
Out of 7	6	6	6	4	4	6	7

(*) Appointed during the combined general meeting of June 14, 2002.

6.1.3.2 – Committees set up by the corporate bodies: Strategic and Technical Orientation Committee

Pursuant to the requirements tied to the notion of corporate governance, the Management wanted to create a Strategic and Technical Orientation Committee.

The primary mission of the Strategic and Technical Orientation Committee is to study, at the request of Management, the strategic choices and, in general, new orientations and corporate projects. In particular it focuses its work on enhancing the technical-economic valuation of the oil reserves, the field development projects, the technical investments and the organization of the oil operational structure.

Since its creation on November 1, 2001, it has been composed of:

- Pierre Jacquard, former President of the French Oil Institute (IFP), who Chairs the committee,
- Paul Alba, former senior manager of Elf Aquitaine.

It was recently strengthened by the appointment of Micael Gulbenkian, President of Heritage Oil and Gas (former President of Partex).

The Strategic and Technical Orientation Committee met on December 4, 2001, to study the report submitted by Beicip-Franlab. Messrs. Pierre Jacquard and Paul Alba were present at this meeting.

During fiscal 2002, the activity of the Strategic and Technical Orientation Committee took several forms:

1- The formalizing of regular and frequent exchanges with the Management and the General Management of the Company, which, although generally informal, were particularly related to the main Maurel & Prom projects in Congo, Cuba and Vietnam, as well as to the opportunities offered to the Company and the follow-up to be given to them;
2- The participation in meetings with the Company's General Management and outside figures concerning all issues related to the development of the activities of the Maurel & Prom Group;
3- The examination of consultants' technical studies concerning specific Company projects, and the expansion of these studies in conjunction with these consultants;
4- Participation in the recruiting, selection and hiring of several of the technical managers of the Maurel & Prom Group, who progressively contribute to forming the company's technical structure; and
5- Continuous exchanges with the company's technical managers, including assistance and consulting on multiple technical subjects.

During fiscal 2002, the Strategic and Technical Orientation Committee met on the following dates:

- January 21, 2002,
- June 20, 2002,
- September 4, 2002,
- October 18, 2002, and
- December 19, 2002.

6.2 – INTERESTS OF THE MANAGERS AND OTHER CORPORATE OFFICERS

6.2.1 – Remuneration and in-kind benefits for the last fiscal year ended for any reason allocated to each member of the administrative, management and supervisory bodies

a) Remuneration

Mr. Jean-François HENIN, the non-partner individual manager, collects no remuneration as Company Manager. Nor does he collect any indirect remuneration through (i) commissions and/or dividends paid by Maurel & Prom to AREOPAGE and PACIFICO or (ii) in-kind benefits.

It is stated that Pacifico holds 74,328 share purchase warrants of the Company.

Nevertheless, Mr. Jean-François HENIN collects remuneration as Manager within PACIFICO.

For fiscal 2000, AREOPAGE, legal entity manager, collected an annual remuneration of 500,000 F. (Ex. Tax) (or 76,225 €) set by the Ordinary General Meeting of June 14, 2000. This remuneration remained fixed at 500,000 FRF (Ex. Tax) or 76,225 € for fiscal 2001 and for fiscal 2002. For fiscal 2003, it will be proposed that the General Meeting of June 26, 2003, in its 12th resolution, set the annual gross remuneration of the legal entity manager, AREOPAGE, at 76,225 €.

AREOPAGE has not, to date, collected any indirect remuneration from Maurel & Prom. Mr. Jean-François HENIN collects no remuneration from AREOPAGE for his duties as Chairman of this company's board of directors.

AREOPAGE could additionally benefit from the payment of a specific percentage of the Company's profits due to its status as general partner pursuant to article 17 of the Company's bylaws (this article is described in section 3.1.7 of this Reference Document).

However, in anticipation of the spirit and the economic equilibrium of the new bylaws proposed to the General Meeting, AREOPAGE, as general partner, waived this payment of a specific share of the Company's profits to be collected in 2002 for fiscal 2001.

It is further specified that AREOPAGE holds 106,438 share purchase warrants of the Company.

During the fiscal year, the Management (4 persons) collected remuneration totaling 332 k€

At the end of the fiscal year ended on December 31, 2002, the members of the Supervisory Board, as corporate officers, received a total of 30,490 € (thirty thousand four hundred ninety euros) in directors' fees owed to them for fiscal 2001, namely:

- Jacques VANDIER:	9,145.00 €
- Jean-Louis CHAMBON:	1,982.45 €
- Emmanuel de MARION:	5,475.85 €
- Pierre de BARBENTANNE:	5,475.85 €
- GLP Conseil:	5,475.85 €
- Pierre JACQUARD:	2,935.00 €
or a total of	30,490 €

It must be stated that to the Company's knowledge, GLP Conseil, Pierre Jacquard, Jacques Vandier and Mr. de Marion hold respectively 5,000, 25,000 and 14,100 share purchase warrants of the Company.

It will be proposed to the General Meeting of June 26, 2003, in its 13th resolution, that the remuneration of the members of the Supervisory Board, in their capacity as corporate officers, be identical to that for the preceding year, or 30,490 €. This remuneration includes a fixed portion and a variable portion tied to the presence of each of the members at Board meetings.

In his capacity as Chairman of the Strategic and Technical Orientation Committee, Pierre Jacquard (member of the Supervisory Board) benefits from monthly remuneration of 2,540 € (two thousand five hundred forty Euros). Paul Alba and Micaël Gulbenkian's monthly remuneration is 1,270.40 € in their capacities as members of said Committee.

The corporate officers described above do no collect any remuneration from the Maurel & Prom Group's subsidiaries.

b) In-kind benefits

The Managers and other corporate officers described above receive no particular in-kind benefits except for the individual Manager who, since December 7, 2001, has a company car whose annual cost is 8,000 € (eight thousand Euros).

6.2.2 – Stock options granted to each corporate officer and options exercised by these officers.

Pursuant to the authorization of the combined General Meeting held on September 11, 2001, the Management, by decision dated October 25, 2001, created and allocated Company stock options with the following characteristics:

- creation of 170,000 stock options,
- subscription price: 12.15 € (or 90% of the average price of the shares of the Company during the last twenty trading sessions preceding October 25, 2001, or 13.50 € x 90%),

This decision of the Management dated October 25, 2001, did not set forth (i) any immediate resale prohibition for all or part of the shares or (ii) any minimum period for holding the shares from the exercise of the option.

In accordance with the decision of the combined General Meeting of September 11, 2001, the options granted may not be exercised by their beneficiaries before October 26, 2004 (three-year period as of their date of allotment).

No stock options were granted to the Company's corporate officers during fiscal 2001 and 2002 by the Company, by the companies of the Maurel & Prom Group, by AREOPAGE or by PACIFICO.

6.2.3 – Information concerning the Operations concluded between the Company and the members of the corporate or supervisory bodies or the shareholders holding more than 5% of the voting rights.

No operations of this type were concluded during fiscal 2002.

6.2.4 – Loans and guarantees granted or set up in favor of the members of the corporate or supervisory bodies.

No loans or guarantees were granted or set up in favor of the members of the corporate or supervisory bodies of the Company during fiscal 2002.

Nevertheless, the Company and Financière de Rosario ("Financière de Rosario) entered into a loan agreement (the "Loan Agreement") on April 29, 2002, according to which Financière de Rosario made available to the Company the sum of 15,000,000 USD (the "Loan").

The amounts from the Loan were used by the Company to (i) subsidize its general cash flow needs and (ii) to finance a portion of the acquisition of Heritage Congo Limited's stake in the Kouilou oil and gas operation permit, as this acquisition was described in a prospectus approved by the COB on July 29, 2002, under the number 02-911.

Following the signing of an amendment to the Loan Agreement dated July 30, 2002, the Loan was repaid early by the Company in the amount of 5,000,000 USD through offsetting by a Maurel & Prom convertible bond loan issue carried out on August 29, 2002, which was covered in the aforementioned prospectus.

Financière de Rosario, represented by its President, Mr. Jean-François Michaud, became a member of the Supervisory Board of the Company on June 14, 2002.

6.3 – MENTION OF THE PERSONNEL INCENTIVE PLANS

6.3.1 Employee incentives: employee ownership, employee savings plan

The Company has an ambitious employee ownership plan both through the allotment of Maurel & Prom stock options and through the establishment of an employee savings plan.

As part of the 2001 options plan described in sections 6.2.1 above and 6.3.2 below, the Company allotted 154,000 stock options to 12 employees, or an average of 12,833 options per beneficiary. The Company wishes to bring the total number of outstanding options to around 5% of the capital in the short-term.

In 2002, the Company established an active employee savings plan by offering its employees the benefit of a Group Savings Plan and a Voluntary Employee Partnership Savings Plan coupled with profit-sharing: this entire mechanism will be operational beginning in fiscal 2003.

6.3.2 – Stock options granted to employees and options exercised by these employees.

Pursuant to the authorization of the combined General Meeting of September 11, 2001, the Management, by decision dated October 25, 2001, created and allotted stock options with the following characteristics:

- creation of 170,000 stock options,
- subscription price: 12.15 € (or 90% of the average price listed during the twenty trading session preceding October 25, 2001, or 13.50 € x 90%),

This Management decision of October 25, 2001, did not provide for (i) any immediate resale prohibition for all or part of the shares of the Company, or (ii) any minimum period for holding the shares as of the exercise of the option.

In accordance with the decision of the combined General Meeting of September 11, 2001, the options granted may not be exercised by their beneficiaries until October 26, 2004 (3-year period from the their date of allotment). At the end of this period, the beneficiaries may exercise their options without any time limitation.

The ten employees (not corporate officers) for whom the number of options granted by the Company was the highest benefited from a total allotment of 146,000 options at the price of 12.15 €. No stock options have been exercised to date by the employees.

On December 31, 2001, to the Company's knowledge outside the aforementioned stock options, the employees did not hold any equity interest in the capital of Maurel & Prom.

The table below summarizes the information described in this section.

History of stock option allotments	
Date of the Meeting	Combined General Meeting of September 11, 2001
Date of creation	Decision of the Management of October 25, 2001. Creation of 170,000 stock options.
	The 170,000 stock options will give rise, at the end of a three-year period, to the creation of 170,000 shares, which could represent a maximum capital increase of 1,309,000 € based on a par value of 7.7 € per share.
Beneficiaries	The employees of the Company, excluding the Managers or other corporate officers
Exercise starting point	October 26, 2004
Expiration date	the beneficiaries may exercise their options without any time conditions
Subscription price	12.15 € (or 90% of the average price listed for the twenty trading sessions preceding October 25, 2001, or 13.50 € x 90%).
Options allotted	154,000 were allotted to 12 Company employees. No options have been granted to the corporate officers of the Company or of the Maurel & Prom Group since their creation.
Number of shares subscribed	None – period not open
Options cancelled during the fiscal year	None – period not open
Options remaining	16,000

Chapter 7
Recent developments and future outlook

7.1 - Recent developments

7.1.1 Sale of the Company's stake in Compagnie Aquacole du Midi

On March 18, 2003, the Company signed an agreement to sell its stake in Compagnie Aquacole du Midi (a company wholly-owned by Maurel & Prom and holder of Ferme Marine des Baleines) to Electricité et Eaux de Madagascar for a total of 3,300,000 €.

The Company took advantage of the financial consequences of this sale at the end of fiscal 2002.

Concomitant with this sale, on March 18, 2003, the Company signed a contract with Electricité et Eaux de Madagascar to acquire the stake held by this company in the company STCPA Bois for a total of 3,300,000 €.

Maurel & Prom's oft repeated ambition to refocus its operations in the oil domain led the Company to sell this stake to specialized investors for an equivalent amount with spread out payments.

These crossed transactions allowed Maurel & Prom to reverse the provision totaling 390,000 € set up in 2001 to cover any risks of a third-party claim related to STCPA Bois.

7.1.2 – Sale of the Oil Data International Inc. stake in Timan-Pechora Exploration

On April 17, 2003, the Company and its subsidiary Oil Data International Inc. signed various agreements with the Russian company OAO Mosneft and certain of its subsidiaries to sell the Oil Data International stake in the company Timan-Pechora Exploration for the sum of 4,250,000 USD (4,037,000 €) resulting in capital gains from the sale of 500,000 €.

Given the lack of Maurel & Prom Group prospects for (i) obtaining a production sharing contract pertaining to the oil permits held by Timan-Pechora Exploration and (ii) the conditions of a durable partnership with the company OAO Mosneft, the sale described above appeared to be the best solution for valorizing the rights held by the Maurel & Prom Group in Timan-Pechora Exploration.

7.1.3 – Pebercan Operation

As described in a press release dated April 27, 2003, Maurel & Prom and the Canadian company Peberinvest, respectively holding 20% and 66% of the capital of the Canadian Company Pebercan, Inc., signed an agreement for Maurel & Prom to acquire the majority stake held by Peberinvest in the company Pebercan, Inc. When this acquisition is completed, Maurel & Prom's stake would total approximately 86% of the capital of Pebercan, Inc.

The price used by Maurel & Prom values Pebercan Inc. at around 95 MUSD or 1.21 USD per share on a diluted basis, which corresponds to 1.77 Canadian dollars per share (with an exchange rate of 1.46 USD/CAD.)

This agreement was subject to the usual conditions precedent (including, more particularly, the agreement of the stock exchange authorities and the complete financing of the acquisition). If these conditions had been satisfied, the acquisition would have taken place before the end of the second half of 2003.

Nevertheless, as described in the press release dated June 13, 2003, Maurel & Prom and Peberinvest acknowledged their difficulties in completing the transaction in accordance with the terms and time frames initially set forth in the aforementioned agreement.

Therefore, Maurel & Prom and Peberinvest jointly decided to terminate the aforementioned agreement and to determine whether a new agreement is possible in the future.

However, Maurel & Prom maintains its interest in completing this external growth operation whose new terms and conditions in terms of financing and organization will have to guarantee a high earnings per share increase for the shareholders of the Company and be consistent with Maurel & Prom's overall balanced and controlled growth strategy.

7.1.4 – Sales for the first quarter of 2003

Maurel & Prom consolidated sales for the first quarter of 2003 totaled 10.4 M€, up 140% compared to the first quarter of 2002. With a constant reporting environment, excluding the fish farming operations sold at the beginning of 2003 and proportionally including the contribution of the interests in Pebercan treated from an accounting standpoint using the equity method, Maurel & Prom economic sales for the first quarter of 2003 total 12.9 M€, up 158% compared to the first quarter of 2002.

7.1.5 – Conversion of the Convertible Bonds

The conversion of the convertible bonds held by Heritage Congo Limited and Financière de Rosario (see section 3.2.5.4 of this document) made it possible to reduce Maurel & Prom's debt ratio significantly from 103% on December 31, 2002 to 80% following this conversion.

7.2 –FUTURE OUTLOOK

The future outlook for the operations of the Company and of the Maurel & Prom Group are detailed in Chapter IV (Information concerning the Group's operations) of this Reference Document.

These aspects are more specifically developed in the following sections:

- 4.1.3 – Changes in the Company's operations;
- sub-sections 4.1.4.2, 4.1.4.2.1, 4.1.4.2.2, 4.1.4.2.3, 4.1.4.2.5, 4.1.4.2.6, 4.1.4.2.7 and 4.1.4.2.8, which detail the recent changes and the future outlook for the Maurel & Prom Group's operations.

Additionally, the Company's Web site is updated regularly by a specialized company. This reference document for fiscal 2002 will be on line at this site shortly.

Furthermore, the important events related to the operations of the Company and the Maurel & Prom Group, as well as the provisional closings of the financial statements discussed during Supervisory Board Meetings are communicated regularly in press releases issued at the end of this meetings.

Finally, the financial outlook for the Maurel & Prom Group for fiscal 2003, as this outlook was described to institutional investors and financial analysts during the different "road-shows" conducted by the management, is summarized below:

FINANCIAL OUTLOOK

“As a result of the withdrawals completed and underway, the Group is focusing progressively on purely oil-related operations.

This activity may experience a very fluctuating economic environment due essentially to the price of crude oil and the Dollar/Euro parity.

Furthermore, the Company is, primarily in Congo, in a rapid development phase where numerous contingencies may occur, particularly in drilling time frames and the productivity of the new wells started up.

In this complex environment, given the assumptions used by the Group, particularly a crude barrel price of 22 $, the financial outlook for 2003 envisioned at the consolidated level is as follows:

Sales	80 to 85 million Euros
Net result (excluding the non-recurring result)	20 to 25 million Euros

Therefore, the 2003 financial equilibrium looks like this (in millions of Euros):

Own resources		37 to 42
Including:	Cash flow	25 to 30
	Sale of assets	4
	Conversion of share purchase warrants	8
Uses		68
Including:	Capital expenditures	50
	Loan repayments	18
Financing requirements		26 to 31
Additional borrowing		37
Cash position at the beginning of the year		8
Cash position at the end of the year		14 to 17

Furthermore, the Company is currently establishing a Euro Medium Term Note program subject to the provisions of English law.

This program will make it possible to issue Series of Notes with identical characteristics (issue date, issue price, maturity, stipulation of interest). Certain of the Series of this program may be listed for trading on the Luxembourg Stock Exchange.

Finally, the year 2003 should see the establishment of financing for development in Congo based on the reserves, while the initial financing obtained in 2002 was based on the production level.

VALUATION

The Company periodically analyses what it deems to be its market value.

These analyses are primarily based on two methods:

Method	€ value per share after potential future dilution
Revalued net assets	49
Valuation of reserves	36
Average	43

These analyses, although conducted in accordance with traditional valuation methods, do not commit the Company.

Appendix to the reference document

APPENDIX 1

Fees paid to the auditors and the members of their networks assumed by the group

Fiscal year covered: 2002

	ERNST & YOUNG	Michel BOUSQUET	Other
Audit			
Audit			
Auditing of the financial statements, certification, examination of the Individual and consolidated financial statements	376,554	148,581	21,677
Auxiliary assignments (*)	76,783		
Subtotal	**453,337**	**148,581**	**21,677**
Other services, if any			
Legal, tax, corporate	21,483		14,070
Information technologies			
Internal audit			
Other			
Subtotal	**21,483**	**0**	**14,070**
TOTAL	**474,820**	**148,581**	**35,747**

(*) COB notes No. R.02-060 and No. R.02-154.

NOTES

NOTES