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## Nine-month activity and sales for 2015: €204.8 million

- **Activities hampered in the first nine months of 2015**
  - drop in the price of oil: -52% to \$50.9/bbl
  - sales down by 54% to €204.8 million
  - evacuation-related constraints from the Coucal/Cap Lopez pipeline:
    - production limited to 19,689 bopd for the first nine months of 2015
    - complete shutdown (operator claimed *force majeure*) in September 2015
  - connection to gas pipeline in Tanzania
  
- **A favourable outlook**
  - gradual return to production after resolution of the situation of force majeure and end to reinforcement works by the pipeline operator in Gabon
  - recent EZNI and EZMA discoveries entering into production
  - record production on 22 October 2015 : 31,079 bopd
  - payment from first gas sales under the new gas sale agreement in Tanzania
  
- **Adjustment of financial covenants as at 31/12/2015**

### Sales for the first nine months of 2015

	Q1 2015	Q2 2015	Q3 2015	9 months 2015	9 months 2014	Chg. 15/14
<b>Total production sold over the period</b>						
<i>barrels of oil</i>	1,378,825	1,569,899	1,077,793	4,026,517	5,236,356	-23%
<i>million BTU - Tanesco</i>	95,438	102,420	102,890	300,748	266,450	13%
<i>million BTU - TPDC/Gasco</i>	0	0	471,526	471,526	0	100%
<b>Average sale price</b>						
<i>OIL in \$ per barrel</i>	48.8	57.6	43.8	50.9	106.6	-52%
<i>GAS in \$ per million BTU - Tanesco</i>	5.36	5.36	5.36	5.36	5.36	-
<i>GAS, in \$ per million BTU - TPDC/Gasco</i>	3.00	3.00	3.00	3.00	n/a	-
<b>EUR/USD exchange rate</b>	<b>0.89</b>	<b>0.91</b>	<b>0.90</b>	<b>0.90</b>	<b>0.74</b>	22%
<b>SALES</b>						
<b>Oil production</b>	<b>59.8</b>	<b>82.4</b>	<b>44.1</b>	<b>186.3</b>	<b>412.7</b>	
<i>Gabon</i>	59.4	81.9	42.6	183.9	411.7	-55%
<i>Tanzania</i>	0.4	0.5	1.5	2.4	1.0	139%
<b>Drilling operations</b>	<b>10.1</b>	<b>5.5</b>	<b>3.0</b>	<b>18.6</b>	<b>34.2</b>	-46%
<b>Consolidated sales</b>	<b>69.9</b>	<b>87.9</b>	<b>47.1</b>	<b>204.8</b>	<b>446.8</b>	-54%

The Group's consolidated sales for the first nine months of the year were down 54% to €204.8 million. Sales were affected by the drop in oil prices and production constraints since the beginning of the year:

- total shutdown of production in September 2015 following notification by Association Coucal of a situation of force majeure regarding the evacuation pipeline;
- temporary production shutdown (in January and June) to increase the capacities of surface installations: these shutdowns were initiated by Maurel & Prom in order to allow the connection of additional facilities (electricity generation, oil/water treatment, etc.) with the objective of increasing the oil production capacity of the producing fields;
- technical restriction on the evacuation pipeline's capacity between January and September 2015. These problems did not reappear after production resumed normal levels; and
- contraction in the average price per barrel of oil by nearly 52% over the first nine months of 2015 (\$50.9/bbl compared with \$106.6/bbl in the same period of 2014).

#### Production data in barrels of oil per day (bopd) for the first nine months of 2015 in Gabon

<i>bopd</i>	Q1 2015	Q2 2015	Q3 2015	9 months 2015	9 months 2014	Chg. 15/14
<b>Production at 100%</b>	20,447	23,048	15,625	<b>19,689</b>	25,233	-22%
<b>M&amp;P share</b>	16,358	18,439	12,500	<b>15,751</b>	20,186	-22%
<b>Entitlements</b>	15,320	17,252	11,715	<b>14,749</b>	18,887	-22%

An average of 19,689 bopd were lifted during the first nine months of the year, in light of the limitations encountered. In October 2015, after works by the pipeline operator and following the resolution of the force majeure, field production gradually resumed. With increased pressure in the reservoir observed following shutdown of production, water injection continued independently of the situation of force majeure, and the first oil of two discovery wells, EZNI-1 and EZMA-1, boosted production to its maximum of 31,079 bopd on 22 October 2015. Since that date, production has performed at an average of 27,869 bopd. On 4 November 2015, it was up to 29,129 bopd.

Maurel & Prom has opened production wells on the Mnazi Bay gas field in Tanzania since late August. Three wells have been connected, although production was limited to 30 MMscfd in line with TPDC demand. A production plateau of 80 MMscfd should be achieved by the end of the year, according to the gas demand from TPDC. Maurel & Prom sales in Tanzania stood at \$2.4 million for the first nine months of 2015. Under the new gas sale agreement, a payment was made on 3 November 2015.

The improvement of the USD/EUR exchange rate (+22%) partially offset the combined effect of the fall in quantities sold and the drop in oil prices.

#### Drilling operations

This activity has been severely affected by the drastic reduction in oil operators' investment programmes with a direct and immediate influence on drilling programmes. The fleet utilisation rate was 44% in addition to the management of a rig for the Ezanga association, illustrating the contraction

of activities in 2015. Sales for this activity amounted to \$38.3 million, spread over the African continent between Gabon (64%), the Congo (18%) and Tanzania (18%). Caroil achieved 54% of its sales with customers outside the Group, amounting to a contribution of \$20.7 million to Maurel & Prom's consolidated sales at 30 September 2015.

## Exploration activities

The main part of the exploration programme in Colombia was postponed until 2016. Some exploration wells will not be drilled before the end of 2015.

At Sawn Lake in Alberta (Canada), the pilot test of the SAGD (steam-assisted gravity drainage) process continues, carried out on the first two horizontal wells in order to evaluate the technical and commercial feasibility of the project for the production of bitumen by steam injection. Average production was 325 bopd during the first half of 2015, rising to 380 bopd in the third quarter of 2015. In order to provide a better assessment of the technical potential of the deposit, the pilot test will continue until the end of 2015 before being shelved.

The first stage of the exploration programme on Anticosti Island in Quebec has been completed. This consisted of a campaign of 12 stratigraphic surveys conducted without any cost overrun and complying with health, safety and environmental protection policies. The objectives of this first phase of works were to delineate the extent of the hydrocarbon resources and to identify three locations for the horizontal drilling exploration scheduled for summer 2016. Overall, the results of seven surveys in 2015, combined with five surveys carried out in 2014, match expectations in terms of the thickness of the Macasty Formation, the total organic carbon (TOC) content, porosity, permeability and maturity. These results compare favourably with those from other basins in North America where oil and gas are produced from bedrock.

## Amendment to financial covenants and the period of production level tests

The Maurel & Prom Group's bank debt comprises two separate loan agreements:

- a revolving credit facility (RCF) for a total amount of \$650 million, with \$400 million drawn down and an accordion of \$400 million, signed with a consortium of international banks; and
- a \$50 million loan agreement signed with a banking syndicate led by Crédit Suisse.

Under the terms of the two loan agreements, Maurel & Prom undertook to comply with the following financial and production covenants on 30 June and 31 December of each year:

### For the RCF:

- the ratio for the Group's consolidated net debt/EBITDAX<sup>1</sup>, calculated over a period of 12 months preceding the reference period, must not exceed 3.00:1.00;
- the ratio for the Group's share of P1+P2 reserves x US\$10 cannot be lower than one and a half times the Group's consolidated net debt; and
- with regards to fields included in the Ezanga production-sharing contract, the level of Maurel & Prom's production share must not be less than an average of 19,000 barrels per day over the second half of 2015, which must be checked for the first time on 31 December 2015.

### For the loan agreement:

- the ratio for the Group's net debt/EBITDAX, calculated over a period of 12 months preceding the reference period, must not exceed 3.00:1.00; and

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<sup>1</sup> EBITDAX is equal to profit before interest, tax, exploration expense, amortisation and depreciation and before the impact of exchange gains and losses.

- the liquidity ratio (Group's current assets/current liabilities), calculated over a period of 12 months preceding the reference period, must not exceed 1.10:1.00.

As at 30 June 2015, all financial covenants had been complied with (the verification of compliance with the RCF-related production covenant is only applicable at 31 December 2015 in respect of the second half of 2015).

The decline in oil prices, problems with evacuation and the situation of force majeure in Gabon in September 2015 led the Group to request the adjustment of certain periods of calculation of minimum production levels and certain financial ratios in order to avoid the risk of non-compliance with the undertakings at the end of 2015. These waivers and adjustments were accepted by the RCF banking consortium on 13 October 2015 and formally by the banking syndicate of the loan agreement on 27 October 2015.

Regarding the RCF, the covenants applicable to Maurel & Prom for 31 December 2015 arising from the adjustments are described below:

- the ratio for the net debt/EBITDAX, calculated over a period of 12 months preceding the reference period, on 31 December 2015 must not exceed 5.50:1.00<sup>2</sup>; and
- in respect of Maurel & Prom's production in Gabon, the production level calculated at 31 December 2015 should not be below an average of 19,000 barrels per day (Maurel & Prom share) calculated in the last quarter of 2015 (instead of the second half of 2015).

Finally, it is specified that Maurel & Prom also obtained a deferral of the period for the calculation of a minimum production level liable to represent a case for the accelerated reimbursement of the RCF: the Maurel & Prom production level for the production of oil from fields included in the Ezanga production sharing contract, which must not fall below an average of 22,000 barrels per day, shall be calculated for the period from 1 December 2015 to 29 February 2016 instead of the last quarter of 2015.

With regard to the loan agreement, these adjustments were formally accepted by the banking syndicate on 27 October 2015 (bearing in mind that the banking syndicate had given Maurel & Prom its agreement in principle in writing on 15 October 2015), and on the same terms as for the RCF with regard to the Group's consolidated net debt/EBITDAX ratio.

During discussions with Crédit Suisse the following additional changes were agreed:

- the partial early repayment of \$16.667 million corresponding to a third of the amount borrowed;
- an increase in the interest rate set in the loan agreement to Libor +7.5%; and
- the ratio for the Group's net debt/EBITDAX, calculated over a period of 12 months preceding the reference period, must not exceed 2.25:1.00 on 31 December 2016.

Following the repayment of \$16.667 million on 30 October 2015, the dates for the repayment of the Group's debt are as follows:

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<sup>2</sup> 4.20 : 1.00 if the merger with MPI takes place

In €m	2016	2017	2018	2019	2020	2021
RCF* <sup>3</sup>	-	68	68	68	68	91
Loan agreement*	-	-	30	-	-	-
ORNANE 2019	-	-	-	253	-	-
ORNANE 2021	-	-	-	-	-	115
<b>TOTAL in €m</b>	<b>-</b>	<b>68</b>	<b>98</b>	<b>321</b>	<b>68</b>	<b>206</b>

\* EUR/USD = 1.10

The redefinition of financial ratios and the adjustment of production test periods highlight the support from the banks and their confidence in Maurel & Prom. This adjustment is entirely independent from the proposed merger with MPI; inasmuch as Maurel & Prom's current and projected production performance satisfies these criteria.

Boosted by its sales in Tanzania, the increase in production in Gabon, with a new record achieved on 22 October of over 31,000 bopd, as well as by a debt structure that does not present any immediate major maturity dates, the outlook for the Group is positive despite the context of low prices.

## Governance

AGEFI, in bestowing its Grand Prizes for corporate governance, awarded Maurel & Prom third prize in the "Operation of Corporate Bodies" category.

Moreover, during the launch conference of the CDP 2015 report and the award ceremony of the "Climate Leadership Awards 2015" held November 4, 2015 at the Quai d'Orsay, Maurel & Prom has been awarded of "Best Newcomer France" for the quality of its response

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<sup>3</sup> On the basis of the \$400 million already drawn

Français		Anglais	
pieds cubes	pc	cf	cubic feet
pieds cubes par jour	pc/j	cfpd	cubic feet per day
milliers de pieds cubes	kpc	Mcf	1,000 cubic feet
millions de pieds cubes	Mpc	MMcf	1,000 Mcf = million cubic feet
milliards de pieds cubes	Gpc	Bcf	billion cubic feet
baril	b	bbbl	barrel
barils d'huile par jour	b/j	bopd	barrels of oil per day
milliers de barils	kb	Mbbl	1,000 barrels
millions de barils	Mb	MMbbl	1,000 Mbbl = million barrels
barils équivalent pétrole	bep	boe	barrels of oil equivalent
barils équivalent pétrole par jour	bep/j	boepd	barrels of oil equivalent per day
milliers de barils équivalent pétrole	kbep	Mboe	1,000 barrels of oil equivalent
millions de barils équivalent pétrole	Mbep	MMboe	1,000 Mbbl = million barrels of oil equivalent

For more information, go to [www.maureletprom.fr](http://www.maureletprom.fr)

MAUREL & PROM

Tel: 01.53.83.16 00

Press contacts, shareholder and investor relations

Tel: 01.53.83.16 45

[ir@maureletprom.fr](mailto:ir@maureletprom.fr)

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