

ANNUAL REPORT 2011



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Chairman's message

Dear shareholders,

MP Nigeria is, for the first time, publishing its results as an independent oil company listed in Paris. MP Nigeria has become an investment vehicle listed on a European stock exchange and is operating in a country that is full of potential.

With regard to the results, MP Nigeria's extremely healthy financial position, the cash generated from output barely 18 months after our deposits were put into production, and the investment decisions taken at the end of 2011 have enabled us to uphold our ambitions, namely accelerated production growth in the coming years.

With the help of our partners within Seplat, this will allow us to grasp any opportunity for growth, either by developing our assets more quickly through evaluation and exploration programmes, or by purchasing assets in Nigeria.

Jean-François Hénin
Chairman of MP Nigeria





The story begins...





Group profile

MP Nigeria was formed on 15 October 2009 by Maurel & Prom, a group specialising in the exploration and production of hydrocarbons.

MP Nigeria is:

- a limited company with a Board of Directors, incorporated under French law, whose registered office is located in Paris;
- the result of the spin-off of activities in Nigeria by Etablissements Maurel & Prom

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MP Nigeria holds 45% of the share capital of Seplat, a Nigerian oil and gas exploration and production company, operating on Oil Mining License 4, 38 and 41 in Nigeria. These permits present a balanced combination of fields in production, fields to be developed, and exploration possibilities. Through its association with leading Nigerian partners, MP Nigeria benefits from **strong local involvement**, either from local authorities or communities.

With quality assets and this strong partnership, MP Nigeria is **well-positioned to ensure its development** and to benefit from numerous growth opportunities.

Organisation

MP Nigeria works alongside local partners in the field of onshore hydrocarbon exploration and production in Nigeria.

Seplat, an independent oil operator

A **leading local player** which is 45% owned by MP Nigeria, with the remaining 55% held by the Nigerian companies Shebah Petroleum Development Company Limited (31%) and Platform Petroleum Joint Ventures Limited (24%).

Operator of OMLs 4, 38 and 41, acquired in July 2010 in association with the Nigerian Petroleum Development Company (NPDC, 55%).

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A close link between shareholders

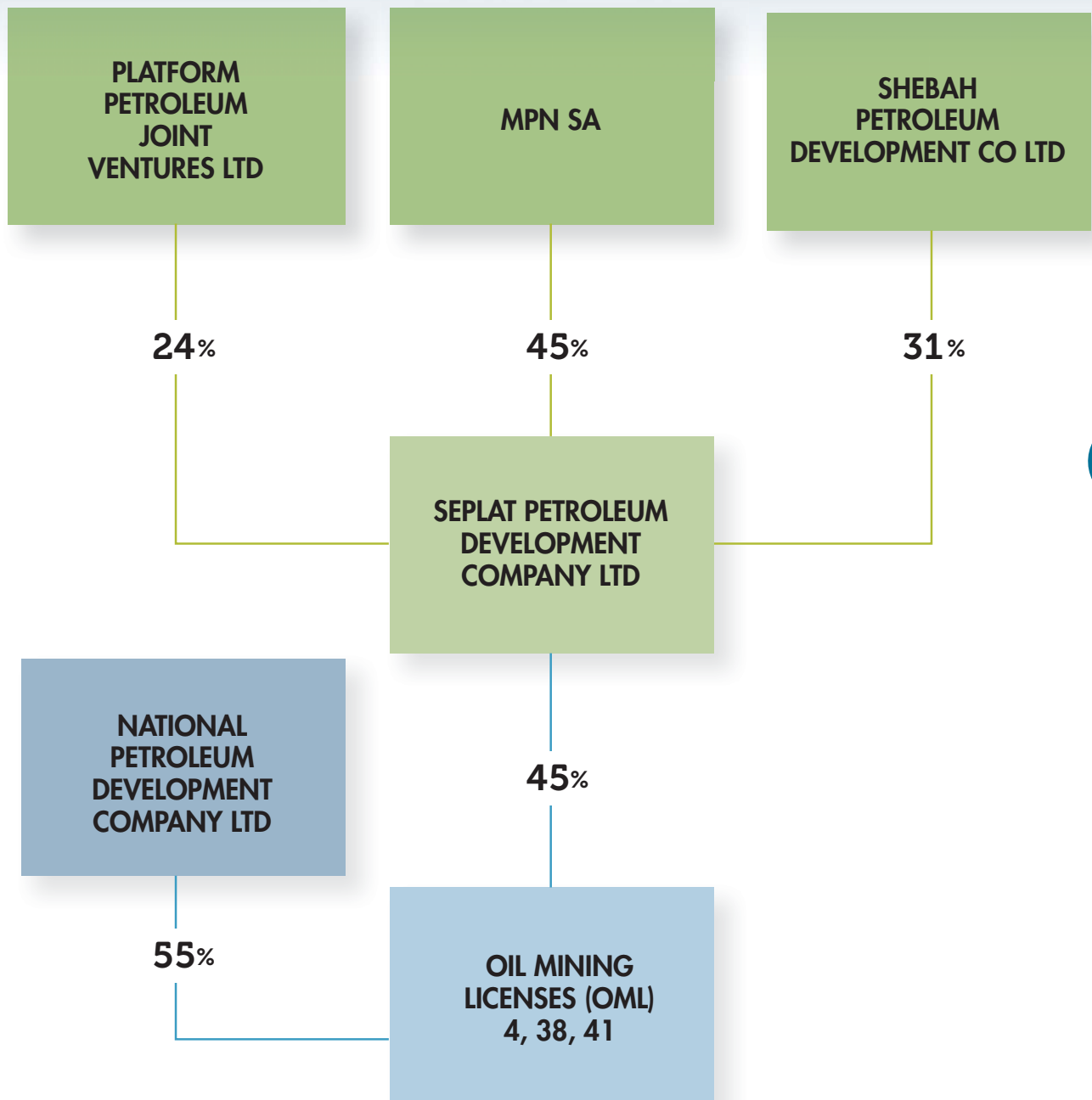
The partnership established between the shareholders allows Seplat to benefit from the knowledge, expertise and analysis of local and international partners recognised in their market.

Relations between the partners in Seplat are governed by a shareholders' agreement.

This shareholders' agreement allows MP Nigeria to:

- appoint the Chief Financial Officer and Chief Operating Officer;
- appoint two directors to Seplat's Board of Directors;
- have a right of veto following the shareholder advance granted by MP Nigeria to its partners;
- validate Seplat's investments and expenditure.

In order to pursue this logic, MP Nigeria has asked its partners to sit on its Board of Directors.



Governance

The Company will be able to count on the expertise and skills of its management bodies through Maurel & Prom and Seplat.

The recognised knowledge, experience and expertise of their teams represent a major asset in the future development of activities.

Seplat



Dr ABC Orjiako
Chairman of Seplat

In 1996, after eleven years of practicing medicine at the Lagos University Teaching Hospital (LUTH) and the National Orthopaedic Hospital in Igbobi, Lagos, he entered into the world of business. In 2006, he completed the Owner/President Management programme at the Harvard Business School.

His NGO, the Daniel Orjiako Memorial Foundation (DOMF), founded in 1996, aims to combat the poverty cycle in society through education, health, and economic empowerment through agriculture. The foundation offers scholarships to poor students in secondary and higher education.

Within Seplat, he spearheads the development of new activities and brings his leadership skills to strategic relations with our stakeholders. He has also shown himself to be a first-rate leader and manager both as a Chairman and as a Board member of Nigerian companies, including some of the country's largest businesses.



M. Austin Avuru
Chief Executive Officer of Seplat

The management team is led by the Chief Executive Officer, Austin Avuru.

He has forged a prestigious career with more than thirty years' experience in the oil and gas sector.

Since 2002, he has been the CEO of Platform Petroleum Limited, one of Seplat's associated companies. He has held the same position at Seplat since 2009.



MP Nigeria

The Board of Directors' meeting of 22 September 2011 appointed Mr Jean-François Hénin as the Chairman of the Board of Directors and Mr Michel Hochard as the Chief Executive Officer of MP Nigeria.

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M. Jean-François Hénin

Chairman of MP Nigeria
Chairman & Chief Executive Officer of Maurel & Prom

Graduate of the Paris IAE in Economics

Treasury and foreign exchange director of Lyonnaise de Dépôts, Treasurer of Thomson CSF, Chief Executive Officer of Altus Finance, Vice-Chairman of the Supervisory Board of Altus Finance, Chairman & Chief Executive Officer of Électricité et Eaux de Madagascar (EEM). Manager, Chairman of the Management Board, then Chairman & Chief Executive Officer of Maurel & Prom since 14 June 2007.



M. Michel Hochard

Chief Executive Officer of MP Nigeria
Chief Administrative and Financial Officer
of Maurel & Prom

Graduate of the Commercial Institute of Nancy (ICN) and Chartered Accountant.

Internal Auditor in the Department of Finance of ELF Aquitaine, Head of the Finance Division for Africa/Middle East, director of finance of the SNEAP, then of ELF Aquitaine production and of ELF E&P, deputy director of human resources of ELF E&P, director of operations of Price Waterhouse Cooper BPO, member of the management committee of GEOS, Chief Administrative and Financial Officer of Maurel & Prom since September 2007.

Company assets

High-quality assets:

- excellent position in the Niger Delta, rich in oil and gas;
- balanced combination of oil reserves and contingent resources;
- rapid development of production on the operating fields.

Significant inherent potential, linked to:

- operating fields;
- undeveloped discoveries;
- exploration territory;
- gas.

Seplat, a quality operator:

- quality partners, reputable local players active in the upstream oil sector in Nigeria;
- value of the teams recruited in the last two years.

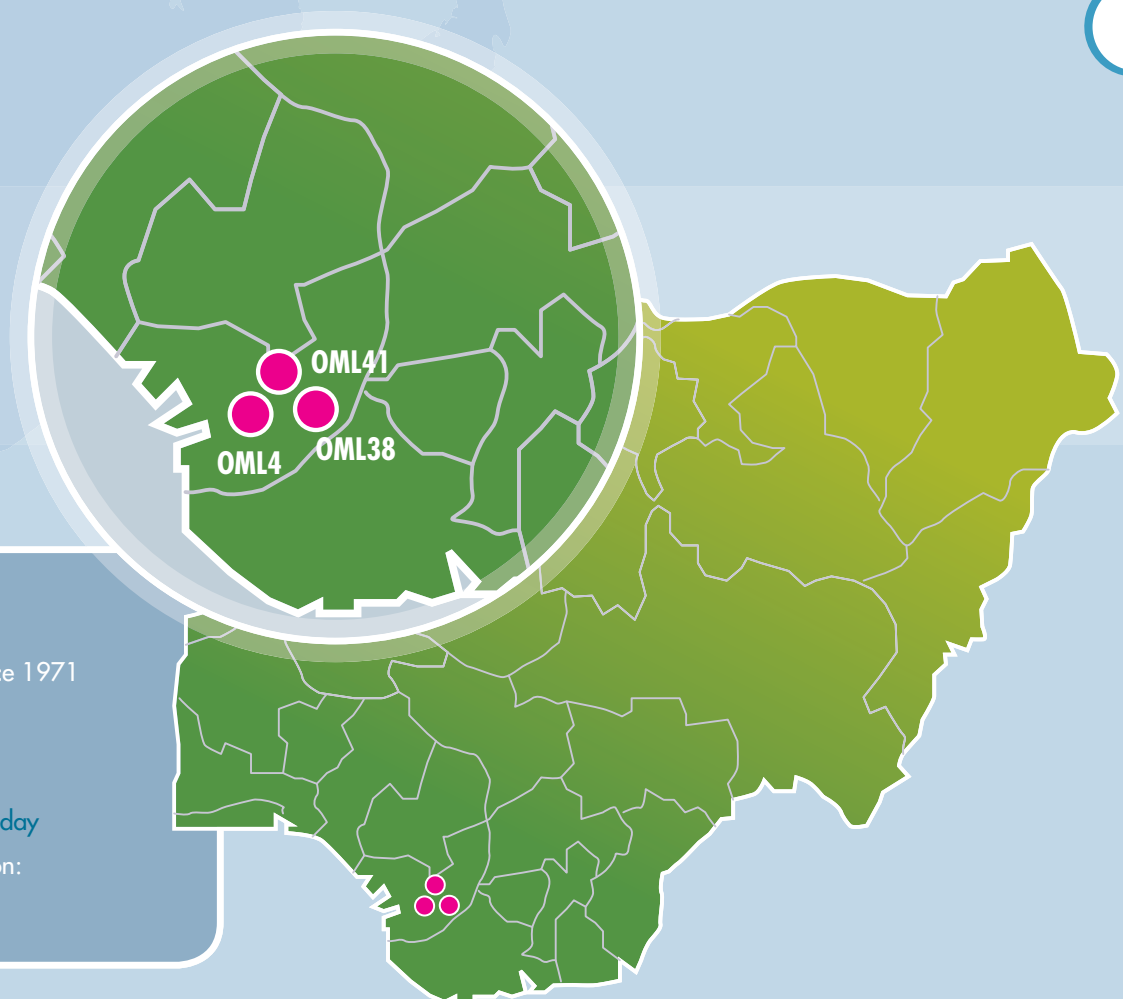
Oil in Nigeria

- President: **Goodluck Jonathan**
- Minister of Petroleum Resources: **Diezani Allison-Madueke**
- Leading producer in Sub-Saharan Africa: **38% of production**
- Largest source of revenues
- 95% of foreign exchange receipts
- 85% of Government revenue
- The world's 15th largest producer
- Proven reserves: **10th in the world**
- Gas reserves: **7th in the world**

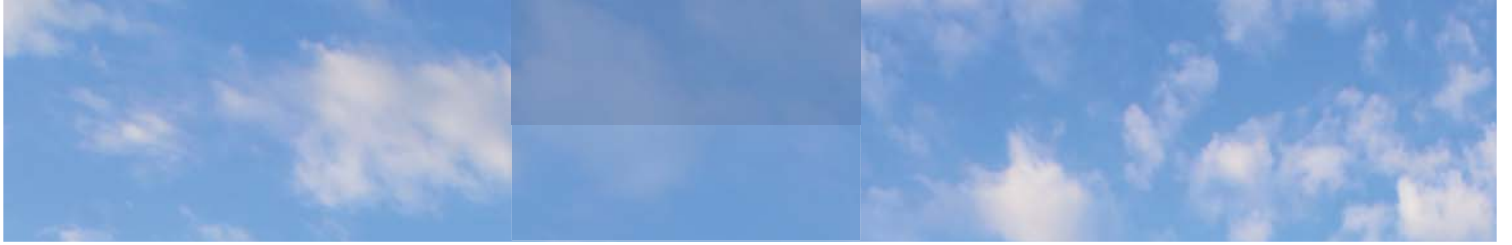


With quality assets and a strong partnership with experienced local players, MP Nigeria is well positioned to ensure its development and to benefit from numerous growth opportunities.

	OML 4	OML 38	OML 41
Discovery date	1972	1970	1969
Production start date	1974	1972	1971
Surface area	267 km ²	2 094 km ²	291 km ²
Producing fields	Oben	Amukpe; 50% Ovhor	Sapele; 50% Ovhor
Export terminal	Forcados	Forcados	Forcados
Grade	Bonny light	Bonny light	Bonny light



- Member of OPEC since 1971
- Current reserves:
37.2 billion barrels
- Oil production:
2.3 million barrels per day
- Natural gas production:
1.24 Tcf per day





Local actions

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The management of environmental risks is one of Seplat's main priorities:

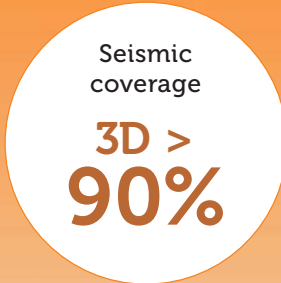
- implementation of environmental management systems and risk management plans;
- staff training, particularly for workers, contributes to operational control of risks;
- ensuring the health and safety of employees by adopting the HSE management system implemented by the previous operator, SPDC;
- maintaining good relations with local communities by signing a memorandum of understanding on 1 January 2011 with the communities in the production zones of Amukpe, Oben, Sapele and Ugborhen (creation of a collaborative body with local communities and the implementation of joint development projects).

Compliance with Nigerian law remains one of Seplat's constant objectives, and it seeks to ensure compliance with environmental regulatory requirements. In addition, Seplat has voluntarily made a commitment to fight certain specific environmental threats, such as oil spills, by becoming a member of the Clean Nigeria Associates organisation.

Key figures and stock market data

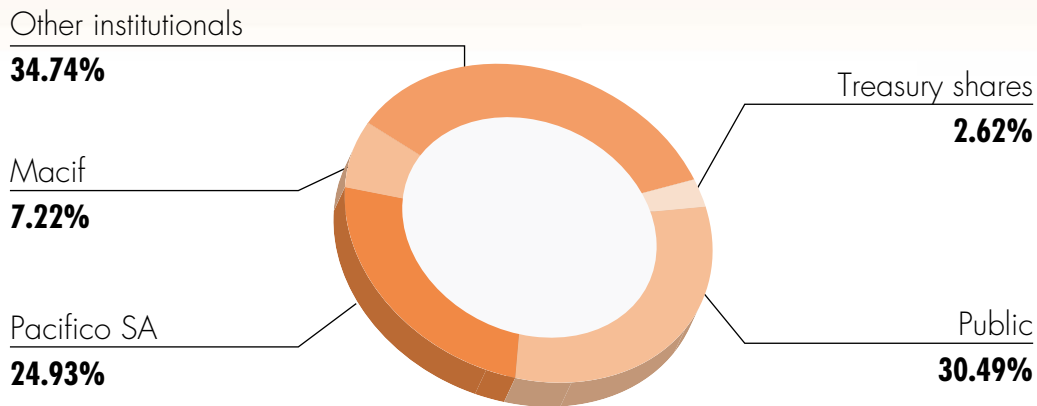
	31/12/2010	31/12/2011
Entitlements (MPN share)	3,571 bbls/d	4,885 bbls/d
Average sale price	US\$86/bbl	US\$114/bbl
<i>In millions of euros</i>		
Sales	28	146
Operating expenses	(13)	(69)
Gross operating surplus	15	77
Depreciation expense	(4)	(18)
Operating income	12	59
Financial income	(3)	1
Pre-tax income	9	60
Income tax	(7)	(42)
Net income – Company share	1	18
Cash at closing	10	248
Net cash flow position		+167



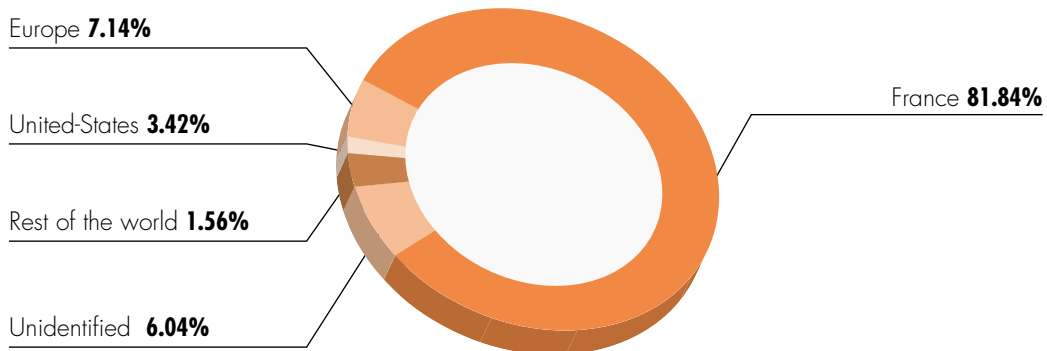


Shareholding at 6 February 2012

Breakdown by type of holder



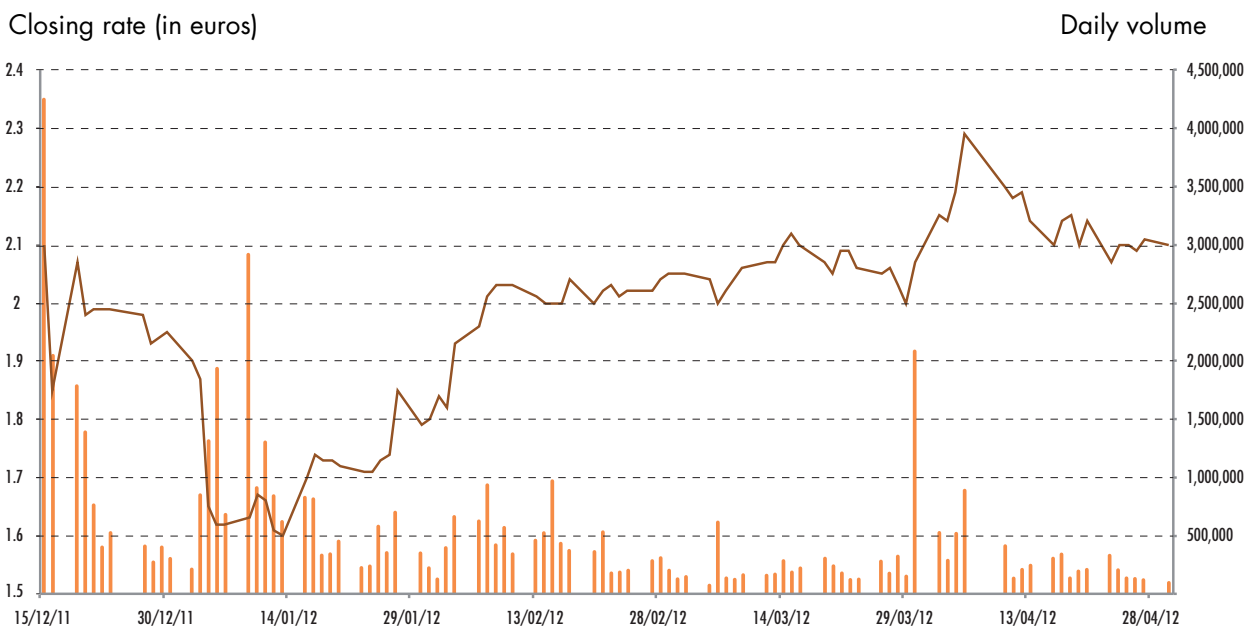
Geographic breakdown



Europe shareholder countries: Norway, Switzerland, Luxembourg, United Kingdom, Sweden, Germany, Monaco, Belgium, Italy, Austria, Finland, Denmark, Liechtenstein, Ireland, Iceland, Andorra, Portugal
World shareholder countries: South Africa, United Arab Emirates, Australia, Lebanon, Turkey, Singapore, Japan

Stock market

Following the approval at the General Shareholders' Meeting of Maurel and Prom of 12 December 2011 of the distribution of **100% of MP Nigeria's capital**, MP Nigeria has been **listed for trading on NYSE Euronext** since 15 December 2011.



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Dr ABC Orjiako, Chairman of Seplat
Mr Jean-François Hénin, Chairman of MP Nigeria



2011 financial information

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ANNUAL REPORT

2011



In accordance with its General Regulations, in particular Article 212-13, the French Financial Markets Authority (AMF) has registered this Annual Report on 8 June 2012, under number R12-026. This document may only be used in support of a financial transaction if it includes the relevant transaction notice from the AMF. It has been created by Maurel & Prom Nigeria and represents a commitment on the part of its signatories.

Registration was made, under the provisions of Article L. 621-8-11 of the French Monetary and Financial Code, after the AMF verified that the document is complete and understandable and that the information contained within is consistent. This does not imply authentication by the AMF of the financial and accounting items presented.

In application of Article 28 of European Commission (EC) Regulation no. 809/2004, the following information is included by reference in this Annual Report: the consolidated financial statements for the fiscal year ended 31 December 2010, which appear in Chapter 20 of the prospectus, approved by the AMF under no. 11-511 dated 4 November 2011, as well as the associated statutory auditors' reports.

Copies of this Annual Report are available free of charge from Maurel & Prom Nigeria (12 Rue Volney, 75002 Paris) as well as on the websites of Maurel & Prom Nigeria (www.mpnigeria.com), and the French Financial Markets Authority (www.amf-france.org).

Disclaimer

PRELIMINARY REMARKS

In this Annual Report:

- the term “**APCO**” refers to Abbeycourt Petroleum Company Limited;
- the term “**Listing**” refers to the listing of Maurel & Prom Nigeria’s shares on the NYSE Euronext Paris exchange on 15 December 2011;
- the term “**Maurel & Prom Group**” refers to the Maurel & Prom Group, that is, Maurel & Prom and all of the subsidiaries and interests directly or indirectly held by Maurel & Prom;
- the term “**Maurel & Prom Nigeria Group**” refers to the Maurel & Prom Nigeria Group, that is, Maurel & Prom Nigeria and all of the subsidiaries and interests directly or indirectly held by Maurel & Prom Nigeria;
- the term “**Maurel & Prom**” refers to Établissements Maurel & Prom SA, a limited corporation with capital of €93,550,021.18, whose registered office is at 12 Rue Volney, 75002 Paris, and which is registered with the Paris Commercial and Companies Register (*Registre du Commerce et des Sociétés de Paris*) under number 457 202 331; The terms “**Maurel & Prom Nigeria**” and “**Company**” refer to the company Maurel & Prom Nigeria;
- the term “**NPDC**” refers to the Nigerian Petroleum Development Company;
- the term “**NNPC**” refers to the Nigerian National Petroleum Corporation;
- the term “**Platform**” refers to Platform Petroleum (JV) Limited (BVI);
- the term “**Partners**” refers to Shebah and Platform as well as their respective parent companies, the Nigerian companies Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited;
- the term “**Prospectus**” refers to the listing prospectus approved by the French Financial Markets Authority under number 11-511 on 4 November 2011;
- the term “**Pacifico**” refers to Compagnie de Participations Commerciales Industrielles et Financières – Pacifico, a limited corporation with capital of €1,196,736.48, whose registered office is at 12 Rue Volney, 75002 Paris, and which is registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés de Paris*) under number 362 500 274.
- the term “**Seplat**” refers to Seplat Petroleum Development Company Limited;
- the term “**Shebah**” refers to Shebah Petroleum (JV) Limited (BVI);
- the term “**SWST**” refers to Shell Western Supply and Trading Limited;
- the term “**SPDC**” refers to Shell Petroleum Development Company of Nigeria Limited.

A glossary defining the technical terms used in this Annual Report is provided at the end of this document.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements concerning the outlook and development strategies of the Company, particularly in Section 1.3 of this Annual Report. Such forward looking statements are identified by the use of the future or conditional tenses or by forward-looking terminology, such as “consider”, “envisage”, “think”, “have the objective of”, “in expectation of”, “understand”, “should”, “aim”, “estimate”, “believe”, “hope”, “may” or, as the case may be, the negative form of these terms, or other variations or similar terminology. Such information is not historical data and should not be interpreted as a guarantee that the facts or data will occur. Such information is based on data, assumptions and estimates considered reasonable by the Company. It is liable to change or to be altered due to uncertainties surrounding the economic, financial, competitive and regulatory environment. Such information is mentioned in various sections of this Annual Report and contains data relating

to the Company’s intentions, estimates and objectives, particularly those concerning the market in which it operates and its strategy, growth, results, financial position, cash flow and forecasts. The forward-looking statements contained in this Annual Report are current as at the date of this Annual Report.

The Company cannot anticipate all risks, uncertainties or other factors that may affect its activity, their potential impact on its activity, or even the extent to which the appearance of a risk or combination of risks may lead to results significantly different from those mentioned in the forward-looking statements, bearing in mind that no forward-looking statement constitutes a guarantee of actual performance.

The Company makes no commitment and gives no guarantee that the objectives and forecasts in this Annual Report will be achieved.

EQUAL ACCESS TO INFORMATION

The information contained in this Annual Report, as at the date stated herein, satisfies in all significant aspects the principle that all shareholders have equal access to information about the Company.

RISK FACTORS

This Annual Report outlines the risk factors as described in Chapter 2, “Risk factors”, which should be carefully considered. Should all or some of these risks arise, they may have a significant adverse impact on the Company and its activity, image, financial position, results or ability to achieve its objectives.

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Presentation of MP Nigeria

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1.1 Profile and history

1.1.1 OVERVIEW

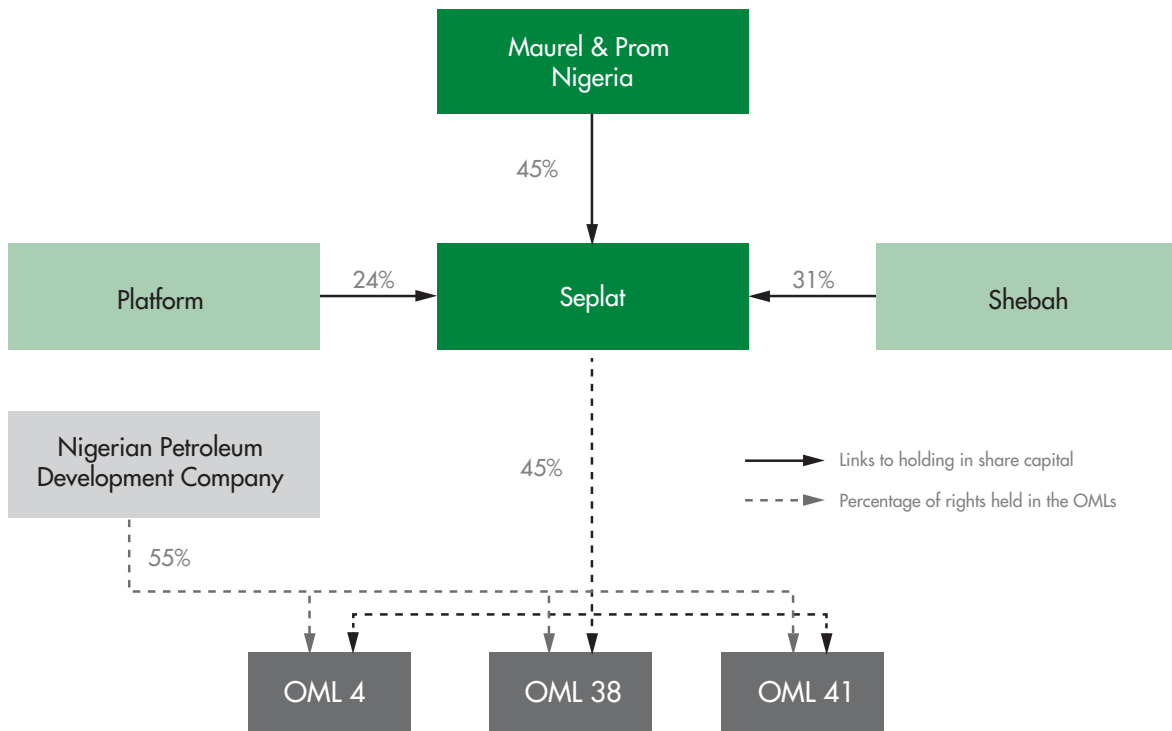
The Company was created by Maurel & Prom, a group specialising in hydrocarbon exploration and production, in order to acquire rights in Nigerian Oil Mining Licences (OMLs) 4, 38 and 41 (see Section 6.4.2.1 of this Annual Report), in a joint venture with Nigerian partners, within the company Seplat. The fact that the Company belonged to the Maurel & Prom Group enabled it to benefit from the knowledge, experience and expertise developed by Maurel & Prom in the context of its oil business operations on several continents.

As at the date of this Annual Report, the Company holds a 45% equity interest in Seplat, a stake that was sold by Maurel & Prom on 29 January 2010. On 3 June 2010, the Company subsequently signed an Agreement with Seplat as detailed in Section 6.4.1.1 of this Annual Report).

Thanks to this 45% interest in Seplat, the Company benefits indirectly from rights in three onshore OMLs offering a balance combination of fields in production, fields to be developed, and exploration opportunities. Through this interest, it also enjoys strong local involvement.

1.1.2 ORGANISATIONAL CHART OF THE COMPANY AND SEPLAT

As at the date of this Annual Report, the Company had a 45% equity interest in Seplat with its two Partners, Shebah and Platform (for a detailed profile of Shebah and Platform, see Section 6.1.1.2 of this Annual Report):



As the majority stake in Seplat is indirectly controlled by Nigerian companies, Seplat could over time benefit from the status of “indigenous company” and thus be eligible for more favourable tax treatment, provided that certain conditions still being debated in the Nigerian Parliament are met.

Shebah holds 31% of the share capital of Seplat and Platform holds 24%, following the sale of two million Seplat shares by Shebah to Platform in March 2012. As at the date of this Annual Report, Shebah owns 31% of Seplat and Platform owns 24%, following the sale of two million Seplat shares by Shebah to Platform in March 2012, reflecting the agreement between Shebah and Platform as part of their working relationship.

1.2 Description of the business

As at the date of this Annual Report, the Company is active through Seplat in the upstream sector of the oil and gas industry, and, more precisely, in onshore hydrocarbon exploration and production. The exploration/production activities of Seplat and the Company are located exclusively in Nigeria as at the date of this Annual Report. Seplat’s production, once extracted, is shipped to the oil terminal where, after processing and storage, it is transferred to the trading company, which acquires 100% of the production and markets it.

Seplat is 45% owned by the Company and 55% by the Nigerian companies Shebah Petroleum Development Company Limited (31%) and Platform Petroleum Joint Ventures Limited (24%)

through their wholly owned subsidiaries, Shebah and Platform. The presence of its Nigerian co-investors facilitates Seplat’s local support to develop the oil fields, for which it holds a production permit, to pursue the exploration of as-yet-undeveloped fields and to bid for new permits. Because of its Partners and its status as a Nigerian company, Seplat should be able to benefit from the Nigerian government’s policy and regulations designed to promote Nigerian companies, depending upon changes to the applicable regulations and the Nigerian government’s policy procedures involving the oil and gas industry, as described in Section 2.3.2.1 of this Annual Report.

1.2.1 DESCRIPTION OF SEPLAT’S EXPLORATION/PRODUCTION ACTIVITIES

→ 1.2.1.1 Asset portfolio

Seplat has operator status for OMLs 4, 38 and 41, which contain four developed fields (Oben, Amukpe, Ovhor and Sapele), nine undeveloped fields and a 24” pipeline with 50 Kbbbl/d capacity (Amukpe-Rapele section).

Seplat signed a transport contract with SPDC to carry oil to the Forcados terminal (see Section 6.4.2.3(a) of this Annual Report), as well as a memorandum of understanding with Shebah Exploration and Production Company Limited and Allenne British Virgin Islands Limited giving it an exclusive option for the possible leasing or purchase of the Trinity Spirit FPSO, a floating unit for

oil production, storage and offloading (see Section 6.3.2.2 of this Annual Report, which may be used as a support solution from time to time). Other, more sustainable solutions for the evacuation of the oil are being studied, including the use of pipelines of other companies operating in the sector (see Section 2.2.4 of this Annual Report).

The crude oil produced by Seplat is sold to SWST under the terms of a sales contract signed with this company.

The Company retains the rights to OMLs 4, 38 and 41 through Seplat. The location, renewals and properties of these OMLs are presented in detail in this section.



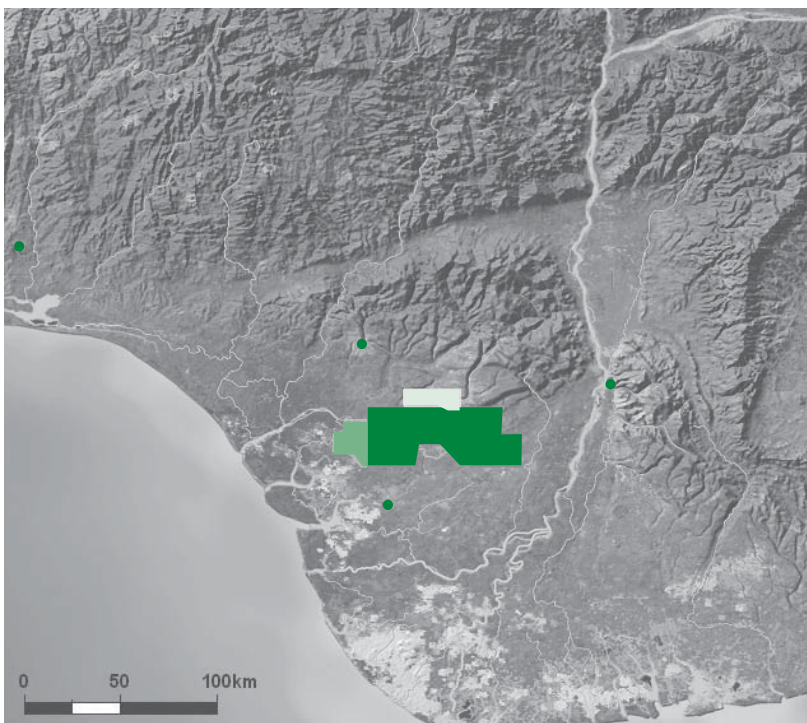
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Presentation of MP Nigeria

Description of the business

(a) Location of OMLs

The following maps present the geographic location of OMLs 4, 38 and 41, their main oil and gas fields and the main infrastructure for the hydrocarbon transport on the sites used by Seplat:



 OML 38  OML 4  OML 41

(b) Properties of OMLs 4, 38 and 41

As at the date of this Annual Report, Seplat holds the following interests in OMLs 4, 38 and 41:

Permit	Surface area (km ²)	Year awarded	Year of next renewal	Seplat* rights	Partners/Rights
OML 4	267	1960	2019	45%	NPDC – 55%
OML 38	2,094	1962	2019	45%	NPDC – 55%
OML 41	291	1962	2019	45%	NPDC – 55%

* The Company holds 45% of the equity and voting rights in Seplat, which gives it a 20.25% indirect share in OMLs 4, 38 and 41.

(i) OML 4

OML 4, located in Edo State in south-western Nigeria, covers an area of 267 km². The Oben field is the only operating field under OML 4.

The Oben field was discovered in 1972 and put into production in April 1974, and 3D seismic measurements for this field were conducted in 1998. The oil produced on the Oben field before the acquisition came from 17 reservoirs. Oil production on the Oben field currently comes from 11 of the 17 reservoirs mentioned above.

The Oben field has all the necessary infrastructure to exploit its resources, including a pumping station with a capacity of 60K boepd and a gas production plant with a capacity of 90 Mcf/day, and all of these infrastructures are located close to each other.

The oil is transported to the Forcados port terminal via the Oben-Amukpe, Amukpe-Rapele and Rapele-Forcados pipelines.

(ii) OML 38

OML 38, located in the Delta State in south-western Nigeria, covers an area of 2,094 km². OML 38 contains, in particular, the Amukpe and Ovhor operating fields and the Mosogar and Okporhuru discoveries.

Amukpe and Ovhor operating fields

The Amukpe and Ovhor fields are the only productive fields under OML 38.

The Ovhor field, which straddles OMLs 38 and 41, was discovered in 1991 and put into production in 1993.

The infrastructure is located in the west of the permit area, and includes in particular a pumping station with a 45 Kbbbl/d capacity situated at Amukpe. These facilities process the production from the Amukpe and Ovhor fields. Oil from the Amukpe field pumping station is routed to the Forcados terminal via the Amukpe-Rapele and Rapele-Forcados pipelines after

being mixed at Amukpe with production from OML 4. Oil from third parties is also added at Amukpe. Furthermore, once the liquid (water and oil) reaches Forcados, the water is separated from the oil and the crude oil is exported.

Mosogar and Okporhuru discoveries

The Mosogar discovery is located approximately 50 km north of Warri and to the east and north-east of the Sapele and Amukpe fields, respectively. The discovery was made in 1974 when the MOSO-1 well was drilled based on 2D seismic studies, but was abandoned due to problems, with a new well then drilled (MOSO-2 well). The Mosogar discovery contains hydrocarbons situated at a depth of between 1,140 and 3,400 metres (true vertical depth subsea - TVDss), seven areas of which contain oil and one of which contains gas. Since the well was not tested, hydrocarbon estimations were essentially made on the basis of seismic data. Seplat expects to develop the Mosogar discovery during 2013.

The Okporhuru discovery was made in 1982 when the OKRU-1 well was drilled, revealing the presence of light oil at a depth of between 2,590 and 3,200 metres (TVDss). The OKRU-2 evaluation well was drilled in 1984 further to the east in order to confirm this discovery; water was found, however, so the well was capped and abandoned. A second evaluation well (OKRU-3) was then drilled between the OKRU-1 and OKRU-2 wells, confirming the presence of fluid; 3D seismic measurements were conducted on this discovery in 1996, and work on this field will begin as of the second quarter of 2012.

(ii) OML 41

OML 41, located in the Delta State in south-western Nigeria, covers an area of 291 km². It contains the Sapele operating field, which straddles OML 41 and OML 49, the Ovhor operating field and the two non-operating fields of Ubaleme and Okoporo. Only 2D seismic data are available for OML 41, unlike OML 4 and OML 38, for which 3D data are also available.

Sapele operating field

The Sapele operating field, situated 40 km north of Warri, was discovered in 1969 and put into production in 1971. In June 2011, eight wells were producing oil, four of which from heavy oil reservoirs and four from light oil reservoirs. Two other wells were producing non-associated gas.

The infrastructure of the Sapele field includes a gas production plant with a capacity of 90 Mcf/day and a pumping station with a capacity of 60 Kbb/d, evacuating Sapele production to the Forcados terminal via the Sapele-Amukpe, Amukpe-Rapele and Rapele-Forcados pipelines. The condensate is evacuated via the Oben-Amukpe pipeline.

Ubaleme and Okoporo discoveries

The Ubaleme discovery was made in 1968. On this field, none of the three wells (UBLM-01, UBLM-02 and UBLM-03) were tested, and the contingent resources were allocated on the basis of data produced from the drilling of the wells. Six reservoirs situated at a depth of between 2,530 and 3,810 metres (TVDss) contain hydrocarbons, and two contain oil (D1000 and D5000). To date, no production has begun at Ubaleme.

The Okoporo discovery was made in 1961. The field has eight reservoirs at a depth of between 1,650 and 2,750 metres, four of which contain oil. To date, no production has begun at Okoporo. However, work should begin at the end of 2012, and Seplat expects to develop Okoporo during 2013.

3D seismic measurements were conducted for these fields in 1996, and new high-quality maps were produced from these measurements.

(c) Transport

As at the date of this Annual Report, the oil produced is carried to Forcados via the following oil pipeline network:

Oil pipeline	Operator	Diameter (inches)	Rated capacity (Kbb/d)
Oben - Amukpe	Seplat	8	10
Sapele - Amukpe	Seplat	10	12
Amukpe - Rapele	Seplat	24	50
Rapele - Forcados	SPDC	28	N/A

* The rated capacity of a pipeline is the number of barrels carried each day by these facilities.

(d) Permit renewals

OMLs 4, 38 and 41 were all renewed for the first time on 1 July 1989 for a period of 30 years (i.e. until 30 June 2019).

Paragraph 14m of the First Schedule to the Petroleum Act stipulates that, if the holder so requests, OMLs are renewed by the Nigerian government subject to the condition that their holder has paid all rents and royalties due and has adhered to all obligations pertaining to such OMLs. The Petroleum Act does not, however, indicate the number of renewals that can be applied to the OMLs granted. As a result, OMLs generally contain stipulations expressly providing for a sole renewal of the authorisation. Beyond the first renewal of the OMLs, which is often automatic under the terms of the OMLs and which was granted in 1989 for the OMLs 4, 38 and 41, negotiations may take place with Nigeria's Department of Petroleum Resources in order to obtain a second renewal. In practice, the holder of the OMLs does not have the right to renew an OML, and the renewal is granted at the discretion of the Minister. A renewal may give rise to changes in the terms and conditions of the OMLs, and be accompanied by the payment of renewal duties, to be negotiated with the Minister.

A request for renewal must be filed with Nigeria's Department of Petroleum Resources at least 12 months prior to the expiration of an OML. The request requires the filing of a dossier that describes the project, including its history, the activities undertaken, rents and royalties, reserves, production and the attention paid to the environment, local populations and so on.

→ 1.2.1.2 Reserves and resources of OMLs 4, 38 and 41

The reserves of OMLs 4, 38 and 41 are the reserves that include the estimated quantities of oil assumed to be commercially recoverable from known concentrations through development projects, starting at a given date and in the future, as a function of defined conditions, were estimated on 30 June 2011 by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011.

The contingent resources of OMLs 4, 38 and 41 corresponding to the quantities of oil estimated on a given date as potentially recoverable from known concentrations, but for which the recovery projects are not yet considered sufficiently mature

to be commercially developed because of one or more risk factors, have been estimated for the fields in production and for the contingent resources associated with the undeveloped discoveries of Mosogar, Okporhuru, Ubaleme and Okoporo, on 30 June 2011, by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011.

The contingent reserves and resources described below are presented as the Company share, after payment of royalties

(20% for oils and 7% for natural gas) and subject to the taxes applicable to the oil exploration-production sector.

The 31 December 2011 data is from the Competent Person's Report as at 30 June 2011 relating to OMLs 4, 38 and 41 dated 1 November 2011, restated to include production in the second half of 2011 and royalties. 1.1 Mbbbl of oil and condensates was also produced during the second half of the year, as Maurel & Prom Nigeria's share before royalties (20%).

1P, 2P and 3P hydrocarbon reserves*, as Company share net of royalties at 31 December 2011

P1 PROVEN RESERVES

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	2.3	19.8	3.3
OML 38	2.4	0.3	0.0
OML 41	3.7	4.4	0.7
TOTAL P1	8.3	24.5	4.1

PROVEN + PROBABLE RESERVES P1+P2

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	11.4	150.8	25.1
OML 38	4.6	0.6	0.1
OML 41	7.9	14.2	2.4
TOTAL P1+P2	23.8	165.6	27.6

PROVEN + PROBABLE + POSSIBLE RESERVES P1+P2+P3

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	13.8	160.9	26.8
OML 38	6.1	0.8	0.1
OML 41	11.4	18.9	3.2
TOTAL P1+P2+P3	31.4	180.6	30.1

* 1P = P1
2P = P1+P2
3P = P1+P2+P3

Contingent resources in 1C, 2C and 3C* hydrocarbons, as Company share net of royalties at 31 December 2011

C1 RESOURCES

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	5.8	85.5	14.2
OML 38	0.8	12.7	2.1
OML 41	7.7	13.9	2.3
Discoveries	7.5		
TOTAL C1	21.7	112.0	18.7

C1+C2 RESOURCES

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	8.4	121.4	20.2
OML 38	1.0	14.0	2.3
OML 41	13.0	19.3	3.2
Discoveries	22.9		
TOTAL C1+C2	45.3	154.8	25.8

C1+C2+C3 RESOURCES

Net of royalties	Oil + Condensates (mboe)	Gas (bscf)	Gas (mboe)
OML 4	10.6	134.7	22.4
OML 38	1.1	15.3	2.6
OML 41	13.1	18.7	3.1
Discoveries	48.2		
TOTAL C1+C2+C3	73.0	168.7	28.1

- * 1C = C1
- 2C = C1+C2
- 3C = C1+C2+C3

The hydrocarbon resources represent the contingent resources of the discovered and undeveloped fields. In 2012, the operator Seplat will continue its efforts to optimise production of the reserves by performing the work necessary to transfer the contingent resources to reserves.

In addition, the Company reports that the data on the resources used in the acquisition of OMLs 4, 38 and 41 in 2010 showed additional 2C contingent reserves of oil and condensate on OML 38 equal to 8.14 Mbbbl and 15.47 Mbbbl respectively (the Company's share being 20.25% before royalties) completing those shown in the table above. These latest contingent resources were not valued by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011. On the basis of the Okporhuru project's progress, and at the very latest by 31 December 2012, these additional OML

38 contingent reserves will be reviewed in the context of reserve updates.

In addition to these reserves and resources, there are discovered fields that need additional capital outlays to allow certification of additional reserves, and there is also significant exploration potential, not quantified to date, covered by 2D and 3D seismic data.

Reserves are generally estimated or measured as at the end of each reporting period.

The Annual Report that includes the financial statements for the year ended 31 December 2012 will include the updated reserves as at 31 December 2012.

During the reporting period and as new circumstances come to light, the reserves can be adjusted to reflect any new information.

1.2.2 DESCRIPTION OF THE MARKET AND COMPETITIVE POSITION

→ 1.2.2.1 World petroleum market

The figures presented in this section are drawn from the BP Statistical Review of World Energy of June 2011.

(a) Consumption

World oil consumption in 2010 averaged 87.4 Mbbbl/d, an increase of 2.7 Mbbbl/d (+3.1%) on 2009. In 2010,

consumption in OECD countries was 46.4 Mbbbl/d, that is an increase of 0.5 Mbbbl/d (+0.9%) on 2009, and that of other countries grew by 2.2 Mbbbl/d to reach 40.9 Mbbbl/d (+5.5%).

In 2010, oil production was geographically distributed as follows, in Kbbbl/d:

World oil consumption	2010	vs 2009 (as a %)
North America	23,418	+2.1
Central and South America	6,104	+5.0
Europe and Central Asia	19,510	+0.1
Middle East	7,821	+4.6
Africa	3,291	+3.0
Asia Pacific	27,237	+5.3
TOTAL	87,382	+3.1

(b) Production

Oil production increased by 1.8 Mbbbl/d in 2010 (+2.2%). The restrictions imposed by OPEC on its members at the end of 2008 were maintained in 2010, which nevertheless resulted in a production increase of 0.96 Mbbbl/d over the year (+2.5%). In 2010, the largest production increases occurred in Nigeria

(+340 Kbbbl/d) and Qatar (+220 Kbbbl/d). Excluding OPEC countries and the former USSR, production increased by 588 Kbbbl/d (+1.9%).

In 2010, oil production was geographically distributed as follows, in Kbbbl/d:

World oil production	2010	vs 2009 (as a %)
North America	13,808	+2.5
Central and South America	6,989	+3.5
Europe and Central Asia	17,661	-0.4
Middle East	25,188	+1.7
Africa	10,098	+4.2
Asia Pacific	8,350	+4.9
TOTAL	82,095	+2.2

(c) Reserves

At the end of 2010, proven oil reserves were geographically distributed as follows, in Gbbl:

Proven oil reserves	End of 2010
North America	74.3
Central and South America	239.4
Europe and Central Asia	139.7
Middle East	752.5
Africa	132.1
Asia Pacific	45.2
TOTAL	1,383.2

→ 1.2.2.2 The oil market in Nigeria

According to the May 2011 Wood Mackenzie report, Nigeria is the leading oil producing country in Africa, with an output of 2.4 Mbbbl/d. Most of its production comes from the onshore Niger Delta zone (75,000 km² of swamp areas) and offshore zone that extends up to 150 km from the coast. Nearly all of the oil is high-quality sweet crude oil coming from the Agbada formation, which dates from the Miocene period. The reservoirs are generally small and comprised of hundreds of deposits. The oil-rich Niger Delta also holds large quantities of natural gas. Most of the oil fields produce associated gas.

The oil exploration/production industry is controlled by the Nigerian Department of Petroleum Resources. The country's

economy is heavily dependent on its oil industry: 20% of its gross domestic product, 95% of its exports and 65% of government revenues derive from oil.

Nigeria has been a member of OPEC since 1971 and is therefore subject to an annual production quota. According to OPEC, the production quota allocated to Nigeria in 2010 was set at 1.7 Mbbbl/d. Nigeria considered asking for an increase in its production quota at the 8 June 2011 OPEC meeting in Vienna, but ultimately abstained from the OPEC members' vote on the subject. As a result of that vote, OPEC members decided to maintain the current production quotas.

(a) Oil production

Nigeria is the largest oil producer in Africa. According to the BP Statistical Review of World Energy of June 2011, Africa's oil production at the end of 2010 was geographically distributed as follows, in Kbbbl/d:

Production	Oil
Nigeria	2,402
Angola	1,851
Algeria	1,809
Libya	1,659
Egypt	736
Other African countries	1,641
TOTAL AFRICA	10,098

(b) Oil reserves

Nigeria ranks second in Africa in oil reserves. According to the BP Statistical Review of World Energy of June 2011, proven reserves in Africa at the end of 2010 were geographically distributed as follows, in Gbbl:

Proven reserves	Oil
Libya	46.4
Nigeria	37.2
Angola	13.5
Algeria	12.2
Sudan	6.7
Other African countries	16.1
TOTAL AFRICA	132.1

→ 1.2.2.3 Competitive position

The oil market is a global market in which most production is exported to consumer countries. Based on that reality, an analysis of the competitive position of the Company through Seplat in the Nigerian production market is not pertinent.

Moreover, the modest size of Seplat's activities compared to the global oil market and the size of the majors in this sector make analysis of its position in the global market equally irrelevant.

In effect, according to the BP Statistical Review of World Energy of June 2011, the world oil market in 2010 represented production of 82 Mbbbl/d of oil. By way of comparison, of the daily oil production of OMLs 4, 38 and 41 (on a 100% basis), 17.6 Kbbbl/d were recognised as the average entitlement over 128 days in 2010 and 24.1 Kbbbl/d in 2011. The Company's share of the entitlement therefore averaged 3.57 Kbbbl/d over the 128 days in 2010 and averaged 4.78 Kbbbl/d in 2011.

Moreover, according to the June 2011 BP Statistical review of World Energy, world proven oil reserves in 2010 totalled 1,383 Gbbl while the proven oil reserves of OMLs 4, 38 and 41 (on a 100% basis), valued at 30 June 2011 by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011 amounted to 57.15 Mbbbl.

The oil market is dominated by the majors like Royal Dutch/Shell, ExxonMobil, BP, Chevron, ConocoPhillips, Eni and Total, and by the large companies in the emerging countries such as Lukoil, Indian Oil and Sinopec. A major like Total, for example, produces around 2.5 Mbbbl/d.

Approximately 150 oil companies have invested in Nigeria, including the majors Royal Dutch / Shell, Chevron, ExxonMobil, Total and Eni, which have been present in the country since the 1960s. BP is the only super-major absent from Nigeria since it left in 1970.

The Company, through Seplat, is thus primarily competing for exploration/production permits in Nigeria with such junior and mid-sized players as Pan Ocean Oil Corp., Afren, Conoil, Oando, Seven Energy, Camac Int. and Sahara Energy.

1.3 Growth potential and strategy

OMLs 4, 38 and 41 have significant potential growth in production, primarily due to improvements in well productivity, the workover of existing wells and the appraisal of discoveries already made.

As at 30 June 2011, the Company had proven, proven plus probable, and proven plus probable plus possible oil and condensate reserves, valued respectively on 30 June 2011, net of royalties, at 8.3 Mbbbl (P1), 23.8 Mbbbl (P1+P2), and 31.4 Mbbbl (P1+P2+P3).

These reserves are likely to be increased as a result of the assessment work in progress, which will enable contingent oil and condensate resources to be transferred to reserves. The estimates of reserves and resources as at 30 June 2011 cited above were made by Gaffney, Cline & Associates, as presented in its Competent Person's Report relating to OMLs 4, 38 and 41 dated 1 November 2011 restated for production in the second half of 2011 and royalties.

In addition, the Company reports that the data on the resources used in the acquisition of OMLs 4, 38 and 41 in 2010 showed additional 1C and 2C contingent reserves of oil and condensate on OML 38 equal to 8.14 Mbbbl and 15.47 Mbbbl respectively (Company share (20.25%) before royalties), completing those discussed in the previous paragraph. These latest contingent resources were not valued by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011.

The fields discovered and needing additional work could enable the valuation of additional reserves. Lastly, there is an as-yet unquantified exploration potential that was the target of a 3D seismic acquisition covering more than 90% of the territory of OMLs 4, 38 and 41. This 3D seismic data is being processed to define more precisely the prospects that will be drilled in the coming years.

1.3.1 TECHNICAL AND OPERATIONAL EXPERTISE OF THE MAUREL & PROM GROUP AND SEPLAT

As an heir to Maurel & Prom, the Company will continue to benefit from Maurel & Prom's substantial expertise in the exploration and operation of hydrocarbon fields during the transitional period. In fact, in order to assist in the Company's independence and development, Maurel & Prom and the Company signed a Transitional Services Agreement, described in Section 6.3.1.1 of this Annual Report, for a period of up to 12 months from the date of the Listing, which is renewable once at the Company's request. Under the terms of this contract, Maurel & Prom undertakes to carry out the technical visits and work that the Company may need to conduct its activities (for the impact of a change in control of Maurel & Prom on this agreement, see Section 2.7.1 of this Annual Report).

The Company can also count on the skills and expertise of its management bodies, some of whom come from Maurel & Prom. In fact, the Company's management has a reputation in the oil industry for knowledge, experience and expertise. The knowledge of the petroleum sector held by the Company's management is a significant asset for the development prospects of the Company and Seplat.

Finally, the Company can also rely on the technical expertise of its partners within Seplat, Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited, Nigerian companies working in exploration/production in Nigeria for several years, who are shareholders in Seplat through their wholly-owned subsidiaries Shebah and Platform and subsidiaries of the Shebah Exploration and Production Company Limited and Platform Petroleum Limited groups. This partnership gives the Company the benefits of the knowledge, expertise and analysis of recognised local partners in their market. The quality of the partnership established with these companies allowed Seplat to benefit from the status of operator on OMLs 4, 38 and 41. This status gives it a significant degree of control over the operation of the permits concerned by giving it, under the Joint Operating Agreement (see Section 6.4.2.2 of this Annual Report), the power to propose programmes to develop the permits and their budgets, and general administrative power and control over the implementation of the programmes and operations.

1.3.2 DEVELOPMENT OPPORTUNITIES

Opportunities exist to acquire interests in new permits in addition to those that Seplat already holds, particularly when such interests are close to Seplat's existing infrastructures and permits. Moreover, Seplat's management has initiated studies of the various possibilities for financing the acquisition of new permits and its development in general. For this purpose, it is considering various possibilities, including listing Seplat shares for trading on one or more stock markets adapted to its activities and to maintaining its status as a Nigerian company. During this preliminary study

phase, Seplat hopes to benefit from the assistance of consulting banks. Continuing these investigations will depend, however, on the relevance of the financing considered for Seplat, including using the markets, based on a number of parameters, such as changes in financial and market conditions. As at the date of this Annual Report, these studies are still ongoing and seem to be pointing to the principle of listing Seplat on the Nigerian stock exchange and on one other financial centre.

1.3.3 COMPANY STRATEGY

→ 1.3.3.1 Maximise production, reserves and cash flows from existing assets

The primary strategic focus of the Company and its Partners is to maximise current oil and condensate production capacities in Nigeria, in order to finance its exploration activities and growth operations in particular. In natural gas production, the volumes currently produced are used only to satisfy the obligation to supply gas on the local market. The Company is planning to invest approximately US\$15 million in the medium term to increase this capacity to supply the domestic market. Finally, substantial development of Seplat's gas production capacities is planned in the longer term when economic conditions and the markets support it.

Based on its strengths, the Company has set itself the target of reaching a level of production from its wells of 50Kbbl/d (on a 100% basis) by the end of 2012, by 85 Kbbl/d (on a 100% basis) by the end of 2013 and by 100 Kbbl/d (on a 100% basis) by the end of 2014.

In order to increase Seplat's oil and condensate production capacity, the Company and its Partners are also working to maximise Seplat's reserves, primarily by performing the work necessary to transfer the contingent resources to reserves, and by preparing the development plans that will allow production start-up. For this purpose, the Company and its Partners are planning to make the necessary investments through Seplat to recover the hydrocarbons as efficiently and as economically as possible using synergies with the existing facilities. The development target in 2012 is to bring two new fields on stream per year.

Finally, the Company and its Partners intend to develop the potential of Seplat's assets by:

- continuing to explore the promising hydrocarbon fields in its portfolio to discover new resources and reserves and produce them; and
- equipping the existing production facilities with technical equipment that will process the water directly on site in order to optimise the extraction of the hydrocarbons.

1.4 Selected financial information

The following financial data are for the Company and its 45% equity interest in Seplat on a consolidated basis as at 31 December 2010 and 31 December 2011.

The key figures in the consolidated income statement of the Company as at 31 December 2010 and 31 December 2011 are as follows:

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Sales	146,077	28,480
Operating expenses	(69,599)	(13,036)
Gross operating surplus*	76,478	15,444
Depletion allowance	(17,653)	(3,910)
Other operating expenses	(258)	(2)
Operating income	58,667	11,532
Financial income	1,072	(2,654)
Income before tax	59,739	8,878
Income tax	(41,625)	(7,433)
NET INCOME – COMPANY SHARE	18,114	1,445

* The gross operating surplus equals, on a consolidated basis, the gross margin net of taxes (excluding corporation tax) and personnel expenses.

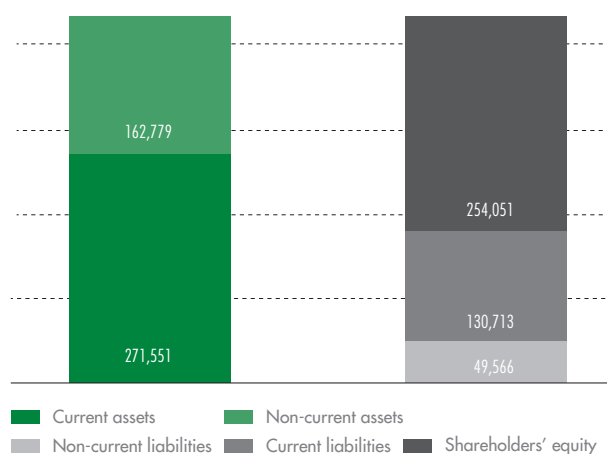
The key figures in the Company's consolidated cash flow statement as at 31 December 2010 and 31 December 2011 are as follows:

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Cash flow before taxes	83,994	20,772
Payment of tax due	(10,164)	(1,988)
Change in working capital requirements relating to operations	66,470	(66,102)
Net cash flow from operating activities	140,300	(47,318)
Outflows associated with acquisitions of tangible and intangible fixed assets	(18,819)	(139,985)
Net cash flow generated by investment activities	(18,819)	(139,985)
Amounts received from shareholders for capital increases	105,000	133,397
Proceeds from new loans	88,888	71,738
Interest paid	(3,832)	(6,036)
Borrowing repayments	(73,952)	0
Treasury share acquisitions	(3,983)	0
Net cash flow from financing activities	112,121	199,099
Impact of exchange rate movements	4,546	(1,555)
Change in net cash	238,148	10,242
Cash and cash equivalents at start of period	10,279	37
NET CASH AND CASH EQUIVALENTS AT PERIOD END	248,427	10,279

During the fiscal year ended 31 December 2011, cash generated was €238 million compared to forecast cash generation over this period of €205 million as per the provisional forecasts conveyed in the prospectus.

This cash position, which was €33 million higher than forecast, is principally explained by differences arising from the implementation of the investment plan and better management of working capital requirements.

The major items of the Company's consolidated balance sheet at 31 December 2011 are as follows (in thousands of euros):



In 2011, the consolidated shareholders' equity of the Company represented 58% of total liabilities on the balance sheet.

1.5 Investments

1.5.1 PRINCIPAL INVESTMENTS MADE BY THE COMPANY AND SEPLAT SINCE THEIR FORMATION

In December 2009, Maurel & Prom (which the Company has replaced since that date) acquired a 45% interest in the Nigerian company Seplat, which on 30 July 2010 acquired 45% of the mining rights in OMLs 4, 38 and 41. The remaining 55% is owned by the NPDC (which replaced its parent company NNPC on 3 September 2010). The conditions for financing and refinancing this investment are described in Sections 2.1.2 and 4.1.5.3 respectively of this Annual Report.

Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 was made for a total maximum price of US\$373 million, including the payment of an initial sum of US\$340 million and, under certain conditions, the payment of a price adjustment of US\$33 million.

In addition, the installation of a lease automatic custody transfer unit, which validates the production data vis-à-vis SPDC and the Nigerian authorities, representing an investment of approximately US\$6 million, 45% of which was paid by Seplat, was completed in the fourth quarter of 2011.

1.5.2 PRINCIPAL INVESTMENTS BY SEPLAT IN PROGRESS

The investments budgeted for 2011 initially amounted to US\$155 million (the amount appearing in the official budget approved by the authorities at the end of 2010) for members of the Joint Operating Agreement. In September 2011, the investment plan was initially revised to take into account (i) the delay in its implementation and (ii) the redefinition of some objectives.

The revised amount of investment projected for 2011 was consequently reduced to approximately US\$60 million for the members of the Joint Operating Agreement. The updated programme included (i) the return of two wells to production (for US\$20 million), (ii) the drilling of a producing well (for US\$20 million), (iii) the launch of work to install the water treatment installation (for US\$15 million) and (iv) other work on the pipelines.

This revised investment programme for 2011 was then subject to a second revision covering the creation of a schedule for conducting operations due to the unavailability of the necessary drilling equipment. Operations focused instead on workovers of existing wells which do not require the use of such equipment.

A contract was signed for the leasing of a barge that could be used for the envisaged operations in marsh environments, which enabled work to commence on 12 December 2011.

In addition to this barge, a workover rig and an onshore drilling rig were ordered by an affiliate of Seplat, to be built in the United States. The various pieces of equipment have been received and will become operational in the second quarter of 2012.

Consequently, part of the investments that should have been made in 2011 were deferred and reposted to the 2012 budget. This reorganisation of the schedule in no way changed the objectives to grow Maurel & Prom Nigeria Group production, as the original drilling programme was replaced by a workover schedule.

1.5.3 PRINCIPAL INVESTMENTS PLANNED OR SUBJECT TO FIRM COMMITMENTS BY MANAGEMENT BODIES OF THE COMPANY AND/OR SEPLAT

The investments budgeted for 2012 amount to approximately US\$300 million for the members of the Joint Operating Agreement, that is approximately €45 million for the Company share (based on a €/US\$ exchange rate of 1.35). It is earmarked for a heavy drilling programme to ramp up production at all fields as well

as install an alternative production routing system. In addition, significant amounts will be committed to building an oil/water separation plant and various connection facilities which will come into service in 2013.

1.5.4 FINANCING OF INVESTMENTS

Based on the principles agreed on by the Company and its partners within the Agreement concerning the financing of Seplat's activities, investments and growth, the parties to the Agreement agreed that, as far as possible, this financing must come first from the available cash flows generated by Seplat's operations, and that any additional funds necessary must come first from third parties, including subscription to bank loans. Finally, if the Board of Directors so decides (and given that the Company has a right of veto on major decisions made by Seplat, particularly for any investments greater than US\$5 million), or if Seplat's annual business plan provides for investments which justify the decision (the annual business plan must be unanimously approved by

the Seplat shareholders, and therefore with the Company's agreement), the Seplat shareholders may be asked to contribute to financing Seplat's activities or development. In this respect, the Agreement stipulates, concerning the investments provided for in the Seplat annual business plan, that if either or both of the Company's partners in Seplat do not have the funds required for their respective contributions, their shares must be advanced by the Company under conditions defined in the Agreement.

The investments described in the sections above are being financed by the available cash flows generated by Seplat's activity.

1.5.5 PROPERTY, PLANT AND EQUIPMENT

Seplat's facilities and equipment consist of three production sites located at the Oben, Sapele and Amupke fields, two gasworks at Oben and Sapele, a barge at the Ovhor field able to process offshore drilling production, a hydrocarbon evacuation system and the equipment necessary for the operation of the facilities (pumps, compressors, generators, control instruments, etc.). The net book value of these assets was €€82 million in Maurel &

Prom Nigeria Group's financial statements.

For a description of the environmental issues that may impact the use made by the Maurel & Prom Nigeria Group of its property, plant and equipment, refer to the next section.

1.6 Social and environmental responsibility of the company

1.6.1 ENVIRONMENTAL CONSTRAINTS THAT COULD INFLUENCE SEPLAT'S ASSET USE

→ 1.6.1.1 Description of the environmental policy

The Company's activity in Nigeria through its interest in Seplat could have consequences for the eco-systems and natural resources of the country, which must be measured, controlled and reduced to a minimum. Furthermore, any potential environmental disturbance or damage could expose Seplat to various risks, which could generate additional costs and also undermine its image and reputation. The key measures established by Seplat to prevent environmental damage are described in this section, while the specific environmental risks are described in Section 2.4 of this Annual Report.

The environmental policy implemented at Seplat is particularly designed to minimise the environmental financial risks. Moreover, compliance with Nigerian laws is one of Seplat's constant objectives, and it ensures compliance by all its facilities with environmental regulatory requirements. In addition, Seplat has voluntarily made a commitment to fight certain specific environmental threats, such as oil spills, by becoming a member of the Clean Nigeria Associates organisation.

The management of environmental risks is one of Seplat's key priorities and it has implemented environmental management systems and risk management plans. Staff training, particularly for workers, contributes to operational control of such risks. Maintaining good relations with local communities is also one of Seplat's priorities. Accordingly, in order to strengthen its ties with local communities, on 1 January 2011 Seplat signed a memorandum of understanding with the communities in the production zones of Amukpe, Oben, Sapele and Ugorhen, described in Section 6.4.2.4 of this Annual Report. This agreement specifically provides for the creation of a collaborative body with local communities and the implementation of joint development projects.

→ 1.6.1.2 Environmental management programme

Seplat in the immediate period of the take-over of operatorship adopted the procedures and Management System of the previous operator, Shell Petroleum Development Company of Nigeria Limited (SPDC) and also benefited from their technical support during this transitional phase. Since then, Seplat has developed and have been implementing her Manual of Operations (Production & Maintenance), HSE Management System, HSE Policy, Safe Work Procedures, Emergency Response Plans, etc, and secured full membership of the Clean Nigeria Associates (CNA) and the Oil Producers Trade Section (OPTS).

Seplat has initiated, with the Regulators, the process for the development of Safety Case for each of the operating facilities. Seplat has a structured organization in place to manage and monitor the implementation of the HSSE Policy, Rules and Procedures, and to ensure that good relations are maintained with local communities. A General Manager is responsible for the administration of the HSSE & CR policy; his staff include: Senior Field HSE Coordinator in charge of 5 Field HSE Officers; Training & Compliance Monitoring Coordinator; Environmental Compliance & Studies Coordinator all supporting the operations.

Community Relations, also is the responsibility of the General Manager, HSSE & CR and it is directly managed at the field level by a Manager, and supported by 6 indigenous Community Liaison Officers.

Annual HSE Plan is developed and published, and its implementation tracked; activities on the Plan include: HSE training/drills, safety meetings, HSE awareness campaign, Environmental Compliance Monitoring, Environmental Evaluation Studies, facilities inspections and audits, etc. Closure of recommendations of inspections and audits are tracked including that performed by the Environmental Resources Management. Periodic statutory facilities and operations inspections are also conducted to date, commend level of compliance.

With respect to the efforts deployed by Seplat to set up this HSE & CR structure and the dedicated resources needed, Seplat has the necessary resources to conduct internal assessments. As at the date of this Annual Report, there are no plans to apply for ISO 14001 and ISO 18001 certification for these procedures.

1.6.1.3 Health protection

(a) Health and safety

Ensuring the health and safety of employees is one of the priorities of Seplat, which has adopted the HSE management system of the previous operator, SPDC.

For this purpose, Seplat employees receive training in the protective equipment and awareness of the risks related to exposure to hazardous substances and the operation of petroleum facilities. Emergency plans are also in place. The sites have ambulances and access to a helicopter for emergency evacuations.

(b) Air quality measurement

In view of the nature of its activities, Seplat's facilities and equipment produce atmospheric emissions (see Section 2.4.2 of this Annual Report on flaring at pumping stations). Seplat has rainwater analyses carried out in order to measure air quality. Each week, a third party collects samples, analyses them and produces a report on the results. These results are then sent to Nigeria's Department of Petroleum Resources each month.

Different laws and regulations apply to the oil or industrial sector in general which prohibit the discharge of certain substances into the atmosphere, and the parties concerned must comply with these rules. There are also supplementary local regulations, particularly in the Delta State. At the national and local levels, public agencies are charged with conducting measures and controls in order to ensure compliance with the regulations and the absence of harmful substances in the atmosphere. The audit found no major air quality problems. However, Seplat intends to install (though a timetable has yet to be established, to the Company's knowledge) a system for direct control of air quality in order to measure a variety of parameters and ensure continuing compliance with the applicable Nigerian regulations and international standards. The costs for installing such a control system would not be significant and would be included in Seplat's general operating budget.

(c) Water management

Efficient water management helps to protect natural resources and the environment. Although its activity is not a heavy water consumer, Seplat has established a procedure to treat this resource in order to protect the environment. In its operations, Seplat uses water that comes directly from drilling.

This drilling water is also used in residential areas after being filtered, although local inhabitants generally prefer to drink bottled water and only use drilling water for washing and sanitary purposes.

The sites also produce wastewater. This is primarily rainwater that has been contaminated through coming into contact with the hydrocarbons and equipment. The current wastewater drainage system at the site does not separate oily (contaminated) rainwater from clean rainwater. The water is therefore collected by a system of rain drains, then treated in savor pits that separate the water from the oil and solid residues. The purified water is then sent to offsite savers (in an abandoned quarry). The oil recovered via this system is added to the petroleum products. Furthermore, the solid residues obtained from the system are periodically collected by truck and taken to an approved facility, where they are eliminated.

(d) Waste management

Although its activity generates little waste, Seplat has set up a waste management programme in order to treat toxic waste (approximately 10 kg per month). The hazardous waste produced by Seplat includes used lubricant oils, empty oil and chemical drums, used oil filters, oily rags, batteries and contaminated soil.

Toxic substances are periodically treated by the SPDC's waste treatment plant in Warri. Other waste products are periodically removed and stored at approved sites, as Seplat does not have a storage site or incineration equipment. No specific significant problems were identified relating to waste management but Seplat is implementing an annual programme to check landfill sites to ensure that they comply with Nigerian laws.

→ 1.6.1.4 Handling and storage

(a) Product storage

Seplat does not store large quantities of products during the hydrocarbon extraction and treatment process, since crude oil and the extracted liquids are treated and then sent directly to the export system. Natural gas is also regularly delivered.

However, in order to prevent any hazards or pollution risk, Seplat does have its own temporary storage and treatment facilities. The hangars containing chemicals are designed to resist weather events and have limited access. The storage tanks for the fuel used by vehicles and generators are in a good condition and sealed.

(b) Pipelines

Seplat's activity depends on moving the hydrocarbons that are extracted and then transported to processing plants or terminals. The means of transport must be reliable, secure and in good working order.



In order to prevent any damage to the environment caused by the transportation of hydrocarbons, almost all of the pipelines at OML 4 were replaced in 2000 and the pipelines coming from the gas wells were replaced in 2009. The pipelines at OML 38 were upgraded or replaced in the 1990s and additional improvements were also made in 2008, including improvements to the pipelines coming from the gas wells.

The pipelines have negligible visual impact, since they are buried with piggyback cathodic protection. They are also regularly inspected and maintained.

→ 1.6.1.5 Other environmental issues

The facilities contain no asbestos or polychlorinated biphenyls. Pesticides are not used in the operation of the facilities.

→ 1.6.1.6 Environmental impact assessment of Seplat's activities

Under Nigerian law, all companies operating in Nigeria's hydrocarbons sector are required to conduct an Environmental Impact Assessment to study the impact of their activities and facilities on the environment. The infrastructures acquired by Seplat under the transfer agreement for OMLs 4, 38 and 41 (see Section 6.4.2.1 of this Annual Report) were built prior to the adoption of this regulation. It is therefore probable that such studies were not conducted by the previous operator.

1.6.2 EMPLOYEES

On the date of this Annual Report, the Company has no employees. The hiring and potential transfers of the employees necessary to ensure the Company's autonomy following the Listing and its exit from the Maurel & Prom Group, are ongoing.

In the interval, the company will continue to benefit from the expertise and assistance of Maurel & Prom in the exploration and production of hydrocarbon fields under a Transitional Services Agreement signed on 2 November 2011, under which

Maurel & Prom agreed to perform the technical missions and work needed by the Company. This agreement became effective on the Listing date of 15 December 2011, and has a term of 12 months, renewable once at the Company's request.

This transition period will allow the Company to find and hire quality employees that will offer the expertise required in the field of exploration/production.



1

Presentation of MP Nigeria

Social and environmental responsibility of the company

In addition, as at the date of this Annual Report, Seplat had 222 employees. The table below shows the distribution of Seplat's workforce:

Position	Current number of employees
Chairman's office	5
Chief Executive Officer's office	4
Corporate services	21
Finance	19
IT department	5
Business affairs / New business development	6
Legal	6
Operational (support)	21
Health, Safety, Security, Environment and Social Responsibility / Community Relations	26
Planning / Economics	2
Operational	2
Production	47
Drilling / Completion	14
Engineering	24
Asset development	20
TOTAL	222

2

Risk factors

2.1	Major risks related to the company's equity interest in Seplat	42	2.4.2	Risks related to gas flaring	56
2.1.1	Risks linked to the Company's holding of only one significant operational asset located in Nigeria	42	2.4.3	Risks related to noise pollution	56
2.1.2	Risks linked to a failure to hold the majority of Seplat's equity	42	2.4.4	Risks related to water and subsoil quality	57
2.1.3	Risks related to the operation of the Joint Operating Agreement between Seplat and the NPDC	44	2.4.5	Preventive measures	57
2.2	Risks related to hydrocarbon exploration and production activities	44	2.5	Financial risks	58
2.2.1	Risks related to the identification and appraisal of reserves and resources	44	2.5.1	Risk of fluctuations in hydrocarbon prices	58
2.2.2	Risks related to exploration and the replacement of reserves	45	2.5.2	Foreign exchange risk	59
2.2.3	Risks related to hydrocarbon production capacity	45	2.5.3	Liquidity risks	60
2.2.4	Risks related to dependence on suppliers or subcontractors	46	2.5.4	Interest rate risks	61
2.2.5	Risks related to dependence on customers	47	2.5.5	Counterparty risks	61
2.2.6	Competition risks	48	2.5.6	Risks of dependency	61
2.2.7	Risks related to the lack of historical production data on the production from OMLs 4, 38 and 41	48	2.6	Legal risks	62
2.3	Risks linked to establishment in Nigeria	49	2.6.1	Risks related to the hydrocarbon sector in Nigeria	62
2.3.1	Risks related to the general political and economic climate in Nigeria	49	2.6.2	Risks related to accidents not covered by insurance	62
2.3.2	Risks related to oil industry regulations and the interpretation thereof by the courts	51	2.6.3	Risks related to disputes	62
2.4	Industrial and environmental risks	55	2.6.4	Risks related to the contractual relations of the Company and Seplat	62
2.4.1	Risks related to a lack of authorisation and/or approval of existing equipment and pipeline location	55	2.7	Other risks	63
			2.7.1	Risks related to operational dependency on the Maurel & Prom Group	63
			2.7.2	The price of the company's shares may be volatile and subject to market fluctuations, changes in Seplat's valuation and potential changes in its capital structure	63
			2.7.3	Risks related to shareholders and to management of the Company	64
			2.7.4	Risk related to the entry into force of IFRS 11 on 1 January 2013	64
			2.8	Risks related to indebtedness	65
			2.9	Insurance	66
			2.9.1	Company insurance	66
			2.9.2	Seplat	66

The Company has conducted a review of the risks that might have a significant unfavourable effect on its activities, financial situation and/or results (or on its capacity to achieve its objectives), and believes that there are no other significant risks to which it is exposed as at the date of this Annual Report, either directly or through its interest in Seplat, beyond those presented below.

However, the possibility exists that other risks, unknown or not considered on the date of this Annual Report, and likely to have a material negative impact on the Company or Seplat, may or could exist. The occurrence of any one of these risks could have a significant unfavourable impact on the activity, financial position and results of the Company, its image, its outlook and its future share price.

2.1 Major risks related to the company's equity interest in Seplat

2.1.1 RISKS LINKED TO THE COMPANY'S HOLDING OF ONLY ONE SIGNIFICANT OPERATIONAL ASSET LOCATED IN NIGERIA

As at the date of this Annual Report, the Company's only significant asset consists of its 45% minority interest in Seplat, whose production and exploration activities and hydrocarbon reserves are located entirely in Nigeria, a country considered to carry significant risks of political and economic instability, as described in the risk factors set out in Section 2.3 below. The Company's exposure to political and economic events in this country as well as the risks connected with its position as a minority shareholder in Seplat (as described in the next section) is therefore much more significant than if the Company had a diversified asset portfolio.

However, Seplat's activities in Nigeria are now spread over several exploration and production areas by virtue of the three permits it holds in the country, thus mitigating the consequences of an isolated event occurring at one of its exploration or production sites. Furthermore, the Company is planning, in addition to the acquisition of new production sources in Nigeria, to study with its Partners in Seplat the opportunities that may arise in West Africa in order to diversify its production areas. As at 31 December 2011, the Company had €178 million in cash available for its development needs which enables it to promptly take advantage of such opportunities.

2.1.2 RISKS LINKED TO A FAILURE TO HOLD THE MAJORITY OF SEPLAT'S EQUITY

The Company is exposed to risks related to the fact that it holds only 45% of the share capital and voting rights of Seplat, with this minority interest being its only significant asset. The rest of the capital is held by Shebah (31%) and Platform (24%), which are registered in the British Virgin Islands and controlled by Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited, two specialist hydrocarbon companies registered in Nigeria.

Therefore, the Company does not hold the majority necessary for sole decision-making by simple majority, particularly with regard to certain decisions relating to Seplat's current operational management. However, according to the stipulations of the Agreement governing the operation of Seplat and the relations among the shareholders described in Section 6.4.1.1

of this Annual Report, the Company has a right of veto over certain major strategic and operational decisions, such as the appointment of the key Seplat executives (including the Chief Financial Officer and Chief Operating Officer), the approval of new financing and certain decisions to invest an amount greater than US\$5 million, the approval of the operating plans, the choice of major services providers, particularly for drilling, and the distribution of dividends.

However, the Company does not hold this right of veto as long as the following have not been repaid in full: (i) the Shareholder Loan made by the Company to Seplat on 25 June 2010, the balance of which was approximately US\$47.7 million at the date of this Annual Report (see Section 6.4.3.1 of this Annual Report), and (ii) the principal amount of US\$187 million relating

to Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 (see Section 4.1.4.3 of this Annual Report), which was financed via the bank debt described in Section 4.1.4.3 of this Annual Report (and which has been refinanced). However, under the Agreement, the US\$47.7 million still owed by Seplat to the Company on the date of this Annual Report for the Shareholder Loan may be increased in the future for new payments from the Company to Seplat in order to fulfil the Seplat business plan.

In addition, the Company's prior, written agreement is also required for any sale by Shebah or Platform of their Seplat shares (i) to a third party, and (ii) which would have the effect of reducing their total interest to less than 10% of the capital of Seplat until the bank loan (as refinanced) used to finance a portion of the price paid by Seplat to acquire 45% of the rights in the OMLs is repaid in full.

Once the Shareholder Loan and the US\$187 million referred to in the preceding paragraphs have been repaid, the Company shall in principle lose its right to oppose decisions which might be contrary to its interests (except for the decisions which, under Nigerian law, require the agreement of a two-thirds majority of the shareholders, i.e. a change in Seplat's corporate name, a change in its corporate purpose and/or its articles of association, its transformation into a company that adopts the status of a company that may be listed for trading on a financial market (public company), a reduction in its capital, a change in the rights attached to the shares it has issued, the payment of interest taken from its capital (in certain cases), and the decision to seek court liquidation or execute out-of-court liquidation). The Company would then be in the position of minority shareholder (while holding a 45% stake in the capital of Seplat, with its Partners holding only 31% and 24% respectively) exposed to the risk that decisions contrary to its interests would be taken by Seplat.

The unanimous adoption of the Seplat annual business plan is not, however, subject to this repayment condition and this unanimous vote principle will last independently of the repayment of the Shareholder Loan and the amount of US\$187 million referred to above.

The Company also believes that its right of veto covers the essential decisions that could significantly affect Seplat's activity and the Company's interests in Seplat. However, there is a possibility that certain decisions that the Company may not have identified when negotiating the Agreement may not be covered by its right of veto and could, if adopted without its agreement, have a significant unfavourable impact on its activity and financial position.

Furthermore, as in all joint ventures, there is a risk of disagreement or blocked vote among Seplat's Partners that could have the result of forcing the Company to accept decisions contrary to its interests, particularly in order to resolve such a disagreement or blocked vote. In order to prevent any risk of continued blocking, the aforementioned Agreement stipulates that, in the event of a persistent disagreement among the parties on the decisions subject to the Company's right of veto or on any decision concerning Seplat's management that requires their agreement, the decision subject to disagreement shall be brought to the Chairmen of the respective Boards of Directors of the Seplat shareholders in order to reach an agreement as soon as possible that best protects Seplat's interests, but such a disagreement could still persist. If such a disagreement were to persist, the Company could be forced, in order to remove the block, to accept decisions contrary to its interests or views about the future strategy of Seplat.

If it does not accept such decisions contrary to its interests, a persistent block could impede the development of Seplat by preventing the fulfilment of Seplat's objectives described in this Annual Report, and the resulting disagreement of the Company and its Partners could impact upon the proper operation of Seplat and the technical cooperation between the Company and Seplat, and be a source of dispute, which could (if the scope of the Company's operational assets are not expanded in the interval) have a determining impact on the Company, its activity, financial position and results.

The Company is also exposed to various risks related to its Partners in Seplat, including:

- their failure to meet their contractual obligations under the Agreement (however, substantial or repeated violations by a shareholder of its obligations under the Agreement expose it to the obligation to sell its Seplat shares to the other shareholders or to purchase their shares, at their discretion; and
- an insolvency proceeding or financial difficulties, or a change in management or shareholders which could affect their stake in Seplat or their relations with the Company.

Lastly, the Company does not have control of Seplat's capital or influence over management procedures, internal control, feedback from information on Seplat's activities and so on as immediate or direct as it would have had if it held capital control of Seplat. However, the Company has representatives on Seplat's Board of Directors and the power to appoint Seplat's chief financial officer and chief operating officer, as well as a contractual relationship as party to the Services Agreement described in Section 6.3.2.1 of this Annual Report.

Even though the company, on the date of this Annual Report, has no reason to believe that any of the situations discussed above could occur, primarily because of the quality of its relations with its Partners and their reputation and seriousness, the occurrence of such an event could, however, have material negative effects, even determining effects (the Company's 45% stake in Seplat is its only operational asset on the date of this Annual

Report) on the activities, financial positions, results and outlook of the Company. Furthermore, given the risks related to the interpretation and application of the law by the Nigerian courts (see Section 2.3.2.3 of this Annual Report), the Company could, if disputes with its Partners in Seplat arise, encounter difficulties in enforcing its rights and recouping its investments.

2.1.3 RISKS RELATED TO THE OPERATION OF THE JOINT OPERATING AGREEMENT BETWEEN SEPLAT AND THE NPDC

Since 30 July 2010, Seplat has held 45% of the rights in OMLs 4, 38 and 41, with the remaining 55% owned by NPDC, which in September 2010 replaced its parent company, the NNPC. The production of oil from OMLs 4, 38 and 41 is conducted jointly by Seplat, as the operator, and the NPDC under the terms of a Joint Operating Agreement as described in Section 6.4.2.2 of this Annual Report.

The Joint Operating Agreement stipulates that decisions regarding the management, control and supervision of operational decisions related to the operation of OMLs 4, 38 and 41 and investments intended to improve their production capacity must be made by an Operating Committee composed of 12 members, including six representatives from the NPDC and six from Seplat. In order to be adopted, the Committee's decisions

must (i) obtain a quorum of two-thirds of the members of the Operating Committee, including a minimum of four members from the NPDC and four from Seplat, and (ii) be adopted unanimously by the members present unless otherwise provided for in the Joint Operating Agreement.

With regard to the rules on quorum and majority (unanimity) for adopting operational decisions on production and investments intended to improve production capacities, any disagreement that persists between Seplat and the NPDC could have a long-term effect on production from OMLs 4, 38 and 41, which could have a significant unfavourable impact on the Company's activity and results.

2.2 Risks related to hydrocarbon exploration and production activities

2.2.1 RISKS RELATED TO THE IDENTIFICATION AND APPRAISAL OF RESERVES AND RESOURCES

The reserves and resources of the oil permits operated by Seplat, as described in this Annual Report, were estimated by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011, based on the economic conditions relating to the exploration/production permits considered using existing geologic and engineering data to estimate the quantities of hydrocarbons that can be produced.

The evaluation process implies subjective judgments and may lead to subsequent revaluations, perhaps even downward, as more information is obtained about the deposits. Any error or inaccuracy in the evaluation of the resources and reserves of Seplat and any downward revision that may result could have a significant unfavourable impact on the activity, financial position and outlook of Seplat and the Company.

2.2.2 RISKS RELATED TO EXPLORATION AND THE REPLACEMENT OF RESERVES

Exploration activity, which relies on the discovery and extraction of hydrocarbons, requires major preliminary operations to be undertaken. Geologic and seismic analyses are prerequisites to exploration drilling. Operations of this type make it possible to decide on the location of exploration well, to move to the production start-up phase or to decide whether to pursue exploration. At the time such operations are launched, there are still numerous uncertainties about whether the quantity and quality of the hydrocarbons are sufficient and whether they can feasibly be extracted. In fact, the hydrocarbons sought when obtaining exploration/production permits and during drilling operations may ultimately be absent or in insufficient quantities to be economically producible.

As a result, the many uncertainties that persist during the exploration phase mean that the Company cannot ensure that the investments that are or will be made for current or future exploration will be profitable.

In addition, the actual level of reserves is only revealed as exploration operations are conducted and may ultimately be significantly lower than estimates. In this respect, for the

proven reserves (P1) described in this Annual Report (see Section 1.2.1.2 of this Annual Report), the levels of which were evaluated by Gaffney, Cline & Associates in its Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011, Seplat now has sufficient production data, after more than a year of operation, to certify a level of reserves that allows it to define the production objectives presented in this Annual Report. Finally, the exploration costs may vary during the exploration period based on different parameters, including the practical difficulties encountered because of the zones/ground being developed.

It is thus impossible to guarantee that new hydrocarbon resources will be discovered in sufficient quantities to replace existing reserves and to allow the Company to recover all the capital invested in exploration activities and to ensure a return on the investments made.

In order to limit the technical risks of exploration, exploration programmes are validated upstream based on technical criteria prior to being implemented.

2.2.3 RISKS RELATED TO HYDROCARBON PRODUCTION CAPACITY

When the estimate of hydrocarbon reserves and the economic analysis justify the development of a discovery, the reserves may, at any time during production, prove to be less than projected, and thus compromise the economics of the operation.

In addition, the development of a hydrocarbon production field requires significant investments to build the facilities required for the operation, complete production or injection wells, and implement advanced technologies to extract and produce hydrocarbons with complex properties, over the duration of the permit, which is generally for several decades.

Making such investments and the use of these technologies in generally difficult environments may result in uncertainties about the amount of the investments needed and the development costs and additional costs incurred above the initial budgets may have a negative impact on the Company's outlook, financial position and results.

Finally, Seplat's hydrocarbon production (or the Company's future production) may be restricted, delayed or cancelled due to a number of internal or external factors, including malfunctions of the hydrocarbon evacuation or production facilities, administrative delays (particularly in the approval of development projects by public authorities), shortages, delays in delivery of equipment or adverse weather conditions (for the risks specific to drilling operations, see Section 2.4 of this Annual Report) or acts of vandalism (see Section 2.3.1.2 of this Annual Report). Such elements could have an unfavourable impact on cash flow and on the outlook, financial position and results of Seplat and, therefore, of the Company.

2.2.4 RISKS RELATED TO DEPENDENCE ON SUPPLIERS OR SUBCONTRACTORS

Within the context of its exploration and production activities, Seplat (and potentially the Company for its future activities) signs contracts with third parties, particularly for the completion of certain work and the provision of services for drilling and transporting hydrocarbons (see Section 2.5.6 of this Annual Report). Non-performance, poor performance or late performance by a third party of its contractual obligations to Seplat or to the Company could subject Seplat or the Company to additional costs and delays, or the abandonment of projects, which could have a significant unfavourable impact on the

activity, outlook, financial position and results of Seplat and the Company.

In order to limit the risks associated with the use of third parties, Seplat and the Company choose their contractors carefully, particularly in operations, relying on the practical experience and expertise of well-established, specialist firms with a solid reputation in terms of both business and ethics.

The table below shows the portion of purchases conducted with Seplat's top supplier, top five suppliers and top 10 suppliers:

Supplier and subcontracting concentration	2011	2010
Top supplier as a percentage of total purchases*	36%	46%
Top 5 suppliers as a percentage of total purchases	49%	72%
Top 10 suppliers as a percentage of total purchases	55%	81%

* SPDC, which provides transportation, storage and processing services for the oil produced by Seplat, is Seplat's top supplier.

The significant increase in activity during fiscal year 2011 and competitive offerings for all major orders led to less pronounced supplier concentration.

In particular, the transport contract signed with SPDC, described in Section 6.4.2.3(a) of this Annual Report, means that this company, on the date of this Annual Report, provides all hydrocarbon transport for Seplat and the contract should allow Seplat to transport all the production from OMLs 4, 38 and 41 on a 100% basis until 31 December 2012 (the date when the production objective at the Seplat wellhead is 50 Kbb/d for a contractual transport capacity of 52 Kbb/d which can be extended to 62.4 Kbb/d). Moreover, the transport contract stipulates that from 1 January 2013, Seplat must inject oil that contains less than 0.5% water into the SPDC's oil transport infrastructures. In order to meet this contractual obligation, Seplat has initiated the process to install water separation equipment.

However, given the project's current state of advancement, the Company believes that it should be finalised in 2013, which is after the contractual maturity date of 1 January 2013. Under the terms of the transport contract, and because of the failure to meet this contractual obligation, SPDC has the option of terminating the transport contract, which could have a significant unfavourable impact on the assets, projects, objectives, outlook, financial position and results of Seplat.

The Company believes, however, that SPDC would not demand the termination of the transport contract because of the delay in installing the water separation equipment past the contractual maturity date, for the following reasons. First, insofar as SPDC belongs to the same group as SWST, which is buying, on the date of this Annual Report, all the oil produced by Seplat, the Company believes that SPDC should be careful not to compromise the good commercial relations existing between SWST and Seplat by asserting its right of termination under the transport contract in order to preserve SWST's rights to purchase the oil produced by Seplat, given the significant competition that exists among potential buyers of oil produced in Nigeria. The Company also believes that SPDC should be motivated to adopt a moderate position given the fact that 55% of the oil produced by Seplat and transported by SPDC belongs to the NPDC, a national company with which SPDC is expected to maintain the best relations possible, like any other operator in the hydrocarbon sector in Nigeria. For all these reasons, the Company believes that it is reasonable to believe that the fulfilment of the transport contract can be continued under the same conditions as currently, notwithstanding the delay described above. Finally, the Company estimates that if, despite the elements detailed above, SPDC decided to request the termination of the transport contract on 1 January 2013, Seplat would still have the possibility of rapidly connecting to the networks of other partners to transport its oil.

With respect to these alternative transport resources, Seplat, in order to overcome potential problems under the transport contract signed with SPDC and in anticipation of its future production volumes, signed a preliminary memorandum of agreement on 16 November 2010 with Shebah Exploration and Production Company Limited and Allenne British Virgin Islands Limited, which gives it an exclusive option to lease or acquire the Floating Production Storage and Offloading ("FPSO") Trinity Spirit, which would allow it to transport the oil from Sapele to this FPSO. In order to obtain this exclusivity, Seplat paid Shebah Exploration and Production Company Limited the sum of US\$15 million as an advance, to be charged against the acquisition, lease or crude oil processing price via the FPSO to be agreed on by the parties if a definitive agreement is signed. The terms for the

repayment of this advance are described in Section 6.3.2.2 of this Annual Report. Discussions are also ongoing with Panocean concerning the use of the pipeline between Amukpe and Escravos, the construction of which has just started. Finally, Seplat is studying other alternative transport projects, including one between Sapele and Escravos, another between Rapele and the Warri refinery, and a last one via the pipelines owned by Platform and Agip. If the Company considers these pipeline transport projects to be preferred solutions, the FPSO remains an alternative. However, the Company cannot guarantee that the alternative solutions presented above will be available under conditions, particularly price conditions, equivalent to those Seplat enjoys today.

2.2.5 RISKS RELATED TO DEPENDENCE ON CUSTOMERS

Seplat, which does not have its own structure to market the hydrocarbons produced to end users, is obliged to enter into agreements with intermediate companies that specialise in this field.

The Company believes that Seplat incurs no major counterparty risk in this respect, insofar as its production is sold, on the date of this Annual Report, to SWST, a Barbados corporation and a member of the Shell group, one of the world's leading oil groups.

However, Seplat remains exposed to other risks inherent in this type of contract, such as contractual non-performance or renegotiation under less favourable conditions.

It should be noted that the production retained by Seplat for all operations was on average 23,626 bbl/d for fiscal year 2011. These volumes (entitlements recognised, production sold) take into account technical adjustments and a fixed discount applied by SPDC when reallocating the discrepancies between its production estimates and the amounts of crude received after processing at the Forcados oil terminal.

The installation of the fiscal accounting unit was completed on 1 November 2011 and is subject to an acceptance procedure which is still ongoing. Based on total fluid output, the authorities have agreed to additional work with SPDC to determine the net amount (oil-to-water percentage). Once these calculations have been completed, negotiations will be held to agree a retroactive adjustment granting Seplat and its Partners additional entitlements in 2012.

The Company believes, however, that Seplat is not in a position of dependence towards SWST and the Shell Group, which also transports its oil through the Nigerian company SPDC, and that the consequences of such a risk arising are limited, insofar as there are numerous potential customers interested in buying Seplat's petroleum production and alternative possibilities for transporting the oil produced in the region in question (see Section 2.2.4 of this Annual Report).

2.2.6 COMPETITION RISKS

In developing their activities beyond the present scope of their assets, the Company and Seplat may face competition from other oil companies in acquiring rights to oil permits for the exploration and production of hydrocarbons. Because of its positioning and size, the main competitors of the Company and Seplat are “junior” or “mid-sized” oil companies.

The Company and Seplat are therefore likely to be in competition with oil companies that have greater financial resources and thus a competitive advantage in relation to any sellers of oil rights.

However, the modest size of the Company and Seplat in comparison with the majors in the sector, and Seplat’s status as a Nigerian national, represent an advantage in terms of functional flexibility and the ability to make decisions more rapidly, in addition to the desire of the Nigerian government to encourage Nigerian businesses. This functional flexibility and rapid decision-making may also give the Company a competitive edge in other countries in which it may plan to operate in the future.

2.2.7 RISKS RELATED TO THE LACK OF HISTORICAL PRODUCTION DATA ON THE PRODUCTION FROM OMLs 4, 38 AND 41

Seplat does not have detailed historical production data relating to the output from OMLs 4, 38 and 41 prior to Seplat’s acquisition of 45% of the rights in these OMLs on 30 July 2010. In effect, to the extent that OMLs 4, 38 and 41 were part of a larger OML operated globally by the Shell group, Shell did not collect historical data for each production well on OMLs 4, 38 and 41. Therefore, Seplat and the Company do not have historical data for each production well, which could limit their ability to analyse and anticipate future production from these wells. However, since Seplat has been operating OMLs 4, 38 and 41 for more than a year now, the Company believes that Seplat and the Company itself have sufficient production data to set reasonable and informed production objectives, without the need to use additional historical production data. In addition,

the operational teams which were employed by the Shell group for the operation of OMLs 4, 38 and 41 were generally retained by Seplat, which gives Seplat the ability to analyse and interpret the production data from OMLs 4, 38 and 41 based on the experience of these teams in operating these OMLs. It cannot, however, be excluded that the lack of detailed historical production data for OMLs 4, 38 and 41 before August 2010 deprives Seplat and the Company of significant information for the operation of these OMLs which, if the data had been known, would have allowed Seplat and the Company to optimise future production and the related costs.

2.3 Risks linked to establishment in Nigeria

Seplat's activities are 45% held by the Company (the Company's sole significant operational asset), and its hydrocarbon reserves and resources are located in Nigeria, an emerging country that is particularly exposed to political and economic risks, as well as safety and security risks for people and property, which are significantly higher than in countries with more developed economies. Nigeria also has specific, stringent regulations on hydrocarbon exploration and production, which could change to have a significant unfavourable impact on Seplat's activities

and its outlook, financial position and results. As a result, the Company's investors and shareholders must pay particular attention to the risks described below to which Seplat is exposed in this country.

The Company also draws the attention of investors to the fact that any future Company investment in emerging countries with characteristics close to those of Nigeria may be subject to risks similar to those described below.

2.3.1 RISKS RELATED TO THE GENERAL POLITICAL AND ECONOMIC CLIMATE IN NIGERIA

→ 2.3.1.1 General risks related to the political and economic instability in Nigeria

In general, political and economic instability in Nigeria exposes the Company and Seplat to the following risks:

- instability in the regulations applicable to the current or future activities of Seplat and the Company, which are notably subject to licensing and permit requirements, laws and regulations, and authorisations from government authorities for the exploration, development, construction, operation, production, marketing, pricing, transport and storage of oil and gas, as well as regulations regarding the environment, health and safety and labour;
- a tightening of the tax regulations applicable to foreign investors (particularly the taxation of financial flows (dividends and other flows) between local companies and their foreign parent companies);
- expropriation of Seplat (or the Company) or nationalisation of its assets;
- breach or renegotiation under less favourable conditions of production sharing contracts or any other agreements entered into with the Nigerian government;
- restrictions in terms of controls of foreign-exchange and transfer of capital;
- losses due to armed conflicts or actions by terrorist groups (a risk detailed in Section 2.3.1.2 of this Annual Report).

The occurrence of such risks could have a significant unfavourable impact on the assets, projects, objectives, financial position and results of Seplat and the Company in Nigeria; in

particular, it cannot be guaranteed that the permits, licences or authorisations requested within the context of the current or future activities of Seplat and the Company in Nigeria or in any other country exposed to similar risks will be granted and, if granted, will not be subject to more restrictive or onerous conditions.

In addition, the political and economic instability of Nigeria could increase as a result of the recent or ongoing events, particularly in Africa (Tunisia, Egypt, Libya, Sudan, Côte d'Ivoire, Mali and Gabon) or Syria.

The Nigerian economy has been and may continue for some time to be affected by the current situation of the global economy and the difficulties being encountered by the national and international financial markets, which could slow its development (particularly in terms of infrastructures) and, consequently have a significant impact on the current activities or investment projects of Seplat or the Company in this country or any other country. These difficulties could also increase the costs of current or future financing that Seplat or the Company may need for their investments in Nigeria or in any other country where they may plan to establish themselves, or even prevent the financing of such projects.

To limit the political and economic risks to which it is exposed in Nigeria, the Company relies on the practical experience and expertise of its Partners in Seplat, two local players in the oil industry that are well established in Nigeria and enjoy a solid reputation in terms of both ethics and business, particularly with the competent Nigerian authorities. The political risks are also limited by the presence, on the Seplat Board of Directors, of directors belonging to the leading political and religious parties of Nigeria, who maintain relationships with the various local communities in Nigeria.

→ 2.3.1.2 Risks related to terrorist acts, armed conflicts and criminal activities

Terrorist activities, armed conflicts, civil unrest and criminal activities in Nigeria, particularly in the Niger Delta and the Gulf of Guinea, could have a significant unfavourable impact on oil and gas exports and the commodities market, as well as on Seplat's activities, personnel, property and facilities, and could significantly increase the costs of the security measures needed to deal with these potential problems. Moreover, energy assets could be exposed to risks that are more significant than for other potential targets.

Various "militant" groups with differing interests are operating in the Niger Delta, such as the Ijaw Movement for the Emancipation of the Niger Delta, which declares that it is acting for the redistribution of oil revenues to the local populations and claimed responsibility for two pipeline attacks in 2009 and 2010. Oil companies operating in the Niger Delta have cut back their operations as a result of these attacks, but also because of the continuing discontent of local residents, criminal activities (kidnapping threats, extortions, theft of equipment or oil, illegal bunkering), vandalism and sabotage of infrastructures and facilities that can cause pollution, interruptions to production, or cut off the transport of oil and the temporary or permanent withdrawal of employees and subcontractors from certain facilities.

In addition, since the summer of 2011 assaults and deadly attacks attributed to the Boko Haram terrorist group have increased significantly. Since 2009, acts of violence blamed on this group have caused almost 1,000 deaths, 300 of them during 2011.

In order to limit the occurrence of such risks, and rather than having a direct establishment in Nigeria, the Company has chosen to conduct its activities in the country through Seplat. The Company also limits its exposure to such risks by relying on the experience and expertise of its local partners. The Nigerian nationality of Seplat, which is in line with the Nigerian government's policy of encouraging local businesses in the awarding of new exploration and operation permits, allows Seplat to enjoy preferential relations with the authorities and the local populations, and the few incidents suffered by Seplat at its facilities or reserves since the acquisition of 45% of the rights in OMLs 4, 38 and 41 on 30 July 2010 have been handled directly by Seplat without creating any significant operational difficulties affecting Seplat's activity. In this regard, prior to the acquisition of OMLs 4, 38 and 41 by Seplat, certain incidents involving export pipelines and oil theft through hot tapping or accessing collectors were detected on these OMLs, leading to an interruption in their operation by the Shell Group in 2008. Since the acquisition of OMLs 4, 38 and 41 by Seplat, incidents of this type on the export pipelines have been minor and sporadic. However, an incident was found on 6 October 2011 on the Forcados pipeline operated by SPDC, which resulted in an interruption in the delivery of the oil produced by

Seplat at the Forcados terminal. This incident has been resolved, and production resumed on 23 October 2012. The impact on production for the month of October is about 600,000 barrels (on a 100% basis). This type of interruption in delivery or production is anticipated by Seplat, which currently takes a margin for total interruptions over a 25-day production period for such incidents or maintenance work into consideration in its annual production projections. Seplat is also currently looking into implementing production shutdown insurance in the amount of US\$100 million that includes a deductible of 21 days of production.

→ 2.3.1.3 Risks related to high levels of corruption

Nigeria has experienced high levels of corruption in the political world and the business community, which could have a significant unfavourable impact on the activities and projects of Seplat and the Company in the country. The Company and Seplat could be exposed to the risk of illicit payments or secret benefits given to its employees, consultants or agents, especially in response to demands or threats of corruption or extortion.

To combat this phenomenon, the Nigerian federal government decided to apply the principles of the Extractive Industries Transparency Initiative agreed upon at the Lancaster House conference in 2003. In this context, the federal government of Nigeria has initiated various investigations into corruption in the oil industry.

As at the date of this Annual Report, the Company has no knowledge of any investigation in progress involving the Company itself, Seplat, its Partners or their management personnel or employees or of any circumstances or actions for which they or their management personnel, agents and/or employees in Nigeria could be accused. However, if such investigations were conducted in the future and acts of corruption or other illegal activities were revealed, civil or criminal sanctions (including heavy fines) could be imposed on Seplat or the Company or their management personnel, agents and/or employees, which could have significant negative consequences for the reputation of Seplat and the Company, their ability to do business and the rights held by Seplat in Nigeria under its various contractual agreements and permits in force, and could cause the loss of key employees.

To protect itself against such actions, the Company and its Partners are particularly careful to uphold ethical values and to comply with the related regulations and responsibilities. Seplat has established bid tender procedures and prevention and training programmes to protect itself against potential attempts at corruption or extortion of funds. However, these prevention and training programmes, and the internal procedures established could prove to be insufficient, and result in the indictment of Seplat and its executives for acts committed by its employees, consultants and agents.

→ 2.3.1.4 Risks related to the inadequacy of infrastructures of the Nigerian State

Inadequate infrastructures or poor management of existing infrastructures in Nigeria may lead to frequent power and water failures that could disturb the activities of hydrocarbon producers based in Nigeria.

To correct these difficulties, Seplat periodically uses alternative power and water production systems. The costs of purchasing

and maintaining such alternative systems (generators for example) are included in the development costs of Seplat's production facilities. As a result, the Company believes that Seplat's exposure to the risks connected with inadequate infrastructures in Nigeria is limited. However, in the event of prolonged power and water cut-offs, the alternative systems might not be enough to offset these insufficiencies, and this could have significant negative consequences on Seplat's activities, outlook, financial position, or results in Nigeria.

2.3.2 RISKS RELATED TO OIL INDUSTRY REGULATIONS AND THE INTERPRETATION THEREOF BY THE COURTS

→ 2.3.2.1 Risks related to changes in the applicable regulations and the Nigerian government's intervention in the oil and gas industry

The Nigerian government owns the country's mineral resources and grants hydrocarbon exploration and production rights under time-limited OMLs, which can be renewed (see the following risk factor). It therefore retains control over the exploration and production of hydrocarbon reserves and, in numerous cases, acquires interests of its own through the state-owned oil company, the NNPC. The conditions for holding these rights for OMLs 4, 38 and 41, operated by Seplat, are defined in the Joint Operating Agreement described in Section 6.4.2.2 of this Annual Report, which specifically establishes the conditions for production sharing and the procedures for work programmes concerning these OMLs.

Failure to meet the obligations defined in the OMLs or in the Joint Operating Agreement, whether intentional or not, could be punished by fines, penalties, restrictions and a withdrawal of permits, and this could have a significant unfavourable impact on the activity, outlook, financial position and results of Seplat and the Company.

The oil and gas industry is also subject to a significant number of laws and regulations governing development/production permits, the taxes applicable to these activities, the royalties to be paid to the Nigerian government, the production authorised, the sharing of production with the NNPC or the Nigerian government, the transport and storage of hydrocarbons, various environmental requirements, the export of oil and numerous other aspects of the oil and gas industry. The current and future activities of the Company and of Seplat are and will be subject to all such regulations.

Seplat's activity, the development of its OMLs and the Company's interests in Seplat could therefore be substantially affected by any unfavourable change in the applicable regulations, particularly an increase in or the creation of any new taxes and levies on the oil and gas industry which could be significantly larger than in countries which are less regulated and which benefit from a more stable, predictable political context.

Therefore, the strategy and activities of Seplat and of the Company in Nigeria depend heavily on maintaining solid cooperative relations with the authorities. While the Company believes that Seplat, its local Partners in Seplat and the Company itself have a close and solid working relationship with the Nigerian government and the NNPC, there is no guarantee that these positive relations will continue or that current or future actions by the country's government will not seriously affect the activities or financial position of Seplat and the Company.

Such relations could, in particular, deteriorate due to future changes in the personnel or management of Seplat, the Company, the Nigerian authorities or the NNPC.

In terms of the risks of legislative changes, one recent reform and two reforms under discussion should be mentioned.

(a) Local Content Act

A law on the development of the Nigerian oil and gas industry (Nigerian Oil and Gas Industry Content Development Act) (the "Local Content Act") was enacted on 22 April 2010.

It provides specifically that any project or contract with a budget of over US\$100 million must contain a specific labour clause requiring a minimum percentage of Nigerian employees; furthermore, the operator or developer of the project must limit the number of expatriates in management posts (the current limit is a maximum of 5%). With 165 employees, including three

expatriates, Seplat is in compliance with the aforementioned legal limit.

The Local Content Act also imposes certain restrictions in terms of risk insurance outside Nigeria without the written consent of the Nigerian National Insurance Commission.

The Local Content Act stipulates that operators in the oil and gas industry must keep at least 10% of their production revenues earned in Nigeria in a bank account in Nigeria. Although the Local Content Act does not specify the use of the funds deposited in this account, it appears that, in practice, this sum can be used to pay local operating expenses, such as taxes or royalties. Any violation of the provisions of this law could constitute a violation punishable by a fine of 5% of the amount of the project, for each project, or cancellation of the project in which the violation was committed.

Seplat and the Company anticipated the consequences of this law, which entered into force prior to Seplat's July 2010 acquisition of interests in the OMLs it operates. Subject to subsequent changes, this law should not have any significant unfavourable impact on Seplat's operations that have not already been taken into account by Seplat in its activity.

(b) Proposed 2008 law on the petroleum industry

The April 2011 re-election of Goodluck Jonathan as President of Nigeria could alter the fate of the proposed law of 2008 (known as the Petroleum Industry Bill or PIB), which aims to significantly reform the Nigerian petroleum industry. The content of this bill, introduced under the presidency of Mr Jonathan's predecessor, is still under discussion in the National Assembly, Nigeria's federal legislature, and the likelihood of its adoption and final content have been the subject of intense speculation for several years, as often reported in the Nigerian and international press.

On 1 January 2011, the Nigerian government withdrew its subsidy of fuel prices in Nigeria, which led to a widespread strike throughout the country. This strike had the effect of drawing public authorities' attention to the PIB. Since that date, statements by various political leaders suggest that the PIB will be enacted sometime in 2012.

The December 2008 version of this bill contains a certain number of provisions, which aim to:

- i)** reform the entire Nigerian petroleum industry and reorganise the existing oversight and regulatory bodies (which according to some commentators could result in additional administrative procedures);
- ii)** authorise one of these bodies to take up to 2% of the taxes collected on oil and gas (which according to some commentators could generate risks of corruption);
- iii)** transform the NNPC into a private limited liability company and list a portion of its shares on the stock market;
- iv)** provide that joint participation by the NNPC and companies from the private sector (and the formation of joint ventures) in hydrocarbon production permits will now have to be done through ad hoc companies created for each project (in the form of incorporated joint ventures) and no longer through the direct acquisition of stakes in such permits, as is currently the case;
- v)** provide for a new legal framework for the development of gas fields which would require separate permits from those granted for oil production;
- vi)** introduce a new status for marginal fields that provides for the expiration of production rights on marginal fields when they have not been developed for a period of 10 years (marginal fields being smaller concessions that generally offer low yields, covered by an OML that has not been operated by the original permit holder);
- vii)** strengthen environmental regulations, by requiring operators to file an environmental assessment report, with an obligation to restore sites damaged by production activities; and
- viii)** increase the involvement of local players by appointing more Nigerians to the Boards of Directors of production companies (60%) and among their workforce (95%).

As the bill stands now, it is difficult to assess in detail the consequences that the changes discussed above could have on the activities of Seplat and the Company. This type of reform could, depending on its final content, contain provisions that could have significant negative consequences on the activities and financial position of Seplat and the Company.

In addition, the bill contains specific new tax provisions that could have a positive impact on the activities and financial position of Seplat and the Company. These provisions stipulate that companies with indigenous status could benefit from more favourable tax treatment of oil revenues. The bill thus provides for the application of a tax rate of 65% to the oil revenues of "indigenous" companies, while the tax rate under the normal tax rules applicable to other companies is set at 85%. As at this date, Seplat benefits for five years from a special tax rate of 65.75% applicable to new companies which have not yet amortised all their pre-production investments.

In order to benefit from these rules, the («indigenous») companies in question would have to satisfy both of the following two conditions in the current state of the bill:

- at least 60% of their capital must be directly or indirectly held by Nigerian citizens, and
- their oil production cannot exceed 50 Kbb/d.

The first condition would not be met currently given the 45% equity interest of the Company in Seplat, thus preventing Seplat from being eligible for the preferential tax treatment. However, other versions of the proposed law have stipulated a threshold of 55%, which therefore could be changed up until the law is passed. Moreover, if the bill is adopted as it currently reads, a capital restructuring of Seplat could be considered in order to satisfy this condition. The conditions under which such a restructuring might be completed could, however, unfavourably impact upon the interests of the Company in Seplat.

For the second condition, the proposed law does not specify whether the limit of 50 Kbb/d must be assessed at the level of each OML operated, or at the level of the operating company. If this production had to be assessed at the level of Seplat, it could plan the restructuring necessary in terms of its production targets in order to benefit from the favourable provisions of this law.

As at this date, the PIB continues to be debated after a first reading on 2 December 2008, and the uncertainties about the date of the second reading and adoption, and the final content, which could differ substantially from what has been presented here (including the favourable tax provisions being debated), are still important given the change in the National Assembly of Nigeria in June 2011. With the stated objective of the PIB being adopted in 2012, work was restarted on preparing a new version of the PIB that would be submitted for vote by the National Assembly of Nigeria. Once the PIB is passed, the shareholders of Seplat will assess any changes to be made in the organisation of Seplat and its activities in order to benefit from the advantages offered by the PIB. Finally, the Agreement stipulates that no sale or transfer of Seplat shares that would cause a change to Seplat's status as a Nigerian company can be executed without the Company's authorisation.

(c) Gas Flaring Bill

Similarly, the re-election of the President of Nigeria could lead to the adoption of the Gas Flaring Bill submitted to the National Assembly of Nigeria in 2008. If adopted, the Gas Flaring Bill would stipulate an end date for gas flaring as well as significant penalties for gas flaring in Nigeria, mainly by imposing significant fines (the amount proposed is now US\$3.50 per Kcf). The Gas Flaring Bill was adopted by the Nigerian Senate in July 2009 and is now under discussion in the National Assembly's House of Representatives. If it is adopted, the Gas Flaring Bill is not expected to have significant consequences for Seplat's activity insofar as Seplat only flares the gas associated with its production on the Ovhor and Amukpe fields, and in low quantities given the quality of the hydrocarbon produced. Moreover, Seplat is planning to stop gas flaring in 2013, following the installation of a compressor that carries this gas to Sapele. These installations are part of the larger project to install water separation equipment at a cost of US\$15 million, which is discussed in Section 1.5.2 of this Annual Report.

However, if the Gas Flaring Bill takes effect before the completion of the work that will end gas flaring, it could have negative consequences for the outlook, financial position and results of Seplat and the Company. Such consequences should, however, be limited given the low volumes of gas in question and the upcoming end to gas flaring as a result of the installation of the compressor described in the previous section.

The PIB and Gas Flaring Bill reforms were launched nearly two years ago, but will not take effect unless they become laws. In the meantime, uncertainties exist as to the degree of implementation of these reforms, their completion date and their potential impact on Nigeria's oil and gas industry.

→ 2.3.2.2 Risks related to the transfer or non-renewal of the licences (OMLs)

An acquisition or transfer of interests in production permits generally requires approval from the government, which could delay or hinder transfers of interests or Seplat's growth operations in Nigeria. Moreover, when such interests are transferred, the government may require Seplat to perform certain work by specific deadlines or impose various other constraints (particularly the payment of financial compensation), which could have a significant unfavourable impact on the activity, results and outlook of Seplat and the Company in Nigeria. In addition, paragraph 14m of the First Schedule to the Petroleum Act stipulates that the renewal of OMLs is to be granted by the Nigerian government on application from the permit holder, provided that the holder has paid all rents and royalties due and has adhered to all the obligations pertaining to such permits.

In this respect, paragraph 59 (d) of the Petroleum (Drilling and Production) Regulation states that in order to submit an application for first renewal, the permit holder must pay a tax of US\$1 million.

This sum is then, in principle, increased by a payment, the amount of which is determined on a case by case basis, by taking into consideration the reserves of the permit in question. The Department of Petroleum Resources also ensures that all rents and royalties due on the permit to be renewed have been paid by the permit holder. When certain obligations stipulated under the permit to be renewed have not been fulfilled, and the minister plans to renew it, the non-fulfilment of said obligations may result in an increase in the costs of renewing the permit. This is a decision taken at the minister's discretion on a case-by-case basis.

While the Petroleum Act does not indicate the number of renewals that may be given on the OMLs awarded, the OMLs generally contain stipulations that limit the number of renewals set forth in the authorisation to one such renewal. After this one renewal, negotiations may be held with the Nigerian Department of Petroleum Resources to obtain a second renewal. The second renewal is granted at the discretion of the Minister, and may contain new conditions.

When examining the issue of renewing OMLs, the Minister considers the following in particular:

- whether the fields covered by the authorisation produce at least 10 Kbb/d;
- whether operations have been conducted continuously on the zone covered by the authorisation that is about to expire;
- whether operations have been conducted responsibly in accordance with the work programme approved under the terms of the permit that is about to expire;
- whether the permit holder has adhered to the provisions of the Petroleum Act or any obligation deriving from the specific terms of the OMLs;
- whether the permit holder has paid the rents and royalties due in full;
- whether the permit holder has submitted reports on its operations to the Minister as required by law.

OMLs 4, 38 and 41 were renewed for the first time on 1 July 1989 and will again expire on 30 June 2019. As explained above, Seplat will not have a right to renew the permits on

that date. Therefore, such a renewal must be negotiated with the Minister and the conditions of the renewal, particularly the financial terms, will depend on the outcome of these negotiations and could have a negative impact upon the outlook, financial position and results of Seplat and the Company. In this respect, the financial conditions imposed by the Minister at the time of such renewals could differ substantially from the conditions that generally apply to a first renewal as described above. Moreover, in the event of the Minister's discretionary refusal to renew OMLs 4, 38 and 41 for a second time, Seplat would lose the only assets it holds in Nigeria as at the date of this Annual Report. However, as indicated earlier, when examining a renewal application, the Minister considers whether the operational and contractual conditions of the OMLs have been met when making his decision, and he sets the financial conditions of the renewal. In this regard, since the Company and, to the best of its knowledge, Seplat, have always complied with the legal, regulatory and contractual provisions applicable to the OMLs operated in Nigeria, and given the Nigerian nationality of Seplat, the Company has no reason to believe that a second renewal could not be obtained at the expiry of OMLs 4, 38 and 41.

Lastly, the Nigerian Senate's joint committee on the PIB revealed changes to the permit renewal procedure in its presentation of the outlines of its 2010 PIB report. The uncertainty surrounding the content of this provision and the consequences it could have on the conditions for renewing OMLs 4, 38 and 41 operated by Seplat could have a significant and unfavourable impact on Seplat's activities in Nigeria.

→ 2.3.2.3 Risks related to the interpretation and application of the law by the courts

Nigerian courts offer less legal security than the courts in a country like France, especially with regard to the interpretation of the applicable regulations and the outcome and duration of proceedings, which could significantly inhibit the ability of the Company or Seplat to invoke their rights in the country.

In addition, the obligation of local enterprises, government authorities or bodies and the Company's Partners in Seplat to comply with their legal obligations and contractual commitments may be uncertain, and the rights of recourse to remedy this situation may be limited.

In particular, the lack of legal clarity and the absence of rules for administrative and judicial interpretation of laws and regulations, the absence of consistency in the application of the laws by certain courts, the resulting inability of local councils to provide opinions on their interpretation, the discretionary decisions of government authorities, the inconsistencies or conflicts that may exist among the various laws, regulations, decrees and other binding texts, and the excessive delays in judicial proceedings, are all risks to which the Company could be exposed when defending its rights, particularly those involving the petroleum permits held by Seplat. Furthermore, such uncertainties prevent any guarantee that the contracts, joint ventures, permits,

applications for permits and any other legal documents will not be significantly affected in the future by the conduct of government authorities, or that such instruments will have force of law and be enforceable in Nigeria, especially for the rights held by the Company under the Agreement binding it to its Partners in Seplat.

In order to limit these risks, the Company relies on the practical experience and expertise of its local Partners within Seplat and on the use of leading legal and tax advisors whenever necessary, as was particularly the case when Seplat acquired 45% of the rights in OMLs 4, 38 and 41 or when agreements were established with Seplat's partners.

2.4 Industrial and environmental risks

The Company, through its equity interest in Seplat, faces the industrial and environmental risks inherent in hydrocarbon exploration and production activities. These risks include eruptions of crude oil or natural gas during drilling, wellhead cave-ins, and hydrocarbon spills or leaks that generate, in particular, toxic risks, and the risk of fire or explosion.

All these events are capable of damaging or destroying the hydrocarbon wells in production as well as the surrounding facilities, endangering human lives or property, leading to interruptions in activity and causing environmental damage with certain direct consequences for the health and economic well-being of local communities.

In addition to the usual exploration and production risks, there are the following specific risks.

Seplat is exposed to all these risks, in both the future and the past to the extent that, pursuant to the terms of the Transfer Agreement under which it acquired 45% of the rights to OMLs 4, 38 and 41, it is responsible for the environmental liabilities related to these OMLs (including restoration costs) before or after the date of acquisition of the rights in question (30 July 2010) for which it is responsible.

2.4.1 RISKS RELATED TO A LACK OF AUTHORISATION AND/OR APPROVAL OF EXISTING EQUIPMENT AND PIPELINE LOCATION

Seplat holds the surface installations and pipelines necessary for the operations of its business. The installation and use of such equipment is subject to authorisation from Nigerian authorities, including the Department of Petroleum Resources.

During the audits conducted by Environmental Resources Management, the auditors of this company verified the validity of the permits for the main pipelines because it was unable to inspect all the permits related to the other oil facilities (installation and operation of the oil wells and premises used by Seplat) as some were not available during its audit. During this audit, Seplat was asked to ensure that all production authorisations or other applicable authorisations were still in force and valid

for all assets. In the event that, after verification, some of these authorisations are absent or invalid, Seplat could face administrative penalties, including fines, which could have an unfavourable impact on Seplat's activities in Nigeria.

However, to the best of the Company's knowledge, Seplat has the main permits and authorisations required to conduct its activities, and the Company, which has no knowledge of any problem in this area, believes that any missing authorisations or permits in question, or the fact that they are not or are no longer valid, should involve only mining authorisations and permits, which if applicable, should have only a limited impact on the activity, financial position and results of Seplat and the Company.

Furthermore, Seplat is seeking to implement alternatives to the existing systems for the evacuation of the hydrocarbons it is extracting to meet its production targets. In effect, if the transport contract signed with SPDC on 30 July 2010 should allow Seplat to transport all the production from OMLs 4, 38 and 41, on a 100% basis, until 31 December 2012 (the date on which the production target at the wellhead should reach 50 Kbbbl/d for a contractual transport capacity of 52 Kbbbl/d, extendable to 62.4 Kbbbl/d), Seplat could require additional transport capacity after that date. This is why Seplat is currently looking into alternative transport solutions for its production (see Sections 2.3.2.1 and 2.2.4 of this Annual Report).

Pursuant to the regulations applicable in Nigeria, Seplat is conducting the preliminary studies for the installation of these alternative evacuation systems which are necessary to obtain the authorisations and approvals required for the installation of pipelines.

If Seplat was unable to obtain the authorisations and approvals necessary for installing the pipelines used to evacuate the hydrocarbons produced, this lack of authorisation and/or approval could have a significant unfavourable impact on Seplat's activities in Nigeria, particularly as it could force Seplat to adopt more costly solutions for evacuating the hydrocarbons or to reconsider its production targets.

2.4.2 RISKS RELATED TO GAS FLARING

In the context of its operation of OMLs 4, 38 and 41, Seplat extracts oil and the associated gas, which is added to the free gas produced by the gas reservoirs. Currently, this output is primarily intended to meet the obligation to supply gas to the domestic market. A residual volume of the associated gas is, however, flared on the Ovhor and Amukpe sites and has been flared on different sites in the past.

However, the flaring of associated gas is prohibited in Nigeria unless special authorisation is obtained from the Oil Minister, under certain conditions and with the payment of a royalty. Adoption of the Gas Flaring Bill would further toughen the regulations in force by significantly increasing the amount of royalties to be paid.

At the time of the audit conducted by Environmental Resources Management in March 2011, Seplat was not able to provide this company with all the documentation for the authorisations for the sites on which the associated gas is flared (Ovhor and

Amukpe on the date of this Annual Report), which did not allow the company to ensure the compliance of some facilities with the legal requirements, and identify the amount, if any, of certain royalties paid, or which should have been paid, for flaring the gas.

If it transpires that gas has been flared or is being flared without authorisation, non-compliance with the applicable regulations could lead to court or administrative actions ordering the suspension of flaring on the field(s) on which the violation is being committed and/or an order for Seplat to pay fines and royalties in arrears. However, to the extent that the gas volumes in question are small, these possible offences should not have a significant negative impact on the outlook, financial positions or results of Seplat. In addition, this risk is expected to gradually disappear for the current production because of the facilities planned for early in 2013 to completely end gas flaring on the fields currently being operated.

2.4.3 RISKS RELATED TO NOISE POLLUTION

Seplat produces noise emissions, particularly from generators, motors and flares, as is the case at Amukpe. This noise pollution may cause intermittent but repeated disturbances or have serious repercussions on the health of local inhabitants in the neighbouring zones and on their quality of life.

In order to determine the impact of noise emissions on surrounding populations, off-site noise levels must be measured regularly, a practice that Seplat has not yet implemented, which makes a determination of the level of exposure to noise suffered by residents uncertain.

Failure to comply with Nigerian laws governing noise (National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007) exposes Seplat to fines amounting to 500,000 Nigerian nairas (approximately €2,300 on the date of this Annual Report) per day of violation and thus of penalties.

Local inhabitants exposed to high noise pollution levels could bring legal action against Seplat to ensure that corrective measures are implemented, including the installation of sound barriers or the relocation of the most-exposed residents to areas

away from zones with high noise emissions (provided that the dwellings involved were built prior to the facilities in question), or demand that compensation be paid because of the noise suffered, which could have a significant unfavourable impact on the activities, investments and outlook of Seplat and the Company.

In order to limit this risk, Seplat is currently studying the possibility of relocating the facilities at Amukpe to an area away from residential areas.

2.4.4 RISKS RELATED TO WATER AND SUBSOIL QUALITY

Seplat's oil exploration/production activities could damage water resources and the quality of the subsoils, especially in the event of hydrocarbon spills into groundwater or the subsoil. Such spills could harm the crops located near OMLs 4 and 41, the forest reserve located near OML 4 and the residents of the city of Sapele.

Since acquiring OMLs 4, 38 and 41, Seplat has identified contaminated soils around several fuel storage areas and some motors at its facilities, hydrocarbon spills along pipelines and around collectors located near crude oil wells, and a plot of land contaminated by an accidental spillage near the Amukpe pumping station.

As at the date of this Annual Report, no legal action has been brought with respect to this contamination but, like any new contamination coming from its facilities, Seplat could face court proceedings and have to pay the costs of cleaning up the contaminated land, which could have a significant unfavourable impact on the activity, investments, and outlook of Seplat and the Company.

2.4.5 PREVENTIVE MEASURES

To limit the industrial and environmental risks, the Company has regular discussions with its Partners in Seplat to ensure that they pay constant attention to preventing industrial and environmental risks at Seplat's production sites and monitor, wherever possible, compliance with the regulatory requirements applicable in Nigeria. Some of these risks are covered by specific insurance policies (see Section 2.9 of this Annual Report).

In addition, pursuant to the Environmental Impact Assessment Act, Seplat is subject to the obligation to conduct an environmental impact study before starting any expansion or development project. Such studies enable Seplat to examine and evaluate safety risks and the potential environmental impact of the planned

work. In order to identify, quantify and prevent the occurrence of such risks, Seplat relies on its internal expertise and on outside experts approved by the relevant administration.

Lastly, Seplat systematically works to obtain approval from the relevant ministry for its surface installations, particularly with respect to their safety. This approval may also be required by Seplat's insurers and/or by the Nigerian government (public safety). However, such approval cannot always prevent accidents, which could have a significant negative impact on Seplat's activities, the financial consequences of which may not be fully covered by Seplat's insurance policies.



2.5 Financial risks

2.5.1 RISK OF FLUCTUATIONS IN HYDROCARBON PRICES

The economy, and particularly the profitability of the oil and gas industry, is very sensitive to the price of hydrocarbons expressed in US dollars. As a result, the provisional cash flows and results of the Company and Seplat are heavily impacted by changes in the price of hydrocarbons expressed in US dollars.

As at the date of this Annual Report, no specific policy to hedge this risk has been implemented by the Company or Seplat, because of the costs of implementation and the related unfavourable tax treatment. However, the Company and Seplat do not rule out the possibility of using hedging instruments in the future, if the related costs and taxes become more favourable, or if change in the price of hydrocarbons justifies it.

Moreover, under the various financing agreements set up with African Export Import Bank (lead bank), UBA, First Bank and Skye Bank Plc and the amounts drawn down from the Bridge Loan (as this term is defined in Section 4.1.5.3 of this Annual Report), Seplat has, at the request of the lending banks, agreed to enter into a contract to hedge the risk of a decline in oil prices below US\$60 a barrel. As at the date of this Annual Report, no request for such a hedge contract has been notified to Seplat, and the price of a barrel of Brent crude oil, which serves as the reference for determining the price of a barrel of crude oil sold by the Company, was US\$107.60 on 31 December 2011.

The following table presents an analysis of the sensitivity of the Company's consolidated shareholders' equity and income to fluctuations in hydrocarbon prices as at 31 December 2011 (in millions of euros):

	Changes in barrel price	
Percentage change	+10%	-10%
Impact on consolidated income before tax	11.7	(11.7)
Impact on consolidated equity before tax	11.7	(11.7)

BRENT PRICE OVER ONE YEAR (\$/BBL)



BRENT PRICE OVER TEN YEARS (\$/BBL)



2.5.2 FOREIGN EXCHANGE RISK

Although the Company's reporting currency is the euro, Seplat's operating currency is the US dollar, since sales, the majority of operating expenses, and a significant portion of investments are denominated in this currency. This creates a strong sensitivity in

the Company's consolidated financial statements to the €/US\$ exchange rate (during 2011, the average rate rose to 1.3922 and the closing rate to 1.2939). Expenses in naira (the Nigerian currency) represent about 30% of total expenses.

The impact on consolidated shareholders' equity and income of a 10% increase or decrease in the €/US\$ exchange rate as at 31 December 2011 is presented below (in millions of euros):

	Impact on consolidated income before tax		Impact on consolidated equity before tax	
	10% increase in €/US\$ parity	10% decrease in €/US\$ parity	10% increase in €/US\$ parity	10% decrease in €/US\$ parity
US\$	(15.9)	19.4	(1.0)	1.3

In order to limit its exposure to foreign exchange risk, the Company occasionally employs hedging strategies using derivative instruments (foreign exchange forwards and options) and maintains a portion of its liquid assets in US dollars in order to finance projected investment expenses in US dollars.

As at the date of this Annual Report, there is no foreign exchange hedging.

The foreign exchange risk at 31 December 2011 is detailed in the consolidated financial statements as at 31 December 2011, in Note 24.

As at 31 December 2011, the Company's consolidated foreign exchange exposure was US\$225.8 million (excluding the revaluation at the closing price of Seplat's financial statements which are recognised as shareholders' equity and not impacting income), and is analysed as follows* (in millions of US dollars):

	Assets (a)	Liabilities (b)	Currency commitments (c)	Net position before hedging (d) = (a)-(b)+/-(c)	Financial hedging instruments (e)	Net position after hedging (f) = (d) - (e)
Trade receivables and payables	0	0		0		0
Non-current financial assets	47.7	0		47.7		47.7
Other current assets		0				
Derivative instruments	0	0		0		0
Other creditors and miscellaneous liabilities	0	0		0		0
Cash and cash equivalents	178.0	0		178.0		178.0
EXPOSURE	225.8	0	0	225.8	0	225.8

* This table takes into account €/US\$ exchange gains/losses.

2.5.3 LIQUIDITY RISKS

Like any industrial and commercial activity, the Company is exposed to the risk of insufficient liquidity or the risk that its financing strategy is inadequate.

To address this risk, the Company maintains a balance between debt and shareholders' equity, on the one hand, its debt and its ability to repay, on the other, in compliance with ratios that are usually considered prudent. Financing options are reviewed

and validated by the Company's Board of Directors. Financing agreements and the financing lines available are described in Section 4.1.5.3 of this Annual Report. As at 31 December 2011, the Company reported the following debt ratios:

- net consolidated debt/shareholders' equity: -63%⁽¹⁾; and
- current assets/liabilities: 208%.

The breakdown of financial liabilities by contractual maturity is shown in the table below:

	December 2011	2012		2013		2014		2015		2016	
		Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal
Bonds											
Other borrowings and financial debt	89,620	4,723	44,704	2,726	12,173	1,872	12,173	1,017	12,173	295	8,399
DERIVATIVE INSTRUMENTS	89,620	4,723	44,704	2,726	12,173	1,872	12,173	1,017	12,173	295	8,399

The Company has conducted a special review of its liquidity risk, and believes that it is able to meet its future contractual maturities over the next 12 months.

(1) This negative ratio reflects the fact that the Company is not in a net debt position but on the contrary had net positive cash of €158 million at 31 December 2011.

2.5.4 INTEREST RATE RISKS

The borrowing conditions and the financing structure of the Company and Seplat are detailed in Section 4.1.5.3 of this Annual Report, and in Note 14 to the consolidated financial statements at 31 December 2011.

Seplat's external debt capacity is US\$550 million, with a variable rate, US\$275 million of which has been drawn down, and the amount outstanding at 31 December 2011 was US\$257.7 million, rolled back to US\$244.1 million at the end of March 2012. The annual interest rate on sums drawn down is capped at 10% per year. On the date of this Annual Report, neither the Company nor Seplat have implemented hedging

instruments intended to protect them from an increase in the interest rate on the amount drawn down, up to 10%.

Subject to this 10% ceiling, a 1% rise in interest rates would entail an additional €0.9 million interest expense over a year.

In addition, according to the information provided in Section 4.1.4.3 of this Annual Report, Seplat must respect a debt ratio on shareholders' equity of 3:1. As at 31 December 2011, this ratio rose to 2.4:1, incorporating the debt linked to the price adjustment of US\$33 million related to Seplat's acquisition of 45% of the rights to OMLs 4, 38 and 41.

2.5.5 COUNTERPARTY RISKS

The Company is exposed to counterparty risk with respect to:

- loans and receivables granted to customers and other third parties as part of Seplat's operating activities, and
- investment, hedging and financing transactions conducted with banks or financial institutions by the Company and/or Seplat.

The Company considers that the first risk is limited, insofar as Seplat's sole customer, as at the date of this Annual Report, is Shell Trading Western Limited, a member of the internationally renowned Shell Group.

The Company considers that the second risk is also limited, insofar as the significant financial transactions of the Company and Seplat are handled only by leading banks and financial institutions. No problem involving counterparties was encountered during fiscal year 2011.

2.5.6 RISKS OF DEPENDENCY

The Company is subject to risks related to the fact that it holds only 45% of the share capital and voting rights in Seplat, with this minority interest being its only significant operational asset at the date of this Annual Report (see Section 2.1 above).

The Company believes that Seplat is not subject to any dependency risk in relation to its clientele, even though it currently has only one customer, as a significant number of other oil companies are likely to be interested in purchasing the oil that it produces.

It is possible, however, that if Seplat had to find another buyer for its hydrocarbons, the conditions offered by that buyer could be significantly less favourable than those which Seplat enjoys with SWST, which could have an impact on the financial position, results and outlook of Seplat and the Company.

Finally, Seplat does not own the entire network of pipelines that it uses to carry its production; the last section is provided to it by SPDC to transport its hydrocarbons. Seplat's activities

are therefore extremely dependent on infrastructures held and managed by a third party for transporting its hydrocarbons. It cannot be excluded that these infrastructures may one day cease to be available under the current commercial terms or because of an accident or the actions of terrorists or vandals, which could significantly hinder Seplat's ability to transport the hydrocarbons produced if alternative transport solutions are not available at the time, or force it to transport its production at higher costs to ensure it meets its contractual commitments to deliver crude oil. Such a situation could therefore have a significant unfavourable impact on the activity, financial position, results and outlook of Seplat and the Company.

In order to overcome this risk of dependency, Seplat is studying alternative solutions for transporting its hydrocarbons, solutions which are described in detail in Section 2.2.4 of this Annual Report.



2.6 Legal risks

2.6.1 RISKS RELATED TO THE HYDROCARBON SECTOR IN NIGERIA

For the legal risks specific to the hydrocarbon industry in Nigeria, see Section 2.3.2 above in this Annual Report.

2.6.2 RISKS RELATED TO ACCIDENTS NOT COVERED BY INSURANCE

For the risks related to accidents not covered by insurance, see Section 2.9 below.

2.6.3 RISKS RELATED TO DISPUTES

With regard to risks related to disputes, neither the Company nor Seplat is involved, as at the date of this Annual Report, in any governmental, judicial or arbitration proceedings, and there is no other proceeding of this type, including any outstanding or threatened proceedings known to the Company, which could have or has had during the last 12 months, a significant

impact on the Company's financial position or profitability. Lastly, the Company is not aware of any ongoing audits or audits announced by the tax administration, the URSSAF social security agency or the competition authority concerning the Company or Seplat by the equivalent local authorities.

2.6.4 RISKS RELATED TO THE CONTRACTUAL RELATIONS OF THE COMPANY AND SEPLAT

In accordance with current practices in hydrocarbon exploration and production, the contractual relations of the Company and Seplat with their partners may be governed by agreements that are not necessarily formalised. This lack of written formalities could create uncertainties about the interpretation of certain rights and obligations of the parties to the agreement and lead to disputes over the content and scope of such agreements, which could have a negative impact on the activity, outlook, financial position and results of the Company and Seplat.

In addition, the description of the contractual relations which is provided in this Annual Report was prepared by the Company. It has not been submitted to the Company's partners or Seplat, and does not necessarily reflect their interpretations of the rights and

obligations resulting from these agreements. As a result, disputes could arise concerning the interpretation of certain rights and obligations resulting from these agreements, which could have a significant negative impact on the activity, outlook, financial position and the results of the Company and Seplat.

The Company believes, however, that the description of the agreements presented in the Annual Report (particularly in Sections 6.3 and 6.4 of this Annual Report) reflect its fair assessment as to the interpretation of the stipulations of these agreements, the commitments they contain and the specific risks and that, to its knowledge, no unwritten agreement could challenge what is described about these agreements in this Annual Report.

2.7 Other risks

2.7.1 RISKS RELATED TO OPERATIONAL DEPENDENCY ON THE MAUREL & PROM GROUP

The Company's activities were, until its Listing, carried out within the Maurel & Prom Group, using an internal system adapted to its status as a publicly traded group, which the Company has not enjoyed since the Listing date of 15 December 2011.

The Company is therefore in the process of establishing the structures necessary for its independent operation in accordance with its status as a listed company. However, such an undertaking can take time and, during the transitional period, the Company will have to procure certain services to ensure the continuity of its operations and manage its status as a listed company. For that purpose, the Maurel & Prom Group has made a commitment, in the context of the Transitional Services Agreement (see Section 6.3.1.1 of this Annual Report), to provide the Company with a number of administrative and operational services for a period of up to 12 months from 15 December 2011, which is renewable once at the Company's request. This agreement will allow the Company to honour its commitments under the Service Provision Agreement (see Section 6.3.2.1 of this Annual Report), pursuant to which it has agreed to render certain services to Seplat.

Under the Transitional Services Agreement, Maurel & Prom will provide the Company, until it forms its own teams, with a team of 10 people, including three Seplat engineers, four technical and strategic experts, and three people dedicated to Company support functions. The engineers and technical and strategic experts will be completely dedicated to the Company, while the employees working on support services will be temporarily shared with Maurel & Prom.

The expiration or total or partial non-performance of this contract could disrupt the Company's operations if it is unable to perform the relevant functions internally. It could also generate significant costs to ensure that these services are maintained (either due to the hiring of new personnel needed to ensure the performance of these functions internally, or the need to use other external service providers).

A possible change in control of Maurel & Prom could also affect the quality of the relations between Maurel & Prom and the Company, as well as the performance of the contract in question, which could have a significant negative impact on the Company's organisation and operations during the transitional period following the Listing.

Moreover, as a result of its exit from the Maurel & Prom Group, the Company will have to commit substantial financial or physical resources to be recognised under its new name and earn recognition and attractiveness both for its economic and financial partners and for its customers or suppliers. The Company could suffer from a lack of name recognition during a transitional period following the Listing.

Finally, the Company, as a result of having less recognition or fewer financial resources, could encounter difficulties in negotiating agreements with existing or new partners under conditions equivalent to those obtained by Maurel & Prom (particularly for financing).

2.7.2 THE PRICE OF THE COMPANY'S SHARES MAY BE VOLATILE AND SUBJECT TO MARKET FLUCTUATIONS , CHANGES IN SEPLAT'S VALUATION AND POTENTIAL CHANGES IN ITS CAPITAL STRUCTURE

In recent years, the financial markets have been subject to significant fluctuations, which at times have not reflected the results of the companies whose shares are traded on them. Market fluctuations and the condition of the economy could significantly affect the price of the Company's shares.

The price of the Company's shares could also be influenced by numerous events affecting the Company, Seplat, its competitors, general economic conditions, and the oil and gas sectors in

particular. The price of the Company's shares could also fluctuate significantly in reaction to events such as:

- announcements of changes in the Company's or Seplat's shareholding structure or capital, particularly if a decision is made to apply for a stock exchange listing for Seplat;
- changes in the financial results of the Company, Seplat or its competitors from one period to the next;

- changes in the estimates of hydrocarbon reserves on the OMLs operated by Seplat from one period to the next;
- changes in Seplat's valuation;
- announcements relating to changes in the shareholders of the Company or Seplat;
- announcements relating to changes in the management team or key personnel of the Company or Seplat;
- changes in the future outlook or strategy of the Company and/or Seplat, or their businesses or the oil and gas sectors;
- changes in the content of research analyses involving the Company and/or Seplat;
- changes in economic and market conditions;
- political and criminal risks in Nigeria.

2.7.3 RISKS RELATED TO SHAREHOLDERS AND TO MANAGEMENT OF THE COMPANY

As at the date of this Annual Report, Pacifico, the principal shareholder of Maurel & Prom holds just over 25% of the capital and voting rights in the Company.

This significant equity interest could delay or prevent a third party from purchasing the Company's securities (particularly through the launch of a tender offer) if Pacifico does not support such an acquisition.

Pacifico's power to prevent or delay this type of transaction could unfavourably affect the liquidity and price of the Company's shares.

In addition, it cannot be excluded that conflicts of interest may arise between the Company and Maurel & Prom, particularly in the implementation of the agreements, conventions and contracts described in Sections 6.3 and 6.4 of this Annual Report, primarily because of the existence of common directors in Maurel & Prom and the Company, and the election of the Maurel & Prom Chairman and Chief Executive Officer as Chairman of the Board of Directors of the company, and the appointment of the chief financial officer of Maurel & Prom as the chief executive officer of the Company. However, Maurel & Prom and the Company will exert their best efforts to avoid any conflict of interest, primarily by establishing internal control procedures to limit them.

2.7.4 RISK RELATED TO THE ENTRY INTO FORCE OF IFRS 11 ON 1 JANUARY 2013

The publication on 12 May 2011 by the International Accounting Standards Board of standard IFRS 11 "Joint Arrangements", which will apply to fiscal years opened on or after 1 January 2013, under the terms of which the Company's stake in Seplat might, depending on the analysis of the notion of joint control of Seplat by the Company, on the effective date of this standard and based on the criteria stipulated by this new standard, have to be recognised using the equity method and no longer proportionately as is the case today. If the equity method were applied, the consequence could be that the detailed consolidated financial information about Seplat, which is currently integrated in the consolidated financial statements of the Company as at 31 December 2011, could no longer be included in the Company's financial statements from fiscal year 2013. The impact of such a situation, if the Company has not significantly developed the scope of its operational assets, would

be that the Company's shareholders would no longer receive detailed accounting information relating to Seplat's activity. Such a situation could mean that investors no longer have the main financial aggregates that they use as a foundation for their investment decisions about the Company.

As a result, if its stake in Seplat is to be recorded, in application of the new standard, in the Company's financial statements according to the equity method (on the condition that, by the effective date of the new standard, this stake is still its principal operational asset), the Company undertakes to publish Seplat's financial statements in order that investors and shareholders of the Company can continue to have financial and accounting information about the Company's activities in Nigeria that is comparable to that provided by the Company for previous fiscal years.

2.8 Risks related to indebtedness

With regard to Seplat's debt level, which was US\$257.7 million at 31 December 2011, there is no guarantee, despite its cash level of US\$249 million at 31 December 2011, that it will be able in the future to generate sufficient liquidity to meet its commitments or sufficient earnings to cover its fixed charges. Seplat's debt level could in fact mean that it has to allocate a significant portion of the cash flows generated by its activities to servicing this debt, thus reducing the sums that must be assigned to repayment of the Shareholder Loan under the conditions stipulated by the Agreement or the possibilities of financing investments for its growth and the other general expenses of the company, which could force Seplat to reduce or defer investments or sell some of its assets. This shortfall of liquidity could also force Seplat to refinance its debt or seek additional financing, which could have a significant negative effect on the activity or financial position of Seplat and the Company. However, the Company, with significant cash resources amounting to €178 million as at 31 December 2011, would be in a position if necessary to grant Seplat further shareholder advances to ensure its financing.

Seplat's ability to meet its obligations under the various financing agreements described in Section 4.1.5.3 of this Annual Report, or even to refinance or repay the sums drawn down under those financing agreements, will depend on its future operational performance and a number of other factors, including the general economic and financial context, which are factors independent of Seplat, and the Company cannot guarantee that Seplat will be able to meet its commitments under these financing agreements owing to the uncertainties surrounding these outside factors.

The financing agreements contain the usual commitments and covenants for this type of financing, which limit Seplat's operational freedom. Seplat has committed to:

- respect a debt/capital resources ratio less than or equal to 3 to 1;
- not grant securities or guarantees on certain assets, subject to certain limited exceptions;
- not conduct reorganisation operations, subject to certain exceptions;

- not subscribe to additional financial debt, subject to certain limited exceptions;
- not purchase or sell assets, subject to certain exceptions; and
- not change the purpose of its business.

To the best of the Company's knowledge, these commitments were honoured as at 31 December 2011. Failure to meet them would constitute default, which could immediately make all of the sums drawn down under the various loan financing agreements due.

Seplat is subject to different functional obligations for its debt, (for example, the opening and operation of dedicated bank accounts, limits on certain draws, the use of hedging, issue of guarantees). Failure to meet these obligations could result in accelerated payment of any amount due or have an impact on the activity and financial position of the Company and Seplat.

Seplat's ability to comply with its commitments, including the ratios specified in the various financing agreements, may be affected by events outside its control. As a result, the Company cannot guarantee that Seplat will be able to comply with its commitments and respect the aforementioned ratios.

In the event of accelerated payment of the debt, Seplat's assets might not be sufficient to repay all of the debt due, and Seplat may be unable to find financing under similar economic conditions or unable to find an alternative financing method that would enable it to make this repayment.

The existence of these restrictions and commitments under the financing contracts could finally have an impact on Seplat's ability to adapt its activities to competitive pressures, a slowdown in its markets, or general economic conditions.

Finally, the interpretation of certain rights and obligations of the parties to the financing contracts could lead to disputes on the content or scope of those agreements, which could have a negative impact on the activity, outlook, financial position and results of the Company and Seplat.



2.9 Insurance

2.9.1 COMPANY INSURANCE

The Company has insurance policies to cover the following categories of risk:

- civil liability of the management team;
- fires, storms, natural disasters and water damage;
- theft, vandalism and glass damage;

- civil liability for offices, not including professional civil liability, and basic legal protection.

In addition, as the Company, as at the date of this Annual Report, does not directly conduct any exploration/production activity, no insurance policy to cover the risks associated with these activities has been taken out.

2.9.2 SEPLAT

Seplat has arranged insurance policies which are specific to its business and to the nature and location of its assets.

Insurance policies related to the oil business cover:

- the risks of potential damage to personal property and real estate, with the exception of the drilling rigs, reimbursed up to their declared value, blowout risks up to a limit of US\$50 million, and pollution risks covered up to US\$50 million; and
- risks of general and civil liability to a limit of US\$50 million per claim.

The total annual amount of insurance premiums borne by Seplat is approximately US\$2,362,464 for the period from 1 August 2010 to 1 August 2011.

The Company considers the coverage obtained under the insurance policies arranged by the Company and by Seplat to be reasonably adapted to the risks encountered in the context of the continuing operations of the Company and Seplat. The discontinuation of hydrocarbon production operations on a field, for any reason whatsoever, is not covered by loss-of-production insurance as at the date of this Annual Report. Seplat is however currently investigating this type of loss-of-production insurance, it being understood that such hedging will only be considered if it will have a positive economic impact (i.e. the benefits will exceed the cost of hedging).

3

Corporate governance

(Chairman's report pursuant to Article 225-37 of the French Commercial Code).

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This report was prepared according to Article 225-37 of the French Commercial Code and approved by the Board of Directors on 29 March 2012.

Certain information that must feature in the Chairman's report, established by virtue of Article L.225-37 of the French Commercial Code, does not appear in that report, but rather in this Annual Report. This information is as follows:

- the information publication methods referred to in Article L.225-100-3 of the French Commercial Code, which appear in Section 7.9.1 of this Annual Report;
- procedures for participating in Shareholders' Meetings, which appear in Section 6.1.3.4 of this Annual Report.

The information mentioned above will appear in the Chairman's report, established by virtue of Article L.225-37 of the French Commercial Code, for the fiscal year ending 31 December 2012.

Section 3.3.5 of this Annual Report states that, on 22 September 2011, the Company opted to conform to all recommendations set down in the Corporate Governance Code for small and medium-sized companies published by Middlednext in December 2009. However, since admission only took place on 15 December 2011, the Company did not consider it worthwhile to assess the work of the Board of Directors, as stated under recommendation no. 15 of this code, for the fiscal year ended 31 December 2011. For subsequent financial years, however, a full assessment will be made of the operation of the Board and the preparation of its work under the conditions set down in this recommendation.

The appointment of Nathalie Delapalme to the post of Company director on 7 October 2011, which appears in Section 3.1.1.1(a) of this Annual Report, derives from the principle of fair representation of women and men on the Company's Board of Directors.

3.1 Administrative, management and supervisory bodies and executive management

3.1.1 MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY AND SEPLAT

→ 3.1.1.1 Members of the management and supervisory bodies of the Company

The Company is a French *société anonyme* (joint stock company) with a Board of Directors. A brief description of the key provisions of the Articles of Association and bylaws for the Board of Directors, particularly its operating procedures and powers, can be found in Section 6.1.3.2 of this Annual Report.

Unless otherwise specified, references to the Articles of Association in this Chapter mean the Articles of Association of the Company adopted by the Ordinary and Extraordinary Shareholders' Meeting of 7 October 2011.

(a) Board of Directors

(i) Members of the Board of Directors

The Board of Directors is composed of at least three members and a maximum of 12 members, appointed by the General Meeting of Shareholders, subject to the legal exception created by law in the case of mergers. Directors hold office for a term of three years. Members of the Board of Directors may be re-elected.

In addition, the Company's Board of Directors, at its meeting on 22 September 2011, noted that certain directors in office and other directors to be elected by the Shareholders' Meeting of 7 October 2011, who were elected on that occasion, met all independence criteria defined by the Corporate Governance Code for small and mid-cap companies developed by Middlednext, as stated in the bylaws adopted by the Board of Directors on 22 September 2011.

As at the date of this Annual Report, the members of the Board of Directors are as follows:

Mr Augustine Ojunekwu Avuru, 53, director

Address: 12 Rue Volney, 75002 Paris.

Augustine Ojunekwu Avuru was elected director of the Company by the Shareholders' Meeting of 7 October 2011 for a term of three years, or until the Shareholders' Meeting of 2014 called to approve the financial statements for the year ended 31 December 2013.

Augustine Ojunekwu Avuru holds a Bachelor of Science degree in Geology from the University of Nsukka in Nigeria and a post-graduate diploma in oil engineering from the University of Ibadan.

Augustine Ojunekwu Avuru has over thirty years of experience in the oil and gas industry. He began his career at the NNPC where he served for 12 years as a geologist for well placement, as a production seismologist and reserves engineer. He then worked for ten years as director of exploration and then as technical director at Allied Energy Resources, a Nigerian oil production company. Mr Augustine Ojunekwu Avuru also served on the ministerial committee for restructuring the Directorate of Petroleum Resources and as an outside consultant for the Senate Committee on Petroleum Resources. He is a member and former President of the Nigerian Oil Exploration Association.

In 2002, Mr Avuru formed Platform Petroleum Limited, a company in which he held the post of managing director until 2010, when he stepped down to become managing director of Seplat.

Mr Xavier Blandin, 61, Independent Director

Address: 12 Rue Volney, 75002 Paris

Xavier Blandin was named as a director of the Company by the Shareholders' Meeting of 7 October 2011 for a term of three years, or until the Shareholders' Meeting of 2014 called to approve the financial statements for the year ended 31 December 2013.

A graduate of the HEC business school in Paris and former student of the prestigious ENA administrative college, Mr Blandin spent the early part of his career (1978-1991) in the French civil service, notably with the Treasury Department. During this period, he was deputy director for France at the International Monetary Fund in Washington and financial attaché at the French Embassy in the United States (1983-1985), Head of the Banks and Banking Regulation office at the Treasury Department (1985-1986), technical advisor to the Cabinets of Mr Cabana and subsequently Mr Balladur (1986-1988), head of the public enterprise office (1988-1989) and assistant director of the Treasury Department (1989-1991).

From 1991 to the end of December 2010, Mr Blandin worked in the banking sector, first for Banque Paribas (1991-1999) and then for BNP Paribas, where he was a member of the Executive Committee of the Corporate Finance Department before

becoming a Senior Banker.

Ms Nathalie Delapalme, 54, Independent Director

Address: 12 Rue Volney, 75002 Paris

Ms Delapalme was elected to the Company's Board by the Shareholders' Meeting of 7 October 2011 for a three-year term, or until the Shareholders' Meeting called in 2014 to approve the financial statements for the year ended 31 December 2013.

Nathalie Delapalme spent the early part of her career in the Senate (1984-1995 and 1997-2002), primarily as an administrator and then as an advisor to the Finance Committee. From 1995 to 1997 she was a deputy director serving under the Minister for Development Cooperation, and then became Africa advisor for the Minister for Foreign Affairs from 2002 to 2007. From 2007 to 2010 she worked as General Inspector of Finances for the Inspectorate-General of Finance (IGF), and in June 2010 she joined the Mo Ibrahim Foundation as director of research and public policy.

Mr Jean-François Hénin, 67, Chairman of the Board of Directors

Address: 12 Rue Volney, 75002 Paris

Jean-François Hénin was named as a director of the Company by the Shareholders' Meeting of 15 November 2010 for a three-year term, until the Shareholders' Meeting called in 2013 to approve the financial statements for the year ended 31 December 2012. At the meeting of the Board of Directors on 15 November 2010, Mr Hénin was elected as Chairman and Chief Executive Officer of the Company. However, at its meeting of 22 September 2011, the Board of Directors decided to modify the management structure of the Company and separate the positions of Chairman and Chief Executive Officer. Mr Hénin noted the termination of his duties as Chairman and Chief Executive Officer. At the same meeting, and as a result of the change in the management structure of the Company, the Board of Directors named Jean-François Hénin as Chairman of the Board of Directors of the Company.

Jean-François Hénin previously served as Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. He then served as Chairman and Chief Executive Officer of the Madagascar Water and Electricity Company between 1994 and 2000. Since that date, he has held the position of Chairman and Chief Executive Officer of Aréopage, manager and general partner of Maurel & Prom (in partnership form), manager of Maurel & Prom then as Chairman of the Management Board since the transformation of Maurel & Prom into a joint stock company in late 2004.

Since the adoption of the status of joint stock company with a Board of Directors in 2007, Jean-François Hénin has served as Chairman and Chief Executive Officer of Maurel & Prom.

MACIF (*Mutuelle Assurance des Commerçants et Industriels de France*), permanently represented by Mr Gérard Andreck, 67, independent director

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

MACIF was elected to the Company's Board of Directors by the Shareholders' Meeting of 7 October 2011 for a three-year term, until the Shareholders' Meeting called in 2014 to approve the financial statements for the year ended 31 December 2013.

A property insurer (automobile, housing, etc.) since it was formed in 1960, MACIF has gradually diversified its activities and is today present in health, provident insurance, savings, life insurance and banking.

Mr Emmanuel de Marion de Glatigny, 65, director

Address: 12 Rue Volney, 75002 Paris

Emmanuel de Marion de Glatigny was named as a director of the Company by the Shareholders' Meeting of 15 November 2010 for a term of three years, until the Shareholders' Meeting in 2013 called to approve the financial statements for the year ended 31 December 2012.

Mr de Marion de Glatigny gained management expertise by serving as a director of an insurance company and has also held office on various Supervisory Boards and Boards of Directors since 1984.

Mr Ambrosie Bryant Chukwueloka Orjiako, 51, director

Address: 12 Rue Volney, 75002 Paris

Ambrosie Bryant Chukwueloka Orjiako was elected as a director of the Company by the Shareholders' Meeting of 7 October 2011 for a three-year term, until the Shareholders' Meeting called in 2014 to approve the financial statements for the year ended 31 December 2013.

Ambrosie Bryant Chukwueloka Orjiako holds a doctorate degree in medicine and surgery from the University of Calabar in Nigeria. He held an intern position in the surgical service of the Lagos University Hospital (LUTH) from 1989 to 1991. In 1996, Ambrosie Bryant Chukwueloka Orjiako created the Daniel Orjiako Memorial Foundation (DOMF), which finances scholarships for low-income students. In 2006, he attended the Owner/President Management programme at Harvard University.

Mr Orjiako has over 25 years' experience in various business sectors in Nigeria, including maritime transport, pharmaceuticals, insurance and oil & gas.

Mr Alexandre Vilgrain, 55, independent director

Address: 12 Rue Volney, 75002 Paris

Alexandre Vilgrain was named as a director of the Company

by the Shareholders' Meeting of 15 November 2010 for a term of three years, until the Shareholders' Meeting of 2013 called to approve the financial statements for the year ended 31 December 2012.

In 1979, Mr Vilgrain joined his family business, the Jean-Louis Vilgrain agro-industrial group, where he held numerous positions of responsibility in subsidiaries based in France, Africa and the Indian Ocean. In Asia, he founded, then in 1996 listed on the Singapore Stock Exchange, Delifrance Asia, a network of French-style café-bakeries, then in 1995, he succeeded his father Jean-Louis Vilgrain as Chairman and Chief Executive Officer of Somdiaa. Alexandre Vilgrain defined and implemented a growth strategy for the Group in Africa in the milling and sugar industry.

As a director of the subsidiaries of the Somdiaa Group, he also held various positions at external companies. For nearly ten years, he represented Somdiaa as an observer on the Board of Directors of Proparco. In 2009, he was appointed as Chairman of the Conseil Français des Investisseurs en Afrique (CFIA).

The Somdiaa Group is a major economic player in Africa's food industry with over 50 years' experience, predominantly in the sugar, flour and livestock feed sectors and, more recently, in cotton.

(ii) Positions and offices held by members of the Board of Directors in other companies**Mr Augustine Ojunekwu Avuru***Offices held in French companies*

None.

Offices held in foreign companies

Augustine Ojunekwu Avuru is a director, managing director, and Chairman of the Seplat bid tender committee.

He also served as a member of the National Committee on Local Content Development, an advisor for Platform Petroleum Limited and director of Professional Support Limited (which he also founded).

He was previously the managing director of Platform Petroleum Limited and Chairman of the Technical Sub-committee, which helped to draft the Local Content Act of 2010.

Mr Xavier Blandin*Offices held in French companies*

Mr Blandin was a director of various SOFICA companies in 2006, 2007, 2008 and 2009.

Xavier Blandin has been a director of Maurel & Prom and of FIDEAL since 2011.

He is the Chairman of Fistra Conseil SAS.

Offices held in foreign companies

None.

Ms Nathalie Delapalme*Offices held in French companies*

Nathalie Delapalme is a member of the Supervisory Board of CFAO. She is also a member of the Board of Directors of Maurel & Prom, of the Pierre Fabre Foundation, the Elle Foundation, and Agrisud. She also serves as a member of the Unicef-France cooperation commission.

Mr Jean-François Hénin*Offices held in French companies*

During the 2007, 2008, 2009, 2010 and 2011 fiscal years, Jean-François Hénin was Chairman of the Pacifico Management Board and a director of Pacifico Forages and Eo2.

In 2009 and 2010, Mr Hénin was (i) Chairman and Chief Executive Officer of Etablissements Maurel & Prom and (ii) Chairman of Maurel & Prom Venezuela (until 1 April 2011), Maurel & Prom West Africa, Maurel & Prom Assistance Technique, Maurel & Prom Volney 2, and Maurel & Prom Volney 4.

Offices held in foreign companies

In 2009 and 2010, Mr Hénin served as (i) Chairman and Chief Executive Officer of Maurel & Prom Congo and Zetah M&P Congo (dormant), (ii) managing director of Maurel & Prom Colombia BV and Maurel & Prom Latin America BV, (iii) Chief Executive of Prestoil Kouilou and (iv) director of Zetah Kouilou Ltd, Zetah Noubi Ltd, Seplat, Maurel & Prom Exploration Production Tanzania Ltd and Panther Eureka S.r.l.

Mr Hénin also served on the Board of New Gold Mali as the representative of the Pacifico company.

Emmanuel de Marion de Glatigny*Offices held in French companies*

Emmanuel de Marion de Glatigny was a member and Vice-Chairman of Maurel & Prom's Supervisory Board until 14 June 2007 and has been a member of Maurel & Prom's Board of Directors since that date.

During the 2007, 2008, 2009, 2010 and 2011 fiscal years, Mr de Marion de Glatigny was a member of Maurel & Prom's Board of Directors.

During the 2007, 2008, 2009, 2010 and 2011 fiscal years, Emmanuel de Marion de Glatigny was Chairman of the Supervisory Board of Pacifico and director of Easydentic S.A. (which became SafeTIC) and Seren. He was also a director of Pacifico Forages in 2009 and 2010.

Since 2008, he has been the managing director of Glatigny Patrimoine SARL.

Offices held in foreign companies

None.

MACIF (*Mutuelle Assurance des Commerçants et Industriels de France*), permanently represented by Gérard Andreck*Offices held in French companies***In 2011**

MACIF was (i) a director of ADI Alternative Investments S.A., Altima Courtage S.A., Avise S.A.S., BPCE Assurances S.A., Chèque Domicile S.A., Compagnie Foncière de la MACIF S.A.S., Domicours Holding S.A.S., Enercoop S.C.I.C., ESFIN S.A.S., Foncière de Lutèce S.A., Gestéparagne Investissements Services S.A., GIE IMH G.I.E., GIE Navmut G.I.E., MACIF Gestion S.A., MACIF Participations S.A.S., Macifilia S.A., Meilleurtaux S.A., OFI AM S.A., OFI Holding (formerly OFI INSTIT) S.A., OFI Participations S.A., Secta S.A., Socram Banque S.A. and Solaire Direct S.A., (ii) Chairman and director of ARDEVIE, (iii) a member of the Supervisory Board of Altima Assurances S.A., D'ARVA S.A., DV Holding S.A.S., G.P.I.M S.A.S., Inter Mutuelles Assistance SA S.A., Mutavie S.A., OFI Private Equity Capital S.C.A., OFI Private Equity S.A. and Ofivalmo Partenaires S.A., (iv) an observer to the Board of Foncière Inéa, (v) owner of GEMA, (vi) a member of the EIG of companies GIE MACIF Mutavie Assurance Vie G.I.E. and GIE Services Assurances G.I.E., (vii) Chairman and member of the Strategy Committee of IDMACIF S.A.S., (viii) a member of the Advisory Committee of Imagecom S.A.S., (ix) a member of the Board of OFI MGA S.A.S and UES du R.E.S. de l'Offre de Services aux Personnes à Domicile and (x) a member of the Supervisory Board of OFI Investment solutions S.A.S.

In 2010

MACIF was (i) a director of ADI Alternative Investments S.A., Altima Courtage S.A., Avise S.A.S., BPCE Assurances S.A., Chèque Domicile S.A., Compagnie Foncière de la MACIF S.A.S., Domicours Holding S.A.S., Enercoop S.C.I.C., ESFIN S.A.S., Foncière de Lutèce S.A., Gestéparagne Investissements Services S.A., GIE IMH G.I.E., GIE Navmut G.I.E., MACIF Gestion S.A., MACIF Participations S.A.S., Macifilia S.A., Meilleurtaux S.A., OFI AM S.A., OFI Holding (formerly OFI INSTIT) S.A., OFI Participations S.A., Oterom Holding S.A.S., Secta S.A., Socram Banque S.A., Solaire Direct S.A.; (ii) Chairman of the Supervisory Board of Inservio S.A.S.; (iii) a member of the Supervisory Board of Altima Assurances S.A., D'ARVA S.A., DV Holding S.A.S., G.P.I.M S.A.S., Inter Mutuelles Assistance SA S.A., Mutavie S.A., OFI Private Equity Capital S.C.A., OFI Private Equity S.A., Ofivalmo Partenaires S.A., (iv) an observer on the Board of Foncière Inéa; (v) owner of GEMA; (vi) a member of the EIG des sociétés GIE MACIF Mutavie Assurance Vie G.I.E. and GIE Services Assurances G.I.E.; (vii) Chairman and member of the Strategy Committee of IDMACIF S.A.S.; (viii) a member of the Advisory Committee of Imagecom S.A.S.; (ix) Chairman of the Strategy and Partnerships Committee of Meilleurtaux S.A.; (x) a member of the Board of OFI MGA S.A.S and UES du R.E.S. de l'Offre de Services aux Personnes à Domicile; and (xi) a member of the Supervisory Board of OFI Investment solutions S.A.S.

In 2009

MACIF was (i) a director of ADI Alternative Investments S.A., Altima Courtage S.A., Avise S.A.S., Chèque Domicile S.A., Compagnie Foncière de la MACIF S.A.S., Domicours Holding S.A.S., Enercoop S.C.I.C., ESFIN S.A.S., Foncière de Lutèce S.A., GCE Assurances S.A., Gestépargne Investissements Services S.A., GIE IMH G.I.E., GIE Navmut G.I.E., MACIF Gestion S.A., MACIF Participations S.A.S., Macifilia S.A., Meilleurtaux S.A., OFI Instit (formerly OFI Holding) S.A., OFI Participations S.A., Oterom Holding S.A.S., Secta S.A., Socram Banque S.A., Solaire Direct S.A. and GCE Assurances S.A.; (ii) Chairman of the Supervisory Board of Inservio S.A.S.; (iii) a member of the Supervisory Board of Altima Assurances S.A., D'ARVA S.A., DV Holding S.A.S., G.P.I.M S.A.S., Inter Mutuelles Assistance SA S.A., Mutavie S.A., OFI Private Equity Capital S.C.A., Ofivalmo Partenaires S.A.; (iv) observer on the Board of Foncière Inéa.; (v) owner of GEMA; (vi) a member of the EIG of GIE MACIF Mutavie Assurance Vie G.I.E. and GIE Services Assurances G.I.E.; (vii) Chairman and member of the strategic committee of IDMACIF S.A.S.; (viii) a member of the Advisory Committee of Imagecom S.A.S.; (ix) Chairman of the Strategy and Partnership Committee of Meilleurtaux S.A.; and (ix) a member of the Board of OFI MGA S.A.S and UES du R.E.S. de l'Offre de Services aux Personnes à Domicile.

In 2008

MACIF was (i) a director of Altima Courtage S.A., Avise S.A.S., Compagnie Foncière de la MACIF S.A.S., Domicours Holding S.A.S., ESFIN S.A., Foncière de Lutèce S.A., GCE Assurances S.A., Gestépargne Investissements Services S.A., GIE IMH G.I.E., MACIF Gestion S.A., MACIF Participations S.A.S., Macifilia S.A., Meilleurtaux S.A., OFI INSTIT S.A., Oterom Holding S.A.S., Secta S.A., Socram Banque S.A., Solaire Direct S.A.; (ii) Chairman of IDMACIF (formerly HDPMACIF) S.A.S.; (iii) a member of the Supervisory Board of Altima Assurances S.A., D'ARVA S.A., G.P.I.M S.A.S., Inter Mutuelles Assistance SA S.A., OFI Private Equity Capital S.C.A., Ofivalmo Partenaires S.A.D, (iv) an observer on the Board of Foncière Inéa S.A.D.; (v) a member of the EIG of GIE MACIF Mutavie Assurance Vie G.I.E. and GIE Services Assurances G.I.E.; (vi) a member of the Strategy Committee of IDMACIF (formerly HDPMACIF) S.A.S.; (vii) a member of the Board of Handimut S.A., Mutavie S.A.D., IMA Technologie S.A.S.U., Inter Mutuelles Téléassistance S.A.S. and UES du R.E.S. de l'Offre de Services aux Personnes à Domicile; and (viii) a member of the Supervisory Committee of OFI RES S.A.

In 2007

MACIF was (i) a director of Altima Courtage S.A., Avise S.A.S., ESFIN S.A., Euresa Holding S.A, Foncière de Lutèce S.A., Gestépargne Investissements Services S.A., MACIF Gestion S.A., Macifilia S.A., Meilleurtaux S.A., OFI Asset Management S.A.,

OFI Convertibles SICAV, OFI Euro Moyen Terme SICAV, OFI Europa Bond Return SICAV, OFI INSTIT (formerly Ofivalmo Net Epargne) S.A., OFI Palmares Actions Europe, OFI Smidcap, OFI Trésor, Secta S.A., Socram S.A., (ii) a member of the Supervisory Board of Altima Assurances S.A., D'ARVA S.A., D'ARVA Santé S.A.S., IMA S.A., Mutavie S.A, OFI Private Equity Capital (formerly Forinter) S.C.A., Ofivalmo Partenaires S.A., (iii) a member of the Supervisory Committee of OFI RES S.A.S., (iv) a member of the Board of Compagnie Foncière de la MACIF S.A.S., Domicours Holding S.A.S., GPIM S.A.S., MACIF Participations S.A.S., Oterom Holding S.A.S., Sipemi S.A.S.

Offices held in foreign companies**In 2010**

MACIF was (i) a director of Vivium in Belgium, Atlantis Seguros and Atlantis Vida in Spain, Daman in Tunisia, Euresa Holding and GEIE in Luxembourg and Unipol in Italy, and (ii) a member of the Supervisory Board of Tuv Tuv in Poland.

In 2009

MACIF was (i) a director of Vivium in Belgium, Atlantis Seguros and Atlantis Vida in Spain, Daman in Tunisia, Euresa Holding and GEIE in Luxembourg, Unipol in Italy and Syneteresistiki in Greece, and (ii) a member of the Supervisory Board of Tuv Tuv in Poland.

In 2008

MACIF was a member of the Board of Directors of Vivium in Belgium.

In 2007

MACIF was (i) a director of Vivium in Belgium, Atlantis Vida and Atlantis Seguros in Spain, Partisagres and Sagres in Portugal and Syneteresistiki in Greece, and (ii) a member of the Supervisory Board of Tuv Tuv in Poland.

Mr Ambrosie Bryant Chukwueloka Orjiako**Offices held in French companies**

Ambrosie Bryant Chukwueloka Orjiako has been a member of the Board of Directors of Maurel & Prom since 31 March 2010.

Offices held in foreign companies

Ambrosie Bryant Chukwueloka Orjiako is Chairman and a director of Seplat. He is also Chairman of Shebah Exploration and Production Company Limited and Chairman and director of several Nigerian companies, including Zebbra Energy Limited, Shebah Marine Services Limited and Neimeth International Pharmaceuticals Plc.

In 2009, he already held the positions of Chairman and Chief Executive Officer of Shebah Exploration and Production Company Limited. He was also Chairman and Chief Executive Officer of Ordrec Investments Limited.

Mr Alexandre Vilgrain**Offices held in French companies**

Alexandre Vilgrain has been a member of Maurel & Prom's Supervisory Board since 18 August 2005 and a member of its Board of Directors since 14 June 2007.

Alexandre Vilgrain has been Chairman and Chief Executive Officer of Somdiaa since 2006 (he has also been Somdiaa's permanent representative on Sominfor's Board of Directors since 2009) and of Conetrage and Alexandre Vilgrain Holding since 2009.

During the 2006 fiscal year, Mr Vilgrain was Somdiaa's representative on the Board of Directors of CIAN (*Conseil Français des Investisseurs en Afrique*) and served as an observer in 2007. Since 2008, he has been Chairman of the Board of Directors of CIAN.

Since the 2009 fiscal year, he has been Chairman of the Board of Directors of Fromentiers de France.

Since the 2008 fiscal year, he has been director of Care France and has served on the Boards of Secria and Sonopros since 2009.

Lastly, since 2009, Mr Vilgrain has been the managing director of Fromimo and was a member of the Supervisory Board of CFAO until 25 January 2011.

Offices held in foreign companies

Mr Vilgrain has been Chairman and Chief Executive Officer of Saris-Congo since 2009 and of Le Grand Moulin Du Cameroun (SGMC) since 2010 (where he was formerly a director in 2009 and Chairman of the Board of Directors from 2006 to 2008).

He was a director in 2006, 2007, 2008, 2009 and 2010 of the Gabonese company SMAG, of the Société Sucrière du Cameroun (SOSUCAM), Compagnie Sucrière du Tchad (C.S.T.), the US company Food Research Corporation and SUCAF Côte d'Ivoire.

(b) Chief Executive Officer

Pursuant to the provisions of Article 20 of the Articles of Association, the Board of Directors on 22 September 2011 appointed Mr Michel Hochard as Chief Executive Officer of the company until the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2011.

Michel Hochard holds a degree from the Institut Commercial de Nancy (ICN).

Mr Hochard is a certified accountant and has worked as an internal auditor in the finance department of Elf Aquitaine and the finance division of Afrique-Moyen-Orient. He has also served as

finance director at the SNEAP and at ELF Aquitaine Production. He was director of operations for Price Waterhouse Cooper BPO. He has also held the position of Chief Financial Officer of Maurel & Prom since September 2007.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company in all circumstances. He/she exercises these powers within the limits of the corporate purpose and subject to those powers that the law expressly attributes to Shareholders' Meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer that are not within the scope of the corporate purpose, unless the Company can prove that the third party knew the act was beyond the scope of said purpose or the third party could not be unaware of that fact given the circumstances, although mere publication of the Articles of Association does not suffice as such proof.

Offices held in foreign companies

Michel Hochard has been a director of Seplat since 14 December 2009.

Within the Maurel & Prom Group, Mr Hochard has been Chairman and director of Maurel & Prom Assistance Technique International since October 2010, Chief Executive Officer of Maurel & Prom Gabon since 30 June 2009 and of Quartier Général since 30 June 2010.

(c) Observer

Mr Roman Gozalo was appointed Company observer by the Board of Directors on 14 December 2011.

Mr Gozalo developed his management expertise as the managing director of three Total Group subsidiaries between 1979 and 2002 and also as the administrative director (general secretary) at Elf Group between 1995 and 1999. He has held the office of Chief Executive Officer at TotalFinaElf Norway.

Mr Roman Gozalo was a member of the Management Board of Maurel & Prom from 24 October 2005 to 14 June 2007.

On 30 August 2007, the Board of Directors of that company appointed Mr Gozalo Chief Executive Officer with employee status. Mr Gozalo was appointed director of Maurel & Prom SA at the Shareholders' Meeting of 12 June 2008 for a three-year term, until the close of the Shareholders' Meeting called to approve the financial statements for the year ended 2010. The Shareholder's Meeting of 29 June 2011 renewed his mandate for a three-year term, until the close of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2013.

(d) Management Boards

As at the date of this Annual Report, the Company has no Executive Vice Presidents.

(e) Family ties

As at the date of this Annual Report, there are no family connections between members of the Board of Directors and the Chief Executive Officer.

(f) Legal information

As at the date of this Annual Report, and to the best of the Company's knowledge, during the past five years at least, no member of the Board of Directors has been:

- convicted of fraud;
- involved, as an executive or non-executive corporate officer, in any insolvency, seizure or liquidation;
- prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from being involved in managing or conducting the affairs of an issuer;
- subject to an official public sanction issued by a statutory or regulatory authority (including designated professional bodies), with the exception of Mr Jean-François Hénin, who was ordered:
 - by the Budget and Financial Discipline Court in the Altus Finance case to pay a fine (judgment of 24 February 2006), and who, following the approval of the settlement reached in July 2006 in the Executive Life case (a US case allowing the defendant to maintain his innocence while agreeing, depending on the circumstances, to plead guilty to the charges in order to end the prosecution), had to pay a fine of US\$1 million and has been prohibited from entering US territory for a period of five years. Lastly, in the Altus Finance case, the Paris high court, in a judgment handed down on 14 May 2008, acquitted Mr Jean-François Hénin of all charges against him, and
 - by the disciplinary tribunal of the French Financial Markets Authority (AMF), which, by a decision dated 4 December 2008, ordered Maurel & Prom and Mr Jean-François Hénin, Chairman of its Management Board at the time of the events, to pay financial sanctions of €300,000 and €200,000 respectively for failure to disclose accurate, fair and precise information to the public through two statements released on 10 June and 26 October 2005. The statement published in June 2005 included the third party share in the oil reserves the Company had just acquired. This inclusion of the third-party share also distorted the cost price per barrel announced to the public. The statement published in October 2005 indicated lower reserves and attributed the difference to a change in calculation criteria and the adoption of IFRS

accounting standards without explicitly mentioning the fact that an error had been made in including the third-party share in the June statement. The disciplinary tribunal stressed the importance for an oil and gas exploration and production company of making a fundamental distinction between its own share and a third-party share, and the clear anomaly caused by the inclusion of the third-party share in the price calculation. Furthermore, the AMF disciplinary tribunal also sanctioned Mr Frédéric Boulet, the former Chief Executive Officer of Maurel & Prom. Both Mr Hénin personally and Maurel & Prom appealed this decision under Articles R. 621-44 to R. 621-46 of the French Monetary and Financial Code. The Paris Court of Appeal, in a judgment dated 2 February 2010, dismissed the appeals against the AMF disciplinary tribunal's decision. Both, Mr Hénin personally and Maurel & Prom have decided not to lodge an appeal with the Court of Cassation.

(g) Committees

At the meeting of 22 September 2011, the Board of Directors of the Company adopted bylaws establishing specialised committees: an Audit Committee and an Appointment and Compensation Committee. The members, operating rules and powers of the specialised committees are described in Section 3.3.4 of this Annual Report.

→ 3.1.1.2 Members of Seplat's management and supervisory bodies

Seplat is a company limited by shares incorporated under Nigerian law. It is governed by a Board of Directors and a Chief Executive Officer.

(a) Board of Directors

Seplat's Board of Directors is composed of five members, including two directors representing Shebah, one director representing Platform and two directors representing the Company.

If Seplat's shareholders decide to increase the number of directors, each shareholder will be entitled to appoint additional directors prorated on the basis of their equity interest in Seplat. Each of Seplat's shareholders may freely decide to dismiss the director(s) it has appointed, subject to notifying the other shareholders of their decision.

The Board of Directors is chaired by a director of Shebah or Platform.

As at the date of this Annual Report, the Chairman of the Board of Directors since 3 March 2010 has been a director of Shebah, Mr Ambrosie Bryant Chukwueloka Orjiako.

As at the date of this Annual Report, the members of the Board of Directors are as follows:

Mr Ambrosie Bryant Chukwueloka Orjiako, 51, Chairman

The biography of Ambrosie Bryant Chukwueloka Orjiako is presented in Section 3.1.1.1(a)(i) of this Annual Report under his position in the Company.

Mr Alhaji Nasir Ado Bayero, 44, Director

Alhaji Nasir Ado Bayero has been a director of Seplat since 5 March 2010. He holds a Bachelor of Arts degree in mass media and a language certificate in German.

He has over 20 years' experience in various private and public sectors in Nigeria, particularly the banking and oil & gas sectors. After working for Continental Merchant Bank, he worked in the oil & gas sector for Coastal Corporation (Oil & Gas Company) and Hamlet Investment Inc., in Houston and London respectively. He then worked for the Presidential Office in Abuja.

Mr Alhaji Nasir Ado Bayero currently serves as director on the Boards of Directors of Intel (Oilfield) Services Nig. Ltd, Barton Bay Nig. Ltd and Sofitel Hotel Abuja. He is also Head of the District of Nassarawa in Kano State.

Mr Jean-François Hénin, 67, Director

The biography of Jean-François Hénin can be found in Section 3.1.1.1(a)(i) of this Annual Report under positions held in the Company.

Mr Michel Hochard, 61, Director

The biography of Mr Michel Hochard can be found in Section 3.1.1.1(a)(i) of this Annual Report under positions held in the Company.

Mr Macaulay Agbada Ofurhie, Director

Macaulay Agbada Ofurhie has been a director of Seplat since 14 December 2009. He holds a Bachelor of Science degree from the University of Ibadan in Nigeria.

He has over 30 years' experience in the oil and gas sector in Nigeria. Now retired, he held several executive appointments during the course of his career with the NNPC and the Directorate of Petroleum Resources. He was formerly Chief Executive Officer of the NPDC and the Nigeria Gas Company, both subsidiaries of the NNPC.

(b) Managing director

The Board of Directors meeting on 3 March 2010 appointed Augustine Ojunekewu Avuru as managing director of Seplat.

The biography of Augustine Ojunekewu Avuru can be found in Section 3.1.1.1(a)(i) of this Annual Report under positions held in the Company.

3.1.2 POTENTIAL CONFLICTS OF INTEREST IN THE COMPANY'S ADMINISTRATIVE BODIES AND EXECUTIVE MANAGEMENT

Under the terms of Articles L. 225-38 and L. 225-40 of the French Commercial Code, Jean-François Hénin is party to two service agreements entered into between the Company and Seplat (see Section 6.3.2.1 of this Annual Report) and between the Company and Maurel & Prom (see Section 6.3.1.1 of this Annual Report).

Mr Hénin is effectively both a director and Chairman of the Board of Directors of the Company, Chairman and Chief Executive Officer of Maurel & Prom, and a director of Seplat. In addition, he is also a shareholder of Maurel & Prom through Pacifico.

Consequently, the two aforementioned agreements were submitted for the prior authorisation of the Board of Directors and for the approval of the Company's Shareholders' Meeting as part of the related-party agreements procedure.

In addition, Mr Xavier Blandin, Ms Nathalie Delapalme, Mr Emmanuel de Marion de Glatigny, Mr Ambrosie Bryant Chukwueloka Orjiako and Mr Alexandre Vilgrain, who are directors of the Company and Mr Roman Gozalo, observer, are also directors of Maurel & Prom.

With the exception of the preceding, to the Company's knowledge, as at the date of this Annual Report, there are no potential conflicts of interest for (i) members of the Board of Directors elected by the Shareholders' Meeting of 15 November 2010, appointed by the Board of Directors' meeting of 22 September 2011, or elected by the Shareholders' Meeting of 7 October 2011, between their duties toward the Company and their private interests, or (ii) the Chief Executive Officer, Michel Hochard, between his duties toward the Company and his private interests.

Finally, it should be noted that the Board of Directors of the Company, at its meeting of 29 March 2012, noted that at that date, four directors met the independence criteria stipulated by the recommendations of the Middlednext corporate governance code. Furthermore, directors have an obligation to contribute toward good governance as defined in the Middlednext Corporate Governance Code (Code of Ethics for Board members).



3.2 Compensation and benefits

3.2.1 COMPENSATION AND BENEFITS OF ALL TYPES GIVEN TO CORPORATE OFFICERS

No corporate officer of the Company in 2011 received compensation from the Company, of any kind, other than the attendance fees granted each year to members of the Board of Directors of the Company (see Section 3.2.1.1 of this Annual Report) and paid in 2012.

→ 3.2.1.1 Non-executive corporate officers

Members of the Board of Directors receive attendance fees, which are approved every year by the Shareholders' Meeting. The Board of Directors, on the recommendation of the Appointments and Compensation Committee, distributes the budget for attendance fees according to the following rule:

- a fixed portion, which represents 50% of the total budget, and is proportionally distributed and prorated over the year;
- a variable portion, representing 50% of the total budget, which is distributed based on attendance and on the duties performed by each member.

A different calculation was applied to take into account the specifics of this transitional year. The surplus fixed fees were not redistributed and only €110,091 was used of the original budget of €150,000.

At its meeting on 29 March 2012, the Company's Board of Directors decided to propose to the Shareholders' Meeting that €200,000 should be allocated for directors' attendance fees for the 2012 fiscal year.

The distribution of the budget of directors' fees will be conducted by the Company's Board of Directors on the recommendation of the Appointments and Compensation Committee.

Non-executive corporate officers of the Company do not receive any benefits in kind.

The members of the Board of Directors of the Company received the following amounts (in euros) as attendance fees for fiscal year 2011, paid in 2012:

Board member	2011		
	Fixed fees	Variable fees	Total
Mr Hénin	8,333	28,125	36,458
Mr Andreck	1,941	2,344	4,284
Mr de Marion de Glatigny	8,333	14,063	22,396
Mr Avuru	1,941	0	1,941
Mr Orjiako	1,941	2,344	4,284
Mr Gozalo	388	2,344	2,732
Ms Delapalme	1,941	4,688	6,628
Mr Vilgrain	8,333	14,063	22,396
Mr Blandin	1,941	7,031	8,972
Maurel & Prom	0	0	0
TOTAL			110,091

The corporate officers also have no special benefits in kind. There is no supplementary pension plan established for corporate officers.

→ 3.2.1.2 Executive corporate officers

(a) Compensation of the Chairman and Chief Executive Officer

The Board of Directors, in agreement with the Chairman and Chief Executive Officer, decided not to allocate compensation to them.

Executive corporate officers of the Company receive no benefits in kind.

At its meeting of 29 March 2012, the Board of Directors decided, as proposed by the Appointments and Compensation Committee, to pay €36,000 in compensation to the Chairman of the Board of Directors and €30,000 to the Chief Executive Officer for the 2012 fiscal year.

The Chairman and Chief Executive Officer are also directors of Seplat. As such, they received the following for the 2011 fiscal year:

- US\$20,000 in attendance fees and US\$17,100 as reimbursement for expenses to Jean-François Hénin;
- US\$20,000 in attendance fees and US\$13,900 as reimbursement for expenses to Michel Hochard.

The executive corporate officers of the Company receive no compensation or benefits other than those described in this section of the Annual Report, and do not receive a severance package or any other sum which is due or might be due when they leave the Company.

No bonus shares or stock options are awarded to executive corporate officers.

No option for the subscription or purchase of shares was granted to a corporate officer or exercised by an executive corporate officer during fiscal year 2011.

Moreover, no performance share was granted to a corporate officer during that year.

The Board of Directors, based on the recommendation of the Appointments and Compensation Committee, determines the compensation of executive corporate officers.

(b) Amounts provisioned by the Company and its subsidiaries to provide pension, retirement or similar benefits for executives

There is no specific supplemental pension plan for executives. They will benefit from the same pension plans as those applicable to the future employees of the Company.

→ 3.2.1.3 Stock options and bonus shares

The Board of Directors of the Company received authorisation from the Shareholders' Meeting of 7 October 2011, to issue bonus shares to eligible employees and corporate officers, up to a limit of 1% of the share capital. As at the date of this Annual Report, no bonus shares have been granted to executives or corporate officers.

No option for the subscription or purchase of shares has been granted to the Company's corporate officers by the Company during fiscal year 2011. In addition, no corporate officer has exercised any option for the subscription or purchase of shares during fiscal year 2011.

3.2.2 EQUITY INTEREST OF CORPORATE OFFICERS IN THE CAPITAL OF THE COMPANY

As at 30 March 2012 and to the best of the Company's knowledge, the Company's corporate officers hold a total of 37,235,284 shares in the Company, representing 32.28% of its capital and 33.15% of the exercisable voting rights (against 32.28% of theoretical voting rights).

The members of the Board of Directors are subject to the laws and regulations governing trading in securities for which they have information that is not yet public.

To the best of the Company's knowledge, the details of the equity interests held in the Company as well as the transferable securities issued by Maurel & Prom and held by corporate officers on the same date are shown in the table below.

Corporate officer	Shares
Jean-François Hénin ⁽¹⁾	28,749,616
Macif	8,324,204
Emmanuel de Marion de Glatigny ⁽²⁾	144,097
A.B.C. Orjiako	0
Nathalie Delapalme	100
Alexandre Vilgrain	1
Augustine Avuru	0
Roman Gozalo	17,266
Xavier Blandin	0

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

(2) Mr de Marion de Glatigny directly owns 120,847 shares of the Company and 23,250 shares indirectly, through a Share Savings Plan held by his wife.

3.3 Operation of the administrative and management bodies

3.3.1 TERMS OF OFFICE OF MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The table below indicates the dates on which the Company executives were first appointed and the dates on which their terms of office expire.

Name	Date of election	Date on which term expires	Position
Jean-François Hénin	15 November 2010	General Shareholders' Meeting to approve the 2012 financial statements	Director/ Chairman
Emmanuel de Marion de Glatigny	15 November 2010	General Shareholders' Meeting to approve the 2012 financial statements	Director
Alexandre Vilgrain	15 November 2010	General Shareholders' Meeting to approve the 2012 financial statements	Director
Xavier Blandin	22 September 2011	General Shareholders' Meeting to approve the 2012 financial statements	Director
Nathalie Delapalme	7 October 2011	General Shareholders' Meeting to approve the 2013 financial statements	Director
MACIF, represented by Gérard Andreck	7 October 2011	General Shareholders' Meeting to approve the 2013 financial statements	Director
Ambrosie Bryant Chukwueloka Orjiako	7 October 2011	General Shareholders' Meeting to approve the 2013 financial statements	Director
Augustine Ojunekwu Avuru	7 October 2011	General Shareholders' Meeting to approve the 2013 financial statements	Director
Michel Hochard	22 September 2011	General Shareholders' Meeting to approve the 2011 financial statements	Chief Executive Officer

3.3.2 DELIBERATIONS OF THE BOARD OF DIRECTORS

The Board of Directors met eight times in 2011, and the average attendance rate of Board members was 75.2%.

Board of Directors Meetings	Attendance rate
26 April 2011	100%
23 May 2011	50%
29 July 2011	50%
6 September 2011	100%
22 September 2011	100%
2 November 2011	50%
2 December 2011	62.5%
14 December 2011	88.9%
AVERAGE ATTENDANCE	75.2%

The Board of Directors, at its meeting of 26 April 2011, deliberated on the following agenda:

1. Approval of the minutes of the previous meeting;
2. Presentation of the Abuja project;
3. Notice for a General Meeting of Shareholders; and
4. Any other business.

The Board of Directors, at its meeting of 23 May 2011, deliberated on the following agenda:

1. Approval of the minutes of the Board meeting of 26 April 2011;
2. Presentation of the Abuja project and decision to request listing of the Company's shares on the NYSE Euronext regulated market in Paris, subject to the condition precedent of the distribution of the Company's shares being conducted by Maurel & Prom;
3. Approval of the company financial statements for the year ended 31 December 2010;
4. Approval of the consolidated financial statements for the year ended 31 December 2010;
5. Proposed appropriation of the Company's earnings;
6. Approval of the management report;
7. Resignation of Maurel & Prom from its seat on the Board of the Company;
8. Appointment of the Secretary of the Board of Directors;
9. Co-optation of Xavier Blandin as a director of the Company;
10. Prior authorisation to enter into related-party agreements;
11. Proposal regarding attendance fees;
12. Decision to call a combined Shareholders' Meeting (Ordinary and Extraordinary); and
13. Any other business.

The Board of Directors, at its meeting of 29 July 2011, deliberated on the following agenda:

1. Authorisation to pledge the Seplat shares held by the Company;
2. Any other business.

The Board of Directors, at its meeting of 6 September 2011, deliberated on the following agenda:

1. Approval of the minutes of the Board meetings of 23 May and 29 July 2011;
2. Review of the financial statements for the first half of 2011;
3. Any other business.

The Board of Directors, at its meeting of 22 September 2011, deliberated on the following agenda:

1. Approval of the minutes of the Board meeting of 6 September 2011;
2. Resignation of Maurel & Prom from its seat on the Board of the Company;
3. Co-optation of Xavier Blandin to the Board of the Company;
4. Choice of the management method of the Company and appointment of the Chairman of the Board and of the Chief Executive Officer of the Company;
5. Report on the progress of the distribution of shares in the Company by Maurel & Prom to its shareholders;
6. Review and approval of the draft Prospectus and powers for the Chief Executive Officer to sign the necessary documents;
7. Adoption of the Code of Good Conduct to prevent insider trading;
8. Adoption of the Corporate Governance Code for small and mid-cap companies prepared by Middlesnext;
9. Adoption of the bylaws of the Board of Directors;

10. Appointment of committee members;
11. Proposal regarding attendance fees;
12. Decision to call a combined Shareholders' Meeting (Ordinary and Extraordinary);
13. Any other business.

The Board of Directors, at its meeting of 2 November 2011, deliberated on the following agenda:

1. Approval of the minutes of the Board meeting of 22 September 2011;
2. Decision to call an Extraordinary Shareholders' Meeting;
3. Prior authorisation to enter into a related-party agreement;
4. Appointment of specialised committee members; and
5. Any other business.

The Board of Directors, at its meeting of 2 December 2011, deliberated on the following agenda:

1. Completion of the capital reduction not motivated by losses, by reducing the total number of shares and allocation of the "share issue premium" account pursuant to the Eighth Resolution of the Shareholders' Meeting of 7 October 2011;
2. Completion of the capital reduction not motivated by losses by reducing the par value of the shares and allocation of the «share issue premium» account pursuant to the Ninth Resolution of the Shareholders' Meeting of 7 October 2011;
3. Capital increase through the issue of shares, maintaining the pre-emptive subscription right pursuant to the Tenth Resolution of the Shareholders' Meeting of 7 October 2011;
4. Amendment to the Articles of Association of the Company pursuant to the First, Second and Third resolutions; and
5. Any other business.

The Board of Directors, at its meeting of 14 December 2011, deliberated on the following agenda:

1. Approval of the minutes of the Board meetings of 2 November and 2 December 2011;
2. Progress report on the Abuja project;
3. Capital increase through the incorporation of reserves, profits, premiums or other sums which may be capitalised

pursuant to the Eleventh Resolution of the Ordinary and Extraordinary Shareholders' Meeting of the Company of 7 October 2011;

4. Amendment to the Articles of Association of the Company pursuant to the Third Resolution;
5. Implementation of the Company's share redemption programme stipulated by the Eleventh Resolution of the Ordinary and Extraordinary Shareholders Meeting of the Company of 7 October 2011, subject to the non-retroactive condition precedent that the Company's shares are listed for trading on the NYSE Euronext regulated market in Paris;
6. Conclusion of a liquidity contract subject to the non-retroactive condition precedent that the Company's shares are listed for trading on the NYSE Euronext regulated market in Paris;
7. Confirmation of the adoption of the Middledex Corporate Governance Code for small and mid-cap companies of December 2009, approved by the Board of Directors on 22 September 2011, subject to the non-retroactive condition precedent that the Company's shares are listed for trading on the NYSE Euronext regulated market in Paris;
8. Confirmation of the adoption of the bylaws of the Company's Board of Directors, approved by the Board on 22 September 2011, subject to the non-retroactive condition precedent that the Company's shares are listed for trading on the NYSE Euronext regulated market in Paris;
9. Confirmation of the adoption of the Code of Good Conduct to prevent insider trading, approved by the Board of Directors on 22 September 2011, subject to the non-retroactive condition precedent that the Company's shares are listed for trading on the NYSE Euronext regulated market in Paris;
10. Confirmation of the members of the Audit Committee and the Appointments and Compensation Committee, the members of which were named by the Board on 2 November 2011, as from the listing of the Company's shares on the NYSE Euronext regulated market in Paris and their first listing;
11. Appointment of Mr Roman Gozalo as observer of the Company; and
12. Any other business.

3.3.3 INFORMATION ON THE SERVICE CONTRACTS BINDING MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES TO THE COMPANY OR TO ANY OF ITS SUBSIDIARIES

There are no service contracts binding members of the administrative or management bodies to the issuer or any of its subsidiaries that grant benefits to such members.

3.3.4 COMMITTEES OF THE BOARD OF DIRECTORS

→ 3.3.4.1 Audit Committee

(a) Members of the Audit Committee

Pursuant to the provisions of Article 6.1 of the bylaws of the Board of Directors, adopted by the Board on 22 September 2011, the Audit Committee is composed of three directors selected by the Board of Directors from its members; the objective is for at least two-thirds of the said committee to be independent directors. At its meeting of 2 November 2011, the Board of Directors named the following members, whose appointment was effective as of the Listing, which took place on 15 December 2011:

- Mr Xavier Blandin, Chairman, independent director;
- Mr Emmanuel de Marion de Glatigny, director; and
- Ms Nathalie Delapalme, independent director.

The Chairman of the Audit Committee is elected by his/her peers. The directors who hold management positions within the Company may not be members of the Audit Committee.

The members of the Audit Committee are appointed for the duration of their term of office on the Board of Directors (which was decided by the Company's Board of Directors on 2 November 2011 for the members listed above) or for a period determined by the Board. They may, however, resign at any meeting of the Board of Directors without reason or advance notice.

(b) Role of the Audit Committee

The general role of the Audit Committee, as defined by the bylaws of the Board of Directors adopted by the Board on 22 September 2011, is to assist the Board of Directors so that the latter has the information and resources needed to ensure the quality of internal controls and the reliability of the financial information provided to shareholders and the financial markets. The main duties of the Audit Committee include:

- monitoring the process of preparing financial information;
- reviewing the interim, annual, consolidated and company financial statements in coordination with the statutory auditors;
- verifying the relevance and consistency of the accounting methods adopted (i) to prepare the company and consolidated financial statements and (ii) for the consolidation scope;

- reviewing major transactions that carry a risk of conflicts of interest between the Company and members of the Board of Directors;
- monitoring the statutory audit of the interim, annual, consolidated and company financial statements conducted by the statutory auditors;
- monitoring the independence of the statutory auditors;
- examining the main risks to which the Company is exposed and the solutions used by the Company to address such risks;
- monitoring the effectiveness of the internal control and risk management systems, and examining the report on these subjects by the Chairman of the Board of Directors to the General Shareholders' Meeting;
- examining any subject that could have a significant impact on the substance and presentation of the financial statements.

The Audit Committee issues recommendations on the statutory auditors proposed for appointment by the Shareholders' Meeting.

It regularly reports on its work to the Board of Directors and immediately informs the Board of any problem encountered.

The Audit Committee meets as often as it deems necessary or appropriate, at the request of any one of its members, at least twice yearly and in any event before the meetings of the Board of Directors to approve the financial statements. For its deliberations to be valid, at least half of its members must be present.

The resolutions of the Audit Committee are adopted by majority approval of the members attending the meeting. Each member has one vote. In the event of a tied vote, the Chairman shall have the casting vote. The Audit Committee may issue non-binding written or verbal recommendations for the attention of the Board of Directors. The members of the Audit Committee may, as part of their duties, interview the Company's executives, including the Chief Executive Officer. The Audit Committee met once on 27 March 2012 to approve the annual financial statements for 2011.

→ 3.3.4.2 Appointments and Compensation Committee

(a) Composition of the Appointments and Compensation Committee

Pursuant to the provisions of Article 6.1 of the bylaws of the Board of Directors, adopted by the Board on 22 September 2011, the Appointments and Compensation Committee is composed of three directors selected by the Board of Directors from among its members or from outside the Company; the objective is for at least two-thirds of the said committee to be independent directors. At its meeting of 2 November 2011, the Board of Directors named the following members, whose appointment shall be effective as from the Listing, which took place on 15 December 2011:

- Mr Emmanuel de Marion de Glatigny, Chairman, director;
- Mr Alexandre Vilgrain, independent director; and
- Ms Nathalie Delapalme, independent director.

The Appointments and Compensation Committee elects its own Chairman, for a one-year term unless it decides otherwise. The Company's executive corporate officers cannot be members of the Appointments and Compensation Committee.

Directors who are members of the Appointments and Compensation Committee are appointed for the duration of their term of office on the Board of Directors. Members of the Appointments and Compensation Committee who are not directors are appointed for a one-year term, renewable by tacit agreement. They may, however, resign at any meeting of the Board of Directors without reason or advance notice.

(b) Roles of the Appointments and Compensation Committee

(i) Selection and appointment

The Chairman shall be involved in the work of the Appointments and Compensation Committee.

Applicants for director positions

The Appointments and Compensation Committee may have to make proposals and give opinions on individual candidates, whether independent or not, for positions as directors of the Company.

Applicants for executive corporate officer positions (Chief Executive Officer/Deputy Chief Executive Officer)

The Appointments and Compensation Committee may have to make proposals and give opinions on candidates for the Company's executive corporate officer positions.

The Appointments and Compensation Committee must create a succession plan for executive corporate officers in the event of unforeseen vacancies.

Recruitment of executives who are not corporate officers

The Board of Directors may seek the opinion of the Appointments and Compensation Committee when recruiting or dismissing an executive who is not a corporate officer.

(ii) Duties relating to compensation

Compensation of executive corporate officers

The Appointments and Compensation Committee has a duty to make proposals on the compensation of executive corporate officers (the amount of fixed and variable compensation, if any).

The Appointments and Compensation Committee bases its proposals regarding the compensation of executive corporate officers on such principles as thoroughness, balance between compensation elements, benchmarks, consistency, clarity of rules, moderation and transparency.

The Appointments and Compensation Committee also makes recommendations with regard to the retirement and benefits plan, benefits in kind and rights to various financial rights for executives and corporate officers and the financial conditions of their departure.

The Appointments and Compensation Committee makes its proposals at the beginning of each year for the year in progress. In particular, at the beginning of each year the Appointments and Compensation Committee will give a recommendation on the details of compensation, company benefits and benefits in kind for the Chairman and Chief Executive Officer, or the managing director, in compliance with regulations and market conditions and in the best interests of the Company.

Compensation policy for executives who are not corporate officers

The Appointments and Compensation Committee ensures that the compensation policy for executives who are not corporate officers of the Company is consistent with market practices and in the Company's best interests.

Distribution of attendance fees and exceptional compensation

Each year, the Appointments and Compensation Committee is responsible for determining (i) the total amount of attendance fees which will be submitted to the Shareholders' Meeting for approval and (ii) the procedures for the distribution of such fees among the members of the Board of Directors; such fees will be submitted to the Board, taking into consideration, in particular, the attendance of these members at meetings of the Board and the committees on which they sit, as well as the amount of time they devote to their duties. The Shareholders' Meeting of 7 October 2011 decided to set the amount of directors' fees for the Board at €150,000 for 2011 and subsequent years, unless modified by the Shareholders' Meeting.

The Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to propose to the Company's shareholders, convened at the Shareholders' Meeting of 21 June 2012, to increase total attendance fees to €200,000 for the 2012 fiscal year.

The Appointments and Compensation Committee may also be asked to give a recommendation regarding any proposals for exceptional compensation made by the Board of Directors for the compensation of any member assigned particular duties or given a special mandate, in compliance with the provisions of Article L. 225-46 of the French Commercial Code.

The Appointments and Compensation Committee did not meet in 2011, as the Listing did not occur until 15 December 2011.

→ 3.3.4.3 Observer

Pursuant to the provisions of Article 5 of the bylaws of the Board of Directors, adopted by the Board on 22 September 2011, the Board may appoint to the Company one or more observers, individuals, but not more than four.

At its meeting of 14 December 2011, the Board named Roman Gozalo as observer.

3.3.5 DECLARATION RELATING TO CORPORATE GOVERNANCE

In the interests of transparency and public information, on 22 September 2011 the Board of Directors decided, in accordance with the provisions of Article L. 225-37 of the French Commercial Code, to voluntarily commit to the Corporate

Governance Code for small and mid-cap companies published by Middlednext in December 2009. The Company decided to comply with all recommendations stipulated in this code.

3.3.6 INTERNAL CONTROL AND RISK MANAGEMENT

→ 3.3.6.1 Internal control within the Company

(a) Scope of internal control

Prior to the Listing, the Company was a wholly owned subsidiary of the Maurel & Prom Group and subject to the internal control procedures of companies listed on a regulated market and described in Maurel & Prom's 2010 Annual Report (see Section 3.3 of Maurel & Prom's 2010 Annual Report).

In this respect, the Company was subject to Maurel & Prom's internal control procedures, which it intends to maintain in place following the Listing.

Internal control within the Company can be defined as all policies and procedures for control designed to ensure:

- the reliability and fair presentation of accounting and financial data;
- the accuracy and completeness of accounting records;
- the execution and optimisation of the Company's transactions;
- that the acts of management and execution of transactions are consistent with the guidelines issued for the Company's activities by the corporate bodies and with the Company's values, standards and internal rules;

- adherence to applicable local laws and regulations; and
- the protection of the Company's assets.

The aim of the internal control that the Company intends to implement will be to provide reasonable assurance of compliance with the rules and regulations, the securitisation of assets and the effectiveness of operations. It cannot, however, provide an absolute guarantee that all risks will be totally eliminated.

Furthermore, the Company was not required to prepare a report on internal control for the year ended 31 December 2010 since the Company's shares were not traded on a regulated market. The Company's Chairman of the Board of Directors and statutory auditors have established, for the purposes of the Shareholders' Meeting called in 2012 to approve the 2011 financial statements, the report below on internal control pursuant to Article L. 225-37 of the French Commercial Code.

(b) Risk management

The Company has a risk identification and management system similar to that in operation within the Maurel & Prom Group. The adoption, implementation, and application of these measures are explained and particularly coherent since it is the teams from Maurel & Prom, under the Transitional Services Agreement, who are responsible for these measures since the Listing.

Risk management consists of an understanding of the risks incurred due to the Company's activity, in addition to the monitoring measures that must be established to prevent such risks.

The main external risks are oil prices and the legal and political risks related to Seplat's exploration and production zones, as described in Section 2 "Risk factors" of this Annual Report.

The Company and Seplat have arranged suitable insurance policies (see Section 2.9 of this Annual Report) for the risks incurred in connection with the activities carried out.

(c) Supervision of internal control procedures

(i) Board of Directors

The Board of Directors has always emphasised the importance that it places, along with the executive management, on internal control and the main areas of application.

(ii) Audit Committee

The Audit Committee is responsible for monitoring internal control measures, with priority placed on accounting and financial areas as well as other functions. This Committee reports to the Board of Directors.

The main duties of the Audit Committee are described in Section 3.3.4.1(b) of this Annual Report.

The Audit Committee relies on external consultants duly appointed for this purpose in addition to the services provided by Maurel & Prom under the Transitional Services Agreement. The duties assigned will specifically take into account the assessment of the most significant risks. The weighting, contribution, priority and development are the parameters that will be considered in risk assessment. The action plans decided following the audits will be regularly monitored by the Audit Committee.

(iii) Executive management

The executive management's role is to define the general principles governing internal control and to ensure their proper application.

(iv) Statutory auditors

The statutory auditors, through their various controls, exercise the necessary professional diligence to validate the preparation, treatment and consistency of the consolidated accounting and financial information.

They are informed in advance of the process for preparing the financial statements, and present a summary of their work to executive management, the Audit Committee and the Board of Directors.

The statutory auditors conduct the internal controls deemed necessary as part of their duty to certify the financial statements, and deliver their observations to the Audit Committee.

→ 3.3.6.2 Seplat's internal control procedures

(a) Scope of internal control

Seplat's internal control can be defined as all policies and procedures for control designed to ensure:

- control over and the effectiveness of transactions;
- reliability of the financial information; and
- the legal and regulatory compliance of Seplat's operations.

Internal control consists of a set of rules designed to:

- ensure the correct operation of Seplat's internal processes, particularly those contributing to the protection of its assets (tangible and intangible);
- faithfully recording all operations carried out by Seplat in order to guarantee comprehensive and precise information in accordance with the laws and regulations governing the oil and gas industry; and
- implement effective internal control procedures.

(b) Implementation of internal control procedures

Seplat's internal control is carried out by the Head of Business Risk & Controls under the supervision of the Management Committee.

An internal audit unit is responsible for independently assessing compliance with the procedures and rules adopted by Seplat. This team, with the assistance of external consultants, conducted an analysis of the internal control system during 2011. This analysis identified areas for improvement involving the following:

- documentation of internal control procedures;
- dissemination of a Code of Values and Ethics;
- formalisation of the budgetary process and documentation of the purchasing and contracting policy.

An action plan was implemented, in particular consisting of:

- defining the internal control framework;
- circulating an internal control and procedures manual;
- implementing a communication protocol with management and internal control personnel;
- arranging the monitoring of internal control so that it can be periodically evaluated.

Seplat's statutory auditors perform the internal control audits they deem necessary as part of their duties.

Seplat's internal control procedures consist of the following interdependent elements:

(i) Definition of objectives

Seplat's Board of Directors and Management Committee define the objectives for internal control, based on the risks to which it is exposed. Seplat's objectives can be divided into three categories:

- strategic objectives,
- operational objectives,
- legislative and regulatory compliance objectives.

(ii) Identification of an event

The Head of Business Risk & Controls performs an assessment of internal and external events that could have an influence on the achievement of its objectives by identifying and distinguishing events with a negative impact on activities (risks) and those with a positive impact (opportunities).

(iii) Risk assessment

The internal auditors assess the risks identified in terms of impact and probability of occurrence and quantify those risks in order to determine the appropriate means to manage these risks.

(iv) Risk response

Seplat's Management Committee chooses, on a case-by-case basis, the solution that seems most adapted to the risk encountered by adopting one of the following approaches: rejection, acceptance, reduction or sharing of the risk.

(v) Information and communication

All risk activities and risk analysis results are documented in regular reports to the internal auditors and the Head of Business Risk & Controls. Information is sent to the various departments concerned for a rapid decision.

(c) Supervision of internal control procedures

Seplat's Board of Directors, which also defines ethical standards (company values, Code of Conduct), is responsible for oversight of internal control procedures.

Seplat's internal control system is subject at all times to quality control and performance tests.

The effectiveness of internal control is guaranteed by regular performance checks, the implementation of a secure IT system, an internal organisation that is subject to approval and authorisations, and the sharing of tasks and responsibilities.

3.4 Report of the Statutory Auditors, prepared in accordance with article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of the company MP Nigeria

Dear Shareholders,

As statutory auditors of the company Maurel & Prom Nigeria and in application of the provisions of article L. 225 235 of the French Commercial Code, we present to you our report on the report prepared by the Chairman of your company, in accordance with the provisions of article L. 225 37 of the French Commercial Code for the year ended 31 December 2011.

It is the duty of the Chairman to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French Commercial Code relating in particular to matters such as corporate governance.

It is our duty:

- to communicate to you our observations on the information contained in the Chairman's report, regarding the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to confirm that this report contains the other information required by article L. 225 37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We have carried out our work in accordance with the professional standards applicable in France.

→ Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist notably of the following:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work leading to the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared in accordance with article L. 225-37 of the French Commercial Code.

→ Other information

We certify that the report of the Chairman of the Board of Directors contains the other information required by article L. 225 37 of the French Commercial Code.

Paris, 4 May 2012
Statutory Auditors

INTERNATIONAL AUDIT COMPANY
Daniel de Beaurepaire

François CARREGA

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Comments on activity and financial position

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4.1 Review of financial position and results

4.1.1 OVERVIEW

→ 4.1.1.1 Introduction

In December 2009, Maurel & Prom (which the Company replaced) acquired an interest in Seplat, which was then a dormant company incorporated six months earlier by the local partners of Maurel & Prom. As at the date of this Annual Report, the Company holds 45% of the capital of Seplat. On 30 July 2010, Seplat acquired 45% of the rights to OMLs 4, 38 and 41 in Nigeria from the SPDC, Total (E&P) Nigeria Limited and Agip Oil Company. The remaining 55% of these rights is held by the NPDC, which replaced its parent company, the NNPC in September 2010. The initial investment totalled US\$340 million, with a maximum price adjustment of US\$33 million depending on oil prices in the two years following the acquisition.

The acquisition was financed by a Shareholder Loan of US\$153 million granted by the Company to Seplat, a portion of the principal of which was repaid to the Company by Seplat, and by a loan for US\$187 million taken out by Seplat with BNP Paribas and since refinanced. The Company also participated in Seplat's capital increase (US\$40 million), while its Partners made contributions in kind totalling US\$49 million.

The prime objective of the Company and its Partners is to increase Seplat's production and to convert its contingent resources (C1+C2) into reserves (P1+P2).

Seplat has the status of operator for OMLs 4, 38 and 41. These OMLs include four developed fields (Oben, Amukpe, Ovhor and Sapele) and nine undeveloped fields.

→ 4.1.1.2 Framework

The consolidated financial statements were prepared on a historical cost basis, except for certain categories of assets and liabilities, in accordance with IFRS standards.

For the year ended 31 December 2011, the consolidated financial statements of the Company were prepared according to IAS/IFRS standards applicable as at 31 December 2011, as adopted by the European Union (available at the following website: http://ec.europa.eu/internal_market/accounting/iasfr.htm#adopted-commission).

For the year ended 31 December 2011, the financial statements of Seplat were prepared according to (i) the Nigerian accounting standards of the Nigerian Statements of Accounting Standards Board applicable as at 31 December 2011 and (ii) the provisions of the Allied Matters Act, CAP C20 of 2004.

Since the Company had no activity during the year ended 31 December 2009, this Annual Report only takes into account the Company's consolidated financial statements for the year ended 31 December 2010 and the Company's consolidated financial statements for the year ended 31 December 2011.

→ 4.1.1.3 Significant events occurring during 2011

The results of a study conducted in early 2011 by Maurel & Prom's executive management with its Board of Directors showed that the value of Seplat's investment was not fully reflected in Maurel & Prom's share price. The Board of Directors therefore decided to propose to its shareholders the spin-off of exploration/production activities in Nigeria from the rest of the Maurel & Prom Group's activities in order to:

- better value each of the major assets of the Maurel & Prom Group, particularly the Gabonese and Nigerian assets;
- enable significant growth in the Company's standing and greater recognition of Seplat's value;
- make the Company's activity and results and those of Seplat more visible and evident;
- provide greater leeway to forge alliances and pursue business combinations in Nigeria.

Maurel & Prom's shareholders, convened at the General Meeting of Shareholders on 12 December 2011, approved by a very large majority the distribution of 100% of the Company's capital to the shareholders of Maurel & Prom. Since that date, Maurel & Prom no longer holds any shares in the Company, the Listing having taken place on 15 December 2011.

4.1.2 INCOME STATEMENT ANALYSIS

The Maurel & Prom Nigeria Group is composed of the parent company and a 45% owned company incorporated under Nigerian law, Seplat. The Company exercising joint control of Seplat has chosen the proportionate consolidation method.

On 30 July 2010, Seplat acquired 45% of the mining rights for OMLs 4, 38 and 41 in Nigeria, with the remaining 55% belonging to the NNPC. The fields are operated by Seplat under

a Joint Operating Agreement with the NNPC as described in Section 6.4.2.2 of this Annual Report.

The Company commenced operations in August 2010, integrating the output from the OMLs acquired in late July 2010. The 2010 and 2011 fiscal years are therefore not directly comparable.

→ 4.1.2.1 Consolidated income statement

The key figures in the Company's consolidated income statement as at 31 December 2010 and 31 December 2011 are as follows:

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Sales	146,077	28,480
Operating expenses	(69,599)	(13,036)
Gross operating surplus*	76,478	15,444
Depletion amortisation	(17,653)	(3,910)
Other operating expenses	(258)	(2)
Operating income	58,667	11,532
Financial income	1,072	(2,654)
Income before tax	59,739	8,878
Income tax	(41,625)	(7,433)
NET INCOME – COMPANY SHARE	18,114	1,445

* The gross operating surplus equals, on a consolidated basis, the gross margin net of taxes (excluding corporation tax) and personnel expenses.

→ 4.1.2.2 Sales

Company hydrocarbon (oil + gas) sales for the fiscal year ended 31 December 2011 amounted to €146 million. The Company's oil sales represent 1.8 million barrels sold at an average price of US\$113.70 a barrel for fiscal year 2011 compared to 0.5 million barrels sold at an average price of US\$86 per barrel for fiscal year 2010.

It should be noted that the production retained by Seplat for all operations increased by 34%, with an average of 24,124 boepd for fiscal year 2011 (365 days) compared with 17,632 boepd for the 2010 production period (128 days). For information purposes, production for the fiscal years ending 31 December 2010 and 31 December 2011 stood at 29,789 boepd and 40,289 boepd respectively.

These volumes (entitlements recognised, production sold) take into account technical adjustments and a lump sum discount applied by SPDC when reallocating the differences between its estimates and the amounts of crude received after processing at

the Forcados oil terminal.

The installation of the fiscal accounting unit was completed 1 November 2011 and is subject to an acceptance procedure which is still ongoing. Based on total fluid output, the Nigerian authorities have agreed to additional work with SPDC to determine the net amount (oil-to-water percentage). Once these calculations are completed, negotiations will be held to agree a retroactive adjustment granting Seplat and its Partners additional entitlements in 2012.

→ 4.1.2.3 Operating income

The Maurel & Prom Nigeria Group's operating income for fiscal year 2011 amounted to €58.7 million over 12 months compared to €11.5 million in fiscal year 2010 (with four months of production).. This operating income is due to increased activity and increased expenses connected with scaling the operator for growth and workovers of existing wells.

<i>In millions of euros</i>	2011	2010
Sales	146.1	28.5
Operating expenses	(36.2)	(4.7)
Gross operating margin	109.8	23.8
Tax expense	(30.9)	(6.8)
Personnel expense	(2.3)	(1.6)
Gross operating surplus	76.6	15.4
	52%	54%
Depreciation allowance	(17.7)	(3.9)
Other	(0.3)	0.0
OPERATING INCOME	58.7	11.5

The 75% gross margin for the 2011 fiscal year was nine points below 2010. This decline in gross margin reflects maintenance works and major well workovers undertaken in 2011. It also reflects the fact that oil entitlements are recognised net of the discounts applied by SPDC, so the corresponding stated volume is therefore less than the actual output from the wells, thus reducing sales figures correspondingly.

The increased operations absorbed a higher proportion of taxes, duties and payroll expenses, despite additional hiring in 2011 to strengthen teams, especially technical staff. Consequently, the gross operating surplus remained relatively unchanged at 52% versus 54% for fiscal 2010.

→ 4.1.2.4 Financial income

The Company's net financial income was positive in the amount of €1.1 million as at 31 December 2011. This figure takes into account interest expenses borne by Seplat on its borrowings and the remuneration paid to the Company for the Shareholder Loan extended to Seplat. As at 31 December 2011, the outstanding balance of this Shareholder Loan was US\$47.7 million.

→ 4.1.2.5 Net income

Income tax for fiscal year 2011 was €41.6 million compared with €7 million in 2010. Net income for the Maurel & Prom Nigeria Group amounted to €18.1 million for fiscal year 2011 versus €1.4 million for 2010.

→ 4.1.2.6 Earnings per share

Consolidated earnings per share as at 31 December 2010 and 31 December 2011 were as follows:

	31/12/2011	31/12/2010
Net income, Group share	18,114	1,445
Average number of shares outstanding	119,305,665*	15,319,865
Average number of diluted shares	119,305,665*	15,319,866
Earnings per share		
Basic	0.15	0.09
Diluted	0.15	0.09

* Excluding treasury shares.

The Company has no dilutive equity instruments.

4.1.3 FINANCING AND FINANCIAL DEBT

→ 4.1.3.1 Consolidated cash flows at 31 December 2011

The key figures in the Company's consolidated cash flow statement as at 31 December 2010 and 31 December 2011 are as follows:

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Cash flow before taxes	83,994	20,772
Payment of tax due	(10,164)	(1,988)
Change in working capital requirements relating to operations	66,470	(66,102)
Net cash flow from operating activities	140,300	(47,318)
Outflows associated with acquisitions of tangible and intangible fixed assets	(18,819)	(139,985)
Net cash flow generated by investment activities	(18,819)	(139,985)
Amounts received from shareholders for capital increases	105,000	133,397
Proceeds from new loans	88,888	71,738
Interest paid	(3,832)	(6,036)
Borrowing repayments	(73,952)	0
Treasury share acquisitions	(3,983)	0
Net cash flow from financing activities	112,121	199,099
Impact of exchange rate movements	4,546	(1,555)
Change in net cash	238,148	10,242
Cash at start of period	10,279	37
NET CASH AND CASH EQUIVALENTS AT PERIOD END	248,427	10,279

The Maurel & Prom Nigeria Group's cash amounted to €248.4 million at 31 December 2011, of which €186.2 million was recognised as the Company's and €62.2 million represented Seplat's share of the cash. The significant amount of cash should allow the Maurel & Prom Nigeria Group to develop its activities in Nigeria or other countries and to seize the growth opportunities that the oil industry in Nigeria can offer.

The €238 million change in cash during fiscal year 2011 was due to:

- cash flow from Seplat's operating activities: +€63 million;
- remuneration of the advances made to Seplat: +€6 million;
- partial repayment of the Shareholder Loan granted by the Company to Seplat: +€42 million;
- investments: -€19 million;
- cash contribution: +€105 million;
- credit line drawn down by Seplat: +€89 million;
- reimbursement of the BNP Paribas loan (US\$167 million): -€55 million;
- other: +€7 million.

A significant reason for the change in cash from operating activities, amounting to €140 million, is the change in working capital requirements, details of which are found below:

	Change	
	December 2010	December 2011
Change in WCR	66,102	(66,470)
Customers	14,508	(13,134)
Suppliers	(6,921)	(3,361)
Inventories	0	3,524
Other	58,515	(53,499)

Other items (in millions of euros)	31/12/2010	31/12/2011
Partial repayment of Shareholder Loan	64	(41.9)
Advance paid under the FSPO memorandum	5	(8.1)
Balance of deposit paid to Abbeycourt	8	
Repayment of debt to M&P	(12)	
Change in tax due		
Change in financing on discounted receivables	-	11.1
Change in receivables from partners	9	(31.0)
Debts relative to production royalties	(6)	14.4
Debt on price adjustment of OMLs	(6)	2.3
Other	(3.5)	(0.4)
TOTAL	58.5	(53.5)

The cash position at the end of 2011 was €248 million, €42 million higher than the forecast, which projected a cash position of €205 million at that date. This favourable difference is explained by the change in working capital requirements detailed above, which was greater than anticipated, particularly for the "Taxes" item.

At 31 December 2011, the Company held 1,997,548 treasury shares with a total value of €3.98 million.

Seplat had further financing agreements in place in 2011, the conditions of which are described below.

→ 4.1.3.2 Indicative projections appearing in the Prospectus

As part of the Listing, a Prospectus has been prepared by the Company and approved by the AMF. In order to comply with the provisions of paragraph 133(b) of the recommendations of the Committee of European Securities Regulators for the consistent implementation of the European Commission's Regulation no. 809/2004 on prospectuses (the "**CESR Recommendations**") and with this sole purpose, Section 10.4 of the Prospectus contains information relating to estimated cash flow and cash

and cash equivalents for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 (the "**Indicative Projections**").

A certification from the Company's Statutory Auditors relating to the "estimated cash flow", presented as part of the Listing, has been inserted in pages 138 to 140 of the Prospectus.

In Section 4.1.4 below of this Annual Report, a comparison is provided of the final data for 2011 with the Indicative Projections of the Prospectus for the year ended 31 December 2011.

However, these Indicative Projections, established as part of the Listing pursuant to the regulations referred to above, will not be retained by the Company in the future as part of its financial communication insofar as these indicators do not reflect the Company's operational performance and value. Following the example of other oil juniors, the Company will give priority in its financial communication to changes in its reserves, and where applicable, to its production, as these indicators are more suitable for assessing the Company's value.

Therefore, and in accordance with the applicable regulations, the Indicative Projections appearing in the Prospectus must be considered to be null and void.

4.1.4 COMPARISON OF 2011 FINANCIAL STATEMENTS WITH INDICATIVE PROJECTIONS

The Prospectus shows, solely for indicative purposes, an estimate of Maurel & Prom Nigeria Group's self-financing capacity and cash flow.

The table below compares the definitive data for 2011 with the projections in the end-2011 Prospectus. It was prepared based on internal analyses by Maurel & Prom Nigeria Group for the specific purpose of measuring its self-financing capacity and cash flow. As a result, some interim balances are not

directly reconcilable with the published financial statements. This is the case, in particular, for the "EBITDA" and "Working capital" aggregates, which are, however, close to the equivalent indicators in the published financial statements ("Self-financing capacity before debt and taxes" and "Change in working capital requirements"), though not identical. The two presentations are consistent, however, in terms of the most significant aggregates.

In thousands of euros	Actual	Projected
Sales	146,028	159,340
Production and transport costs	(20,480)	(15,626)
Royalties and taxes	(29,176)	(33,619)
General expenses	(20,043)	(15,300)
Amortisation allowances and provisions (1)	(17,661)	(15,606)
Financial items (2)	1,072	(5,976)
Tax on earnings (3)	(41,626)	(49,113)
Net income (4)	18,113	24,101
EBITDA (5) = (4) - (3) - (1) - (2)	76,328	94,795
Working capital	63,885	(61,772)
Net cash flow from operations	140,213	33,023
Capital expenditure	(18,819)	(9,041)
Cash flow from financing activities	112,109	181,537
Impact of exchange rate movements	4,546	
Increase/decrease in cash	238,049	205,520
Cash and cash equivalents at start of period	10,279	10,241
Cash and cash equivalents at end of period	248,328	215,761

EBITDA for 2011 was €76 million versus an indicative projection of €95 million. This difference is explained in Section 4.1.2 of this Annual Report ("Analysis of financial statements"), specifically:

- The adverse impact on production and sales of discounts applied by SPDC on wellhead output;
- Maintenance work and major well workovers during 2011, which increased production expenses.

Cash flow from operations was €140 million. This amount is commented upon in Section 4.1.3.1 of this Annual Report. It is considerably higher (by €107 million) than the figure shown in the indicative projections - despite EBITDA being €19 million lower than projected - due to working capital requirements being €126 million less than projected.

The main factors affecting working capital are shown below (in millions of euros):

Seplat	75
Customers	19
Corporation income tax	39
Trade payables	6
Other debt (overdrafts)	10
Maurel & Prom Nigeria	51
Partial repayment of shareholder loan	42
Reimbursement of advances to Seplat	6
Other	3
TOTAL MAUREL & PROM NIGERIA GROUP	126

Cash flow from financing activities was €112 million, which was €69 million less than the €181 million stated in the indicative projections. This is mainly due to the partial repayment of the Shareholder Loan being recognised under working capital. This repayment, in the amount of €42 million, is shown under financing in the projected figures.

The variance between projected and actual cash flows is explained below (in millions of euros):

Seplat	(12)
Repayment of BNP current-account borrowing	(14)
Other	2,00
Maurel & Prom Nigeria	(57)
Partial repayment of Shareholder Loan	(42)
M&P capital increase received	(11)
Treasury share buybacks	(4)
TOTAL ACTUAL VARIANCE FROM PROJECTIONS	(69)

4.1.5 CONTRACTUAL COMMITMENTS

→ 4.1.5.1 Financial debt

Seplat benefits from financing agreements set up in 2011 and described in Section 4.1.4.3 below, US\$275 million of which were drawn down during fiscal year 2011.

Taking into account this drawing of US\$275 million (including US\$150 million as tranche A and US\$125 million as tranche B) and the first reimbursement in the last few days of the fiscal year ended 31 December 2011, under the terms of the agreement in principle with the bank pool composed of African Export-Import Bank (lead bank), UBA, First Bank and Skye Bank, the remaining capital owed by Seplat at 31 December 2011 amounted to US\$257.7 million, that is €89.6 million for the Maurel & Prom Nigeria Group, broken down as follows (in thousands of US dollars):

	Amount drawn down	Balance at end of 2011
Afrexim	100,000	96,250
Skye Bank	50,000	47,500
UBA	75,000	67,688
FBN	50,000	46,250
TOTAL	275,000	257,688

At the end of December, the amount drawn from Afrexim (US\$100 million) took the form of a bridge loan repayable on demand. An agreement on the conversion of this sum into a five-year loan was being finalised. Amounts from other financial institutions (US\$175 million) were drawn within the context of a five-year syndicated loan.

Taking these elements into account, on 31 December 2011 the Maurel & Prom Nigeria Group had a net cash position of €167 million, which gives it substantial flexibility to successfully conduct its development plan.

Taking into account a second repayment in March, in application of the agreement with the syndicate of banks comprising the African Export-Import Bank (lead bank), UBA, First Bank and Skye Bank, which will come into effect with the signing of the loan contract being finalised, the capital remaining due from Seplat at 31 March 2012 was US\$244.1 million.

→ 4.1.5.2 Property, plant and equipment pledged, mortgaged or otherwise offered as security

At the close of fiscal year on 31 December 2011, neither the Company nor Seplat had any property, plant or equipment pledged, mortgaged or otherwise offered as a security other than the Seplat shares held by the Company and its Partners, that had been pledged to lending establishments as security for the financing described in Section 4.1.5.3 below.

→ 4.1.5.3 Financing commitments

Seplat's acquisition of 45% of the rights to OMLs 4, 38 and 41 was partly financed by a US\$187 million bank loan granted to it on 25 June 2010 by BNP Paribas (the "BNP Paribas Loan"), and partly by a US\$153 million Shareholder Loan granted to Seplat that same day by the Company (see Section 6.4.3.1 of this Annual Report).

On 29 March 2011, Seplat obtained a bridge loan from the African Export-Import Bank and Skye Bank Plc (the "Bridge Loan") in the amount of US\$200 million, enabling it to repay the BNP Paribas Loan in full as well as part of the Shareholder Loan with the additional amount available.

On 22 July 2011, the Bridge Loan was amended by a first addendum to increase its principal to US\$550 million, US\$275 million of it subject to certain contractual conditions.

In September 2011, Seplat drew down US\$75 million to repay part of the Shareholder Loan it had received from the Company.

At the end of September, the total drawn down under the Bridge Loan was US\$275 million.

Negotiations between the parties in the Bridge Loan (Seplat, African Export-Import Bank, Skye Bank, UBA and First Bank) continued during the fourth quarter of 2011 and resulted in an agreement in principle to set up a syndicated credit line of up to US\$550 million, available for five years from the signing of the contractual documentation and reproducing the main contractual conditions of the Bridge Loan. As part of this agreement in principle, repayments of US\$17.3 million and US\$13.6 million were made in the last few days of December 2011 and in March 2012 respectively against the US\$275 million drawn down, in accordance with the linear repayment terms agreed by the parties.

The sums drawn down from this credit line will be repaid in a linear manner by the 20th of every quarter until the credit line's maturity date, which is five years from the date it was agreed. All sums remaining due under the credit line at the maturity date must be repaid on that date. The sums drawn down on this loan bear an interest rate comprising the Libor rate plus a percentage ranging from 5% to 8% depending on the lenders involved and certain fees.

Draw-downs exceeding US\$275 million are only allowed for financing the acquisition of new assets (acquisitions that must be approved in advance by the lenders). Draw-downs are also conditional upon sureties being deposited and Seplat providing a statement of financial position.

The Seplat shares owned by the Company and its Partners have been pledged to the lending establishments as collateral for these financing arrangements.

Furthermore, the balance of the Company's debt under the Shareholder Loan amounts to €20.3 million (i.e. on a consolidated basis, the portion of 55% of the debt corresponding to this Shareholder Loan owed to Partners, based on the euro/US dollar exchange rate as at 31 December 2011).

→ 4.1.5.4 Purchase/lease of property, plant and equipment

In order to offset the risk of dependence on a single delivery route for its production, Seplat signed a memorandum of agreement with Shebah Exploration and Production Company Ltd and Allenne British Virgin Islands Ltd on 16 November 2010 giving it an exclusive option on the possible leasing or acquisition of the FPSO Trinity Spirit floating oil production, storage and offloading unit.

Seplat paid Shebah Exploration and Production Company Limited a deposit in the amount of US\$15 million by way of an advance, to be charged against the price for purchase, leasing or processing of crude via the FPSO, to be agreed between the parties in the event of a final agreement. This amount will be refunded, if applicable, with no financial withholding, by the contracting party within 7 business days of it being requested by Seplat if:

- Seplat decides not to purchase the FPSO;
- Seplat decides not to lease the FPSO or decides not to use the transport and processing and delivery services via the FPSO for its production of crude oil;
- the final price on which the parties have agreed is lower than the deposit paid. In this case, the difference between the final price and the amount of the deposit made shall be refunded to Seplat; or
- Shebah Exploration and Production Company Limited choose at their discretion to refund the deposit amount if, within six months of the deposit, Seplat does not continue in its intention to purchase and use the FPSO as planned.

4.2 Cash and capital

4.2.1 CASH FLOW AND FINANCING

Consolidated cash flow and possible funding requirements for the year ended 31 December 2011 are described in Section 4.1.3.1 of this Annual Report.

4.2.2 BORROWING CONDITIONS AND FINANCING STRUCTURE

Current loans are described in Section 4.1.5.3 of this Annual Report.

4.2.3 RESTRICTIONS ON THE USE OF CAPITAL

At the date of this Annual Report, no restrictions exist regarding the use of the capital available to the Company.

4.3 Trend information

4.3.1 INVESTMENT PROGRAMME

The initial investment programme projected for fiscal year 2011 was revised twice. The last revision was related to the adjustment of the schedule for conducting operations due to the unavailability of the necessary drilling gear. A contract was signed for the leasing of a barge that could be used for the envisaged operations in marsh environments, which enabled work to start on 12 December 2011.

In addition to this barge, a workover rig and an onshore drilling rig were ordered by an affiliate of Seplat, to be manufactured in the United States. These two pieces of equipment have been received and will be available for use by Seplat in the second quarter of 2012.

This reorganisation of the schedule in no way called into question the objectives to increase the Maurel & Prom Nigeria Group's production, as the original drilling programme was replaced by a workover schedule.

4.3.2 2012 OBJECTIVES AND STRATEGY

The primary strategic focus of the Company and its Partners within Seplat consists of maximising current production capacities in oil and condensates particularly in order to fund the necessary developments, its exploration activities and growth operations.

Based on its assets, the Company has set an objective to achieve production at the wellhead in the region of 50,000 boepd (on a 100% basis) by the end of 2012 (excluding gas production).

The Company and its Partners are also aiming to maximise Seplat's reserves, mainly by conducting the necessary work to transfer contingent resources to reserves. The development target starting in 2012 is to bring two new fields into production per year.

Finally, the Company and its Partners intend to develop Seplat's potential by:

- continuing exploration of OMLs 4, 38 and 41;

- equipping the existing production facilities with technical equipment that will process the water directly on site; and
- maintaining a state of readiness to seize every opportunity for growth.

Particular attention will be paid to growing its gas and condensate reserves.

In 2012, planned investments in the total amount of approximately US\$300 million (US\$61 million, Company share) will be aimed at drilling wells and ensuring the achievement of the Maurel & Prom Nigeria Group's objectives, including the installation of an alternative system for evacuating output.

These objectives were developed on the basis of completions in late March 2012 and assuming a barrel price of US\$110 in 2012.

5

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I – STATEMENT OF FINANCIAL POSITION

→ Assets

<i>In thousands of euros</i>	Note	31/12/2011	31/12/2010
Intangible assets	4	60,352	62,724
Property, plant and equipment	5	82,300	72,351
Non-current financial assets	6	20,127	34,942
Deferred tax assets	19	0	1,818
Non-current assets		162,779	171,835
Inventories	7	3,791	0
Trade receivables and related accounts	8	738	14,403
Other current financial assets	8	16,618	52,612
Other current assets	8	1,803	907
Income tax receivable	19	0	0
Cash and cash equivalents	11	248,601	10,279
Current Assets		271,551	78,201
TOTAL ASSETS		434,330	250,036

→ Liabilities

<i>In thousands of euros</i>	Note	31/12/2011	31/12/2010
Share capital		11,534	133,434
Additional paid-in capital		226,900	0
Consolidated reserves		1,486	(1,696)
Treasury shares		(3,983)	0
Net income, Group share		18,114	1,445
Equity, Group share	12	254,051	133,183
Non-controlling interests		0	0
Total net equity		254,051	133,183
Non-current provisions	13	2,008	0
Other non-current borrowing and financial debt	14	44,915	0
Non-current derivative instruments	9	0	8,163
Deferred tax liabilities	19	2,643	1,688
Non-current liabilities		49,566	9,851
Other current borrowings and financial debt	14	44,878	71,223
Trade payables and related accounts	15	10,630	6,873
Income tax payable	19	36,540	5,531
Other creditors and miscellaneous liabilities	15	27,237	23,376
Current derivative instruments	9	11,428	0
Current Liabilities		130,713	107,003
TOTAL LIABILITIES		434,330	250,036

→ Changes in shareholders' equity

<i>In thousands of euros</i>	Share capital	Treasury shares	Share premiums	Other reserves	Exchange gains/losses	Income for the period	Net equity, Group share	Non-controlling interests	Total net equity
1 January 2010	37					(2)	35		35
Net income						1,445	1,445		1,445
Other components of comprehensive income					(1,694)		(1,694)		(1,694)
Total comprehensive income					(1,694)	1,445	(249)		(249)
Allocation of net income – dividends				(2)		2			
Increase/decrease in capital	133,397						133,397		133,397
Total transactions with shareholders	133,397			(2)		2	133,397		133,397
31 DECEMBER 2010	133,434			(2)	(1,694)	1,445	133,183		133,183
1 January 2011	133,434			(2)	(1,694)	1,445	133,183		133,183
Net income						18,114	18,114		18,114
Other components of comprehensive income					1,862		1,862		1,862
Total comprehensive income					1,862	18,114	19,976		19,976
Allocation of net income – dividends				1,445		(1,445)			
Increase/decrease in capital	(121,900)		226,900				105,000		105,000
Movements on treasury shares		(3,983)		(125)			(4,108)		(4,108)
Total transactions with shareholders	(121,900)	(3,983)	226,900	1,320		(1,445)	100,892		100,892
31 DECEMBER 2011	11,534	(3,983)	226,900	1,318	168	18,114	254,051		254,051

II - CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

→ Net income for the period

<i>In thousands of euros</i>	Note	31/12/2011	31/12/2010
Sales		146,077	28,480
Other income		0	0
Purchases and change in inventories		1,001	(1,294)
Other purchases and operating expenses		(37,245)	(3,386)
Tax expense		(30,914)	(6,758)
Personnel expense	16	(2,341)	(1,598)
Depreciation allowance		(17,653)	(3,910)
Gain (loss) on asset disposals		(2)	0
Other expenses		(256)	(2)
OPERATING INCOME	17	58,667	11,532
Gross cost of debt		(3,718)	(6,036)
Income from cash		813	0
Net gains and losses on derivative instruments		(2,786)	(1,925)
Net cost of debt		(5,691)	(7,961)
Other financial income and expenses		6,763	5,307
FINANCIAL INCOME	18	1,072	(2,654)
Income before tax		59,739	8,878
Income tax	19	(41,625)	(7,433)
NET INCOME FROM CONSOLIDATED COMPANIES		18,114	1,445
Earnings per share	20		
Basic		0.15	0.09
Diluted		0.15	0.09

→ Comprehensive income for the period

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Net income for the period	18,114	1,445
Other components of comprehensive income		
Exchange gain/loss	1,862	(1,694)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19,976	(249)
● Group share	19,976	(249)
● Non-controlling interests	0	0

III - CASH FLOW STATEMENT

<i>In thousands of euros</i>	Note	31/12/2011	31/12/2010
Consolidated net income		18,114	1,445
Tax charge		41,625	7,433
Consolidated pre-tax income		59,739	8,878
● Net increase (reversals) of amortisation, depreciation and provisions		17,761	3,933
● Unrealised gains (losses) due to changes in fair value		2,786	1,925
● Other calculated income and expenses		(124)	
● Other financial items		3,832	6,036
Cash flow before taxes		83,994	20,772
Payment of tax due		(10,164)	(1,988)
Change in working capital requirements for operations		66,470	(66,102)
● Customers		13,134	(14,508)
● Suppliers		3,361	6,921
● Inventories		(3,524)	0
● Other		53,499	(58,515)
NET CASH FLOW FROM OPERATING ACTIVITIES		140,300	(47,318)
Outflows associated with acquisitions of tangible and intangible fixed assets		(18,819)	(139,985)
Proceeds from disposals of property, plant & equipment and intangible assets		0	
Disbursements for acquisitions of financial assets (unconsolidated securities)		0	
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(18,819)	(139,985)
Amounts received from shareholders for capital increases	(12)	105,000	133,397
Proceeds from new loans		88,888	71,738
Interest paid		(3,832)	(6,036)
Borrowing repayments		(73,952)	
Treasury share acquisitions		(3,983)	
NET CASH FLOW FROM FINANCING ACTIVITIES		112,121	199,099
Impact of exchange rate movements		4,546	(1,555)
CHANGE IN NET CASH		238,148	10,241
Cash and cash equivalents at start of period		10,279	38
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	248,427	10,279

→ Note 1 General information

MP Nigeria comprises the parent company – MP Nigeria – and Seplat, a company incorporated under Nigerian law, held at 45% and consolidated via proportional integration.

On 30 July 2010, Seplat acquired 45% of the mining rights for OMLs 4, 38 and 41 in Nigeria, with the other 55% remaining in the hands of the Nigerian National Petroleum Corporation (NNPC). The fields are operated by Seplat under a partnership contract (Joint Operating Agreement) with the NNPC, which eventually transferred its rights to these assets to the NPDC.

Spin-off of MPN

The results of a study undertaken by Maurel & Prom's executive management with its Board of Directors showed that the value of Seplat's investment was not fully reflected in the Group's share price. The company's Board of Directors therefore decided to propose to its shareholders spinning-off the exploration/production activities in Nigeria from the rest of the Maurel & Prom Group's activities.

To do so, the Company's Board of Directors proposed distributing one MP Nigeria share to its shareholders for every Maurel & Prom share.

The Company's shareholders at the Ordinary General Meeting on 12 December 2011 gave almost unanimous approval to the Company's distribution to its shareholders of 100% of the capital of MP Nigeria, with one MP Nigeria share offered for every Maurel & Prom share held. Since this date, Maurel & Prom no longer holds any shares in MP Nigeria.

The dividend distribution date and the distribution settlement date fell on the same day as the date that MP Nigeria shares were admitted for trading on the NYSE Euronext regulated market in Paris, on 15 December 2011.

The distribution was preceded by the implementation of prior transactions, including notably the implementation of a capital increase of MP Nigeria in the amount of €105 million, issue premium included, subscribed by Maurel & Prom, to give it sufficient cash flow for independent growth.

Change in the operating currency of MP Nigeria

MP Nigeria, a company incorporated under French law, was upon its incorporation an intermediary holding company of the Maurel & Prom Group financed in full in euros, whose activity was restricted to holding a 45% equity interest in Seplat, at the time being a newly incorporated company created with no operating activities. In view of these elements, the choice of the euro as the operating currency of MP Nigeria seemed to be the most appropriate one.

The spin-off transaction conducted on 15 December 2011 and the decision made by MP Nigeria in the days following it to convert the majority of its cash (specifically the €105 million in contributions received at the beginning of December) into US dollars, led to a review of this option, and the adoption of the dollar as the operating currency from 1 January 2012.

During the course of 2011, the operating currency of MP Nigeria remains the euro, which entails exposure of the profit to foreign exchange risk due to revaluation at the closing rate of the company's dollar positions, which stood at US\$225.8 million at the end of 2011. The foreign exchange gain recorded in this respect in the consolidated financial statements 2011 stands at €4 million.

During 2012, foreign exchange gains and losses should not be very significant; given the adoption of the US dollar as operating currency, the foreign exchange position in euros should be limited.

Production and Sales

Seplat's operating activities began in August 2010 with the integration of production from the OMLs acquired at the end of July 2010. Fiscal years 2010 and 2011 are therefore not directly comparable. MP Nigeria sales for the year 2011 were €146 million (vs €28 million in 2010). This corresponds to 20.25% of the entitlements on the OMLs or 45% of entitlements going to Seplat. MP Nigeria's sales represented 1,779,000 barrels sold at an average price of US\$113.70 per barrel during 2011 compared to 475,000 barrels sold at an average price of US\$86 in 2010.

Production at 100% was 24,124 boepd on average for 2011 (365 days). It was 17,632 boepd during the 2010 production period (128 days).

These volumes (entitlements recognised, production sold) take into account technical adjustments and a lump sum deduction applied by Shell Petroleum Development Company (SPDC) when reallocating the differences between its estimates and the amounts of crude oil received after processing at the Forcados oil terminal.

The installation of the fiscal accounting unit was completed on 1 November 2011 and is subject to an acceptance procedure, which is still ongoing. Based on total fluid output, the Nigerian authorities have agreed to additional work with SPDC to determine the net amount (oil-to-water percentage). Once these calculations are completed, negotiations will be held to agree a retroactive adjustment granting Seplat and its Partners additional entitlements in 2012.

Restructuring of Seplat's debt

The acquisition of 45% of the rights to OMLs 4, 38 and 41 was financed partly by a US\$187 million bank loan granted to it on 25 June 2010 by BNP Paribas (the "**BNP Paribas Loan**"), and partly by a US\$153 million shareholder loan granted to Seplat that same day by MP Nigeria.

On 29 March 2011, Seplat obtained a bridge loan from the African Export-Import Bank and Skye Bank Plc (the "**Bridge Loan**") in the amount of US\$200 million, enabling it to repay the BNP Paribas Loan in full as well as part of the shareholder loan with the additional amount available.

On 22 July 2011, the Bridge Loan was amended by a first addendum to increase its amount to US\$550 million, US\$275 million of which can be drawn down subject to certain contractual conditions.

In September 2011, Seplat drew down US\$75 million to repay part of the shareholder loan it had received from the Company.

At the end of September, the total drawn down under the Bridge Loan was US\$275 million.

Negotiations between the parties in the Bridge Loan (Seplat African Export-Import Bank, Skie Bank, UBA and First Bank) continued during fourth quarter of 2011 and resulted in an agreement in principle to set up a syndicated credit line of up to US\$550 million at a variable rate (Libor + a margin of 5-7.5% according to the lending institutions), available for five years from the signing of the contractual documentation. As part of this agreement in principle, a US\$17.3 million repayment was made in the last few days of December 2011 against the US\$275 million drawn down, in accordance with the linear repayment terms over five years with quarterly payments agreed by the parties. Taking this initial repayment made at the end of the year into account, the amount still owing at 31 December 2011 amounted to US\$257.7 million, i.e. €89.6 million for the Group, broken down as follows (in thousands of US\$):

	Amount drawn down	Balance at end-2011
Afrexim	100,000	96,250
Skye Bank	50,000	47,500
UBA	75,000	67,688
FBN	50,000	46,250
TOTAL	275,000	257,688

At the end of December, the amount drawn down from Afrexim (US\$100 million) took the form of a bridge loan, repayable on demand, with the agreement on the transformation of this sum into a 5-year loan under discussion. The amounts drawn down from other financial institutions (US\$175 million) are accomplished within the context of the five-year syndicated loan.

→ Note 2 Accounting methods

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities, in accordance with IFRS standards.

Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Nigeria Group for the year ended 31 December 2011 have been prepared in accordance with IAS/IFRS international accounting standards applicable as at 31 December 2011, as approved by the European Union and available at <http://ec.europa.eu/internalmarket/accounting/iasfr.htm#adopted-commission>.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Interpretations Committee).

New legislation or amendments adopted by the European Union and mandatory from 1 January 2011 have been taken into account. These do not present a significant effect on the Financial statements as at 31 December 2011, specifically:

- Amendments to IAS 32 "Classification of Rights Issues";
- IFRIC 14 "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";
- IAS 24 Revised "Related Party Disclosures";
- Annual Improvements 2010 on yearly improvements to financial reporting standards.

The Group has chosen not to apply the standards and interpretations which were not mandatory on 1 January 2011 before the effective date, including:

- Amendment to IFRS 7 "Disclosures - Transfers of financial assets".
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IFRS 13 "Fair Value Measurement", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- Amendment to IAS 19 "Employee Benefits", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IAS 1 "Other Comprehensive Income", mandatory for reporting periods starting on or after 1 July 2013 – not endorsed;

- IAS 27 Revised "Individual Financial Statements", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IAS 28 Revised "Investments in Associates and joint ventures", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IFRS 12 "Disclosure of Shares Held in Other Entities", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IFRS 10 "Consolidated Financial Statements", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed;
- IFRS 9 "Financial Instruments", mandatory for periods starting on or after 1 January 2013 – not endorsed;
- IAS 12 "Recovery of Underlying Assets", mandatory for reporting periods starting on or after 1 July 2011 – not endorsed;
- IFRS 11 "Joint Arrangements", mandatory for reporting periods starting on or after 1 January 2013 – not endorsed; the future application of this standard will cause the Group, as the case may be, to reconsider how its interests in joint ventures are presented.

IFRS principles have been applied by the Group consistently for all the periods presented.

The preparation of the consolidated financial statements in accordance with IFRS standards requires the Group to make accounting choices, make a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes on the assets and liabilities at the closing date, and the revenues and expenses during the period. Changes in facts and circumstances may lead the Group to review these estimates.

The results obtained may differ significantly from these estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant and reliable information. The financial statements give a fair reflection of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared in a prudent manner, and are complete in all material respects.

Management estimates used when preparing financial statements relate primarily to impairment tests on petroleum assets and provisions for site restoration.

2.1 Consolidation methods

Seplat, which is controlled in conjunction with Maurel & Prom Nigeria, is proportionally consolidated as a joint venture. The application of proportional consolidation means that the financial position of the joint venture includes its share of jointly held assets and its share of the liabilities for which it is jointly responsible. The statement of comprehensive income of the joint venture includes its share of the income and expenses of the joint venture.

Intragroup balances, transactions, income and expenses are eliminated on consolidation, corresponding to the 45% stake held by Maurel & Prom Nigeria in Seplat.

2.2 Business combinations and goodwill

Business combinations are recognised in accordance with IFRS 3R using the acquisition method. Thus, when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are measured at their fair value in accordance with IFRS instructions.

If the cost of an acquisition is lower than the fair value of the net assets of the subsidiary acquired, the identification and valuation of the identifiable asset and liability elements are further analysed.

The residual negative goodwill must be posted directly under net operating income.

The analysis of goodwill must be finalised within a period of one year from the date of acquisition.

Such goodwill is not amortised, but rather subjected to systematic impairment tests at each close, and any losses in value ascertained on goodwill are irreversible.

2.3 Oil activity assets

The following methods were used to account for the costs of oil-related activities.

Oil search and exploitation rights

Mining permits

Expenditures for the acquisition and allocation of mining permits are recorded as intangible assets and, during the exploration phase, amortised on a straight-line basis over the estimated duration of the permit or at the amortisation rate for the oil production installations.

If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded in full at once.

Acquisitions of reserves

Acquisitions of oil reserves are recorded as intangible assets and amortised according to the unit of production method based on proven and probable reserves.

The amortisation rate is equal to the ratio of the field's hydrocarbon production during the year to the proven and probable hydrocarbon reserves at the beginning of the same year, re-estimated based on an independent appraisal.

Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs. Hydrocarbon production fees and assets are recognised in accordance with the full cost method.

Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.

Charges incurred prior to the issuance of the exploration permit are recognised as expenses.

Expenditure incurred after that date is capitalised and amortised once exploitation commences.

Drilling expenditure that does not result in a commercial discovery is posted under expenses for the total amount incurred, upon the decision to abandon work in the zone concerned or in the connected zone.

At the time of discovery, these costs then become operating costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

Once an indicator of impairment arises (expiration of a permit, additional unbudgeted expenses etc.), an impairment test is carried out to verify that the book value of the expenses incurred does not exceed the recoverable amount; this test is performed at least once per year.

Aside from indicators of impairment concerning operating expenses, impairment tests are conducted once the Maurel & Prom Group has enough data (based on the outcome of appraisal wells or seismic research work, etc.) to determine technical feasibility and commercial viability; these tests are done at field level.

Oil production assets

Oil production assets include all exploration-related costs transferred to property, plant and equipment following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems, etc.).

These assets appear under the technical facilities heading (see Note 5).

Property, plant and equipment not terminated at fiscal year-end are entered as current property, plant and equipment.

Terminated assets are amortised according to the unit of production method. General facilities that support all aspects of a field (pipelines, surface units, etc.) are weighted by the (proven)/ (proven+probable) reserves ratio for that field, if it appears that they cover all proven and probable reserves of the field concerned. The amortisation rate used is equal to the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year, re-estimated based on an independent appraisal.

For specific facilities, i.e. facilities for specific parts of a field, the estimated reserves correspond to the area's proven reserves.

The depreciation base consists of the investments made plus the future investments necessary for developing proven but undeveloped reserves.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that said analyses are available on the reporting date.

In accordance with IAS 23R, which has been mandatory since 1 January 2009, borrowing costs directly chargeable to the acquisition of an eligible asset are capitalised when the conditions specified by the standard are met. Otherwise, borrowing costs are not included in the cost price of a fixed asset under construction.

Costs of site restoration

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites (see Note 2.16).

The adjusted site restoration expense is capitalised and added to the value of the underlying asset and amortised at the same rate.

2.4 Other property, plant and equipment

The gross amount of other property, plant and equipment assets corresponds to their acquisition or production cost. It is not revalued. Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

Depreciation is calculated on a straight-line basis, and the depreciation term is based on the estimated useful life of the different categories of tangible assets, which are predominantly as follows:

- fixtures and fittings: 5 years;
- transportation equipment: 4 years;
- office and computer equipment: 3 years;
- office furniture: 5 years.

2.5 Asset depreciation

When events indicate a risk of impairment of intangible and tangible assets, and in any case at least once per year, these are subject to a detailed analysis in order to determine whether their net book value is lower than their recoverable amount, with the latter defined as the higher of fair value (less costs to sell) or value in use. Value in use is determined by discounting future cash flows expected to arise from the use of the asset and its disposal.

Assets are grouped into cash-generating units ("CGUs") to determine their recoverable amount. A CGU is a homogeneous set of assets whose ongoing use generates cash inflows that are largely independent of the cash inflows from other groups of assets. The three OMLs acquired correspond to a single CGU. The treatment and evacuation plants that comprise most of the tangible assets have in fact been sized according to the production profiles of the three OMLs and not to any one field in particular.

Cash flows are determined in terms of the reserves identified, the related production profile and the discounted sale prices after taking into account the applicable tax.

The discount rate used takes into account the risk associated with the activity and its geographic location.

In the event of the recoverable amount being lower than the net book value, an impairment loss is recorded for the difference between these two amounts.

This impairment may be reversed according to the net book value that the asset would have had on the same date, had it not been impaired. Impairment losses recorded on goodwill are irreversible.

2.6 Non-current financial assets

Loans and financial receivables are initially recognised at fair value and are posted on the balance sheet at their amortised cost. They are subject to an impairment if there is an objective indicator of impairment. This impairment, recognised through profit and loss, may later be reversed under income if the conditions that led to such impairment cease to exist.

2.7 Inventories

Inventories are valued at acquisition or production cost. Production cost includes consumables and direct and indirect production costs.

Inventories are valued according to the FIFO ("First In First Out") method.

Hydrocarbon inventories are valued at production cost, including production and transportation costs and the depreciation of technical facilities.

A provision is created when the net realisable value is lower than the gross value of inventories.

2.8 Trade receivables

Trade receivables are initially recognised at their fair value.

At the year-end, write-downs are created in the event of a proven risk of non-recoverability.

2.9 Foreign currency transactions

Expenses and income in foreign currencies are posted at their equivalent value in the operating currency for the entity concerned at the transaction date. Debts, external financing, receivables and liquid assets in foreign currencies are reported on the balance sheet at their equivalent value in the operating currency for the entity concerned based on the closing price. Differences resulting from conversion into foreign currencies at this rate are carried on the income statement as other financial income or other financial expenses.

2.10 Currency conversion of annual financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries for which the operating currency is not the euro are converted into euros using the closing price method.

Asset and liability elements, including goodwill on foreign subsidiaries, are converted at the exchange rate in effect at the reporting date. Income and expenses are converted at the average rate for the period.

The consolidating company's share of exchange gains/losses recorded both on the initial balance sheet and the income statement are posted to equity under exchange gains/losses.

2.11 Derivative instruments

When acquiring Nigerian assets, Maurel & Prom Nigeria recognised a derivative instrument corresponding to the conditional price adjustment (see Note 1: General Information). This transaction is accounted for as follows:

- initially, the financial instrument is recognised at its fair value as a counterpart to the asset;
- at year-end, the change in fair value is recorded through profit and loss.

The fair value of the instruments taken out by the Group is determined according to appraisals by independent experts.

2.12 Cash and cash equivalents

Cash equivalents correspond to short-term investments of surplus cash.

2.13 Other borrowings

Other borrowings are initially recognised at fair value. They are entered on the balance sheet at their amortised cost. The effect of this is to post issuance expenses as a deduction against the initial fair value of the loan. Furthermore, financial expense is calculated on the basis of a loan's effective interest rate (i.e., the actuarial rate taking issuance expenses into account).

2.14 Fair value

Fair value hierarchy

IFRS 7 – "Financial instruments: disclosure – information to be provided", as amended in 2009, establishes a hierarchy for measuring fair values based on three levels:

- Level 1: the quoted prices for assets or liabilities identical to those being measured, obtained on the valuation date in an active market to which the entity has access;
- Level 2: inputs other than the prices in Level 1 that are observable market data for the asset or liability;
- Level 3: inputs not observable market data (for example, extrapolations). This level applies when no market or observable data exists and the company is required to make its own assumptions when estimating the data that other market operators would have used to measure the fair value of the asset.

All fair value assessments are disclosed, according to level, in Note 9 in the appendix to the consolidated financial statements.

For the purposes of presentation in accordance with IFRS 7:

- the fair value of loans and debt receivables is determined by discounting expected cash flows at the market rate in force at the reporting date; for debts with a term of less than six months, the balance sheet amount represents a reliable approximation of fair value;
- the fair value of financial liabilities is determined by discounting the cash flows outstanding at the market rate in force on the reporting date, for debt with the same residual maturity. For trade payables, the balance sheet amount is a reliable approximation of fair value.

2.15 Treasury shares

Treasury shares are recorded as a reduction in shareholders' equity on the basis of their acquisition cost.

2.16 Provisions for risks and contingencies

In accordance with IAS 37 – "Provisions, contingent liabilities and contingent assets", provisions are recognised when the Group has an obligation at year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources embodying economic benefits.

Provisions are adjusted when the effect of the adjustment is significant.

The site restoration obligation is recognised at the adjusted amount of the estimated cost or the contractual obligation for dismantlement; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision.

The effect of the readjustment is posted under "Other Financial Expenses".

2.17 Oil sales

Hydrocarbon sales

Revenue from sales of production from the deposits operated by the Company includes royalties paid.

A product is recognised as being sold when the entity has transferred the risks and benefits inherent in ownership of the assets to the buyer, i.e. when the oil is collected from oil terminals.

2.18 Income tax

The tax charge presented on the income statement includes the current tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are recorded based on the temporary differences between the book values of assets and liabilities and their tax basis. Deferred taxes are not adjusted. Deferred tax assets and liabilities are assessed based on the tax rates approved on the reporting date.

Deferred tax assets, resulting primarily from losses carried forward or deferred amortisation, are not taken into account unless their

recovery is probable.

To ascertain the Group's ability to recover these assets, the following elements in particular have been taken into account:

- the existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity, which will generate taxable amounts on which unutilised tax losses and tax credits may be charged before they expire; and
- forecasts of future taxable income allowing prior tax losses to be offset.

2.19 Earnings per share

Two earnings per share are presented: basic net earnings and diluted earnings. The number of shares used for calculating diluted earnings takes into account the conversion into shares of instruments providing deferred access to the capital and having a dilutive effect. Diluted earnings per share are calculated based on the Group share of net earnings, adjusted by the financial cost, net of taxes of dilutive instruments providing deferred access to the capital.

Treasury shares are not taken into account in this calculation.

→ Note 3 Changes in the composition of the group

Company	Registered office	Consolidation method	% of control	
			31/12/2011	31/12/2010
Maurel & Prom Nigeria	Paris	Consolidating company	Consolidating company	
Oil and gas activities				
Seplat	Lagos, Nigeria	Proportional consolidation	45.00%	45.00%

Seplat is consolidated proportionately. The Group's joint control arises mainly from the agreement governing relations between Seplat shareholders, which requires the prior formal consent of MP Nigeria for all decisions (i) made in the normal course of business (such as loan issues, dividend distribution, purchase or sale of assets, capital increases and issuances of guarantees or sureties, etc.), and (ii) other major decisions, also in the normal course of business (such as approval of work programmes, budgets and plans, selection of drilling and oil service providers, appointments to key positions, definition of insurance policies,

litigation management and designation of members to represent the Company in a joint venture).

MP Nigeria has right of veto until the following has been repaid in full: the shareholder loan granted to Seplat by the Company on 25 June 2010, the outstanding balance of which amounts to US\$47.7 million. Once this loan has been repaid in full, and if MP Nigeria no longer has joint control of the joint venture as a result of this repayment, the latter will cease to be proportionately consolidated.

→ **Note 4** Intangible assets

<i>In thousands of euros</i>	Goodwill	Oil search and exploitation rights	Exploration costs	Other	Total
Gross value as at 01/01/2010	0	0	0	0	0
Exploration investments		63,980			63,980
Exchange gains/losses		(460)			(460)
Transfers					
Gross value as at 31/12/2010	0	63,520	0	0	63,520
Exploration investments	0	0	0	0	0
Exchange gains/losses	0	2,077	0	0	2,077
Transfers	0	0	0	0	0
GROSS VALUE AS AT 31/12/2011	0	65,597	0	0	65,597
Cumulative amortisation and impairment as at 01/01/2010	0	0	0	0	0
Depreciation allowance		802			802
Exchange gains/losses		(6)			(6)
Cumulative amortisation and impairment as at 31/12/2010	0	796	0	0	796
Depreciation allowance	0	4,110	0	0	4,110
Exchange gains/losses	0	339	0	0	339
CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/2011	0	5,245	0	0	5,245
NET BOOK VALUE AS AT 31/12/2011	0	60,352	0	0	60,352
NET BOOK VALUE AS AT 31/12/2010	0	62,724	0	0	62,724

Exploration investments

There were no investments of this nature in 2011.

Impairment tests

The tests performed by the Group have confirmed the absence of impairment on intangible assets (see Note 5: "Property, plant and equipment").

→ **Note 5** Property, plant and equipment

<i>In thousands of euros</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other fixed assets	Total
Gross value as at 01/01/2010	0	0	0	0	0
Development/production investments	189	72,688	1,640	1,488	76,005
Exchange gains/losses	(1)	(522)	(12)	(11)	(546)
Transfers	0	0	0	0	0
Gross value as at 31/12/2010	188	72,166	1,628	1,477	75,459
Development/production investments	44	2,979	15,214	582	18,819
Dismantling assets		1,735			1,735
Exchange gains/losses	0	2,740	1,238	51	4,029
Transfers	(125)	2,532	(1,850)	(547)	10
GROSS VALUE AS AT 31/12/2011	107	82,152	16,230	1,563	100,052
Cumulative amortisation and impairment as at 01/01/2010	0	0	0	0	0
Depreciation allowance	7	3,064	0	59	3,130
Exchange gains/losses	0	(22)	0	(1)	(23)
Transfers	0	0	0	0	0
Cumulative amortisation and impairment as at 31/12/2010	7	3,042	0	58	3,107
Depreciation allowance	21	13,095	0	404	13,520
Exchange gains/losses	1	1,094	0	30	1,125
Transfers	(7)	0	0	7	0
CUMULATIVE AMORTISATION AND IMPAIRMENT AS AT 31/12/2011	22	17,231	0	499	17,752
NET BOOK VALUE AS AT 31/12/2011	85	64,921	16,230	1,064	82,300
NET BOOK VALUE AS AT 31 DECEMBER 2010	181	69,124	1,628	1,419	72,351

Development/production investments

Investments over the period correspond to the installation of output metering facilities in compliance with contractual specifications and certified by the tax authorities.

"Down payments and construction in progress" corresponds to €15.9 million (US\$45.8 million) in advances paid by Seplat to the US company BHP Billington as part of financing the acquisition of two new drilling rigs by the drilling company Stallion Drilling (see Note 21 on related parties).

Impairment tests

The tests conducted cover all fixed assets and confirm the absence of impairment. The following method was applied:

The assets are grouped into a single cash-generating unit (CGU), which includes all the assets, tangible and intangible,

contributing to the generation of cash flows (reserves, exploration expenses, industrial equipment).

Future cash flows are determined based on the production profiles of the reserves certified by Gaffney Cline.

The Group uses a probability of producing proven reserves (P1) of 100% and a probability of producing probable reserves (P2) of 50%.

With respect to future oil prices, the Group's executive management has given preference to a price per barrel of US\$105, which is close to the year-end price and its best estimate of the long-term barrel price of oil. A per-barrel price 25% below this figure would not lead to impairment.

A discount rate of 13% was used. A discount rate higher than 25% would not give rise to impairment.

→ Note 6 Other non-current financial assets

<i>In thousands of euros</i>	Loans and receivables	Total
Value as at 01/01/2010	0	0
Changes in consolidation scope	0	0
Increase	34,942	34,942
Decrease	0	0
Impairment	0	0
Fair value	0	0
Impairment reversals	0	0
Exchange gains/losses	0	0
Transfers	0	0
Value as at 31/12/2010	34,942	34,942
Changes in consolidation scope	0	0
Increase	0	0
Decrease	(14,815)	(14,815)
Impairment	0	0
Fair value	0	0
Impairment reversals	0	0
Exchange gains/losses	0	0
Transfers	0	0
VALUE AS AT 31/12/2011	20,127	20,127

This item is composed of the portion due in more than one year of the financing provided by MP Nigeria to Seplat.

Taking into account the proportional consolidation of Seplat, the amount recognised in the Group's financial statements corresponds to 55% of the amount receivable (or the stake held by partners Shebah and Platform), or €20,127 thousand.

This advance which at 31 December 2011 totalled US\$47.7 million is all long-term and is repaid at a rate of 7.125%. It is expected to be repaid within three to five years, depending on the cash flow generated by the business.

→ Note 7 Inventories

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Hydrocarbon inventories	0	0
In progress	0	0
Consumables	3,791	0
TOTAL	3,791	0
Write-down to be deducted	0	0
NET VALUE	3,791	0

Inventories correspond mainly to materials (pipes, consumables, drilling mud and chemical products) used in operations and maintenance of wells and facilities.

→ **Note 8** Trade receivables and other current assets

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Trade receivables – oil and gas activities	738	14,403
Trade receivables – drilling activities	0	0
Other	0	0
TOTAL	738	14,403
Write-down to be deducted	0	0
NET VALUE	738	14,403

The last oil entitlement for the period was extracted in November and settled in December. The amount receivable shown on the balance sheet corresponds to transmission rights invoiced to the company Pan Ocean, a part of whose production is routed using Seplat's evacuation facilities.

Other current financial and non-financial assets consist of the following items:

OTHER CURRENT FINANCIAL ASSETS

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Receivables on investments and associations	11,312	38,429
Loans and other borrowings	0	9
Miscellaneous receivables	5,306	14,175
Gross value	16,618	52,612
Write-down to be deducted	0	0
NET VALUE	16,618	52,612

OTHER CURRENT ASSETS

<i>In thousands of euros</i>	31/12/2011	31/12/2011
Prepaid expenses	1,795	889
Tax and social security receivables (excluding income tax)	8	4
Other assets	0	14
Gross value	1,803	907
Write-down to be deducted	0	0
NET VALUE	1,803	907

Receivables on investments and associations

These relate to Seplat's receivables from its partner NPDC as part of the re-invoicing of 55% of the costs incurred by the partnership.

Sundry debtors

This item includes a €5.2 million advance paid by Seplat in 2010 to Allenne British Virgin Islands Ltd under the agreement signed by the two companies for the lease or purchase of a floating oil production, storage and offloading platform (the FPSO "Trinity Spirit") [see Note 21 on related parties].

Prepaid expenses

These relate mainly to rents paid upon the signing of the leasing contracts for Seplat's head office. The payment of two years' rent in advance is a widespread practice in Nigeria.

→ Note 9 Derivative instruments

<i>In thousands of euros</i>	31/12/2011			31/12/2010
	Current	Non-current	Total	Total
Financial instruments (assets)	0	0	0	0
Interest rate instruments	0	0	0	0
Currency instruments	0	0	0	0
Hydrocarbon instruments	0	0	0	0
Financial instruments (liabilities)	11,428	0	11,428	8,163
Interest rate instruments	0	0	0	0
Currency instruments	0	0	0	0
Hydrocarbon instruments	11,428	0	11,428	8,163
TOTAL	(11,428)	0	(11,428)	(8,163)

The fair value of the price adjustment to be paid for the acquisition of Nigerian assets is recorded under liability derivative instruments. This price adjustment, which is capped at US\$33 million, will be payable if the average price of Brent remains above US\$80/bbl for 731 consecutive days counting from the date that the assets are acquired in July 2012. At 31 December 2011, the fair value of this derivative (at 100%) was US\$32.8 million, corresponding to a liability of

€11.4 million in the Group's financial statements. Changes in the fair value (-€2.8 million) of this instrument have been recorded in the income statement under net gains and losses on derivative instruments.

The fair value hierarchy of this derivative instrument is Level 2, corresponding to the use of prices based on observable data. A description of the various levels of fair value can be found in Note 2.11 "Derivative instruments".

→ Note 10 Fair value

Financial assets and fair value

The various categories of financial assets as at 31 December 2011 are shown in the tables below:

<i>In thousands of euros</i>	31/12/2011				
	Financial assets available for sale	Loans and receivables	Financial assets at fair value through profit or loss	Total carrying amount	Fair value
Other non-current financial assets	0	20,127	0	20,127	20,127
Trade receivables and related accounts	0	738	0	738	738
Other current financial assets	0	16,618	0	16,618	16,618
Cash and cash equivalents	0	248,601	0	248,601	248,601
TOTAL CARRYING AMOUNT	0	286,084	0	286,084	286,084
TOTAL FAIR VALUE	0	286,084	0	286,084	286,084

31/12/2010					
<i>In thousands of euros</i>	Financial assets available for sale	Loans and receivables	Financial assets at fair value through profit or loss	Total carrying amount	Fair value
Other non-current financial assets	0	34,942	0	34,942	34,942
Trade receivables and related accounts	0	14,403	0	14,403	14,403
Other current financial assets	0	52,612	0	52,612	52,612
Cash and cash equivalents	0	10,279	0	10,279	10,279
TOTAL CARRYING AMOUNT	0	112,236	0	112,236	112,236
TOTAL FAIR VALUE	0	112,236	0	112,236	112,236

Financial liabilities (excluding derivative instruments) and fair value

The various categories of financial liabilities as at 31 December 2011 are as follows:

31/12/2011				
<i>In thousands of euros</i>	Current	Non-current	Total carrying amount	Fair value
Other borrowings and financial debt	44,878	44,916	89,794	89,794
Trade payables	10,630	0	10,630	10,630
Other creditors and sundry financial liabilities	27,237	0	27,237	27,237
TOTAL	82,745	44,916	127,661	127,661

31/12/2010				
<i>In thousands of euros</i>	Current	Non-current	Total carrying amount	Fair value
Other borrowings and financial debt	70,636	0	70,636	70,636
Trade payables	6,873	0	6,873	6,873
Other creditors and sundry financial liabilities	23,376	0	23,376	23,376
TOTAL	100,885	0	100,885	100,885

Assumptions made

Current financial assets in the amount of €265 million correspond to the amount of €249 million in demand deposits.

Other non-current financial assets, current financial assets and current liabilities do not differ from their accounting value to any significant degree.

Non-current financial liabilities comprise the syndicated line of credit repayable at the variable rate established at the end of 2011.

Consequently, the balance-sheet values do not differ from the fair value assessed on the various items concerned.

→ Note 11 Cash and cash equivalents

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Liquid assets, banks and savings banks	248,601	10,279
Total	248,601	10,279
Bank loans	174	0
NET CASH AND CASH EQUIVALENTS AT PERIOD END	248,427	10,279

At 31 December 2011, MP Nigeria posted a cash position of €248 million (€40 million plus US\$270 million) including the €238 million increase over the fiscal year due to the following (in millions of euros):

Cash flow from MPN operating activities *	77
Cash flow from Seplat operating activities	63
Investments in the period	(19)
Contribution in kind to MPN by M&P	105
Credit line drawn down by Seplat in the amount of US\$275 million	89
Repayment of the BNP bridge loan in the amount of US\$167 million	(55)
Change in outstanding discounted receivables	(13)
Other	(9)
Increase/decrease in cash flow	238

* Including €42 million change in working capital requirement due to the partial repayment of the shareholder loan granted to Seplat by MP Nigeria.

→ Note 12 Shareholders' equity

The distribution of MP Nigeria securities to M&P shareholders as a non-recurring dividend and the simultaneous listing of MP Nigeria shares on the stock exchange occurring on 15 December 2011 were preceded by prior adjustment transactions of MP Nigeria's share capital authorised by the General Shareholders' Meeting on 7 October 2011.

The change in MP Nigeria's share capital since its constitution is shown in the following table:

Date	Nature of the transaction	Capital before operation	Issue premium	Shares created	Nominal value	Total no. of shares outstanding	Capital after operation
13/10/09	Constitution			37,000	1.00	37,000	37,000
15/11/10	(1)	37,000			1.10	37,000	40,700
15/11/10	(2)	40,700		121,266,213	1.10	121,303,213	133,433,534
02/12/11	(3)	133,433,534	26,418,272		1.10	97,286,602	107,015,262
02/12/11	(4)	107,015,262	97,286,602		0.10	97,286,602	9,728,660
02/12/11	(5)	9,728,660	103,289,167	17,108,329	0.10	114,394,931	11,439,493
14/12/11	(6)	11,439,493	94,160	941,603	0.10	115,336,534	11,533,653

(1) Capital increase by incorporation of debt fully subscribed by Maurel & Prom.

(2) Capital increase by incorporation of debt fully subscribed by Maurel & Prom.

(3) Capital reduction by decreasing the total number of shares.

(4) Capital reduction by reducing the nominal value of shares.

(5) Capital increase maintaining preferential subscription rights.

(6) Capital increase by incorporation of sums

Share repurchase programme

Following the approval by the General Shareholders' Meeting of 7 October 2011 for a period of 18 months, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital, under the following terms: maximum unit purchase price of €10 and maximum amount of funds that the company may dedicate to this repurchase programme of €120 million.

As part of this repurchase programme, 921,417 shares were purchased in 2011. The purchases concerning the liquidity contract represent 1,538,479 shares over the same period, with sales of 462,348 shares.

At 31 December 2011, the company held share capital of 1,997,548 shares (i.e. 1.73% of the capital for a gross value of €3.983 million at the end of 2011), of which 1,076,131 shares as part of the liquidity contract.

→ Note 13 Provisions

<i>In thousands of euros</i>	Site remediation	Employee benefits	Other	Total
Balance at 01/01/2011	0	0	0	0
Exchange gains/losses	142	0	0	142
Changes in consolidation scope	0	0	0	0
Provisions in the period	131	0	0	131
Use	0	0	0	0
Other constitutions and reversals	1,735	0	0	1,735
Impact of accretions	0	0	0	0
BALANCE AT 31/12/2011	2,008	0	0	2,008
<i>Current portion</i>	0	0	0	0
<i>Non-current portion</i>	2,008	0	0	2,008

→ Note 14 Borrowings and financial debt

Borrowings and financial debt are detailed below:

<i>In thousands of euros</i>	Currency	31/12/2011			31/12/2010
		Current	Non-current	Total	Total
Other borrowings and debts		44,704	44,916	89,620	71,223
BNP – discount	US\$				14,431
BNP – loan	US\$				56,792
AFREXIM loan	US\$	44,704	44,916	89,620	
Debts on finance leasing		0	0	0	0
Bank loans		174	0	174	0
ALL OTHER BORROWINGS AND FINANCIAL DEBT		44,878	43,873	89,794	71,223

Under the financing agreements described in Note 1 "General Information", Seplat must maintain a debt to equity ratio of 3:1. At 31 December 2011, this ratio was 2.4:1, including the earn-out debt.

→ Note 15 Trade payables – other creditors and miscellaneous financial liabilities

<i>In thousands of euros</i>	31/12/2011			31/12/2010		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Suppliers	10,630	0	10,630	6,873	0	6,873
Suppliers	615	0	615	2,645	0	2,645
Accrued expenses	10,015	0	10,015	4,228	0	4,228
Other creditors and miscellaneous liabilities	27,237	0	27,237	23,376	0	23,376
Social security liability	1,343	0	1,343	72	0	72
Tax liability	973	0	973	468	0	468
Fixed asset suppliers	0	0	0	0	0	0
Miscellaneous creditors	24,921	0	24,921	22,835	0	22,835

Suppliers and related accounts

Accrued expenses mainly relate to sums due to Shell for transport, processing and storage of production (€9,404 thousand).

Other creditors and miscellaneous liabilities

This item includes royalties payable on production (€6,227 thousand) as well as various taxes applicable to companies

operating in the oil sector in Nigeria (NDDC levy and education tax). A liability has also been recorded to take the overlift position into account (€12,749 thousand). This “overlift” refers to quantities lifted and invoiced that exceed the entitlements resulting from the quantities produced. Such a situation leads to a downward adjustment of sales with a corresponding entry in liabilities.

→ Note 16 Personnel expenses

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Wages	2,304	1,237
Profitsharing	0	0
Stock options and bonus shares	0	0
Social contributions and other personnel-related expenses	37	361
TOTAL	2,341	1,598

The change in personnel expenses is directly related to the increase in the workforce (222 employees at the end of 2011, compared with 78 employees at the end of 2010).

→ **Note 17** Operating income

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Sales	146,077	28,480
Gross margin*	109,833	23,800
Gross operating surplus**	76,578	15,444
Depletion allowance	(17,653)	(3,910)
Income from oil production and services	58,925	11,534
Exploration expenses	0	0
Income from oil production, exploration and services	58,925	11,534
Income from the disposal of assets	(2)	0
Other operating items	(256)	(2)
OPERATING INCOME	58,667	11,532

* Gross margin corresponds to sales of services, net of purchases of materials and consumables.

** Gross operating surplus corresponds to the gross margin net of taxes (excluding income tax) and personnel expenses.

The increase in sales and operating income was the direct result of ramped up production and higher oil prices.

MP Nigeria sales for the year 2011 were €146 million in oil sales, which is 20.25% of the entitlements from the OMLs or 45% of the share of these entitlements going to Seplat. MP Nigeria's sales represented 1,779,000 barrels sold at an average

price of US\$113.70 per barrel during 2011 compared to 475,000 barrels sold at an average price of \$86 in 2010.

Production at 100% was 24,124 boepd on average for fiscal year 2011 (365 days). It was 17,632 boepd during the production period for fiscal year 2010 (128 days).

→ **Note 18** Financial income

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Interest on overdrafts	0	(1)
Interest on other borrowings	(3,718)	(6,036)
Gross cost of debt	(3,718)	(6,036)
Income from cash	813	0
Net gains and losses on derivative instruments	(2,786)	(1,925)
Net cost of debt	(5,691)	(7,961)
Other net financial income and expenses	6,763	5,307
Net foreign exchange differences	4,092	3,916
Other	2,671	1,391
FINANCIAL INCOME	1,072	(2,654)

There was a substantial reduction in Group interest expense in 2011 compared to the year before. In 2010, MP Nigeria carried significant financial expenses (€2.7 million) due to its mode of financing in the form of advances provided by M&P. These financing costs were reduced to zero in 2011 due to capitalisation at the end of 2010 in the amount of €133 million of the aforementioned advances. The interest expense charged to Seplat on its borrowings was €3.7 million in 2011 versus €3.3 million in 2010.

Net gains and losses on derivative instruments correspond to the change in the fair value of the price adjustment between 1 January 2011 and the fiscal year end.

Foreign exchange differences derive from the revaluation at the closing rate of advances in US dollars granted by MP Nigeria to its subsidiary.

Other elements of financial income primarily correspond to the payment of advances granted by MP Nigeria to Seplat (recognised in the Group's financial statements based on the share belonging to its associates).

→ Note 19 Income tax

Breakdown of the charge for the fiscal year

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Tax charge payable for the fiscal year	39,016	7,559
Deferred tax income or charge	2,609	(126)
TOTAL	41,625	7,433

Origin of deferred taxes

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Temporary difference on oil taxes		540
Activation of tax deficits		1,278
Total deferred tax assets	0	1,818
Temporary differences on depreciation and overlift positions	2,643	1,688
Total deferred tax liabilities	2,643	1,688
NET	2,643	(130)

Reconciliation of the tax charge and pre-tax income

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Pre-tax income from continuing operations	59,739	8,878
● Net income from equity associates	0	0
PRE-TAX INCOME EXCLUDING EQUITY ASSOCIATES	59,739	8,878
Theoretical tax charge of 65.75% Nigeria	39,278	2,958
Reconciliation		
● Tax rate divergence	2,347	4,056
● Permanent tax differences	0	419
● Other		
ACTUAL TAX CHARGE	41,625	7,433

Change in tax due

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Tax liability payable	36,540	5,531

Tax liabilities amounted to €36.5 million. These were considerably higher than the previous year (+€31 million) due to the increase in Seplat's taxable income directly linked to ramped up production and higher sales.

→ **Note 20** Earnings per share

	31/12/2011	31/12/2010
Net income, Group share	18,114	1,445
Net income from discontinued operations	0	0
Net income from continuing operations	18,114	1,445
Average number of shares outstanding	119,305,665	15,319,865
Average number of diluted shares	119,305,665	15,319,866
Earnings per share		
Basic	0.15	0.09
Diluted	0.15	0.09

→ **Note 21** Related parties

COMMERCIAL AND FINANCIAL TRANSACTIONS

31/12/2011				
In thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
Joint ventures				
● SEPLAT	5,660		36,849	0
Other related parties				
● Etablissements Maurel & Prom		0	0	0

31/12/2010				
In thousands of euros	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
Joint ventures				
● SEPLAT	3,685		116,636	0
Other related parties				
● Etablissements Maurel & Prom		(2,702)	698	12,594

Agreements between MP Nigeria and Seplat

Shareholder Loan

In 2010 MP Nigeria granted a shareholder loan to Seplat in the amount of US\$153 million at a rate of 7.125%. A total of US\$107 million of this loan was repaid in two instalments in March and September 2011. Interest invoiced during the fiscal year amounted to €5.3 million.

Support services

MP Nigeria provides technical and general support services to Seplat on normal competitive market terms. In 2011 invoices for such services amounted to €0.3 million.

Memorandum of Understanding between Seplat, Shebah Exploration and Production Company Ltd and Allenne British Virgin Islands Ltd

Seplat hydrocarbon production is evacuated under the agreement signed with the Shell Petroleum Development Company (SPDC) in Nigeria.

In order to offset the risk of dependence on a single evacuation route for its production, Seplat signed a memorandum of understanding with Shebah Exploration and Production Ltd and Allenne British Virgin Islands Ltd on 16 November 2010 relating to the leasing or acquisition of the Trinity Spirit floating oil production, storage and offloading (FPSO) unit, which would therefore provide Seplat with an alternative means of transporting its hydrocarbons to the SPDC's Nigerian pipeline.

In accordance with this agreement, in 2010 Seplat paid Allenne British Virgin Islands Limited an advance of US\$15 million. This sum is expected to be repaid by the contractual party by the end of 2012 if requested by Seplat, if, between now and then, 1) Seplat decides not to purchase the FPSO unit; 2) Seplat decides not to lease the FPSO unit; or 3) Seplat does not use the transport, processing and delivery services of the FPSO unit for its oil production.

Mr Ambrosie Bryant Chukwueloka Orjiako, director of Maurel & Prom Nigeria and chairman of Shebah Exploration and Production Company Ltd, is a stakeholder in this agreement.

Mr Ambrosie Bryant Chukwueloka Orjiako has not received any direct personal compensation under the terms of this agreement.

Memorandum of understanding signed by Seplat and Abbeycourt Petroleum Company Limited

Seplat's goal is to grow its mining and research operations and therefore its opportunities for investment in new projects.

To implement this growth objective and in order to be able to identify and negotiate the best opportunities, on 22 March 2010 Seplat signed a two-year memorandum of understanding with

Abbeycourt Petroleum Company Limited (**APCO**), a company specialising in the oil and gas sector in Africa.

To enable it to achieve this goal, Seplat set up a US\$25 million fund at APCO, to be managed by the latter. As at 31 December 2011, all the funds had been committed by APCO.

Mr Ambrosie Bryant Chukwueloka Orjiako, director of Maurel & Prom Nigeria, chairman of Shebah Exploration and Production Company Ltd and manager of Abbeycourt Petroleum Company Ltd, is a stakeholder in this agreement.

Mr Ambrosie Bryant Chukwueloka Orjiako has not received any direct personal compensation under the terms of this agreement.

Financing of the acquisition of drilling equipment

Seplat has paid US\$45 million to the US company BHP Billington as part of financing the acquisition of two new drilling rigs by the Nigerian drilling company Stallion Drilling. Specially formed to carry these assets, in 2012 Stallion Drilling set up US\$30 million in bank financing which enabled it to repay part of the advance it had received.

Stallion Drilling, whose articles of association are still being finalised, will have the same shareholding as Seplat, with MP Nigeria holding 40% of its shares and Shebah and Platform sharing the remaining 60%.

Compensation of senior executives

"Senior executives" refers (1) to the chairman and directors of Seplat and (2) to members of the Board of Directors of Maurel & Prom Nigeria.

With regard to Seplat, compensation for directors is set at US\$2,853,000 for 2011, versus US\$2,641,000 in 2010. These amounts, which represent short-term benefits, are paid by Seplat.

Compensation for members of the Board of Directors of Maurel & Prom Nigeria is set at €150,000 for 2011.

→ **Note 22** Off-balance-sheet commitments

Commitments given

Guarantees made on borrowings

Seplat's shares were pledged to the lending establishments as collateral for the financing described in Note 1 "General Information".

As part of these financing arrangements, Seplat must maintain a debt to equity ratio of less than 3. At 31 December 2011 this ratio was 2.4 including the debt linked to the payment of the price adjustment in the amount of US\$33 million.

Commitments received

None

→ Note 23 Operating sectors

In accordance with IFRS 8, sector information is reported according to the same principles as internal reporting, reproducing the defined internal sector information to manage and measure the Group's performance. MP Nigeria's activities are divided into two sectors: operations and holding.

The data is allocated between the two sectors based on the contributing accounts of the entities after consolidation adjustments.

	2011			2010		
	Holding	Production	Group	Holding	Production	Group
Cash flow	8,554	75,440	83,944	7,412	13,358	20,770
Change in working capital requirements*	68,743	(12,433)	56,310	(106,222)	38,134	(68,088)
Cash flow generated by activities	77,297	63,007	140,304	(98,810)	51,492	(47,318)
Cash flow related to investment operations		(18,819)	(18,819)		(139,985)	(139,985)
Cash flow related to financing operations	100,902	11,217	112,119	98,861	100,276	199,137
Impact of exchange rate movements		4,544	4,544		(1,555)	(1,555)
INCREASE/DECREASE IN CASH FLOW	178,199	59,949	238,148	51	10,228	10,279

* The change in working capital requirements of the holding company mainly corresponds to the US\$153 million cash advance granted by MP Nigeria to Seplat, which has been partially repaid in the amount of US\$107 million.

Seplat has only one client, SPDC, a member of the Shell Group, which is an internationally renowned oil company.

Income from ordinary activities corresponds almost exclusively to the sale of Forcados-grade petroleum from OMLs 4, 38 and 41.

→ Note 24 Risks

Credit risk

The Company is exposed to counterparty risk with respect to:

- loans and credit granted to customers and other third parties as part of Seplat's operating activities; and
- investment, hedging and financing transactions conducted with banks or financial institutions by the Company and/or Seplat.

Maximum exposure corresponds to the balance sheet outstanding net of provisions.

The Group believes that there is no counterparty risk, since production is sold to the Shell Trading Western Limited company, which is a member of the Shell Group, an internationally renowned oil company.

At the end of 2011, there were no outstanding due debts.

<i>In thousands of euros</i>	2011		2010	
	Maximum exposure to credit risk	Balance sheet outstanding	Maximum exposure to credit risk	Balance sheet outstanding
Other non-current financial assets	20,127	20,127	34,942	34,942
Trade receivables and related accounts	738	738	14,403	14,403
Other current financial assets	16,618	16,618	52,612	52,612
Derivative financial instruments	0	0	0	0
Cash and cash equivalents	248,601	248,601	10,279	10,279
TOTAL	286,084	286,084	112,236	112,236

Liquidity risk

In common with all economic players, the Group is exposed to a risk of insufficient liquidity or to a risk that its financial strategy is inadequate.

To confront this risk, the Group maintains a balance between its debt and shareholders' equity, on the one hand, and its debt and its ability to repay, on the other, so as to comply with ratios that are usually considered cautious. Financing options are reviewed and validated by MP Nigeria's Board of Directors.

The Group's liquidity is detailed in the consolidated cash flow statements generated weekly and sent to the executive management.

Monthly, quarterly and end-of-year forecasts are also drawn up.

The Group's cash position is monitored by the cash manager at Maurel & Prom's head office as part of the service agreement entered into with this company. To perform his duties, this professional is in regular contact with Seplat's cash manager.

At 31 December 2011 and 31 December 2010, unadjusted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, were as follows:

At 31 December 2011							Total contractual flows	Total balance sheet value ²
<i>In thousands of euros</i>	2012	2013	2014	2015	2016	> 5 years		
Bonds	-	-	-	-	-	-	-	-
Other borrowings and financial debt								
AFREXIM - loan	49,426	14,899	14,044	13,190	8,694	-	100,253	89,620
Financial-lease loans	-	-	-	-	-	-	-	-

At 31 December 2010							Total contractual flows	Total balance sheet value ²
<i>In thousands of euros</i>	2011	2012	2013	2014	2015	> 5 years		
Bonds	-	-	-	-	-	-	-	-
Other borrowings and financial debt								
BNP - Seplat - Loan	60,293	-	-	-	-	-	-	56,806
BNP - Seplat - discount	14,431	-	-	-	-	-	-	14,431
Financial-lease loans	-	-	-	-	-	-	-	-

Liquid assets of €248.6 million at the closing date are held in sight deposit accounts.

Market risk

The Group's accounts are sensitive to various market risks. The most significant being the price of hydrocarbons, expressed in US dollars, and the €/US\$ exchange rate. The Group's operating currency is the US dollar, since sales and the majority of operating expenses and investments are denominated in this currency.

Exposure to hydrocarbon risk

The economy, and more specifically the profitability of the oil and gas industry, are very sensitive to the price of hydrocarbons expressed in US dollars. As a result, the cash flow and projected results of MP Nigeria and Seplat are strongly affected by changes in the price of hydrocarbons expressed in US dollars.

To date, no specific hedging policy to protect against this risk has been implemented within the Group, due notably to the costs of implementation and the related unfavourable tax treatment. However, the possibility of using hedging instruments in the future will not be ruled out if the related costs and taxes become more favourable, or if a change in the price of hydrocarbons justifies it.

The impact on consolidated equity and income of a 10% fluctuation in the €/US\$ exchange rate at 31 December 2011 is presented below (in millions of euros):

	Impact on consolidated income before tax		Impact on consolidated equity before tax	
	10% increase in €/US\$ parity	10% decrease in €/US\$ parity	10% increase in €/US\$ parity	10% decrease in €/US\$ parity
US\$	(15.9)	19.4	(1.0)	1.3

The Group did not implement any specific hedges to limit its exposure to foreign exchange risk.

At 31 December 2011, the consolidated foreign exchange position of MP Nigeria was US\$225.8 million (excluding effects linked to the revaluation at the closing price of Seplat's accounts which are recognised as shareholders' equity and do not affect income) and is broken down as follows* (in US\$ million):

	Assets (A)	Liabilities (B)	Currency commitments (C)	Net position before hedging (D) = (A)-(B)+/--(C)	Financial hedging instruments (E)	Net position after hedging (F) = (D)-(E)
Trade receivables and payables	0	0		0		0
Non-current financial assets	47.7	0		47.7		47.7
Other current assets		0				
Derivative instruments	0	0		0		0
Other creditors and miscellaneous liabilities	0	0		0		0
Cash and cash equivalents	178.0	0		178.0		178.0
Exposure	225.8	0	0	225.8	0	225.8

* This table takes into account €/US\$ exchange gains/losses..

**Interest rate risk**

The Group's borrowing conditions and financing structure are outlined in Note 1: "General information" of this note.

Seplat's external debt capacity stands at US\$550 million, at a variable rate, of which US\$275 million can be drawn down provided that the conditions laid down in the financing agreements are met, with an outstanding amount on 31 December 2011 of US\$257.7 million. The interest rate applicable to sums drawn down is capped at 10% per year. The Group has not implemented any hedging instruments designed

to provide protection against an increase in the Bridge Loan's interest rate to 10%.

Up to this 10% cap, an upward variation of 1% in interest rates would be reflected in an additional cost of €0.9 million over one year.

Equity risk**Exposure to equity risk and management**

The Group's financial assets are not exposed to equity risk.

→ Note 25 Events occurring after closing

No notable events to report.

→ **Note 26** Audit fees

In thousands of euros	François Carrega				IAC			
	Amount		%		Amount		%	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Statutory auditor, certification, examination of individual and consolidated statements								
● Issuer*	336	9	100%	15%	152		100%	
● Fully consolidated subsidiaries			0%	85%			0%	
Other measures and services directly related to the duties of the statutory auditor								
● Issuer*							0%	
● Fully consolidated subsidiaries			0%	0%			0%	
Subtotal	336	9	100%	100%	152	0	100%	
Other services rendered via the networks to fully consolidated subsidiaries								
Legal, tax, corporate			0%	0%			0%	
Other (specify if > 10% of audit fees)			0%	0%			0%	
Subtotal	0	0	0%	0%	0	0	0%	
TOTAL	336	9	100%	100%	152	0	100%	

* Representing fees related to the stock exchange listing: €266,000 excl. tax for François Carrega and €112,000 excl. tax for IAC.



REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Dear Shareholders,

In carrying out the assignment entrusted to us by your General Shareholders' Meeting and your articles, we present to you our report on the year ended 31 December 2011, in respect of:

- the inspection of the consolidated financial statements of the company Maurel & Prom Nigeria, which are attached to this report;
- the justification of our appraisals;
- the specific check required by law.

The consolidated financial statements were prepared by the Board of Directors. It is our duty, based on our audit, to express an opinion on these financial statements.

→ I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards require procedures to be carried out that provide reasonable assurance that the consolidated financial statements contain no significant errors. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting methods made, as well as the overall presentation of the financial statements. We believe that the items we have gathered constitute a sufficient and appropriate basis on which to form our opinion.

We certify that the consolidated financial statements for the year are, with respect to the IFRS standard for interim financial reporting adopted by the European Union, consistent and fair, and present an accurate reflection of the assets, the financial position and the overall results of the persons and entities included in the consolidation.

In due respect of the opinion expressed above, we draw your attention to notes 1 "General – Sales" and 23 "Operating segments", which state that the 2011 sales are based on production volumes (collection rights recognised, production sold) determined after the application of the technical adjustments and lump discount applied by Shell Petroleum Development Company (SPDC), the only client of Seplat, subsidiary of your company. Note 1 states that a retroactive adjustment will be subject to discussions between SPDC and Seplat, and should enable Seplat and its partners to be reallocated additional collection rights during 2012.

→ II. Justification of our appraisals

In application of the provisions of article L. 823-9 of the French Commercial Code on the justification of our appraisals, we bring the following to your attention:

- As stated in notes 2.3 "Oil activity assets", 2.5 "Depreciation of assets", 4 "Intangible assets" and 5 "Property plant and equipment" of the appendix, your Group depreciates its intangible fixed assets and, where applicable, records additional impairment based on the economic value of the recoverable oil reserves.
- Our appraisal of the reasonable nature of the data and hypotheses used to value the aforementioned assets is based on the findings of the independent expert appointed by your Group to value the reserves.

As stated in note 1 "General – Sales", as mentioned above, the production volumes for 2011 (collection rights recognised, production sold) take into account the technical adjustments and a lump discount applied by Shell Petroleum Development Company (SPDC).

In this context, we have verified that the 2011 sales have been recognised in accordance with the principles of IAS 18 "Income from ordinary activities", whereby only the amounts subject to a confirmation by the counterparty are included in the statements.

The appraisals made were part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to forming our opinion expressed in the first part of this report.



→ III. Special check

In accordance with the professional standards applicable in France, we also carried out the specific check required by law on the information presented in the Group's management report.

We have no observation to make on the fair presentation and consistency of this information with the consolidated financial statements.

Paris, 4 May 2012

Statutory Auditors

INTERNATIONAL AUDIT COMPANY

Daniel de Beaurepaire

François CARREGA



5.2 Company Financial Statements

→ Assets

<i>In euros</i>	Note	31/12/2011	31/12/2010
Concessions, patents, licences			
Other intangible assets			
Intangible assets	3.1	-	-
Technical facilities			
Other intangible assets			
Assets under construction			
Property, plant and equipment	3.1	-	-
Equity investments		31,869,437	31,869,437
Other financial assets			
Financial assets	3.2	31,869,437	31,869,437
Fixed assets		31,869,437	31,869,437
Trade receivables and related accounts	3.4	91,635	
Other receivables	3.3/4	36,765,383	116,639,168
Treasury shares and other investment securities	3.5	3,895,219	
Cash and cash equivalents	3.5	178,425,560	58,066
Current assets		219,177,797	116,697,234
Prepaid expenses		4,792	
Expenses to be allocated			
Currency translation assets	3.12	5,097,840	2,363,347
ASSETS		256,149,866	150,930,018

→ Liabilities

<i>In euros</i>	Note	31/12/2011	31/12/2010
Share capital		11,533,653	133,433,534
Additional paid-in capital		226,899,881	
Legal reserve			
Other reserves			
Retained earnings		2,720,198	(2,109)
Profit (loss) for the fiscal year		5,424,976	2,722,307
Shareholders' equity	3.6	246,578,708	136,153,732
Provisions for risks and contingencies	3.7	5,097,840	2,363,347
Bank borrowings and debt	3.8	174,400	6,246
Sundry financial borrowings and debt	3.9		11,108,625
Trade payables and related accounts	3.10	1,136,926	17,416
Tax and social security liabilities	3.11	2,918,487	
Debts on assets and related accounts	3.11		
Other debts	3.11	233,647	1,279,562
Debts		4,463,460	12,411,849
Exchange gains/losses (liabilities)	3.12	9,858	1,090
LIABILITIES		256,149,866	150,930,018



→ Income statement

<i>In euros</i>	Note	31/12/2011	31/12/2010
Sales	3.13	320,200	
Stored production			
Reversals on provisions, transfers of expenses			
Other income			
Operating income		320,200	0
Purchase costs and external expenses		(1,780,033)	(30,238)
Duties, taxes and similar payments		(112,515)	(66)
Salaries and social security contributions			
Amortisation allowances and provisions			
Other expenses		(150,028)	
Operating expenses		(2,042,576)	(30,304)
Net operating income		(1,722,376)	(30,304)
Financial expenses and income		6,038,658	982,067
Dividends			
Allowances and reversals of provisions		(2,822,598)	(2,363,347)
Exchange differences		6,967,260	6,122,086
Other		(117,481)	
Financial income	3.14	10,065,839	4,740,806
Income before tax		8,343,463	4,710,502
Non-recurring income			
Non-recurring expenses			
Non-recurring income	3.15	0	0
Corporation tax	3.16	(2,918,487)	(1,988,195)
NET INCOME		5,424,976	2,722,307

NOTES TO THE COMPANY FINANCIAL STATEMENTS

→ 1 Significant events during the fiscal year

1.1 Company capital listed on the NYSE EURONEXT stock exchange

Maurel & Prom's Board of Directors decided to propose to its shareholders the spinning-off of the exploration/production activities in Nigeria from the rest of the Maurel & Prom Group's activities.

To do so, the Company's Board of Directors proposed to distribute one MP Nigeria share to its shareholders for each Maurel & Prom share.

This transaction was approved almost unanimously by the shareholders of Etablissements Maurel & Prom at the Ordinary General Meeting on 12 December 2011. From that date forward Maurel & Prom no longer held any shares in MP Nigeria.

The distribution date and the settlement date fell on the same day as the date on which MP Nigeria shares were admitted for trading on the NYSE Euronext regulated market in Paris, namely 15 December 2011.

The distribution was preceded by various operations, including an increase in the share capital of MP Nigeria in the amount of €105 million, issue premium included, fully paid-up by Maurel & Prom, to give it sufficient cash flow for independent growth.

1.2 Shareholder Loan

In 2010 Maurel & Prom Nigeria agreed to lend US\$153 million to its subsidiary Seplat to fund its business development. Seplat repaid US\$106 million of this amount during 2011. The balance owing as at 31 December 2011 was US\$48 million.

→ 2 Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles in France and in particular with the Accounting Plan approved in April 1999 by Regulation 99-03 of the French Accounting Regulations Committee.

Accounting conventions have been adopted on a prudent basis and in accordance with the following basic assumptions:

- business continuity;
- consistency of accounting methods;
- independence of fiscal years;

And in accordance with the general rules on the preparation and presentation of annual financial statements.

The historical cost method was adopted as the basic method of accounting.

The principal methods used are as follows.

2.1 Intangible assets

Not applicable

2.2 Property, plant and equipment

Not applicable

2.3 Equity interests and fixed securities

Equity investments are carried at their acquisition cost.

A provision is created when the net asset value is lower than the acquisition cost. Net asset value is calculated according to shareholders' equity and the profitability outlook for the companies concerned.

When the profitability outlook is uncertain, the receivables on subsidiaries and equity interests are written-down by the amount of the latter's share capital. When losses exceed receivables, a provision for risk is recorded for the corresponding amount.

Other equity securities are measured at their acquisition value or market value, whichever is lower. This mainly relates to specifically allocated Company treasury shares.

2.4 Inventories

Not applicable

2.5 Receivables

Receivables are recorded at their nominal value. A provision for impairment is established if there is a risk of non-recovery.



2.6 Short-term investments

Short-term investments are measured at their acquisition value or market value, whichever is lower.

2.7 Expenses to be allocated

Not applicable

2.8 Foreign currency transactions

Income and expenses expressed in foreign currencies are recorded at their equivalent value in euros as at the transaction date.

Foreign-currency debts, financing and receivables appear on the

balance sheet at their equivalent value in euros as at the closing price. Any difference arising from the translation of foreign-currency debts and receivables at this closing price are reported in the balance sheet under "Exchange gains/losses". A provision for risks is established on any unrealised losses that are not offset.

Liquid assets in foreign currency are translated at the closing price and the exchange gains/losses are posted to the income statement.

2.9 Provisions for risks and contingencies

Provisions for risks and contingencies are established to cover various eventualities, notably risks on subsidiaries, disputes and risk of loss on foreign exchange transactions.

→ 3 Additional information on the balance sheet and income statement

3.1 Non-current assets

3.1.1 Intangible assets (in euros)

None

3.1.2 Property, plant and equipment (in euros)

None

3.2 Financial assets

Change in financial assets

<i>In thousands of euros</i>	31/12/2010	Increase	Decrease	31/12/2011
Equity investments	31,869			31,869
To deduct: provisions	-			-
Net value	31,869			31,869
Other financial assets				
To deduct: provisions				
Net value	-			-
TOTAL GROSS VALUE	31,869			31,869
To deduct: provisions				
NET VALUE	31,869			31,869

Equity investments

Maurel & Prom Nigeria holds a 45% stake in the Seplat Petroleum Company, a company organised under Nigerian law (valued at €31,869,437), which on 30 July 2010 acquired 45% of the mining rights in OMLs 4, 38 and 41 situated in the Niger Delta.

The remaining 55% interest is held by the Nigerian Petroleum Development Corporation (NPDC). Seplat's other shareholders are the Nigerian operators Platform Petroleum Limited (22%) and Shebah Petroleum Development Company Ltd (33%).

Other financial assets

None

3.3 Other receivables

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Advances to Group subsidiaries	36,595	115,356
Expenses to be invoiced		
Down payments to suppliers and debit notes to subsidiaries	142	1,280
Sundry receivables	8	3
Total (gross)	36,765	116,639
Impairment		
TOTAL (NET)	36,765	116,639

At its incorporation, Maurel & Prom Nigeria received substantial share capital to ensure that it would be able to finance investments and its subsidiary's operations. The balance of the advances to the subsidiary Seplat was significantly lower than the previous year due to the repayments received during the fiscal year.

Maurel & Prom Nigeria bears some expenses on behalf of Seplat which it reinvoices to the latter in the form of debit notes.

3.4 Statement of maturities of receivables

Net receivables

<i>In thousands of euros</i>	Total amount	≤ 1 year	> 1 year	> 5 years
Fixed asset receivables				
Loans	0	0	0	0
Deposits and guarantees	0	0	0	0
Current asset receivables				
Trade receivables and related accounts	92	92	0	0
Other receivables	36,765	36,765	0	0
TOTAL	36,857	36,857	0	0

3.5 Treasury shares, liquid assets and cash instruments

	€K	in US\$K
Treasury shares	3,895	
SICAVs and mutual funds (A)	-	-
Equity securities	3,895	
Short-term interest-bearing deposits	-	-
Bank current accounts and others	178,426	178,135
Liquid assets (B)	178,426	178,135
SICAVS AND LIQUID ASSETS (A+B)	182,321	178,135

As at 31 December 2011, Maurel & Prom Nigeria held 1,997,548 treasury shares with a gross value of €3,983 thousand.

A comparison of the average acquisition cost of treasury shares and their average price over December since listing (€1.95) led the Company to establish a provision in the amount of €88 thousand to bring their net book value to €3,895 thousand.

Cash (short-term investments and liquid assets) was up by €182.2 million relative to the previous year, mainly due to the following factors:

- Capital increase €105 million
- Seplat current account repayment €80 million
- Maurel & Prom current account repayment -€11 million
- Cash flow €8 million
- Increase/decrease in cash flow: €182 million

3.6 Shareholders' equity

<i>In thousands of euros</i>	2010	Appropriation of income	Profit for the fiscal year	Capital reduction	Capital increase	2011
Share capital	133,434			(123,705)	1,805	11,534
Share premium				123,705	103,195	226,900
Legal reserve						
Other reserves						
Retained earnings	(2)	2,722				2,720
Net income	2,722	(2,722)	5,425			5,425
TOTAL	136,154	-	5,425	-	(105,000)	246,579

As at 31 December 2011, the share capital was composed of 115,336,534 shares with a nominal value of €0.10 making the total capital €11,533,653.40.

The distribution of MP Nigeria shares to M&P shareholders in the form of an exceptional dividend and the simultaneous listing of the MP Nigeria shares on the stock exchange on 15 December 2011 had been preceded by transactions to adjust the MP Nigeria share capital which had been approved by the shareholders at the General Meeting on 7 October 2011.

The table below shows the change in the Company's share capital since the time of its constitution:

<i>Date</i>	<i>Nature of operation</i>	<i>Capital before operation</i>	<i>Issue premium</i>	<i>Shares created</i>	<i>Nominal value</i>	<i>Total number of shares</i>	<i>Capital after operation, in euros</i>
13 October 2009	Constitution	N/A	N/A	37,000	1	37,000	37,000
15 November 2010	Capital increase by incorporation of debt fully subscribed by Maurel & Prom	37,000	N/A	N/A	1.10	37,000	40,700
15 November 2010	Capital increase by incorporation of debt fully subscribed by Maurel & Prom	40,700	N/A	121,266,213	1.10	121,303,213	133,433,534.30
2 December 2011	Capital reduction by a reduction of the total number of shares	133,433,534.30	26,418,272.10	N/A	1.10	97,286,602	107,015,262.20
2 December 2011	Capital reduction by a reduction of the nominal value of the shares	107,015,262.20	97,286,602	N/A	0.10	97,286,602	9,728,660.20
2 December 2011	Capital increase with preferential subscription rights maintained	9,728,660.20	103,289,167.10	17,108,329	0.10	114,394,931	11,439,493.10
14 December 2011	Capital increase by incorporation of sums deducted on issue premiums	11,439,493.10	-94,160.30	941,603	0.10	115,336,534	11,533,653.40

Share repurchase plan

Following the approval by the General Meeting of 7 October 2011 for a period of 18 months, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital, under the following terms: maximum purchase price of €10 per share and the maximum amount of funds that the Company can devote to this repurchase plan is €120 million.

As part of this repurchase plan, 921,417 shares were purchased in 2011. Purchases relating to the liquidity agreement over the course of the same period represent 1,538,479 shares bought, and 462,348 shares sold.

As at 31 December 2011, the Company held 1,997,548 treasury shares (1.73% of share capital for a gross value of €3,983 thousand at year-end 2011), including 1,076,131 shares under the liquidity agreement.

Summary of capital movements

As at 31 December 2011, as shown in the capital movements table below, there were 115,336,534 company shares and the share capital amounted to €11,533,653.40.

	Number of shares	Treasury shares
At 31/12/2010	121,303,213	0
● Capital operations (increase and decrease)	(5,966,679)	
● Repurchase of treasury shares		1,997,548
AT 31/12/2011	115,336,534	1,997,548

Distribution

None

3.7 Provisions for risks and contingencies

Provisions for risks and contingencies changed as follows:

<i>In thousands of euros</i>	2010	Allocation for the fiscal year	Reversals in the fiscal year (provision used)	Reversals in the fiscal year (provision not used)	2011
Foreign exchange risk	2,363	5,098		(2,363)	5,098
Disputes					
Other					
TOTAL PROVISIONS	2,363	5,098	0	(2,363)	5,098
Operating income		0	0		
Financial income		5,098	0	(2,363)	
Non-recurring income		0	0		

The revaluation of the closure rate for debts and receivables in a foreign currency led to a provision being established for foreign exchange loss in the amount of €5.1 million.

3.8 Bank borrowings

<i>In thousands of euros</i>	2011	2010
Accrued interest	0.1	0.8
Creditor banks	174.3	5.5
TOTAL	174.4	6.3

3.9 Sundry borrowings and financial debt

<i>In thousands of euros</i>	2011	2010
Accrued interest	0	92
Other	0	11,016
TOTAL	0	11,108

Maurel & Prom Nigeria was formerly a subsidiary of Maurel & Prom which financed our activity through current account advances. These debts were repaid in full prior to listing on the stock exchange.

3.10 Trade payables and tax and social security liabilities

Other debts mainly relate to the balance of corporation tax payable for fiscal year 2011.

3.11 Statement of debt maturities

<i>In thousands of euros</i>	Gross amount	≤ 1 year	> 1 year	> 5 years
Bank borrowings	174	174		
Sundry borrowings and financial debt				
Trade payables and related accounts	1,137	1,137		
Tax and social security liabilities	2,918	2,918		
Debts on assets and related accounts				
Other debts	234	234		
TOTAL	4,463	4,463		

3.12 Exchange gains/losses

Exchange gains/losses, for both assets and liabilities, correspond to the revaluation at the closing price of debts and receivables in a foreign currency (mainly on current accounts and loans with the subsidiary).

The unrealised exchange loss of €5.1 million (2010: €2.4 million) is fully provisioned.

3.13 Sales

<i>In thousands of euros</i>	2011	2010
Services	320	0
TOTAL	320	0

Sales correspond exclusively to services and studies provided to the subsidiary Seplat.

3.14 Financial income

Financial income for 2011 is presented in the table below:

<i>In thousands of euros</i>	2011	2010
Interest on subsidiaries' current accounts	6,038	982(1)
Net cash income (expense)	(117)	0
Financial expenses and income	5,921	982
Dividends	0	0
Exchange differences	6,967	6,122(2)
Provision for foreign exchange loss	(2,823)	(2,363)(3)
TOTAL	10,065	4,741

(1) This item breaks down as follows (in €m):

	2011	2010
Interest on current accounts with Seplat ^(a)	5,340	3,684
Interest on current accounts with M&P ^(b)	698	(2,702)
TOTAL	6,038	982

(a) Interest on sums advanced to Seplat was repaid at a rate of 7.125%.

(b) Last year MP Nigeria bore significant financial expenses related to its method of financing via interest-bearing current account. This financing cost was reduced to nil in 2011 following the capitalisation at the end of 2010 of the advances granted by M&P. MP Nigeria became a creditor of M&P over 2011 and invoiced interest accordingly.

(2) Foreign exchange differences, which exclude unrealised profits in the financial statements, were +€6.9 million. They resulted from the rise in the value of the US dollar in 2011 and large foreign currency cash flows. Cash and investments in US dollars amounted to US\$178 million at closing.

(3) The provision for foreign exchange loss was higher due to the movement in the US dollar and related to the advances to our subsidiary.

3.15 Non-recurring income

None

3.16 Corporation tax

Following its listing on the NYSE Euronext Paris stock exchange, the Company is no longer consolidated in tax terms by Maurel & Prom and is now taxed separately.

3.17 Exposure to foreign exchange risk and crude oil price risk

Market risk

The Company's income is sensitive to various market risks. The most significant of these are hydrocarbon prices, expressed in US dollars, and the €/US\$ exchange rate. However, it should be noted that the Group's operating currency is the US dollar, as sales, the majority of operating expenses and a significant portion of investments are in that currency.

Risk relating to the hydrocarbon market

In the absence of specific hedging to protect a part of future output against a possible drop in oil prices, the Company is therefore exposed to fluctuations in the price of oil.

Foreign exchange risk

Although the US dollar is the Company's operating currency (through its subsidiary), fluctuations in the €/US\$ exchange rate impact on the Company's income when cash and receivables held in that currency are revalued at closing of the accounts.

The Company has put no special hedges in place in respect of this risk.

Interest rate and liquid asset risks

Liquid assets of €178.4 million at the closing date are all held in sight current accounts. The risk incurred if interest rates fluctuate is an opportunity loss if rates fall and an opportunity gain if rates rise.

Equity risk

As at 31 December 2011, the Company held 1,997,548 treasury shares for a gross book value of €3,983 thousand compared to a market value of €3,895 thousand. A provision was established in the amount of €88 thousand.

The Company does not consider itself to be exposed to equity risk and therefore does not have recourse to any specific hedging instrument.

Counterparty risk

The Company has no significant receivables other than those on its operating subsidiary. It is therefore not exposed to counterparty risk as such but rather to risks inherent in exploration production.

3.18 Off-balance sheet commitments

To the best of Maurel & Prom Nigeria's knowledge, there are no exceptional off-balance sheet facts, disputes, risks or commitments that could call into question the Group's financial position, assets, income or activities.

Commitments given

Seplat's securities were pledged to the benefit of the lending establishments (Afrexim, UBA, First Bank and Skye Bank) as a guarantee for the financing granted to Seplat.

3.19 Disputes

None

3.22 Compensation for executives and members of the Board of Directors

<i>In thousands of euros</i>	2011	2010
Executive compensation	-	-
Board of Directors (attendance fees) ⁽¹⁾	150	-
TOTAL	150	-

(1) This relates to the sum allocated by decision of the Combined Ordinary and Extraordinary Shareholders' General Meeting of 7 October 2011. No sum has actually been paid for the fiscal year.

3.20 Environment

Due to its activities, which are currently predominantly oil and gas, the Maurel & Prom Nigeria Group ensures that it complies with the regulatory constraints of the countries in which it is present and in particular conducts systematic impact assessment studies before engaging in any specific work.

As part of its exploration, production and development work, some environmental damage may be caused by Maurel & Prom Nigeria. This is covered by ad hoc insurance policies.

Due to the nature of its activity, the Group will bear the cost of restoring its operations sites and evacuation facilities. If appropriate, a provision is established for such restoration of sites in the financial statements.

3.21 Workforce

None

On 2 November 2011, Maurel & Prom and Maurel & Prom Nigeria entered into a Transitional Services Agreement, under the terms of which Maurel & Prom commits, for a period of 12 months from the date of admission, 15 December 2011, which is renewable once at the request of Maurel & Prom Nigeria, to provide the latter with transitional services in order to allow it to operate independently.

3.23 Items concerning associate companies

<i>In thousands of euros</i>	2011	2010
Assets		
Equity interests	31,869	31,869
Trade receivables	92	
Other receivables	36,737	116,636
Liabilities		
Financial debt		11,109
Trade payables		
Other debts		1,280
Income statement		
Financial income	5,340	3,685
Dividends		
Other income	320	
Financial expenses		(2,702)

3.24 Consolidation

The Company consolidates Seplat on a proportionate basis and owns 45% of it. The scope of consolidation is limited to these two entities.

3.25 Post-closing events

None

3.26 Table of subsidiaries and equity interests

Amounts expressed in monetary units

Companies 2011	Currency	% held	Capital (in stated currency)	Shareholder equity other than share capital (in stated currency)	Gross book value of securities held (€)	Net book value of securities held (€)	Gross loans and advances granted (€)(a)	Guarantees and sure- ties given	Dividends cashied	Sales from the previous fiscal year (in stated currency)	Income from the previous fiscal year (in stated currency)	Note
France												
Foreign												
Seplat	US\$	45%	689,655	110,271,000	31,869,437	31,869,437	36,595,074			452,596,000	63,156,000	

(a) Intérêts inclus.

**CASH FLOW STATEMENT**

<i>In thousands of euros</i>	31/12/2011	31/12/2010
Income for the fiscal year	5,425	2,722
Net appropriation (reversals) of amortisation and provisions	2,823	2,363
Impairment of exploration assets		
Other calculated income and expenses		
Increase in expenses to be distributed		
(Gain) loss on disposals		
Cash flow	8,248	5,085
Change in working capital requirements	80,044	(117,707)
I. CASH FLOW FROM / (USED IN) OPERATIONS	88,292	(112,622)
Acquisitions of intangible assets, net of transfers		
Acquisitions of property, plant and equipment		
Acquisitions of financial assets		(31,869)
Disposals of intangible assets and property, plant and equipment		
Disposals of financial assets		
Net increase in Group current accounts		
Net investments		
Impact of differences related to investment operations		
II. CASH FLOW ALLOCATED TO INVESTMENT OPERATIONS	0	(31,869)
Change in capital and in hedging instruments	105,000	133,397
Dividends paid		
Increase (decrease) in financial debt	(11,108)	11,108
Net decrease in Group current accounts		
III. FINANCING FLOWS	93,892	144,505
IV. CHANGE IN CASH	182,183	15
V. CASH AT START OF FISCAL YEAR	52	37
VI. IMPACT OF CHANGE IN FOREIGN EXCHANGE RATE	0	0
VII. NET CASH AT END OF FISCAL YEAR	182,234	52

REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

Dear Shareholders,

In carrying out the assignment entrusted to us by the General Shareholders' Meeting and your articles, we present to you our report on the year ended 31 December 2011, in respect of:

- the inspection of the annual financial statements for the company Maurel & Prom Nigeria, which are attached to this report;
- the justification of our appraisals;
- the specific checks and information required by law.

The annual financial statements were prepared by the Board of Directors. It is our duty, based on our audit, to express an opinion on these financial statements.

→ I. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards require procedures to be carried out that provide reasonable assurance that the annual financial statements contain no significant errors. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting methods made, as well as the overall presentation of the financial statements. We believe that the items we have gathered constitute a sufficient and appropriate basis on which to form our opinion.

We certify that the annual financial statements are, with regard to French accounting principles and rules, consistent and fair and present an accurate reflection of the results of operations for the past year, as well as the financial position and the company's assets at the end of the year under inspection.

→ II. Justification of our appraisals

In application of the provisions of article L. 823-9 of the French Commercial Code on the justification of our appraisals, we bring the following to your attention:

As stated in notes 1.2 "Shareholders' loan", 3.2 "Fixed assets" and 3.4 "Other receivables" of the appendix, your company has a 45% stake in the Nigerian company Seplat and participates in the financing of the latter by granting it an advance. Our appraisal of the reasonable nature of the data and hypotheses used to value the aforementioned assets is based on the findings of the independent expert appointed by your company to value Seplat's hydrocarbon reserves.

The appraisals made were part of our audit of the annual financial statements, taken as a whole, and therefore contributed to forming our opinion expressed in the first part of this report.

→ III. Specific checks and information

In accordance with the professional standards applicable in France, we also carried out the specific checks required by law.

We have no observation to make on the fairness and consistency with the annual financial statements of the information provided in the management report of the Board of Directors and in the documents for shareholders on the financial position and annual financial statements.

In respect of the information provided in application of the provisions of article L. 225-102-1 of the French Commercial Code on the compensation and benefits paid to the corporate officers and on the commitments made to them, we have verified their consistency with the financial statements and/or with the data used to prepare these financial statements and, where applicable, with the items gathered by your company from the companies controlling or controlled by your company. Based on this work, we certify the accuracy and fair presentation of this information.

In application of the law, we have verified that the various information relating to the identity of the shareholders has been communicated to you in the management report.

Paris, 4 May 2012

Statutory Auditors

INTERNATIONAL AUDIT COMPANY

Daniel de Beaupaire

François CARREGA

5.3 First quarter sales 2012

MP Nigeria (NYSE Euronext : FRO011120914 - MPNG), an independent player specialising in the exploration and production of hydrocarbons in Nigeria, announces its annual sales for the first quarter of 2012.

MAIN SALES DATA FOR Q1 2012 AND COMPARISON WITH Q1 2011

		Q1 2012	Q1 2011	Change
Number of days	<i>day</i>	91	90	
Recognised entitlements (100%)	<i>bbl</i>	2,434,386	1,952,337	25%
	<i>boepd</i>	26,751	21,693	
Seplat share (45%)	<i>bbl</i>	1,095,474	878,552	25%
	<i>boepd</i>	12,038	9,762	
MPN share (20.25%)	<i>bbl</i>	492,963	395,348	25%
	<i>boepd</i>	5,417	4,393	
Production sold (MPN share)	<i>bbl</i>	492,963		
	<i>boepd</i>	492,963	403,149	22%
Average sale price	<i>US\$/bbl</i>	119.5	103.5	15%
Sales	<i>US\$M</i>	58.2	41.7	39%
Consolidated sales	<i>€M</i>	44.4	30.5	45%

MP Nigeria's sales for the first quarter of 2012 amounted to €44.4 million in oil sales. This relates to the share belonging to MP Nigeria, specifically 492,963 barrels sold at an average price of US\$119.50/bbl, which corresponds to its 20.25% stake in OMLs 4, 38 and 41.

Production from the fields of OMLs 4, 38 and 41 continued to grow significantly, at an average of 26,751 boepd for the first quarter of 2012 (91 days), compared with 21,693 boepd over the same period in 2011, i.e. a 25% increase. (As a reminder, it was in the order of 24,000 boepd over 2011 as a whole.) The oil produced is Bonny Light, and over the first quarter its average sale price was US\$119.50/bbl, which shows an average premium of US\$1.02/bbl compared to Brent.

These volumes (entitlements recognised, production sold) take into account the adjustments made by Shell Petroleum Development Company (SPDC) which relate to losses during transportation of the crude oil from the Forcados oil terminal. These significant adjustments are being contested by the

operator, Seplat. Following the final receipt of the benchmark on 1 November 2011, negotiations were entered into with SPDC, and an adjustment in favour of the partners in the Joint Venture, which will apply to the entire period, should take effect in the second or third quarter of 2012. In addition to the administrative (and even legal) appeals, the operator is actively studying alternative routing facilities which could be implemented within a year.

In April 2012, production was interrupted for 12 days, including 10 days for maintenance work on the section of pipeline belonging to SPDC and 2 days to restore operations. The operator, Seplat, used this period to carry out work on its own routing facilities, in order to improve operational performance.

Production resumed with a well-head output of 39,000 boepd. The Group reaffirms its production objectives for 2012, namely to achieve an operational production level (at 100%) in the order of 50,000 boepd by the end of December.

6

Information on the company and the capital

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6.1 Information on the Company

6.1.1 INFORMATION REGARDING THE COMPANY AND SEPLAT

→ 6.1.1.1 Maurel & Prom Nigeria

(a) Corporate name

The Company's corporate name is Maurel & Prom Nigeria.

(b) Commercial and Companies Register

The Company is entered in the Paris Trade and Companies Register under number 517 518 247.

(c) Company incorporation date

The Company was registered on 13 October 2009 in the form of a simplified joint-stock company and then transformed into a public limited company on 15 November 2010. In the absence of early dissolution or extension, the Company will cease trading on 12 October 2108.

(d) Registered office, legal form and applicable law

The Company's registered office is located at 12 Rue Volney, 75002 Paris.

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

The ICB⁽¹⁾ sector code of Maurel & Prom Nigeria is "0533 – Exploration & Production." This category includes companies engaging in exploration and drilling, production, refining and oil and gas product supply activities.

(e) History of the Company

The Company was created by Maurel & Prom, a Group specialising in hydrocarbon exploration and production, with the aim of acquiring, in a joint venture with Nigerian partners within the company Seplat, rights in OMLs 4, 38 and 41 in Nigeria. The fact that the Company belonged to the Maurel & Prom Group enabled it to benefit from the knowledge, experience and expertise developed by Maurel & Prom in the context of its oil business operations on several continents.

As at the date of this Annual Report, the Company has a 45% equity interest in Seplat, a stake that was acquired from Maurel & Prom on 29 January 2010. The Company subsequently signed the Agreement (see Section 6.4.1.1 of this Annual Report).

Through this 45% equity interest in Seplat, the Company benefits indirectly from rights in three onshore OMLs (see Section 1.2.1.1 of this Annual Report) offering a balanced combination of fields in production, fields to be developed, and exploration opportunities. Through this stake, it also enjoys strong local involvement.

→ 6.1.1.2 Seplat

(a) Corporate name

The corporate name of this company is Seplat Petroleum Development Company Limited.

(b) Commercial and Companies Register

Seplat is registered with the Corporate Affairs Commission of Nigeria under number RC 824838.

(c) Date of incorporation and term of the Company

Seplat was registered on 17 June 2009 for an unlimited term.

(d) Registered office, legal form and applicable law

Seplat is a company limited by shares incorporated under Nigerian law, whose registered office is located at 25a Lugard Avenue, Ikoyi, Lagos, Nigeria.

(e) History of Seplat

Seplat was originally formed by the Nigerian companies Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited, which were then replaced by Shebah and Platform.

(i) Description of Shebah

Shebah, a shareholder of Seplat holding 31% of its share capital, is a company registered in the British Virgin Islands, with its registered office at Nerin Chambers, Quastisky, Building 12 floor, Road Town, Tortola, British Virgin Islands. The share capital of Shebah is wholly owned by Shebah Petroleum Development Company Limited, a company specialising in the hydrocarbons sector and a subsidiary of Shebah Exploration and Production Company Limited ("Sepcol"), the registered office of which is

(1) The unique nomenclature, ICB ("Industry Classification Benchmark"), launched in January 2005 by the FTSE Group and Dow Jones indices, allows investors and analysts to identify securities according to the ICB hierarchy broken down into ten industries, 18 supersectors, 39 sectors and 104 subsectors. The ICB code thus allows analyses and sectoral comparisons between countries.

in Lagos, Nigeria. Seplat holds 40% of the rights in Nigerian OML 108 (Ukpokiti offshore field), acquired in 2004 from ConocoPhillips, and has the status of operator of this OML. Mr Ambrosie Bryant Chukwueloka Orjiako is the Chairman of Seplat, Chairman of Seplat (see Section 3.1.1.2(a) of this Annual Report) and also a director of Maurel & Prom and of the Company (see Section 3.1.1.1(a) of this Annual Report).

(ii) Description of Platform

Platform, a shareholder of Seplat holding 24% of its share capital, is a company registered in the British Virgin Islands, with its registered office at Nerin Chambers, Quastisky, Building 12 floor, Road Town, Tortola, British Virgin Islands. The share capital of Platform is wholly owned by Platform Petroleum Joint Ventures Limited, a company of which 70% of the share capitales is held by Platform Petroleum Limited, with its registered office in Lagos, Nigeria. Platform Petroleum Limited is an independent Nigerian company which, through its crude oil refining and natural gas liquefaction intended for the domestic Nigerian market activities, is active throughout the oil and gas development, production and marketing cycle. It has the status of operator of the Asuokpu/Umutu marginal gas and oil fields located in the Niger Delta. Augustine Ojunekwu Avuru is advisor of Platform Petroleum Limited, managing director of Seplat (see Section 3.1.1.2(b) of this Annual Report) and also a director of the Company (see Section 3.1.1.1(a) of this Annual Report).

Details regarding the director representing Platform on Seplat's Board of Directors can be found in Section 3.1.1.2(a).

As at the date of this Annual Report, the share capital and voting rights of Seplat are distributed as follows:

Shareholders of Seplat	Number of shares/ voting rights held	Percentage of capital and voting rights
Maurel & Prom Nigeria	45,000,000	45%
Shebah	31,000,000	31%
Platform	24,000,000	24%
TOTAL	100,000,000	100%

Relations between Seplat's shareholders are governed by the Agreement described in Section 6.4.1.1 of this Annual Report.

Seplat is managed by a Board of Directors and a managing director, equivalent to the Chief Executive Officer of a public limited company under French law. Information on the functioning and composition of Seplat's management bodies appears in Section 3.1.1.2 of this Annual Report.

(iii) Seplat's capital composition

At the time of Seplat's incorporation on 17 June 2009, Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited each held 500,000 shares of Seplat with a nominal value of one Nigerian naira.

On 2 December 2009, the date when Maurel & Prom acquired its equity interest in Seplat, the latter increased its capital by a total amount of US\$88,900,000 by issuing 99,000,000 shares, the subscription of which was distributed as follows:

- 45,000,000 new shares were subscribed by Maurel & Prom for a total amount of US\$40 million. The nominal amount of the shares subscribed (45,000,000 nairas, i.e. approximately €200,000) was paid by Maurel & Prom at the time when the new shares were issued, and the balance of the capital increase had been paid up by the Company following the sale of Seplat shares made to it by Maurel & Prom on 29 January 2010;
- 32,500,000 new shares were subscribed by Shebah by means of a contribution in kind valued at US\$29,340,000;
- 21,500,000 new shares were subscribed by Platform by means of a contribution in kind valued at US\$19,560,000; and
- 2,000,000 shares held by Shebah have been transferred to Platform.

After the acquisition of an equity interest in Seplat by Maurel & Prom, which was replaced by the Company on 29 January 2010, Seplat acquired 45% of the rights in OMLs 4, 38 and 41 on 30 July 2010. The conditions under which Seplat made the investment in OMLs 4, 38 and 41 are described in Section 1.5.1 of this Annual Report.

6.1.2 GENERAL DESCRIPTION OF THE DISTRIBUTION

Considering the fact that the Company's value was not fully reflected in Maurel & Prom's share price, the latter decided to propose to its shareholders, in a General Shareholders' Meeting on 12 December 2011, that, subject to fulfilment of the conditions precedent described in Section 27.1.6 of the Prospectus, it would distribute Company shares to them and would apply for the shares thus distributed to be listed for trading on the NYSE Euronext regulated market in Paris.

All the conditions precedent specified in Section 27.1.6 of the Prospectus having been lifted, the General Shareholders' Meeting of Maurel & Prom authorised the distribution to its shareholders, proportionately to their stake in the capital of Maurel & Prom, of one Company share for one Maurel & Prom share, after which the Listing of the Company's shares for trading on the NYSE Euronext regulated market in Paris took place.

6.1.3 CHARTER AND ARTICLES OF ASSOCIATION

The references to articles of association that appear in this section must be understood as references to the Articles of Association adopted by the General Shareholders' Meeting of 7 October 2011.

→ 6.1.3.1 Structure – Corporate purpose – Registered office – Term

(a) Company structure

The Company is a public limited company with a Board of Directors governed by the laws and regulations in force on public limited companies, as well as by the Company's Articles of Association.

(b) Corporate purpose

The Company has the following purpose, both in France and abroad:

- the holding and management of all shares and membership rights and, to this end, the acquisition of interests in any company, group or association, particularly by way of purchase, subscription and contribution, as well as the sale in any form of said shares or membership rights;
- the prospecting and exploitation of all mineral deposits, particularly liquid or gaseous hydrocarbon deposits and related products;
- the leasing, acquisition, transfer and sale of all wells, land, deposits, concessions, operating permits and prospecting permits, either on its own account or on behalf of third parties, whether by participation or otherwise, and the transport, storage, processing, transformation and trading of all natural or synthetic hydrocarbons, all liquid or gaseous products or by-products of the subsoil, and all minerals or metals;
- the acquisition of any buildings and their management or sale;
- trading in any products and commodities;

- the issuance of any guarantees, first demand guarantees, collateral and other sureties, particularly for the benefit of any group, undertaking or company in which it holds an equity interest, as part of its activities, as well as the financing or refinancing of its activities, and
- in general, the Company's direct or indirect participation in all commercial, industrial, real estate, agricultural and financial transactions, in France or in other countries, either by the setting up of new companies or by the contribution, subscription or purchase of shares or membership rights, merger, joint venture or otherwise, and in general all transactions of any kind whatsoever directly or indirectly related to these activities and likely to facilitate their development or management.

(c) Registered office:

The registered office is located at 12 Rue Volney, 75002 Paris. It may be transferred under the conditions provided for by Article L. 225-36 of the French Commercial Code.

(d) Term

Unless dissolved or extended as provided for in the Company's Articles of Association, the Company's term is set at ninety-nine years, as at 13 October 2009, i.e. until 12 October 2108.

→ 6.1.3.2 Provisions relating to the Board of Directors and executive management

(a) Board of Directors

(i) Bylaws

The Board of Directors has a set of bylaws specifying the operating procedures of the Company's Board of Directors. The bylaws came into effect as of the Listing of the Company's shares, i.e. on 15 December 2011.

(ii) Composition

The Company is run by a Board of Directors comprising at least three (3) and no more than twelve (12) members, appointed by the General Shareholders' Meeting, subject to the exception provided for by law in case of a merger.

A legal person may be appointed as a director, but that person must, in accordance with the conditions provided for by law, appoint a natural person who will be its permanent representative on the Board of Directors.

(iii) Term of office – Age limit

The term of office for directors is three (3) years. A director's office shall end after the Ordinary General Shareholders' Meeting called to approve the financial statements for the past fiscal year and held in the year during which that director's term of office expires.

The number of Board members over the age of seventy (70) may not exceed one third of the members in office. When this number is exceeded, the eldest member shall be deemed to have resigned.

Directors may be re-elected indefinitely, subject to the application of the above provisions relating to the age limit. They may be dismissed at any time by the General Shareholders' Meeting.

In the event of a vacancy due to the death or resignation of one or more directors, the Board of Directors may make provisional appointments subject to ratification by the next Ordinary General Shareholders' Meeting, within the limits and according to the conditions established by law. In the event of non-ratification, any previous resolutions adopted and actions taken shall no longer be valid.

In the event of a vacancy due to the death, resignation or dismissal of a director, the director appointed under the conditions set out above by the Board of Directors to replace the outgoing director shall remain in office, subject to ratification by the General Shareholders' Meeting, only for the remainder of his/her predecessor's term of office.

If the number of directors falls below three (3), the remaining members (or the statutory auditors, or a designated representative, at the request of any interested party, by the President of the Commercial Court) must immediately convene a General Shareholders' Meeting with a view to appointing one or more new directors in order to bring the number of Board members up to the legal minimum.

(iv) Powers of the Board of Directors

The Board of Directors determines the strategies for the Company's business and ensures their implementation. Subject to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate objective, it addresses all questions related to the proper functioning of the Company and governs, through its decisions, the affairs that concern it.

In its relations with third parties, the Company is bound even by acts of the Board of Directors that are beyond the scope of the corporate purpose, unless the Company can prove that the third party knew that the act was beyond the scope of said purpose or that the third party could not be unaware of it given the circumstances, although mere publication of the Articles of Association does not suffice as such proof.

The Board of Directors carries out the controls and checks that it deems necessary.

Each director receives all the information necessary for the performance of his/her duties, and may obtain all necessary documents from the Chairman or Chief Executive Officer for the performance of his/her duties.

The Board of Directors may grant to one or more of its members, or to third parties, who may or may not be shareholders, any special warrants for one or more specific purposes.

It may also decide to create specialised committees within it. These committees, whose composition and powers are determined by the Board, perform their activities under the latter's responsibility.

(v) Notice of meeting and deliberation

The Board of Directors meets as often as required by the interest of the Company, when convened by its Chairman or CEO and as often as he/she sees fit, at the place specified in the notice of meeting.

When the Board of Directors has not met for more than two months, at least one third of the Board's members may ask the Chairman to convene a Board meeting to consider a specific agenda. The Chairman is then bound to act on such requests.

A notice of meeting may be made by any means.

The deliberations of the Board of Directors are only valid when at least one half of its members is present.

Decisions are taken on the basis of a majority vote of the members present or represented. In the case of a tied vote, the Chairman of the meeting has the casting vote.

Subject to legal and regulatory provisions, meetings of the Board of Directors may be conducted via videoconferencing or other telecommunications methods under the conditions provided for in the bylaws adopted by the Board of Directors.

The deliberations of the Board of Directors are recorded in the minutes of the meeting, compiled in conformity with the law.

Copies or excerpts of these minutes are issued and certified in conformity with the law.

(vi) Board of Directors meeting officers

The Board of Directors appoints a Chairman from among its members, who should be a natural person, and, if the Board deems it necessary, one or more Deputy Chairmen. It sets their term of office, which may not exceed their term of office as directors. The Board can, moreover, terminate such positions at any time.

The age limit for exercising the position of Chairman of the Board of Directors is set at seventy (70) years of age. When this age limit is reached during the term of office, the Chairman of the Board of Directors shall be deemed to have resigned.

In the event of the temporary incapacity or death of the Chairman, the Deputy Chairman of the Board of Directors who is most senior in age is delegated to act as Chairman. In the case of temporary incapacity, this delegation is given for a limited term and is renewable. In the case of death, it is valid until a new Chairman is elected.

The Board of Directors also appoints and fixes the term of office of a secretary, who may be chosen either from among the directors or from outside their number. In the absence of the Chairman and Deputy Chairmen, the Board of Directors shall appoint a director present to chair the meeting.

If, as the result of simple omission, the Board has not expressly re-elected the meeting officers whose terms of office as directors have not expired, such re-election is considered to have taken place automatically, and it falls to a subsequent Board meeting to formalise this re-election as necessary.

(vii) Compensation of directors

Members of the Board of Directors may receive compensation in respect of attendance fees, the total amount of which, determined by the General Shareholders' Meeting, is distributed by the Board of Directors at its discretion.

In particular, the Board of Directors may allocate a greater share to those directors who are members of the specialised committees created by the Board of Directors.

(viii) Chairman of the Board of Directors

The Chairman of the Board of Directors organises and leads the work of the Board of Directors, and reports on this work to the General Shareholders' Meeting.

He oversees the proper functioning of the Company's bodies and ensures, in particular, that directors are capable of fulfilling their duties.

The Board of Directors determines the amount, manner of calculation and payment of the Chairman's compensation, if applicable. The Chairman may be removed from office at any time by the Company's Board of Directors.

(ix) Observers

The Board of Directors may appoint one or more observers to the Company, natural persons, whose number may not exceed four.

The term of office for each of the observers is set at three (3) years.

Observers are called upon to attend and observe meetings of the Board of Directors, and may be consulted by it; they may also present observations at the General Shareholders' Meetings on proposals submitted to them, if they deem it appropriate. They must be called to each meeting of the Board of Directors. The Board of Directors must entrust specific assignments to the

observers. Subject to the provisions of Article L. 823-19 of the French Commercial Code, they may take part in committees created by the Board of Directors. The observers shall have access to the same documents and information as those disclosed to directors and shall be bound by the same obligations of loyalty and confidentiality.

The Board of Directors may decide to pay observers part of the attendance fees allotted to it by the General Shareholders' Meeting, and may authorise the reimbursement of expenses that observers incur in the interest of the Company.

(b) Executive management

In accordance with the legal and regulatory provisions, the Company's executive management is assumed under the responsibility of either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The choice between these two manners of conducting executive management is made by the Board of Directors, which must inform the shareholders and third parties accordingly under the conditions provided for by law.

The decision of the Board of Directors regarding the choice of the manner of conducting executive management is taken on the basis of a majority vote by the directors present or represented.

A change in the manner of conducting executive management does not entail any change to the Articles of Association.

(i) Chief Executive Officer

Depending on the choice made by the Board of Directors, executive management is ensured either by the Chairman or by a natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

If the Board of Directors chooses to separate the functions of Chairman and CEO, it appoints the Chief Executive Officer, fixes the term of his/her office, determines his/her compensation and, where applicable, establishes the limits on his/her powers.

The age limit for holding the position of Chief Executive Officer is set at seventy (70) years of age. When this age limit is reached during the term of office, the Chief Executive Officer shall be deemed to have resigned.

The Chief Executive Officer may be removed from office at any time by the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act on behalf of the Company in any circumstance. He/she exercises these powers within the limit of the corporate purpose and subject to those that the law expressly attributes to the General Shareholders' Meeting and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer that are not within the scope of the corporate purpose, unless the Company can prove that the third party knew that the act was beyond the scope of said purpose or the third party could not be unaware of it given

the circumstances, although mere publication of the Articles of Association does not suffice as such proof.

(ii) Deputy Chief Executive Officers

At the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more natural persons as Deputy Chief Executive Officer, with the responsibility of assisting the Chief Executive Officer.

The maximum number of Deputy Chief Executive Officers is set at two (2).

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and extent of the powers granted to Deputy Chief Executive Officers.

With regard to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The age limit for holding the position of Deputy Chief Executive Officer is set at seventy (70) years of age. When this age limit is reached during the term of office, the Chief Executive Officer shall be deemed to have resigned.

At the proposal of the Chief Executive Officer, Deputy Chief Executive Officers may be removed from office at any time by the Board of Directors.

The Board of Directors determines the compensation of Deputy Chief Executive Officers.

In the event of the termination of duties or incapacity of the Chief Executive Officer, the Deputy Chief Executive Officers retain, unless decided otherwise by the Board of Directors, their functions and powers until such time as a new Chief Executive Officer has been appointed.

→ 6.1.3.3 Share capital and shares

(a) Change in share capital

The share capital may be reduced or increased by decisions of the Extraordinary General Shareholders' Meeting under the conditions set by the laws and regulations. The Extraordinary General Shareholders' Meeting may nevertheless delegate to the Board of Directors, in accordance with any conditions authorised by the laws and regulations, the necessary powers for purposes of deciding or implementing a capital increase or any other issue of securities.

(b) Payment of shares

In the event of a capital increase, the shares subscribed should be paid up at the time of subscription, as decided by the Extraordinary General Shareholders' Meeting or by the Board of Directors acting by delegation from the Extraordinary General Shareholders' Meeting, either in full or for a portion that may not be less than a quarter of the price of each share subscribed in cash and, in any case, within a period of five years, by decision of the Board of Directors, which sets the amount of sums called, as well as the place and time at which the payments must be

made. The amount of shares to be subscribed is payable either at the registered office or at any other place indicated for this purpose.

The Board of Directors also determines the conditions under which shareholders may be authorised to pay up their shares in advance.

Any call for funds should be brought to the attention of shareholders 15 days prior to the date set for payment by a notice published in a legal announcements newspaper in the place of the registered office or by a registered letter with acknowledgement of receipt.

As at its due date, any late payment shall automatically lead to the payment of 6% interest to the Company without the need for a court order, but without prejudice of personal action to be brought by the Company against the defaulting shareholder and forced execution measures provided for by law.

(c) Form of the shares

Fully paid-up shares may be registered or bearer shares, at the choice of the shareholder.

They shall be registered in an individual account under the terms and conditions provided for by the applicable legal and regulatory provisions.

The Company is entitled, at any time, under the terms and conditions provided for by the legal and regulatory provisions, to ask the central depository responsible for managing the securities issuance account for the identity of holders of securities conferring voting rights in the future or immediately in its General Shareholders' Meetings, as well as the number of securities held by each and, where applicable, the restrictions that the securities may be subject to.

(d) Obligation to declare the crossing of thresholds

In addition to the thresholds provided by the applicable legal and regulatory provisions, any natural or legal person, acting alone or in concert, that comes to directly or indirectly hold a number of shares representing a percentage of the capital or voting rights equal to or greater than 2%, or a multiple of 2%, as long as it does not hold, alone or in concert, a total number of shares representing more than 50% of the Company's capital and voting rights, must inform the Company of the total number of shares and securities conferring entitlement to the Company capital that it owns, by registered mail with acknowledgement of receipt sent to the registered office within four trading days from the date on which said ownership thresholds are exceeded.

At the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 2% of the Company's capital or voting rights, any failure to comply with this obligation to provide information shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period after the date on which the notification was formally recorded.

The same reporting obligation applies, within the same time period and in the same manner, each time the percentage of capital or voting rights held by a shareholder falls below one of the thresholds mentioned above.

For the calculation of the thresholds mentioned above, the shares and voting rights held are taken into account, as well as – even if the person concerned does not personally hold shares or voting rights otherwise – comparable shares or voting rights in application of Article L. 233-9 of the French Commercial Code, in relation to the total number of shares comprising the Company's capital and the total number of voting rights attached to those shares.

The total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares not eligible for voting rights.

(e) Rights and obligations attached to shares

Each share confers a right to an equal share in the Company's profits and corporate assets.

Shareholders are not committed beyond the nominal value of the shares that they possess.

Ownership of a share automatically entails adherence to the Company's Articles of Association and the decisions of its General Shareholders' Meetings.

The heirs, creditors, assignees or other representatives of a shareholder may not call for the affixing of seals on the Company's assets and valuables, nor request their distribution or sale at auction, nor interfere in any way in its management. In order to exercise their rights, they must refer to the corporate inventories and to the decisions of the General Shareholders' Meetings.

Each time it is necessary to own several shares in order to exercise any right, in the event of any exchange, consolidation or allotment of shares or as a consequence of a capital increase or reduction, merger or other transactions, the owners of isolated shares or those owning a smaller number than the required number may not exercise these rights unless they personally decide to consolidate such shares or buy or sell the necessary shares or allotment rights, as the case may be.

The shares are indivisible with respect to the Company, which recognises only one owner for each share. The joint owners of indivisible shares may be represented at General Shareholders' Meetings by one person only. The voting right attached to the share belongs to the beneficial owner at Ordinary General Shareholders' Meetings and to the bare owner at Extraordinary General Shareholders' Meetings.

A double voting right is conferred to fully paid-up shares for which a nominative entry in the Company's records is demonstrated for at least four years as at the date on which they are fully paid up, without interruption, in the name of the same shareholder.

Furthermore, in the event of a capital increase through capitalisation of reserves, profits or issue premiums, the double voting right is conferred – immediately upon the issue of any

registered shares allocated free of charge – to a shareholder who had old shares benefiting from this same entitlement.

Any share converted into a bearer share or the ownership of which is transferred loses the double voting right, but this right may be reinstated when the new holder of the securities provides evidence of registration for an uninterrupted period of at least four (4) years.

However, transfer as a result of succession, liquidation of community property between spouses, and inter vivos donation to a spouse or relative entitled to inherit does not cause the right acquired to be lost and does not interrupt the abovementioned four-year time period. The merger or division of the Company has no effect on the double voting right, which may be exercised within the beneficiary company or companies if their Articles of Association have constituted it.

(f) Transfer of shares

Shares may be freely transferred, and are to be conducted through an inter-account transfer under the conditions provided for in the laws and regulations.

→ 6.1.3.4 General Shareholders' Meetings

(a) Provisions common to General Shareholders' Meetings

A duly convened General Shareholders' Meeting represents all shareholders. Its decisions are binding for all shareholders, even those who are absent, dissenting or legally incompetent.

Every shareholder, regardless of the number of shares that he/she owns, has the right to participate in General Shareholders' Meetings, be it personally, or by appointing a proxy, or by voting via post, in accordance with current laws and regulations.

Any shareholder may also send a proxy to the Company without indicating the name of their representative. All such powers of attorney without indication of the name of the proxy shall be considered as a vote in favour of the resolutions submitted or approved by the Board of Directors to the General Shareholders' Meeting.

Proof of the right to participate in the Company's General Shareholders' Meetings, in whatever form, may be demonstrated via book entry or share registration under the conditions and within the time periods stipulated by current regulations.

Remote or proxy voting forms, as well as certificates of participation, may be prepared, if the Board of Directors so stipulates, in electronic form, duly signed under the conditions provided for by the applicable laws and regulations.

For this purpose, the form may be directly entered and signed electronically on the Internet site set up by the Shareholders' Meeting's centralising agent. The electronic signing of the form may be conducted (i) by entering, under conditions that comply with the provisions of the first sentence of the second paragraph

of Article 1316-4 of the French Civil Code, an identifying code and a password, or (ii) by using any other process that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. The proxy or vote thus expressed before the Shareholders' Meeting through this electronic means, as well as the acknowledgement of receipt given, if any, shall be considered as a written, irrevocable document enforceable against all parties, except in cases of sales of securities, which are subject to the notification provided for in Article R. 225-85 Section IV of the French Commercial Code.

The procedures for sending remote and proxy voting forms shall be specified by the Board of Directors in the advance notice and in the notice of meeting.

The Board of Directors may organise, under legal and regulatory conditions, the participation and voting of shareholders at the Shareholders' Meeting via videoconferencing or any other means of telecommunication that allows them to be identified and that complies with legal and regulatory requirements. The Board shall ensure the effectiveness of the means of identification.

For the calculation of the quorum and majority required for any Shareholders' Meeting, shareholders who attend the General Shareholders' Meeting via videoconferencing or other means of telecommunication that allows them to be identified in accordance with legal and regulatory conditions shall be deemed present.

(i) Convening of General Shareholders' Meetings

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

Meetings are held at the registered office or at any other place specified in the advance notice.

(ii) Agenda of General Shareholders' Meetings

The agenda is set by the body that convenes the Meeting.

However, one or more shareholders, or the works council, if it exists, has the right, subject to current laws and regulations, to request that items or resolutions are added to the agenda."

The Shareholders' Meeting may not deliberate on any matter not included in the agenda. However, it may under any circumstances remove one or more members of the Board of Directors from office and replace them.

(iii) Chairing of General Shareholders' Meetings

The General Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by a member of the Board of Directors delegated by the Board. Otherwise, the Meeting elects its own Chairman.

Meetings convened by the statutory auditors are chaired by the auditor who is most senior in age.

The Chairman of the Meeting is assisted by two scrutineers who constitute, with the Chairman, the meeting officers. The roles of scrutineers are performed by two willing shareholders present at the start of the Meeting who represent, both in their own right and by virtue of the powers conferred on them, the greatest number of shares. The meeting officers appoint a secretary, who may be chosen from outside the members of the Meeting.

(iv) Attendance sheet

At each Meeting, an attendance sheet is drawn up containing the first and last names and domiciles of the shareholders present, represented or voting remotely and of any of their proxies, as well as the number of shares held by each of them. This sheet, drawn up under the conditions provided for by Article R. 225-95 of the French Commercial Code and to which the proxies of the represented shareholders and remote voting forms are annexed, is initialled by the shareholders present or their proxies and certified as true by the meeting officers. It is filed at the registered office and must be communicated to any requesting person under the conditions laid down by the laws and regulations in force.

(v) Deliberations of General Shareholders' Meetings

Subject to the double voting right provided for in the Company's Articles of Association, each shareholder has as many votes as the number of shares that he/she owns or represents.

The deliberations are recorded in minutes, which are entered in a special register. These minutes are signed by the meeting officers. Copies or excerpts of minutes are signed by the Chairman of the Board of Directors.

(b) Ordinary General Shareholders' Meetings

The Ordinary General Shareholders' Meeting takes all decisions other than those referred to in Articles L. 225-96 and L. 225-97 of the French Commercial Code concerning the competence of Extraordinary General Shareholders' Meetings.

The Ordinary General Shareholders' Meeting is convened each year by the Board of Directors, within the six months following the end of the fiscal year.

Ordinary General Shareholders' Meetings may also be convened extraordinarily.

The deliberations of the Ordinary General Shareholders' Meeting are valid at the first convening only if the shareholders present, represented or voting remotely possess at least one fifth of the shares with voting rights.

If these conditions are not satisfied, the Meeting is reconvened. At this second Meeting, the deliberations are valid irrespective of the number of shares represented.

Resolutions of the Ordinary General Shareholders' Meeting are passed by a majority of votes held by the shareholders present, represented or voting remotely.

(c) Extraordinary General Shareholders' Meetings

In accordance with Articles L. 225-96 and L. 225-97 of the French Commercial Code, General Shareholders' Meetings are said to be extraordinary when their purpose is to amend the Company's Articles of Association or its nationality.

Extraordinary General Shareholders' Meetings are held whenever the interests of the Company so require.

The Extraordinary General Shareholders' Meeting may only validly deliberate if the shareholders present, represented or voting remotely possess, at the first convening, at least one quarter of the shares with voting rights.

If these conditions are not satisfied, the Meeting is reconvened. It may only validly deliberate if the shareholders present, represented or voting remotely at the second convening possess at least one fifth of the shares with voting rights. If this quorum is not satisfied, the second Meeting may be postponed until a date no later than two months after the date on which it was originally convened.

Resolutions of the Extraordinary General Shareholders' Meeting are passed by a majority of two-thirds of the shareholders present, represented or voting remotely. However, in the event of a capital increase through capitalisation of reserves, profits or share premiums, the resolutions of the Meeting are passed on the basis of the quorum and majority required for Ordinary General Shareholders' Meetings.

→ 6.1.3.5 Fiscal year – Dividend**(a) Term of the fiscal year**

The fiscal year has a one-year term beginning on 1 January and ending on 31 December.

(b) Payment of dividends

The terms for payment of the dividends voted by the General Shareholders' Meeting shall be set by it or otherwise by the Board of Directors in accordance with the provisions of Articles L. 232-12 to L. 232-17 of the French Commercial Code.

The General Shareholders' Meeting has the option of granting shareholders a choice, for all or part of a dividend or interim dividend to be paid, between payment of the dividend or interim dividend in cash or in shares under the conditions set by law.

All or part of any dividend, interim dividend, reserves, premiums or any other sums that may be distributed to shareholders may be paid in cash or in kind in the form of Company assets including financial securities held by the Company. A dividend payment in kind may be made with or without the option of a payment in cash."

→ 6.1.3.6 Provisions of the Articles of Association or other provisions that might have the effect of delaying, deferring or preventing a change of control

The Articles of Association do not contain any stipulations likely to delay, defer or prevent a change of control of the Company.

6.2 Information on share capital

6.2.1 GENERAL INFORMATION REGARDING SHARE CAPITAL

→ 6.2.1.1 Amount of share capital

The share capital of the Company at 31 December 2011 was €11,533,653.40. It was divided into 115,336,534 shares with a nominal value of €0.10 each, fully paid up.

Each share confers a right to the Company's profits and assets in proportion to the fraction of capital that it represents. The Company's share capital may be increased, reduced or amortised under the terms and conditions governed by law, the Articles of Association making no specific provision for this.

→ 6.2.1.2 Shares held by the Company or on its behalf

As at 29 February 2012 the Company held 3,023,802 of its own shares representing 2.62% of its share capital, distributed as follows:

- 127,052 shares under a liquidity agreement; and
- 2,896,750 treasury shares, which were held for subsequent exchange or settlement in potential external growth operations..

The General Shareholders' Meeting of the Company held on 7 October 2011 approved, under the non-retroactive condition precedent of the Listing, a resolution authorising the Board of Directors, with the option of sub-delegation, to proceed, on one or more occasions and at the time periods that it will determine, with the purchase, sale or transfer of Company shares within a limit of 10% of the Company's share capital as it existed on the date of the said Meeting or 5% if it involves shares purchased for holding and subsequent delivery in payment or in exchange as part of external growth transactions.

This authorisation is within the framework of the provisions of Articles L. 225-209 et seq. of the French Commercial Code, European Regulation no. 2273/2003 of 22 December 2003 and the General Regulations of the French Financial Market Authority, as well as any other legal and regulatory provisions that could apply.

(a) Objectives of the share repurchase plan

Share repurchases may be made with a view to:

- honouring obligations under stock option plans, allocations of bonus shares or other share allocations or sales to employees and/or corporate officers, specifically as part of (a) company profit-sharing and (b) any share purchase plan or bonus share allocation for employees;

- honouring obligations relating to securities conferring access to Company shares, by any means, immediately or as futures (including any hedging of Company bonds through such securities);
- ensuring the liquidity of Company shares through an investment services provider under a liquidity agreement, in accordance with the ethics charter of the French Financial Markets Association (AMAFI) recognised by the French Financial Markets Authority;
- holding shares for subsequent use as exchange or payment in a potential external growth transaction; and
- cancelling all or part of the shares thus repurchased as part of a capital reduction decided or authorised by the General Shareholders' Meeting pursuant to the Twenty-third Resolution of the General Shareholders' Meeting of 7 October 2011 or by any subsequent General Shareholders' Meeting.

This plan would also be intended to allow the Company to operate for any other purpose authorised or that comes to be authorised by the laws and regulations in force. In such a case, the Company would inform its shareholders through a statement.

(b) Principal characteristics and procedures of the plan

The maximum number of shares liable to be repurchased by the Company cannot exceed 10% of the Company's share capital as it existed on the day of the General Shareholders' Meeting on 7 October 2011, or 5% of this capital if it involves shares acquired for holding and later delivery in payment or exchange as part of external growth transactions.

The maximum purchase price cannot exceed €10 per share, it being specified that the maximum amount of funds that the Company can devote to its share repurchase plan cannot exceed €120 million.

The purchase, sale or transfer of these shares may be conducted, including during a public offer period on the Company's shares under the conditions provided for by the applicable legal and regulatory provisions, by any means, notably on regulated markets, multilateral trading systems or over the counter, including block purchase or sale, using derivative financial instruments or securities conferring access to the Company's capital, in accordance with the laws and regulations in force on the date of the transactions in question and at the times that the Board of Directors of the Company sees fit.

The authorisation granted by the General Shareholders' Meeting of the Company took effect as from the Listing (15 December 2011), and will terminate at the end of the 18th month after the date of the General Shareholders' Meeting of 7 October 2011.

→ 6.2.1.3 Other securities conferring access to capital

As at the date of this Annual Report, there are no securities in existence that confer access to the Company's share capital.

→ 6.2.1.4 Authorised capital not issued

The delegations and authorisations to issue shares and other securities or to reduce capital approved by the General

Shareholders' Meeting of 7 October 2011, which voided and replaced, in their unused portion, the delegations and authorisations granted by the General Shareholders' Meeting of 15 November 2010, are summarised in the table below. These delegations and authorisations were approved under the non-retroactive condition precedent of the Listing. They came into effect on the date that the Listing took place, on 15 December 2011.

Type of delegation or authorisation	Period of validity	Authorised ceiling
Delegation of authority to the Board of Directors to issue Company shares and securities conferring access to the capital of the Company or of one of its subsidiaries, maintaining shareholders' preferential subscription rights ⁽¹⁾ ;	26 months	€15 million maximum nominal amount for capital increases applicable against a €15 million overall ceiling for capital increases \$300 million maximum nominal amount for debt security issues applicable against a €300 million overall ceiling for debt security issues
Delegation of authority to the Board of Directors to issue Company shares and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights as part of a public offer. ⁽¹⁾	26 months	€7.5 million nominal amount for capital increases ⁽²⁾ €150 million nominal amount for debt security issues ⁽³⁾
Delegation of authority to the Board of Directors to issue Company shares and securities conferring access to the capital of the Company or of one of its subsidiaries, with removal of shareholders' preferential subscription rights by private investment governed by Article L. 411-2 section II of the French Monetary and Financial Code. ⁽¹⁾	26 months	€7.5 million nominal amount for capital increases ⁽²⁾ €150 million nominal amount for debt security issues ⁽³⁾
Authorisation given to the Board of Directors for the purpose of fixing the issue price for Company shares or securities conferring access to the Company's capital, within a limit of 10% of the Company's capital per 12-month period , with a possible maximum discount of 10% compared to the last trading session prior to its fixing, in the case of an issue with removal of the shareholders' preferential subscription rights ⁽¹⁾	26 months	10% of the Company's capital per 12-month period; it applies to the ceiling provided for in the resolution pursuant to which the issue is decided based on the two resolutions presented above
Authorisation given to the Board of Directors for the purpose, in the event of a capital increase decided pursuant to the four previous delegations ⁽¹⁾ (i.e. maintaining or removing the shareholders' preferential subscription rights), of increasing the number of securities to be issued within the limit of 15% of the initial issue ⁽¹⁾	26 months	15% of the initial issue; it applies to the ceiling provided for in the resolution pursuant to which the issue is decided, it being specified that this issue may be decided based on the four resolutions presented above
Delegation of authority to the Board of Directors to issue shares and securities conferring access to shares in the event of a public exchange offering initiated by the Company ⁽¹⁾	26 months	€7.5 million nominal amount for capital increases ⁽²⁾ €150 million nominal amount for debt security issues ⁽³⁾

Type of delegation or authorisation	Period of validity	Authorised ceiling
Authorisation granted to the Board of Directors to issue shares and securities conferring access to the Company's capital, with a view to compensating in-kind contributions granted to the Company in the form of shares or securities conferring access to capital ⁽¹⁾	26 months	10% of the Company's capital (applicable to the €7.5 million nominal amount for capital increases ⁽²⁾ and the €150 million nominal amount for debt security issues ⁽³⁾)
Delegation of authority to the Board of Directors to increase the Company's capital by incorporating reserves, profits, premiums or other eligible capitalisable amounts	26 months	Overall amount of sums that may be added to capital pursuant to the regulations in force (a separate ceiling from the ceilings provided for in the other delegations)
Delegation of authority to the Board of Directors to issue transferable securities giving entitlement to the allocation of debt securities	26 months	€300 million nominal amount of debt securities (a separate ceiling from the ceilings provided for in the other delegations)
Authorisation given to the Board of Directors to allocate bonus shares of the Company to employees and/or corporate officers of the Company and its subsidiaries	38 months	1% of the share capital on the date of the decision by the Board of Directors to allocate bonus shares; Sub-ceiling equal to 0.5% of the capital on the date of the decision by the Board of Directors to allocate bonus shares in the case of the Chairman of the Board of Directors, the Chief Executive Officer and, as pertinent, the Deputy Chief Executive Officer(s), these shares are subject to performance conditions
Delegation of authority to the Board of Directors to execute capital increases reserved for employees participating in the company savings plan.	26 months	€1 million
Authorisation given to the Board of Directors for the purpose of reducing the Company's share capital by cancelling Company shares	18 months	10% of the Company's capital per 24-month period

(1) Also applicable to the overall ceiling of €15 million for capital increases.

(2) Ceiling of €7.5 million for capital increases common to all of these resolutions, also applicable to the overall ceiling of €15 million for capital increases.

(3) Ceiling of €150 million for debt security issues common to all of these resolutions, also applicable to the overall ceiling of \$300 million for debt security issues.

→ 6.2.1.5 Share capital history over the last three fiscal years

The table below shows the change in the Company's share capital since its constitution:

Date	Nature of operation	Capital before operation	Issue premium	Shares created	Nominal value	Total number of shares outstanding	Capital after operation, in euros
13 October 2009	Constitution	N/A	N/A	37,000	1	37,000	37,000
15 November 2010	Capital increase by incorporation of debt underwritten by Maurel & Prom	37,000	N/A	N/A	1.10	37,000	40,700
15 November 2010	Capital increase by incorporation of debt underwritten by Maurel & Prom	40,700	N/A	121,266,213	1.10	121,303,213	133,433,534.30
2 December 2011	Capital reduction by reduction of the total number of shares	133,433,534.30	26,418,272.10	N/A	1.10	97,286,602	107,015,262.20
2 December 2011	Capital reduction by reduction of the nominal value of the shares	107,015,262.20	97,286,602	N/A	0.10	97,286,602	9,728,660.20
2 December 2011	Capital increase retaining preferential subscription rights	9,728,660.20	103,289,167.10	17,108,329	0.10	114,394,931	11,439,493.10
14 December 2011	Capital increase by incorporation of sums deducted on issue premiums	11,439,493.10	94,160.30	941,603	0.10	115,336,534	11,533,653.40

6.2.2 MAJOR SHAREHOLDERS

→ 6.2.2.1 Major shareholders

At 29 February 2012, the share capital and voting rights of the Company were distributed as follows:

29/02/2012	Number of shares	% of capital	Number of voting rights exercisable	% of voting rights exercisable	% of theoretical voting rights*
				s/112,312,732	s/115,336,534
Institutional bearer shareholders	57,769,056	50.09%	57,769,056	51.44%	50.09%
Pacifico S.A. *	10,644,326	9.23	10,644,326	9.48	
Macif	8,324,204	7.22	8,324,204	7.41	
Other	38,800,526	33.64	38,800,526	34.55	
Registered shareholders	20,770,483	18.01%	20,770,483	18.49%	18.01%
Pacifico S.A. **	18,105,290	15.70	18,105,290	16.12	
Other institutionals	1,264,038	1.10	1,264,038	1.12	
Natural persons	1,401,155	1.21	1,401,155	1.25	
Treasury shares	3,023,802	2.62%	3,023,802	0	0
Public	33,773,193	29.28%	33,773,193	30.07%	29.28%
TOTAL	115,336,534	100.00%		100.00%	97.38%

* Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights.

** At 29 February 2012, Pacifico S.A. held a total of 28,749,616 shares, representing 25.60% of the share capital and exercisable voting rights (and 24.93% of theoretical voting rights).

At 31 December 2011, the share capital and voting rights of the Company were distributed as follows:

31/12/2011	Number of shares	% of capital	Number of voting rights exercisable	% of voting rights exercisable	% of theoretical voting rights*
				s/113,338,986	s/115,336,534
Institutional bearer shareholders	57,769,056	50.09%	57,769,056	50.97%	50.09%
Pacifico S.A. *	10,644,326	9.23	10,644,326	9.39	
Macif	8,324,204	7.22	8,324,204	7.34	
Other	38,800,526	33.64	38,800,526	34.24	
Registered shareholders	20,744,977	17.99%	20,744,977	18.30%	17.99%
Pacifico S.A. *	18,105,290	15.70	18,105,290	15.97	
Other institutionals	1,264,038	1.10	1,264,038	1.12	
Natural persons	1,375,649	1.19	1,375,650	1.21	
Treasury shares	1,997,548	1.73%	1,997,548	0	0
Public	34,824,953	30.19%	34,824,953	30.73%	30.19%
TOTAL	115,336,534	100.00%		100.00%	98.27%

* Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights.

** At 31 December 2011, Pacifico S.A. held a total of 28,749,616 shares, representing 25.36% of the share capital and exercisable voting rights (and 24.93% of theoretical voting rights).

To the Company's knowledge, none of its shareholders has offered any shares as pledges.

Pacifico, Maurel & Prom's main shareholder, entered into an undertaking and vouched for the compliance of each of its subsidiaries with this same undertaking vis-à-vis BNP Paribas, which may not be refused without reasonable grounds, until the expiration of a period of 365 calendar days from the date of admission, i.e. 15 December 2011, unless otherwise agreed beforehand in writing by BNP Paribas. The undertaking is as follows:

- not to offer, assign, sell or otherwise transfer (particularly by means of market transactions, private placements with investors or over-the-counter transactions), directly or indirectly (including through the use of any financial instrument or other option product), any Company share, or to issue, by any means, financial securities conferring access, directly or indirectly, immediately or at term, to any Company shares;
- not to publicly divulge its intention to carry out such an issue, offer, assignment, sale, promise or transfer;
- not to carry out, directly or indirectly, any operation having an equivalent economic effect;
- not to attempt to carry out any of the operations described in the paragraphs above;

based on the understanding that the following are excluded from the scope of application of this undertaking:

- (i) The assignment, transfer or offer of Company shares to any French or foreign company or legal entity controlled by Pacifico, or controlling Pacifico, or controlled by a company controlling Pacifico [an "Affiliate"] (it being understood that the notion of control is defined in Article L. 233-3 of the French Commercial Code), subject to the condition that any Affiliate that receives these Company shares undertakes (x) to respect the lock-in obligation covered by this undertaking for the remaining period of the 365 calendar days from the date of admission and (y) to immediately transfer to Pacifico the Company shares thereby transferred from the moment it ceases to be an Affiliate of Pacifico;
- (ii) Company shares contributed within the context of a public purchase offer, exchange offer, alternative offer or mixed offer initiated on the Company shares; and
- (iii) Pledges on the Company shares may be granted by Pacifico.

6.2.3 DIVIDEND DISTRIBUTION POLICY

The dividend distribution policy is defined by the Company's Board of Directors. Among other things, it takes into account the Company's results, its financial position and Seplat's distribution policy.

The Company's policy regarding managing its equity consists mainly, as an exploration/production company, of making the necessary investments for the purposes of developing its current

→ 6.2.2.2 Major shareholders' voting rights

The voting rights attached to equity or dividend shares are proportional to the portion of the share capital they represent. Each share carries the right to one vote.

However, Article 11 paragraph 7 of the Company's Articles of Association provides for a double voting right attached to fully paid-up shares with evidence of registration in the Company's records for at least four (4) years without interruption from the date on which they were fully paid up, in the name of the same shareholder.

→ 6.2.2.3 Shareholders with more than 5% of the sharecapital

To the best of the Company's knowledge, only Macif and Pacifico S.A. each directly or indirectly hold more than 5% of the capital and/or voting rights of the Company.

Pacifico is a company controlled by Mr Jean-François Hénin, Chairman and Chief Executive Officer of Maurel & Prom, and his family (with more than 99% of the share capital and voting rights).

→ 6.2.2.4 Control of the issuer exercised by one or more shareholders

To the best of the Company's knowledge, none of its shareholders, acting alone or in concert, has control of the Company within the meaning of Article L. 233-3 of the French Commercial Code.

→ 6.2.2.5 Agreements that could lead to a change in control

As at the date of this Annual Report, there was, to the best of the Company's knowledge, no shareholders' agreement or other arrangement that could lead to a change in control of the Company.

and future production sources. The Company nevertheless will consider the possibility, in keeping with its cash flow needs and investment plans, of distributing dividends during future fiscal years.

The Company did not distribute any dividends for the 2010 fiscal year and does not plan to make any such distribution for the 2011 fiscal year.

6.3 Related party transactions

The Company and Seplat have entered into the agreements described below with their direct and indirect shareholders.

6.3.1 MAUREL & PROM NIGERIA

→ 6.3.1.1 Transitional Services Agreement

(a) Overview

On 2 November 2011, Maurel & Prom and the Company signed a transitional services agreement (the "Transitional Services Agreement") under French law pursuant to which Maurel & Prom agrees to provide the Company and Seplat with a certain number of administrative and operational services, particularly the services described below, for a 12-month period as from the Listing (15 December 2011), which is renewable once at the Company's request.

(b) Services provided

(i) Services provided by Maurel & Prom to the Company

Under the terms of the Transitional Services Agreement, Maurel & Prom agrees to provide the Company with transitional services (the "Transitional Services") in order to allow the Company to operate independently. The Transitional Services mainly cover:

- the management of financial and fiscal services;
- assistance in applying for regulatory permits;
- the Company's administration, corporate policy and organization;
- management of intellectual and industrial property rights;
- the supply of moveable and real estate assets;
- the implementation of major operating agreements;

- the establishment of inter-group agreements; and
- the management of administrative, legal and social duties.

(ii) Services provided by Maurel & Prom to Seplat for and on behalf of the Company

Maurel & Prom has agreed to provide Seplat, for and on behalf of the Company, with all of the services provided for in the Services Agreement (i.e. consultancy, technical services and additional services), as described in Section 6.3.2.1 of this Annual Report.

(iii) Additional services

Furthermore, additional services (the "Additional Services") may be requested from Maurel & Prom by the Company on its own behalf or on behalf of Seplat. The price conditions and terms pursuant to which the Additional Services will be rendered must be subject to an agreement between Maurel & Prom and the Company.

(iv) Compensation

Each service rendered will be invoiced by Maurel & Prom to the Company at cost price plus a margin of 6%.

(v) Term of the contract

The Transitional Services Agreement was agreed for a 12-month term and entered into force as from the Listing, i.e., 15 December 2011. It will be renewable at the Company's request for a further 12-month period.

The Transitional Services Agreement may be terminated at any time by the Company subject to 30 days' advance notice.

6.3.2 SEPLAT

Nigerian law provides for a specific procedure on agreements that are said to be "regulated". Indeed, any officer who has a direct or indirect interest in the signing of an agreement with the company in which he holds office is obliged to publicly disclose the nature of this interest during the next meeting of the Board of

Directors. Failure to fulfil this obligation constitutes a violation, and the officer may be ordered to pay a fine of 100 Nigerian nairas (less than US\$1).

To the best of the Company's knowledge, there are four agreements between related parties which are described below.

→ 6.3.2.1 Service Agreement

(a) Overview

On 31 July 2010, Seplat and Maurel & Prom entered into a technical services agreement (the “**Services Agreement**”) governed by English law, under the terms of which Maurel & Prom has agreed to provide services that would allow Seplat to fulfil its obligations as operator under the Joint Operating Agreement relating to the exploitation of OMLs 4, 38 and 41. In an addendum signed 26 September 2011, the Company replaced Maurel & Prom as Seplat’s contractor under the terms of the Services Agreement as of the Listing date for the Company’s shares, which was 15 December 2011. (Mr Jean François Hénin is a director of both Seplat and the Company).

(b) Services provided and compensation

(i) General consultancy services

Under the terms of the Services Agreement, the Company provides Seplat with general services (the “**General Services**”) covering (i) management, (ii) project management (including related services) and (iii) financial services. More specifically, the General Services mainly cover:

- research and development;
- information technology;
- administration, corporate policy, organisation, training and personnel;
- finance, accounting, insurance and taxation;
- legal affairs and negotiations, including contract management; and
- management, supervision and planning.

In order to fulfil its obligations, the Company assigns employees to Seplat. The assigned employees hold the positions of (i) technical manager, (ii) finance manager, and (iii) geologists, geophysicists, and reservoir engineers. The Company may also transfer other experts, if necessary.

Each year, the Company and Seplat jointly define the scope of the consultancy services (including the personnel on secondment) to be provided to Seplat and the fees due with regard to the provision of such services.

(ii) Technical services

The Company also provides Seplat with technical services (the “**Technical Services**”) and advises Seplat (i) on all communications with the Nigerian government and with the NNPC and NPDC, and (ii) on the terms of the local content contracts with Shebah Petroleum Development Company Limited and Platform Petroleum Limited and any other party.

The Technical Services mainly cover:

- petroleum engineering and exploration;

- exploitation and engineering;
- health, safety and environment issues;
- procurement (including the purchase of services and equipment as well as the related consultancy services);
- geology and geophysics;
- petroleum engineering;
- facilities engineering;
- selection of drillers and any other providers of key services;
- the short-term work schedule and approval of the budget, including the five-year business plan;
- financial reporting to Seplat’s directors and shareholders; and
- the use of workstations and software by the Company’s teams for the performance of the Technical Services.

The remuneration for these services is based on a fixed daily rate, the amount of which varies according to the skills and number of people involved in providing the services.

During fiscal year 2010 (and, more precisely, as at 31 July 2010, the date of the Technical Services Agreement’s conclusion, until the end of the fiscal year on 31 December 2010), the amount invoiced in respect of services rendered by Maurel & Prom for Seplat under this agreement stood at US\$538,439.

(iii) Additional services

Furthermore, Seplat may request additional services (the “**Additional Services**”) from the Company. If Seplat wishes to receive Additional Services, it must reach an agreement with the Company on certain conditions, such as the price, the personnel who will provide these services and the schedule for the performance of the services.

(iv) Progress reports on services

At Seplat’s request, the Company prepares and sends progress reports to the former on the progress of the services being provided, in addition to any other relevant information, so as to allow Seplat to fulfil its obligations under the Joint Operating Agreement.

(v) Responsibilities

The Services Agreement also stipulates that the Company will not be liable for damages resulting from the services provided, unless they are due to gross negligence by it, its representatives, employees or co-contracting parties, it being specified nevertheless that the Company may not in any case be held liable for any reservoir damage or pollution or any environmental harm or collateral damage. It also states that the Company’s liability under the agreement may not exceed 100% of the amounts invoiced for services provided.

(c) Transfer and subcontractors

Subject to obtaining the prior written agreement of the other party, the Company and/or Seplat may transfer the rights and obligations arising from the Services Agreement.

In addition and if necessary, the Company is entitled to subcontract certain services subject to the Company (i) notifying Seplat of this decision in writing and (ii) remaining primarily responsible to Seplat for the performance of services.

(d) End of the contract

The Services Agreement will end on one of the following dates, whichever is sooner:

- the expiry of the Joint Operating Agreement;
- five years from the signing of the agreement, with the parties being able to decide by mutual agreement whether to renew or renegotiate the agreement;
- the date on which the Company ceases to be a shareholder of Seplat; and
- the unilateral termination of the Services Agreement by the Company, subject to 30 days' advance notice.

For the 2011 fiscal year, the amount invoiced to Seplat was €320,000.

→ 6.3.2.2 Memorandum of understanding on the floating oil production, storage and offloading unit signed between Seplat, Shebah Exploration and Production Company Limited and Allenne British Virgin Islands Limited

On 16 November 2010, Seplat signed a preliminary memorandum of understanding with Shebah Exploration and Production Company Limited (one of its indirect shareholders through Shebah holding 31%) and Allenne British Virgin Islands Limited (indirect shareholder in Seplat through Shebah), granting it an exclusive option on the possible leasing or purchase of the Trinity Spirit floating oil production, storage and offloading ("FPSO") unit.

Seplat paid Shebah Exploration and Production Company Limited US\$15 million by way of an advance, to be charged against the price for purchasing, leasing or processing crude oil via the FPSO, to be agreed between the parties in the event of a final agreement. This amount will be refunded, if applicable, with no financial withholding, by the co-contracting party within 7 business days of it being requested by Seplat if:

- Seplat decides not to buy the FPSO;
- Seplat decides not to lease the FPSO or decides not to use the transport and processing and delivery services via the FPSO for its production of crude oil;
- the final price on which the parties have agreed is lower than the deposit paid; in this situation, the difference between the final price and the deposit amount paid will be reimbursed to Seplat; or
- Shebah Exploration and Production Company Limited chooses at its discretion to refund the amount of the deposit if, within six months of the deposit, Seplat does not continue in its intention to purchase and use the FPSO as planned.

→ 6.3.2.3 Memorandum of understanding for the identification, structuring and negotiation of potential investments in exploitation rights for oil and gas permits in Nigeria and Western Africa signed by Seplat with APCO

On 22 March 2010, Seplat signed a two-year memorandum of understanding with **APCO**, a company specialising in the oil and gas industry in Nigeria and Western Africa and an indirect shareholder of Seplat through Shebah, for identifying, structuring and negotiating potential investments in mining rights under oil and gas permits in Nigeria and Western Africa. To support this goal, Seplat has set aside a US\$25 million fund, with APCO as manager. This fund is intended to cover expenses incurred by the latter in identifying prospective investments, studying them and granting Seplat a right of first refusal on investment opportunities developed by APCO. Upon the expiry of the memorandum of understanding or in the event of its early termination, APCO shall refund to Seplat the difference between the US\$25 million paid and the expenses incurred by APCO as at the date of expiry or termination. As at 31 December 2011, all the funds had been committed and the APCO mission was continuing.

→ 6.3.2.4 Framework local content services agreement signed by Seplat with Shebah Petroleum Development Company Limited and Platform Petroleum Limited

On 10 November 2010, Seplat, Shebah Petroleum Development Company Limited and Platform Petroleum Limited signed a framework local content services agreement, in order for Seplat to be able to comply with the Nigerian Oil and Gas Industry Content Act of 2010, in fulfilling its obligations as an operator under the terms of the Joint Operating Agreement.

The goal of the Nigerian local content law is to improve the job market in Nigeria and make the oil sector a driver of growth for Nigeria. For this purpose, it requires any operator, contractor or sub-contractor in the oil sector to use a minimum supply threshold of Nigerian labour and resources.

Under the terms of the framework agreement, Shebah Petroleum Development Company Limited and Platform Petroleum Limited agreed to provide or to have their associates provide local content support services to Seplat, i.e. making Nigerian labour available, supplying material or equipment of Nigerian origin, and providing specialised services using Nigerian service providers. The indemnity clause provides that Shebah Petroleum Development Company Limited and Platform Petroleum Limited cannot be held contractually liable by Seplat except for wilful misconduct in the performance of the agreement or in the provision of services (unless such a violation is made in accordance with governmental, administrative or judicial instructions or if it is relative to safeguarding life, property or common operations or an error of judgment made in good faith by Shebah Petroleum Development Company Limited or Platform Petroleum Limited), it being specified that Shebah Petroleum Development Company Limited or Platform Petroleum Limited may not be held liable for any reservoir damage, environmental damage, indirect losses or damages, or losses of production or profits. The framework agreement also states that the liability of

Shebah Petroleum Development Company Limited and Platform Petroleum Limited may not exceed the total amount invoiced by them under the agreement, even if the damage is attributable to the negligence of Shebah Petroleum Development Company Limited or Platform Petroleum Limited.

It is specified that Seplat remains an operator under the Joint Operating Agreement and that Shebah Petroleum Development Company Limited and Platform Petroleum Limited are providing it with support services as independent sub-contractors only.

The framework agreement provides that the content and cost of these local content support services are to be determined annually when planning for the work programme and budget, as well as the terms for invoicing, re-invoicing and payment between Shebah Petroleum Development Company Limited and Platform Petroleum Limited, their subcontractors and Seplat.

It also provides for the principle of Seplat's liability, specifically on environmental matters, in accordance with the terms of the Joint Operating Agreement, and it specifies that using local content services from Shebah Petroleum Development Company Limited and Platform Petroleum Limited will not exempt it from it.

The framework agreement is subject to Nigerian law. Any dispute regarding the interpretation or performance of the agreement shall be subject to an arbitration proceeding according to the rules of the International Chamber of Commerce in Geneva (Switzerland) and shall be made in the English language.

This framework agreement entered into force on 29 January 2010 and will last for five years (renewable if agreed by the parties) or until the end of the Joint Operating Agreement or until Shebah Petroleum Development Company Limited and/or Platform Petroleum Limited are no longer shareholders of Seplat. Shebah Petroleum Development Company Limited and/or Platform Petroleum Limited may also terminate the agreement with 30 days' advance notice.

To date, Shebah Petroleum Development Company Limited and Platform Petroleum Limited have issued no invoice to Seplat under this agreement.

6.4 Significant contracts

The Company believes that all the significant contracts entered into by it since its registration on 13 October 2009, as well as, to the best of its knowledge, all the significant contracts entered into by Seplat since its registration on 17 June 2009 are described in this Annual Report. In particular, these include the contracts indicated below.

6.4.1 CONTRACTS CONCLUDED BY THE COMPANY

→ 6.4.1.1 Seplat shareholders' agreement

The Company's relations with its Partners within Seplat are governed by a shareholders' agreement under English law signed on 22 December 2009 (the "**Agreement**"), the main stipulations of which are still in force as at the date of this Annual Report, and are summarised in the paragraphs below.

The Agreement was initially signed by Maurel & Prom. The Company then adhered to the Agreement on 3 June 2010 under the terms of a deed of adherence. Maurel & Prom finally ceased to be a party to the Agreement on 26 September 2011 under the terms of an Amendment Agreement, with the rights and obligations of Maurel & Prom under the Agreement having been transferred as a result of this Agreement and on the date thereof to the Company.

In signing a waiver dated 26 September 2011, the Partners expressly waived enforcing this stipulation of the Agreement. In this same document, they also waived enforcing the confidentiality clause appearing in Article 16 of the Agreement, for purposes of allowing for a detailed description of the Agreement in this Annual Report.

The main provisions of the Agreement are as follows.

Provisions regarding the governance of Seplat

Composition of Seplat's Board of Directors

Seplat's Board of Directors is made up of five members, including two directors representing Shebah, one director representing Platform and two directors representing the Company.

If Seplat's shareholders decide to increase the number of directors, each shareholder will be entitled to appoint additional directors pro rata to their equity interest in Seplat. Each of Seplat's shareholders may freely decide, after consulting the other shareholders, to dismiss the director(s) it has appointed and to appoint a new director, subject to notifying the other shareholders of its decision. The shareholder that decides to dismiss a director must compensate Seplat for all sums it may have had to pay the director in question by way of claims made by the latter due to his/her/its dismissal.

The Board of Directors is chaired by one of the directors appointed by Shebah and Platform. The Chairman of the Board of Directors is appointed and dismissed by shareholders deciding by a majority vote of at least 50.01% of the shares they hold in Seplat, or by the written decision of persons representing the same majority. The Chairman of the Board of Directors does not have a casting vote.

As at the date of this Annual Report, the Chairman of the Board of Directors was Ambrosie Bryant Chukwueloka Orjiako, a director of Shebah.

Remit of authority of the Board of Directors, decision-making and convening procedures

All decisions involving the supervision and management of Seplat must be made at regularly convened and held meetings of the Board of Directors. All decisions must be the subject of the written approval or vote of the directors.

The meeting of Seplat's Board of Directors is, in principle, convened by the Company Secretary at the request of the Chairman of the Board of Directors, but any director may also convene a Board meeting. The Board meets at the frequency it establishes at the start of each year, and as often as necessary.

Quorum and majority

In order to be valid, each decision of the Board of Directors requires the attendance of at least one director representing each Seplat shareholder. Notwithstanding this, each director may ask for the meeting to be adjourned even if the quorum has been met, but any given meeting may only be adjourned once.

In calculating the majority, the directors appointed by each shareholder have the number of votes corresponding to the percentage of Seplat shares held by the shareholder that appointed them.

Decisions of the Board of Directors are adopted by a 50.01% majority vote, except for the major decisions listed below.

These major decisions require an 80% majority vote, but only until such time as the Shareholder Loan granted by the Company to Seplat has been repaid in full (see Section 6.4.3.1 of this Annual Report). If deliberations relating to a major decision are

rejected, the deliberations will be re-submitted to the Board of Directors, which shall meet within a period of 30 days and decide by a 60% majority vote. To be validly adopted, the decision must also be approved by the Chairman of the Board of Directors. If the deliberations are still not adopted at the end of this second meeting, the dispute escalation procedure described below will be applied.

The Seplat Shareholders' Meetings are subject to the same rules of quorum and majority as those described for the Board of Directors above.

The Company therefore has a right of veto on these matters until such time as the Shareholder Loan granted by it to Seplat has been repaid in full. Once the Shareholder Loan has been repaid in full, the Company will no longer have a right of veto (see Section 6.4.3.1 of this Annual Report).

The major decisions requiring a greater majority are as follows:

- (i) any decision on or payment of any dividends, or any distribution other than a net cash flow distribution (as defined below);
- (ii) any capital increase, granting of options or any other security conferring access to Seplat's capital (convertible securities or any other form of security), any repayment or redemption of Seplat shares, or any other form of capital restructuring;
- (iii) any investment over US\$5 million (unless specifically identified in Seplat's business plan) relating to one or more assets connected with the same operational unit;
- (iv) any change in Seplat's activities or the development of any new activities not deriving from the performance of the Company's core activities;
- (v) any change to the Articles of Association or to the rights attached to Seplat shares;
- (vi) any acquisition or disposal of substantial assets;
- (vii) any renewal or increase in Seplat's debt, or any new borrowing arrangement of more than US\$5 million, or any loan granted for more than US\$5 million. This paragraph does not concern trade payables contracted in the normal course of Seplat's activity;
- (viii) the granting by Seplat of any guarantee, surety, indemnity or other agreement to secure or assume financial or other obligations for an annual amount of more than US\$2 million;
- (ix) the conclusion of any agreement, contract or transaction with an Affiliate that is not entered into under normal market conditions;
- (x) any acquisition or subscription of shares in another company, or any equity interest in a group, association or joint venture (whether registered or not);
- (xi) any constitution or granting of collateral on all or part of the activities, commitments, assets or shares of Seplat, or the conclusion of any agreement having such an objective, other than privileges constituted in the normal course of business, such as liens with right of retention granted in the normal course of business, with the exception of those required in application of the bank loans taken out by Seplat to finance a part of the acquisition price of 45% of the rights in OMLs 4, 38 and 41 (described in Section 4.1.5.3 of this Annual Report), for which only the agreement of the Company is necessary;
- (xii) the conclusion of any agreement, contract or transaction representing a total financial commitment of more than US\$2 million, and any decision relating to the rights transfer agreement relating to OMLs 4, 38 and 41 (described below in Section 6.4.2.1 of this Annual Report);
- (xiii) the adoption of any resolution relating to the liquidation of Seplat or the filing of a petition for its judicial administration (in the form of a collective insolvency proceeding);
- (xiv) replacement of the statutory auditors or change to the fiscal year-end date;
- (xv) the modification or authorisation to substantially modify the accounting standards adopted by Seplat for the preparation of its certified accounts, with the exception of modifications required in order to ensure conformity with the applicable and relevant accounting standards;
- (xvi) major operational decisions on the OMLs, as listed below:
 - the choice of offtakers (purchasers of Seplat's production),
 - the choice of co-contractors responsible for drilling and other significant service providers,
 - the determination and application of health, safety and environment policies, human resources policies and policies governing relations with local communities and other consequent elements,
 - the appointment of key Company personnel,
 - insurance cover,
 - disputes and any other major disagreements, including difficulties identified at the time of audits relating to the joint Operating Agreement,
 - operations for which Seplat alone bears the risks under the terms of the Joint Operating Agreement,
 - calls for funds under the terms of the Joint Operating Agreement,
 - short-term work schedules and budget approvals, including the five-year plan, all in accordance with the provisions of the Joint Operating Agreement,
 - the abandonment of all or part of a common property within the meaning of the Joint Operating Agreement,

- the provision of services by third parties (including hydrocarbon transport),
- the rules applicable to the Operating and Technical Committees, in accordance with the Joint Operating Agreement,
- the appointment of Operating and Technical Committee members under the Joint Operating Agreement,
- the allocation of additional charges to cover the administrative and general expenses invoiced to Seplat by its affiliates that exceed 2.5% of the total amount of investment expenses invoiced to parties to the Joint Operating Agreement.

Dispute resolution clause

The Agreement contains a dispute escalation clause, according to which, and subject to the applicable rules of quorum and majority described previously, if the parties to the Agreement do not manage to reach an agreement on the major decisions listed in the paragraph above, or any other decision relating to the management of Seplat that requires their agreement, this decision will be brought before the Chairman of the Board of Directors of each Seplat shareholder in order to reach an agreement that best preserves the interests of Seplat, at the earliest possible opportunity.

Provisions regarding the financing of Seplat's activities

Financing of the acquisition of 45% of the rights in OMLs 4, 38 and 41

The provisions of the Agreement regarding the financing of Seplat's activities stipulate the obligation of Maurel & Prom (since substituted by the Company) to arrange the necessary financing for the acquisition of OMLs 4, 38 and 41. This financing has been put in place via loans granted to Seplat by the Company and by BNP Paribas of, respectively, US\$153 million and US\$187 million, in accordance with the conditions of the Agreement and as these loans are described in Sections 4.1.5.3 and 6.4.3.1 of this Annual Report.

The BNP Paribas loan was then repaid in full in March 2011 and was replaced by various financing agreements (see Section 4.1.5.3 of this Annual Report).

Furthermore, the Shareholder Loan granted to Seplat by the Company was subject to the partial repayments described in Section 6.4.3.1 by means of new bank financing arrangements obtained by Seplat since the conclusion of this Shareholder Loan. The expiry date of this loan must not exceed five years from the date of the Agreement.

In terms of the repayment of these loans, the Agreement stipulates that their principal and associated interest will be paid on the revenues from hydrocarbons extracted from OMLs 4, 38 and 41. Under the terms of the Agreement, 80% of the revenues

from hydrocarbons generated by OMLs 4, 38 and 41, after the payment of royalties, taxes and investment and operating expenses (the "Net Cash Flow"), must be allocated to the repayment (i) of the principal and interest of the Shareholder Loan, up to 45%, and (ii) of the amounts borrowed from banks to finance the acquisition, up to 55%. The Company indicates that, in practice, the available cash flows are allocated as a matter of priority to the repayment of the sums drawn under financing agreements rather than the Shareholder Loan so as not to be in breach of the repayment obligations therein stipulated.

The Net Cash Flow balance must be distributed to the Seplat shareholders pro rata to their capital interest after accounting for Seplat's cash requirements in respect of its budget forecasts, the payments to be made under the terms of the Joint Operating Agreement, the prudential reserves to be established, its working capital requirements and any other amounts required to ensure its operational continuity (see also the paragraph on dividends below).

Future financing

In terms of financing Seplat's future activities and investments, the Agreement stipulates that this financing should come as a matter of priority from the available cash flow generated by Seplat's activities, and that any additional funds required should come as a matter of priority from third parties, particularly from bank loans. Finally, if the Board of Directors so decides (considering that the Company has a right of veto on major decisions made by the Company, particularly on any investments over US\$5 million) or if Seplat's annual business plan contains investments that justify the decision (the annual business plan must be unanimously adopted by Seplat's shareholders, and therefore have the Company's agreement), Seplat's shareholders may be asked to contribute to financing Seplat's activities and development. To this end, for investments contained in Seplat's annual business plan, the Agreement stipulates that, if one or the other or both of the Company's two partners in Seplat do not have the necessary funds for their respective contribution, this contribution should, at the request of the partner in question, be provided by the Company and paid to Seplat and, if the Company agrees, any amount thereby provided by the Company will be considered a loan granted to the partner in question, at market interest rates. Identical provisions are set down in the event of insufficient contributions of Shebah and/or Platform vis-à-vis the payment of the price supplement relating to Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41, if this becomes payable.

Furthermore, any amount paid by the Company to Seplat in terms of its own contribution to these operational and investment expenses will be added to the amounts payable by Seplat to the Company under the terms of the Shareholder Loan granted by the Company to Seplat for the acquisition of rights in OMLs 4, 38 and 41.

Provisions regarding transfers of shares issued by Seplat

The Agreement contains a number of clauses relating to the transfer of shares issued by Seplat. The principal clauses are summarised in the paragraphs below.

Under the terms of the Agreement, the notion of transfer, as covered below, essentially includes (i) all disposals or other transactions giving rise to the transfer of Seplat shares, (ii) the creation of privileges regarding the shares held by Shebah and Platform (except those created under the terms of the financial obligations stipulated in the Agreement), (iii) the creation of a trust or granting of interests or options, and (iv) any agreement regarding the holding of shares.

Authorised transfers

Any Seplat shareholder may sell or transfer all or part of the shares that it holds in Seplat to a member of its group or to another Seplat shareholder that holds shares of the same category.

This transfer is authorised subject to the seller obtaining the commitment from the purchaser to sign and issue to the other parties the deed of adherence appended to the Agreement on the transfer date, under the terms of which it agrees to be bound by the provisions of the Agreement.

When the purchaser ceases to be part of the selling shareholder's group, the latter undertakes to ensure that the shares in question are returned to it.

Other transfers

Prohibited transfers

The transfer of Seplat shares is prohibited, with the exception of (i) the authorised transfers mentioned in the paragraphs above and under the conditions described therein, (ii) transfers made under the conditions set down below, and subject to the proviso that such transfers have been authorised in writing by a 50.01% majority vote or shares of each share category held by the Seplat shareholders (this authorisation may not be unreasonably refused if the potential purchaser offers the same level of financial and technical capacity as the seller), and (iii) transfers taking place following a situation of default (see below).

Prior authorisation of the Company for the transfer of Shebah and Platform shares

Furthermore, notwithstanding all other provisions of the Agreement, until such time as the amounts drawn under the financing agreements corresponding to the amounts used to finance a part of the acquisition price of the rights of Seplat in the OMLs (see Section 6.4.3.1 of this Annual Report) are repaid in full, the prior and written agreement of the Company is required

for any transfer by Shebah or Platform of their Seplat shares (i) to a third party (ii) that consequently brings their cumulative capital interest in Seplat to under 10%.

Status of a Nigerian company

The Agreement also states that, notwithstanding all other provisions of the Agreement, no shares may be transferred if Seplat's status as a "Nigerian company" is called into question as a result. Furthermore, any transfer of Seplat shares by the Company to a Nigerian corporate investor must be subject to a prior and written authorisation representing the majority of the shares held by Shebah and Platform.

Right of pre-emption

Seplat shareholders have a right of pre-emption on Seplat share transfers as considered by any of them, subject to the following:

- authorised transfers;
- cases where the prior agreement of one or more Seplat shareholders is required for the transfer, as described above;
- situations of default, as described below; or
- the right of joint withdrawal, as described below.

If the right of pre-emption may be applied and if none of the shareholders in question exercises its right of pre-emption, the selling shareholder may (subject, where necessary, to obtaining all the necessary authorisations stipulated in the Agreement) sell its Seplat shares to a third party at a price at least equal to that notified to the other shareholders under the terms of this right of pre-emption and under conditions that are substantially similar to those presented to the other shareholders. This transfer may only take place if the third-party purchaser adheres to the Agreement.

Proportional right of joint withdrawal

Subject to the provisions of the Agreement regarding Seplat's previously described status as a "Nigerian company", if the acquisition offer is made by a third party holding at least 25% of Seplat's shares (the "**Acquisition Offer**"), the selling shareholder may not sell any shares to this third party without having obtained from this party a written offer, under the terms of which it will commit to purchasing from each Seplat shareholder a number of Seplat shares equal to the maximum number of shares that the purchaser has indicated it wishes to purchase in its Acquisition Offer, multiplied by the ratio between the number of shares held by the shareholder in question and the total number of Seplat shares held by the shareholders that have indicated their intention to accept the Acquisition Offer.

The offer made to the other shareholders must be identical to the offer made to the selling shareholder with respect to price, term and conditions of sale.

Mandatory transfers – situation of default

The Agreement stipulates that if a Seplat shareholder:

- (i) substantially or repeatedly violates the provisions of the Agreement, insofar as this violation can be remedied and is not remedied within a period of 30 business days from a request sent by one of the other shareholders to remedy the violation; or
- (ii) is subject to amicable liquidation (unless this is part of a legitimate merger or restructuring operation) or compulsory liquidation, or in other situations of collective insolvency proceedings listed in the Agreement, such as the appointment of a receiver (cases (i) and (ii) together constituting the “**Situations of Default**”), the defaulting shareholder may be obliged to sell its shares in Seplat under the following conditions:
 - following the occurrence of a situation of default, and if this is not remedied according to the notification periods stipulated in the Agreement, the parties to the Agreement must make every reasonable endeavour to agree on a fair value for the Seplat shares held by the defaulting shareholder;
 - should the parties fail to reach an agreement on the fair value of the Seplat shares of the defaulting shareholder within the periods stipulated in the Agreement, this fair value will be determined by an independent certified accountant who is part of an internationally renowned accounting firm, acting as an expert and not as an arbitrator according to the procedure detailed in the Shareholders’ Agreement (with the costs associated with his/her work being borne by the defaulting shareholder);
 - after the fair value of the Seplat shares has been determined amicably or by the certified accountant, the non-defaulting shareholders may, within the periods stipulated in the Agreement, demand that the defaulting shareholder either (i) sells all Seplat shares that it (or its affiliates) holds to the one or more non-defaulting shareholders (or their affiliates) pro rata to their equity interest in Seplat at this fair value, or (ii) purchases the shares of the non-defaulting shareholders at a price equal to the fair value agreed, plus a premium of 5%;
 - from such notification by the non-defaulting shareholders, each shareholder must do everything possible to ensure that Seplat continues its activities and the normal course of its business, and the defaulting shareholder will be deprived of any voting right on the Board of Directors or at the General Shareholders’ Meeting until the Seplat shares in question have been transferred.

Other important provisions**Financial statements, financial information and business plan**

The Agreement stipulates that Seplat’s financial statements must be established in accordance with IFRS standards, and that each party may at any time access the statements and archives of Seplat, provided that the request is reasonable.

Seplat is also obliged to provide Seplat shareholders with the financial information necessary to allow them to be informed of Seplat’s performance in terms of its activities, and in particular must, to this end, provide each party to the Agreement with the business plan established annually by the Seplat Board of Directors (and submitted for the approval of the shareholders), the corresponding annual budget and the monthly information on Seplat’s financial position.

Dividends

Subject to Seplat’s repayment obligations under its bank financing arrangements, its cash requirements in respect of its budget forecasts, payments to be made under the terms of the Joint Operating Agreement, prudential reserves to be established, working capital requirements and other amounts required to ensure its operational continuity, the parties to the Agreement must ensure that the distributable profit for each fiscal year is distributed to them in the form of a dividend pro rata to their equity interest in Seplat, within a period of six weeks from the end of the fiscal year.

Provision of services

The Agreement stipulates that the Company must assign personnel to Seplat, at the cost of and as required by the latter, with the necessary technical and financial qualifications. The services covered by this obligation are now provided within the framework of the services agreement entered into between Maurel & Prom and Seplat dated 31 July 2010, as modified by an amendment entered into between Maurel & Prom, Seplat and the Company on 26 September 2011 (see Section 6.3.2.1 of this Annual Report).

Moreover, the Shareholders’ Agreement stipulates the appointment of partners, as service providers of Seplat, for the provision of local content services that may be required by Seplat for the operation of OMLs 4, 38 and 41. The services covered by this obligation are now provided within the framework of the local content services agreement entered into between Seplat, Shebah Petroleum Development Company Limited and Platform Petroleum Limited on 30 November 2010 (see Section 6.3.2.4 of this Annual Report).

Stock market floatation

The Agreement stipulates that, if the stock market floatation of Seplat is decided by the parties to the Agreement, they will be entitled to participate pro rata to their equity interest in Seplat at the time of this operation.

Termination of the Agreement

The parties to the Agreement may at any time decide to terminate the Agreement via unanimous written decision. The Agreement will also be terminated (i) automatically, if all Seplat shares are held by a single shareholder, or (ii) immediately, in the event of a decision by the shareholders to wind up Seplat, or if a liquidator is appointed.

→ 6.4.1.2 Other agreements

- Transitional Services Agreement signed by Maurel & Prom and the Company on 2 November 2011 (see Section 6.3.1.1 of this Annual Report);
- Seplat share pledge signed by the Company, Shebah, Platform and African Export-Import Bank in August 2010 (see Section 4.1.5.3 of this Annual Report).

6.4.2 CONTRACTS CONCLUDED BY SEPLAT**→ 6.4.2.1 Agreement for Assignment of 45% of OMLs 4, 38 and 41 to Seplat**

By means of an agreement for assignment regarding the transfer of oil operating rights, subject to Nigerian law and entered into on 29 January 2010 between Seplat, SPDC, Total (E&P) Nigeria Limited and the Nigerian Agip Oil Company Limited (the "**Agreement for Assignment**"), Seplat acquired 45% of the rights held by the SPDC, Total and Agip (collectively, the "**Assignors**") in OMLs 4, 38 and 41. The remaining rights (55%) in OMLs 4, 38 and 41 is held by the NNPC, replaced in September 2010 by its subsidiary, the NPDC.

In addition to the acquisition of 45% of the rights to OMLs 4, 38 and 41, the Agreement for Assignment also provides for the transfer of certain facilities and equipment pertaining to OMLs 4, 38 and 41, as well as the transfer of 27 employees working on the assets transferred from the Assignors to Seplat.

Seplat's acquisition of 45% of the rights in OMLs 4, 38 and 41 was made for a total maximum price of US\$373 million, including the payment of an initial sum of US\$340 million and, under certain conditions, the payment of a price adjustment of US\$33 million.

The price adjustment must be paid by Seplat to the Assignors if the price of a barrel of Brent is greater than or equal to an average price of US\$80 calculated over a period of 731 consecutive calendar days from 30 July 2010. In accordance with Clause 4.1 (ii) (e) of the Agreement for Assignment, it is agreed that the payment of this price adjustment will be made in the month following this period of 731 calendar days. If Seplat does not pay the price adjustment on the agreed date, 70% of all payments due to Seplat under the crude oil sales contract entered into between Seplat and SWST on 30 July 2010 described in this Annual Report would revert to the Assignors as payment for the price adjustment and any late payment interest due until all sums owed in respect of this price adjustment have been paid.

After fulfilment of the conditions precedent to the agreement, the assignment of the rights took place on 30 July 2010, accompanied by the drawing up of (i) an act of renewal of the Joint Operating Agreement dated 30 July 2010 described in this Annual Report, (ii) a crude handling agreement dated 30 July 2010 described in this Annual Report, (iii) a crude oil purchase agreement dated 30 July 2010 described in this Annual Report and (iv) a Transitional Services Agreement entered into with the SPDC and intended to ensure, for a transitional period, the operation of OMLs 4, 38 and 41 to the benefit of Seplat following the assignment. This Transitional Services Agreement expired on 30 January 2011.

A certain number of guarantees were granted by the Assignors under the terms of the Agreement for Assignment. The main guarantees concern environmental aspects, for which the Agreement for Assignment stipulates that on the date of signing of the agreement, the operator (SPDC) warrants that:

- it has not received a notice of violation of environmental laws in relation to OMLs 4, 38 and 41 which would have a significant unfavourable effect on the said permits;
- to the best of its knowledge, there are no items likely to give rise to notices of violations of Nigerian environmental laws in relation to OMLs 4, 38 and 41; and
- to the best of its knowledge, (i) no sum had been paid with a view to the future restoration of the sites of OMLs 4, 38 and 41 and (ii) that no contract has been signed with a view to forfeiture or abandonment of the said sites.

Claims under these warranties could be sent to the Assignors for one year as from the date of completion of the purchase of OMLs 4, 38 and 41, i.e. until 30 July 2011. To the best of the Company's knowledge, no claim was sent to the Assignors during the period in question.

Furthermore, with regard to environmental aspects, the Agreement for Assignment also makes Seplat responsible for environmental liabilities (including restoration costs specifically) arising before, during or after the date of completion of the assignment, i.e. 30 July 2010.

→ 6.4.2.2 Joint Operating Agreement

On 11 July 1991, SPDC, Agip Oil Company, Elf (Nigeria) Limited (which became Total [E&P] Nigeria Limited) and NNPC entered into a Joint Operating Agreement under Nigerian law, which governed relations between the parties in terms of the exploration, development and operation of OMLs in Nigeria, including OMLs 4, 38 and 41. Under the terms of this Agreement, SPDC was appointed operator of OMLs 4, 38 and 41.

The parties to the Joint Operating Agreement of 11 July 1991 then decided, in a side letter, to exclude OMLs 4, 38 and 41 from the scope of the Agreement (and all associated common property rights, interests, liabilities and working capital). On 29 July 2010, the parties then entered into a new Joint Operating Agreement exclusively covering OMLs 4, 38 and 41, the terms and conditions of which are identical to those provided for under the Joint Operating Agreement of 11 July 1991.

On 30 July 2010, under the terms of a novation deed, Seplat became a party to the Joint Operating Agreement for OMLs 4, 38 and 41, while SPDC, Agip Oil Company and Elf (Nigeria) Limited (which became Total [E&P] Nigeria Limited) ceased to be parties in OMLs 4, 38 and 41 (the “**Joint Operating Agreement**”).

Missions

Under the terms of the Joint Operating Agreement, Seplat was appointed operator of OMLs 4, 38 and 41, and as such assumes the rights and obligations corresponding to this status, as described below. The operator may therefore enter into agreements with third parties with regard to (i) the provision of the facilities used within the context of the Joint Operating Agreement (subject to the written agreement of the NPDC) and (ii) the provision of goods or services, subject to certain limits in terms of amounts and subject to the limits of powers decided by the Operating Committee. The operator is also in charge of preparing the timetable for the work schedules and required budgets.

The operator is also responsible for hiring and assigning employees, establishing the financial statements, managing joint bank accounts with the NPDC, obtaining the necessary land leasing and ownership rights required to carry out operations and acquiring the surface rights and easements needed to carry out operations. Under the terms of the Joint Operating Agreement, the operator represents the parties to the Agreement in disputes and transactions in respect of OMLs 4, 38 and

41, in accordance with the strategy decided by the Operating Committee. The operator must also keep NNPC informed as to the operations carried out, in particular by providing it with certain technical information (monthly reports on production and drilling activities, annual reports on reserves). The operator is also at liberty to consult the NPDC on any significant issues relating to the missions entrusted to it.

The operator must carry out joint operations in good faith, in a diligent manner and in accordance with (i) current standard practices in the oil industry and (ii) the applicable regulations. The operator will not incur liability for loss or damage except in the event of gross negligence on the part of one of its representatives or employees. Furthermore, the operator is not liable vis-à-vis the NPDC for reservoir pollution or damage, or for losses or damage pertaining thereto.

Termination of operator functions

The Joint Operating Agreement stipulates that the functions of the operator may be revoked particularly in the event of (i) the transfer of its powers and responsibilities to a party other than an affiliated company (or in the event of termination of the relationship between the operator and its “transferee”), (ii) the transfer of its interests to a party other than an affiliated company, (iii) the transfer of its rights to creditors, (iv) gross negligence, (v) winding-up, whether voluntary or by decision of the court, (vi) disappearance of the legal personality of the operator, (vii) a judicial decision requiring the assignment of the operator’s rights in the OMLs covered by the operator’s Joint Operating Agreement, (viii) the resignation of the operator or (ix) insolvency.

If the operator resigns its functions, it must do so by giving a minimum notice of six months.

Operating Committee

The powers of the Operating Committee include the supervision, control and management of all matters regarding the joint operations. The Operating Committee is authorised in particular to:

Approve, revise or reject schedules and budgets;

- examine and approve the recommendations of subcommittees on schedules and budgets;
- examine and decide upon, subject to the agreement of the parties to the Joint Operating Agreement, the extension or reduction of the areas covered by the Joint Operating Agreement;
- Settle any dispute over a certain amount and ensure that the operator implements the decisions taken by the Operating Committee;
- more generally, make any decisions relating to the joint operations that do not come under the exclusive authority and control of the operator.

Furthermore, any assignment or transfer of any common property or information to third parties (other than the information normally exchanged with third parties in the oil and gas sector) must be examined and approved beforehand by the Operating Committee.

The Operating Committee is made up of 12 members, six appointed by Seplat and six appointed by NPDC. The committee Chairman is appointed by NPDC, and the secretary is appointed by Seplat.

All Operating Committee decisions, unless the Joint Operating Committee stipulates otherwise, are made by a unanimous vote (except for a decision to revoke the operator, which requires the favourable vote of one or more parties holding more than 60% of the rights in the OMLs, where the operator does not take part in the vote). In order to validly deliberate, four Seplat representatives and four NPDC representatives must attend the meeting.

If need be, the Operating Committee may create subcommittees with advisory functions.

Financing of joint operations

Distribution of financing

Each party contributes to the financing of joint operations pro rata to its rights in the OMLs. All costs and expenses in respect of schedules and budgets and all income relating to the operations are determined, booked in the accounts and authorised according to a specific procedure stipulated in the Joint Operating Agreement.

Calls for funds

Each party contributes to all expenses incurred on the joint account pro rata to its rights. NPDC is entitled to pay its share in crude oil, subject to notifying the operator beforehand.

Financing of expenses relating to joint operations

Any payment relating to joint operations will be made from the joint account.

Non-payment by a party following a call for funds

The non-payment of a party following a call for funds will give rise to a notification from the operator and the emergency convening of the Operating Committee in order to review the situation, if necessary. Following the Operating Committee meeting on possible solutions to this non-payment, the non-payment may be remedied by a non-defaulting party pro rata to its rights until the sum in question is reimbursed by the defaulting party. In this case, the defaulting party will pay interest on this amount to the non-defaulting party that remedied the payment default. The defaulting party's share of the joint account will be used to reimburse the party that paid the funds for as long as

the non-payment persists. The non-defaulting party may take recourse against the defaulting party after four months via any legal means, or may suspend joint operations in relation to the rights of the defaulting party.

Insurance

Each party undertakes to take out and maintain the necessary individual insurance cover throughout the period of operations. Furthermore, the operator undertakes to take out and maintain the necessary individual insurance cover throughout the period of joint operations, failing which it may be held liable for any damages arising as a result of this breach.

Abstention clause for sole-risk operations

Sole-risk operations are those relating to the drilling, deepening, expansion or capping of exploration wells, as well as any other sole-risk activities that the parties decide to carry out. A sole-risk operation may not be carried out if it is likely to have a significant negative impact on joint operations or if it conflicts with existing schedules.

Following a decision of the Operating Committee and the other parties to not carry out or to abandon a joint operation, a party to the Joint Operating Agreement may decide to carry out a sole-risk operation. This party will then assume the risks and costs. From the time that one or more other parties wish(es) to participate in the operation, the operator must complete the operation even if it were not one of the participants. However, the participating parties will remain liable for the risks, costs, investments and supervision of these sole-risk operations.

A non-participating party may, however, subsequently choose to participate in a sole-risk operation by paying the participating parties a penalty relating to its late participation in the operation, equal to the amount of the expenses and costs incurred in this operation up to the date on which it decides to participate, up to the limit of its interests plus 200%. If another party participates in a sole-risk operation, the latter will then continue as a joint operation.

The common property and personnel of the operator may be used to carry out a sole-risk operation (subject to the proviso, however, that the implementation and execution of joint operations take priority over sole-risk operations).

Furthermore, any property acquired within the context of a sole-risk operation is the exclusive property of the one or more parties participating in the sole-risk operation. The facilities relating to sole-risk operations and the resulting oil production are the property of the participating parties, until such time as non-participating parties decide to participate.

The one or more participating parties undertake to compensate the non-participating parties for any damage that may directly or indirectly arise as a result of the sole-risk operation carried out.

Government relations and dealings

The parties are represented by the operator in their relations with the government or government bodies with regard to any matter relating to the joint operations. The operator is responsible for preparing and following up on any request filed with the government under the regulations in force. If the parties choose to represent themselves before the government bodies, they will inform the operator of any correspondence, with the exception of confidential communications between NNPC and the government bodies.

Training of NNPC personnel

The operator must provide the necessary facilities for training NNPC personnel in the joint operations, in accordance with the training plans approved by the parties, and must approve any reasonable NNPC personnel secondment proposal.

Relations between the parties

The rights, obligations, responsibilities and liabilities of the parties are several and not joint or collective.

Sale of crude oil

The parties are entitled to use their share in available oil production pro rata to their rights in the OMLs, in accordance with the conditions and procedures stipulated in the Agreement. Transfer of ownership takes place when crude oil passes the flange connecting the operator's pipeline to another means of delivery to the transport vessel.

Applicable law and disputes

The Joint Operating Agreement is governed and interpreted according to the laws of the Federal Republic of Nigeria. Any disputes between the parties regarding the interpretation or execution of the Agreement will be subject to an arbitration procedure according to the laws of the Federal Republic of Nigeria.

Term

The Joint Operating Agreement will remain in force for the term of the concessions and until all common property has been assigned or transferred.

Assignment and transfer of rights derived from the Joint Operating Agreement

The prior agreement of the other parties is required before any party transfers its interests and rights derived from the Joint Operating Agreement. The prior agreement of the other parties is also required before a party constitutes any securities on its interests or rights in common property.

A transfer to an affiliated company, on the other hand, may take place without restriction, subject to notifying the other parties

and, where necessary, obtaining any government authorisations that may be required. In this case, the transferring party remains liable vis-à-vis the other parties for all obligations relating to the rights that it has transferred, unless the other parties agree otherwise or unless a decision by the Operating Committee states otherwise after examining the financial soundness and capability of the transferee, and subject to the transferee unconditionally undertaking to assume all obligations of the transferring party.

In the event of a transfer, the transferring party must have fully satisfied all its obligations under the terms of the Agreement until the actual transfer date. The transferee must meet sufficient financial soundness and capability criteria in terms of meeting its obligations under the terms of the Agreement.

The other parties will also benefit from a right of pre-emption in the event of plans by one party to transfer its rights to a third party.

The company with the status of operator may also transfer this status to an affiliated company after obtaining the prior and written consent of the other parties.

→ 6.4.2.3 Commercial agreements

(a) Crude handling agreement

On 30 July 2010, Seplat entered into a crude handling agreement with SPDC, acting as operator of the joint venture between SPDC, NNPC, Total (E&P) Nigeria Limited and Nigerian Agip Oil Company for a term of five years. This crude handling agreement is subject to Nigerian law and covers the provision of services by SPDC to Seplat.

The agreement stipulates that SPDC will in particular provide the following services: (i) transport of the oil injected by Seplat and received at the facilities of SPDC up to the SPDC terminal entry point situated at Forcados, (ii) processing and storage of the oil received at the Forcados terminal and (iii) delivery of the oil ready for export to the transport vessel delivery point. SPDC will also coordinate the oil tanker delivery schedule from the Forcados terminal.

Under the terms of the agreement, Seplat may inject at the entry point the crude oil produced by it, the crude oil produced by Pan Ocean Oil Company and/or NPDC, and even a combination of the two.

Under this agreement, SPDC undertakes to handle a fluid volume (oil and water) injected by Seplat that may not exceed 120% of the production capacity reserved for Seplat, which is fixed at 52K boepd (i.e. 62.4K boepd), up to Forcados, from where it will be exported after being processed. Notwithstanding, SPDC is entitled to reduce this volume to 100% of the production capacity reserved for Seplat, i.e. 52K boepd, by restricting the quantity of crude oil mixed. This minimum quantity of 52K boepd

should enable Seplat to guarantee the transport of all production from OMLs 4, 38 and 41 on a 100% basis until 31 December 2012 (date on which the Seplat wellhead production target should reach 50K boepd with a contractual transport capacity of 52K boepd, extendable to 62.4K boepd).

The crude handling agreement also stipulates that from 1 January 2013, Seplat may no longer inject wet crude (oil and water) in the pipeline, but only dry crude containing less than 0.5% water by volume. The separation of the water and oil to obtain the dry crude will be carried out by means of the installation of a water treatment plant, planned for 2013. The risks associated with non-compliance with the specifications set down in the crude handling agreement are described in Section 2.2.4 of this Annual Report. Under the terms of the crude handling agreement, Seplat also benefits from storage capacity corresponding to the greater of the following volumes: a volume equivalent to 10 days of reserved production capacity or 520,000 barrels. At the request of Seplat and subject to the agreement of SPDC, the reserved production capacity may be revised annually.

The characteristics of the crude oil injected by Seplat up to the entry point must correspond to those set down in the agreement, and the additives used by Seplat, where applicable, must be approved beforehand by SPDC. Seplat must bear the cost of the installation, maintenance and operation of the measuring devices at the entry point and the sampling devices.

In return for the services provided by SPDC, Seplat undertakes to pay, on each barrel, (i) the costs associated with the use of SPDC's terminal, (ii) the costs associated with the use of the Rapele pipeline up to Forcados and (iii) the production costs for the use of SPDC's terminal and pipeline, which are revised annually on the basis of changes to the consumer price index established by the US Bureau of Labour Statistics; 80% of these costs are payable by Seplat in US dollars, and 20% in Nigerian nairas.

The crude handling agreement also stipulates that SPDC may, under certain conditions, alter the quantities of crude oil injected, particularly in the event of environmental problems, problems concerning the operation of its facilities, emergency situations threatening the safety of property or persons, non-payment by Seplat or *force majeure*.

Seplat is in particular liable vis-à-vis SPDC for any loss of crude oil other than crude oil produced by Seplat, the costs associated with pollution control and clean-up operations and the damage caused to SPDC property if these are the result of gross professional misconduct or gross negligence on the part of

Seplat, its employees, representatives or co-contractors. Seplat is also liable for any loss that occurs when loading a tanker, unless this loss is the direct or indirect result of the gross professional misconduct or gross negligence of SPDC, its employees, representatives or co-contractors.

Under the terms of the crude handling agreement, each party may assign the agreement to one of its affiliates, subject to notifying the other party beforehand. SPDC also has the right to assign all or part of its obligations to any entity to which it has transferred its OMLs or its interests in the joint venture or in the facilities, or to any party named as operator of the joint venture.

Seplat may also decide to terminate the crude handling agreement early, subject to giving minimum notice of three years. The agreement may also be terminated (i) with the joint agreement of the parties in the event of *force majeure* (including the expiration or non-renewal of the pipeline licences or any other licence or authorisation required to execute the crude handling agreement) or (ii) at the initiative of one of the parties to this crude handling agreement, subject to giving notice of six months, in the event of a breach by the other party of its obligations under the terms of the agreement that is not remedied within a period of three months and which has serious adverse consequences for the party not in breach. The agreement may not be tacitly renewed; it may, however, be renewed at the end of its term with the agreement of the parties, based on the conditions set down below.

This crude handling agreement is governed and interpreted according to the laws of the Federal Republic of Nigeria. Any dispute between the parties regarding the interpretation or execution of the agreement is subject to an arbitration procedure according to the laws of the Federal Republic of Nigeria.

The parties may also decide to renew or extend the term of this crude handling agreement. Where this decision is made by Seplat, a written request must be sent by the latter to SPDC at least 12 months before the expiration of the agreement. Reception of the written request marks the start of negotiations on the terms and conditions for renewing or extending the agreement. If the parties do not reach an agreement within the period initially stipulated in the agreement, the terms and conditions of this agreement will continue to apply for an additional period of 12 months following the planned termination of the agreement, during which the parties will endeavour to resolve any existing differences. Failing this, the parties will be released from their contractual obligations at the end of this additional 12-month period.

(b) Crude oil purchase agreement

On 2 February 2010, Seplat entered into a crude oil purchase agreement under English law with SWST, under the terms of which Seplat undertakes to sell to SWST and SWST undertakes to purchase all of the crude oil production of "export" quality from OMLs 4, 38 and 41 available for loading at the Forcados terminal, on a free-on-board basis according to Incoterms 2000.

Under the terms of the crude oil purchase agreement, Seplat provides, four times per year, its production forecasts of the maximum number of barrels per day and per month.

The barrel selling price is calculated on the basis of a formula that accounts for the average price of Brent and an adjustment factor or differential established by the Forcados crude oil Official Selling Price published monthly by NNPC. However, for each cargo and under certain conditions, particularly within the limits of a volume that may not exceed 90% of the total cargo volume, the parties may agree on a fixed selling price. The crude oil purchase agreement stipulates that, in the event of non-payment by Seplat of the price supplement that may be due in application of the crude handling agreement (see Section 6.4.2.1 of this Annual Report), SWST must directly pay SPDC 70% of the sums due to Seplat under the crude oil purchase agreement, up to the amount of the price supplement.

The transfer of ownership and risks relating to the oil sold within the context of this agreement takes place at the moment the cargo passes the rails of the transport vessel.

This agreement was entered into for an initial term of five years and may be tacitly renewed upon its expiration for further periods of 12 months. It may be terminated by either party subject to giving notice of three months before the end of each 12-month period. Furthermore, the crude oil purchase agreement may also in particular be terminated by one of the parties if a collective insolvency proceeding is initiated at the locality of the other party, if a liquidator or receiver is appointed, in the event of cessation of payments or in the event of non-compliance with the rules of ethics established by each of the parties. If the financial position of SWST were to deteriorate, Seplat may request that payment instalments be made to it or that guarantees be granted to it by the purchaser. Should the purchaser fail to meet these requests, the agreement may be terminated by Seplat under the conditions stipulated therein. If current legislation were to change, resulting in a significant change to the economics of the agreement to the detriment of Seplat, Seplat may request renegotiation of the prices and certain contractual provisions. Should the parties fail to reach an agreement, Seplat may terminate the agreement.

The crude oil purchase agreement is governed and interpreted according to English law. Any dispute between the parties regarding the interpretation or execution of the agreement must be subject to an arbitration procedure in accordance with the 1996 Arbitration Act.

→ 6.4.2.4 Memorandum of understanding with the local communities of OML 4 (Edo State) and OMLs 38 and 41 (Delta State)

Relations between Seplat and the four local communities of the Edo and Delta States situated in OMLs 4, 38 and 41 (communities of Sapele-Okpe, Amukpe, Oben and Ugburhen – the "Community") are governed by a memorandum of understanding under Nigerian law entered into on 1 January 2011 for a term of five years.

The aim of this memorandum is to promote cordial relations between Seplat and the Community, based on obtaining reciprocal benefits through the realisation of certain objectives, and in particular promoting sustainable development, peaceful coexistence and safety.

Under the terms of the memorandum, the Community is, in particular, committed to fostering a peaceful environment, enabling Seplat, its employees, its sub-contractors and its representatives to work and access Seplat's facilities without disruption, interruption, threat, violence or invasion of its fields, activities or facilities.

In return, Seplat has made various financial and non-financial commitments under the terms of the memorandum.

Seplat's principal financial commitments

Seplat's principal financial commitments consist in financing, through a trust, various projects benefiting the Community. This financing takes the form of payment of an allocation of 250 million nairas (that is just over €1 million) per year (the "Allocation"). This amount may be increased if Seplat's hydrocarbon production were to rise during the term of the memorandum.

Furthermore, in the absence of disruption, interruption, threat, violence or invasion for a period of one year on the land of one of the communities making up the Community, Seplat is committed to pay the said community an additional amount equal to 5% of the sums due to it for the year in question.

Conversely, if one of the communities making up the Community were to interrupt Seplat's activities for a cumulative period of three days in the year, this will be penalised by deducting 5% from the sums due to the said community for the subsequent period.

Other commitments

Seplat is committed to ensuring that its projects and activities are respectful of the environment, are subject to assessments of their impact on the environment, inhabitants and health, and to ensuring that any incident with an environmental impact is handled in accordance with the environmental legislation applicable to the oil sector.

Seplat is also committed to promoting the hiring of skilled and unskilled local workers, and to notifying the Community of job vacancies.

A Community Development Committee comprising seven members of each of the four communities making up the Community and two Seplat representatives will act as the interface between Seplat and the Community.

→ 6.4.2.5 Other agreements

- Agreement relating to Seplat (see Section 6.4.1.1 of this Annual Report);
- Amendment **Agreement** to the Agreement concluded on 26 September 2011 between Seplat, the Company, Maurel & Prom, Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited (see Section 6.4.1.1 of this Annual Report);
- Investment prospecting agreement signed by Seplat and APCO on 22 March 2010 (see Section 6.3.2.3 of this Annual Report);
- Preliminary memorandum of understanding regarding the Trinity Spirit FPSO signed by Seplat, Shebah Exploration and Production Company Limited and Allenne British Virgin Islands Limited on 16 November 2010 (see Section 6.3.2.2 of this Annual Report);
- Bank loans granted by BNP Paribas on 25 June 2010, as well as by African Export-Import Bank and Skye Bank Plc on 29 March 2011 (as amended by the credit agreement of 22 July 2011, as well as by the side letters of 22 July 2011 and 29 July 2011) for the financing or refinancing of the OML 4, OML 38 and OML 41 permits (see Section 4.1.5.3 of this Annual Report);
- Local content services framework agreement signed by Seplat with Shebah Petroleum Development Company Limited and Platform Petroleum Limited on 10 November 2010 (see Section 6.3.2.4 of this Annual Report); and
- Services Agreement signed between Seplat and Maurel & Prom on 31 July 2010 (see Section 6.3.2.1 of this Annual Report).

6.4.3 CONTRACT CONCLUDED BETWEEN THE COMPANY AND SEPLAT

→ 6.4.3.1 Shareholder Loan

On 25 June 2010, the Company granted a Shareholder Loan to Seplat of US\$153 million (the "**Shareholder Loan**"), representing 45% of the acquisition cost of OMLs 4, 38 and 41, corresponding to the Company's 45% capital stake in Seplat. Following the first repayment of approximately US\$31 million at the end of March 2011 and a second repayment of US\$75 million during September 2011, the remaining balance repayable by Seplat under the Shareholder Loan, on the date of this Annual Report, is approximately US\$47.7 million.

The Shareholder Loan, which is governed by English law, bears interest at an annual rate equal to the three-month LIBOR plus 5%. The interest is calculated and paid every month. However, the Agreement stipulates that, if the Company cannot obtain a cost of financing equal to or less than the three-month LIBOR plus 5%, the interest rate of the Shareholder Loan will be equal to the cost of financing obtained by the Company, which in this case is 7.125%.

The Shareholder Loan stipulates that each month Seplat must set aside 45% of 80% of the cash flows from the hydrocarbon revenues generated by OMLs 4, 38 and 41, after payment of royalties, taxes and investment and operating expenses, for the repayment of the principal and interest.

The Company indicates that, in practice, the available cash flows are allocated as a matter of priority to the repayment of the sums drawn under financing agreements rather than the Shareholder Loan, so as not to be in breach of the repayment obligations therein stipulated.

The Shareholder Loan becomes payable on the occurrence of certain cases of default as defined by the loan agreement entered into on 25 June 2010, i.e. non-payment of sums due under the Shareholder Loan (with exceptions), non-compliance by Seplat or any other party (other than the Company) with the terms of the Agreement and commencement of a collective insolvency proceeding against Seplat.

The Shareholder Loan terminates when Seplat has repaid in full the principal and interest due to the Company under this agreement.

→ 6.4.3.2 Other agreements

Amendment agreement to the Services Agreement signed by the Company and Seplat on 26 September 2011 (see Section 6.3.2.1 of this Annual Report).

6.5 Special report of the Statutory Auditors on the related-party agreements and commitments

Dear Shareholders,

As Statutory Auditors of your company, we present to you our report on the related-party agreements and commitments.

Based on the information given to us, it is our duty to inform you of the characteristics and essential conditions of the agreements and commitments of which we have been notified or of which we have detected during our assignment, without having to make a decision on their usefulness or justification or having to search for the existence of other agreements and commitments. It is your duty, pursuant to article R. 225-31 of the French Commercial Code, to assess the benefits associated with these agreements and commitments in order to decide whether they should be approved.

It is also our duty, where appropriate, to inform you of the information set down in article R. 225-31 of the French Commercial Code relating to the execution over the past year of the agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures that we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) in respect of this assignment. These procedures are designed to verify the consistency of the information that we have been provided, with the documents from where this information originates.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

→ Agreements and commitments authorised during the past year

We inform you that we have not been advised of any agreement or commitment authorised during the past year to be submitted for the approval of the General Shareholders' Meeting in application of the provisions of article L. 225-38 of the French Commercial Code.

→ Agreements and commitments with no prior authorisation

In application de article L. 225-42 of the French Commercial Code, we inform you that the following agreements and commitments were not subject to the prior authorisation of your Board of Directors.

It is our duty to inform you of the reasons why the authorisation procedure was not followed.

1. Amendment agreement to the technical services agreement with the company Etablissements Maurel & Prom

Persons concerned

Mr Jean-François Hémin, Alexandre Vilgrain and Emmanuel Marion de Glatigny, common directors of your company and the company Etablissements Maurel & Prom, and the company Etablissements Maurel & Prom, director and shareholder holding more than 10% of the voting rights of your company.

Nature and purpose

On 31 July 2010, Etablissements Maurel & Prom and Seplat signed a technical services agreement under English law, under the terms of which Etablissements Maurel & Prom has agreed to provide services enabling Seplat to fulfil its obligations as operator under the joint operating agreement relating to the exploitation of OMLs 4, 38 and 41 permits.

During the General Shareholders' Meeting of 28 June 2011, you authorised the signature of a Deed of Novation, under the terms of which your company would replace the company Etablissements Maurel & Prom in the technical services agreement signed on 31 July 2010, in the event the plans to distribute the company's shares came to fruition.

Executive management then amended two points of the Deed of Novation: (i) firstly, the new instrument would not take the form of a Deed of Novation, but rather a traditional amendment to the original agreement in order to avoid the formal constraints associated with the signature of a legal deed under English law, and (ii) secondly, the agreement would take effect on the floatation date of the company's shares on the NYSE Euronext Paris regulated market (instead of on the signature date as stated in the previous version of the project).

Conditions

By virtue of the amendment signed on 26 September 2011, your company replaced the company Etablissements Maurel & Prom as Seplat's contractor under the terms of the services agreement with effect from the floatation of your company's shares on the NYSE Euronext Paris regulated market, i.e. 15 December 2011.

The amount invoiced by your company to Seplat from 15 December to 31 December 2011 was EUR 11,000 exclusive of taxes.

2. Guarantee agreement with Etablissements Maurel & Prom

Persons concerned

Mr Jean-François Hénin, Xavier Blandin, Alexandre Vilgrain, Emmanuel Marion de Glatigny, Ambrosie Bryant Chukwueloka Orjiako and Nathalie Delapalme, common directors of your Company and Etablissements Maurel & Prom, and Etablissements Maurel & Prom, director and shareholder holding more than 10% of the voting rights of your Company.

Nature and purpose

On 2 November 2011, the Board of Directors was informed of Etablissements Maurel & Prom's plans to sign a letter of guarantee concerning your company for BNP Paribas.

Conditions

Within the context of the floatation of your company's shares on the NYSE Euronext Paris regulated market, BNP Paribas asked your Company and Etablissements Maurel & Prom to sign a letter of guarantee (Representation Letter), with regard in particular to certain information about your company and Etablissements Maurel & Prom included in the listing prospectus. This letter was signed on 4 November 2011.

3. Amendment to the Seplat shareholders' agreement

Persons concerned

Mr Jean-François Hénin, Alexandre Vilgrain and Emmanuel Marion de Glatigny, common directors of your company and Etablissements Maurel & Prom, and Etablissements Maurel & Prom, director and shareholder holding more than 10% of the voting rights of your company.

Nature and purpose

An agreement was signed by the initial shareholders of Seplat (Shebah Petroleum Development Company, Platform Petroleum Joint Venture Limited and Etablissements Maurel & Prom) on 22 December 2009 (the "Agreement"). Following the sale of the 45% capital stake in Seplat held by Etablissements Maurel & Prom to your company on 29 January 2010, your company became a party to the Agreement on 3 June 2010. Etablissements Maurel & Prom has, however, remained a party to the Agreement by way of guarantee of the commitments of its subsidiary.

The principal provisions of the Agreement notably concern Seplat's governance and the financing of its activities and the conditions of transfer of shares issued by Seplat.

Within the context of the floatation of your company's shares on the NYSE Euronext Paris regulated market, under the terms of which your company would cease to be a subsidiary of Etablissements Maurel & Prom, the signature of an amendment to the Agreement was contemplated, stipulating (i) the definitive withdrawal from the Agreement of Etablissements Maurel & Prom and (ii) the transfer of its rights and obligations under the Agreement to your company.

Conditions

Within the context of the floatation of your company's shares on the NYSE Euronext Paris regulated market on 15 December 2011, an amendment to the Agreement was signed on 26 September 2011.

The aforementioned agreements and commitments could not be authorised by your Board of Directors because they concern all the directors, and because the law, in this case, prohibits participation in the vote on the authorisation sought.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

In application of Article R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreements and commitments already approved by the General Shareholders' Meeting during previous years continued during the past year.

1. With Etablissements Maurel & Prom

Nature and purpose

During the General Shareholders' Meeting of 28 June and on account of the plans to float your company on the securities market, you authorised the signature of a Transitional Services Agreement by your company and Etablissements Maurel & Prom. The purpose of this agreement is to secure the material and technical resources necessary for (i) its day-to-day operations, particularly administration and accounting, and (ii) providing Seplat with the services required under the technical services agreement signed with the company.

Conditions

Under the terms of this agreement signed on 2 November 2011, Etablissements Maurel & Prom will provide your company with the services enabling it in particular to ensure its day-to-day administrative and accounting management and honour its commitments vis-à-vis Seplat, for a period of twelve months from 15 December 2011 and renewable for a further twelve-month period.

The amount of EUR 36,382 exclusive of taxes was paid by your company during the year under the terms of this agreement.

2. With Seplat and Abbeycourt Petroleum Company Ltd

Nature and purpose

Seplat's objective is to grow its mining operations and therefore search for investment opportunities in new projects.

To implement this growth objective and in order to be able to identify and negotiate the best opportunities, on 22 March 2010 Seplat signed a memorandum of understanding for a term of two years with Abbeycourt Petroleum Company Ltd ("APCO"), a company specialising in the oil and gas sector in Africa.

Conditions

Within the scope of this memorandum of understanding, Seplat set up a fund of US\$25 million with APCO, which is managed by the latter. When the memorandum of understanding expires, APCO will repay Seplat any amounts not employed in this task. As part of its work to identify, structure and negotiate the strategic investments it has been entrusted with, APCO acts as Seplat's "agent".

During 2011, Seplat's Board of Directors noted the use of the entirety of this US\$25 million advance by APCO under this memorandum. This collaboration between Seplat and APCO continues, with new opportunities being studied.



3. With Seplat, Shebah Exploration and Production Company Ltd and Allenne British Virgin Island Ltd

Nature and purpose

In Nigeria, the evacuation of Seplat's hydrocarbon production is carried out within the scope of an agreement signed with Shell Petroleum Development Company (SPDC). In order to mitigate the risk of dependence on a single evacuation transport route for its production, Seplat signed a memorandum of understanding with Shebah Exploration and Production Ltd and Allenne British Virgin Islands Ltd on 16 November 2010 concerning the leasing or acquisition of the "Trinity Spirit" floating production, storage and offloading unit ("FPSO"). The leasing or acquisition of the "Trinity Spirit" FPSO would therefore provide Seplat with a means of transporting its hydrocarbons to the SPDC pipeline.

Conditions

Within this context, Seplat paid Allenne British Virgin Islands Ltd. US\$15 million as a deposit in the form of a repayable advance. If necessary, this sum will be repayable by the contractual party if requested by Seplat if 1) Seplat decides not to buy the FPSO unit; 2) Seplat decides not to lease the FPSO unit; or 3) Seplat does not use the transport, processing and delivery services of the FPSO unit for its oil production.

To date, no decision has been made by Seplat regarding the acquisition or leasing of the FPSO or regarding the request of the repayment of the amount paid out by way of this deposit. Consequently, the deposit continues to be recognised in Seplat's balance sheet assets, bearing in mind no contractual deadline is stipulated in the memorandum of understanding.

Paris, 4 May 2012

Statutory Auditors

INTERNATIONAL AUDIT COMPANY

Daniel de Beaurepaire

François CARREGA

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Additional information

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7.1 Information from third parties, declarations of experts and declarations of interests

Some market data appearing in Section 1.2.2 of this Annual Report comes mainly from third-party public sources, which are referenced in that section. The Company declares that this information has been faithfully reproduced, and that nothing has been omitted that might render the information inaccurate or misleading.

The evaluator of the hydrocarbon reserves and resources of OMLs 4, 38 and 41 in Nigeria, Gaffney, Cline & Associates, has expressly authorised the Company (i) to attach to this Annual Report a free French translation of the Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011, drawn up in the English language, and (ii) to post the original English language version of the Competent Person's Report on OMLs 4, 38 and 41 dated 1 November 2011 on its website.

The free French translation of the original Competent Person's Report concerning OMLs 4, 38 and 41 by Gaffney, Cline & Associates dated 1 November 2011 in the English language appears in Appendix C to this Annual Report. This free French translation of the original Competent Person's Report concerning OMLs 4, 38 and 41 by Gaffney, Cline & Associates dated 1 November 2011 in English must be read together with the English version of the Competent Person's Report concerning OMLs 4, 38 and 41 by Gaffney, Cline & Associates dated 1 November 2011, which is available on the Company's website (www.mpnigeria.com). In the event of a contradiction between the English language version and the French translation, the English language version shall prevail.

7.2 Publicly available documents

The Company's press releases, its historical financial information, the original Competent Person's Report concerning OMLs 4, 38 and 41 by Gaffney, Cline & Associates dated 1 November 2011, as well as this Annual Report, are available on the Company's website at the following address: www.mpnigeria.com and a copy may be obtained at the Company's registered

office at 12 Rue Volney, 75002 Paris. The Company's Articles of Association, minutes of General Shareholders' Meetings, company and consolidated financial statements, statutory auditors' reports and all other corporate documents may be consulted at the Company's registered office.

7.3 Information on equity interests

Information concerning businesses in which the Company holds a percentage of the capital liable to have a significant effect on the appraisal of its assets, financial position or results is included in Section 6.1.1.2(e) of this Annual Report.

7.4 Provisional calendar

21 June 2012: General Meeting

14 August 2012: Q1 sales

31 August 2012: H1 earnings

15 September 2012: Q3 sales

7.4.1 ADDITIONAL INFORMATION ON COMPANY OPERATIONS AND FINANCIAL ACTIVITIES

Publication date	Topic	Medium
18 January 2012	Update on activities	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
6 February 2012	Financial agenda H1 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
8 February 2012	2011 annual sales	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
30 March 2012	2012 annual results	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
30 March 2012	MP Nigeria consolidated financial statements at 31 December 2011	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
9 May 2012	Maurel & Prom Nigeria publishes Annual Financial Report	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
14 May 2012	Q1 2012 sales published Monday 21 May 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
21 May 2012	Q1 2012 sales €44.4 million	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website

7.4.2 CORPORATE INFORMATION

Publication date	Topic	Medium
7 November 2011	Notice of General Shareholders' Meeting: distribution of Maurel & Prom Nigeria	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
12 December 2011	Approval by Maurel & Prom General Shareholders' Meeting of distribution of 100% of capital of Maurel & Prom Nigeria Press release	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
14 December 2011	Distribution of Maurel & Prom Nigeria shares to Maurel & Prom shareholders and listing of Maurel & Prom Nigeria on the NYSE Euronext regulated stock exchange in Paris	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
15 December 2011	NYSE Euronext lists MP Nigeria on its European market	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
16 May 2012	Notice of Shareholders' Meeting	BALO (Official Journal) no. 59

7.4.3 TREASURY SHARE BUYBACKS

Publication date	Topic	Medium
28 December 2011	Disclosure of treasury share transactions, 19-23 December 2011	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
3 January 2012	Disclosure of treasury share transactions, 26-30 December 2011	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
9 January 2012	Disclosure of Treasury share transactions, 2-6 January 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
17 January 2012	Disclosure of treasury share transactions, 19-13 January 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
7 February 2012	Disclosure of treasury share transactions, 30 January – 3 February 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
27 February 2012	Disclosure of treasury share transactions, 20-24 February 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website
11 May 2012	Disclosure of treasury share transactions, 30 April – 6 May 2012	Press release (Reuters, Bloomberg, Boursorama) Maurel & Prom Nigeria website

7.5 Persons responsible for the Annual Report

7.5.1 PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

Mr Michel Hochard
Chief Executive Officer

7.5.2 CERTIFICATIONS OF PERSONS RESPONSIBLE

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

I hereby certify that, to the best of my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and provide a true picture of the assets, financial position and earnings of the company and of all the corporations included in the scope of consolidation.

I have obtained a completion of work letter from the statutory auditors, in which they indicate that they have verified the financial data and the financial statements contained in this document and have read the Annual Report in its entirety.

The historical financial data presented in the Annual Report is covered in the Statutory Auditors' reports, appearing in Section 5 of the said document.

This Annual Report includes by way of reference the financial information relating to the year ended 31 December 2010, which appears in Chapter 20 of the prospectus, approved by the AMF under no. 11-511 dated 4 November 2011, as well as the associated statutory auditors' reports.

In the Company financial statements for the period ended 31 December 2010, the statutory auditors report that, "without qualifying our opinion expressed above, we draw your attention to Note 3.14 – 'Post-balance-sheet events,' which discloses the refinanced position of your Nigerian subsidiary Seplat."

In the Company financial statements for the period ended 31 December 2010, the statutory auditors report that, "without qualifying our opinion expressed above, we draw your attention to Note 23 – 'Post-balance-sheet events,' which discloses your refinanced equity interest in the Nigerian subsidiary Seplat."

The report on the consolidated financial statements for the fiscal year ending on 31 December 2011 contains the following comments: In due respect of the opinion expressed above, we draw your attention to:

Notes 1 "General Information – Sales" and 23 "Operating Sectors", which indicate that sales for 2011 are based on the production volumes (entitlements recognised, production sold) determined after applying the technical adjustments and fixed discount applied by Shell Petroleum Development Company (SPDC), the sole client of Seplat, a subsidiary of your company. Note 1 states that a retroactive adjustment will be subject to discussions between SPDC and Seplat and should enable Seplat and its partners to be reallocated additional entitlements during 2012.

The report on the company financial statements for fiscal year ended 31 December 2011 contains no observations."

Mr Michel Hochard
Chief Executive Officer



7.6 Statutory auditors

7.6.1 INCUMBENT STATUTORY AUDITORS

Mr François Carrega

13 Boulevard des Invalides
75007 Paris

Mr François Carrega was appointed as incumbent statutory auditor under the Company's Articles of Association on 8 October 2009 for a term of six fiscal years; that is, until the General Shareholders' Meeting called in 2015 to approve the financial statements for the fiscal year ended 31 December 2014.

**International Audit Company, represented
by Mr Daniel de Beaurepaire**

46 Rue du Général Foy
75008 Paris

Initially appointed as alternate statutory auditor under the Company's Articles of Association on 8 October 2009, International Audit Company was appointed as incumbent statutory auditor by the Ordinary General Shareholders' Meeting of 13 May 2011 for a term of six fiscal years; that is, until the General Shareholders' Meeting called in 2017 to approve the financial statements for the year ended 31 December 2016.

7.6.2 ALTERNATE STATUTORY AUDITORS

Cailliau Dedouit et Associés was appointed as alternate statutory auditor for Mr François Carrega by the Ordinary General Shareholders' Meeting of 13 May 2011 for the remainder of the term of its predecessor; that is, until the General Shareholders' Meeting called in 2015 to approve the financial statements for the year ended 31 December 2014.

Mr François Caillet was appointed as alternate statutory auditor for the International Audit Company by the Ordinary General Shareholders' Meeting of 13 May 2011 for a term of six fiscal years; that is, until the General Shareholders' Meeting called in 2017 to approve the financial statements for the year ended 31 December 2016.

7.6.3 STATUTORY AUDITORS' FEES

The statutory auditors' fees are disclosed in Note 26 of the consolidated financial statements (see Section 5.1 of this Annual Report).

7.7 Glossary

The table below contains a list of the main technical terms, acronyms and abbreviations used in the Annual Report.

Term	Definition
"	Inch
1C (low estimates) contingent resources	Contingent resources characterised by a prudent estimate of the quantity that will remain to be recovered by a project based on concentrations (1C = C1).
2C (best estimates) contingent resources	Contingent resources characterised by a best estimate of the quantity that will remain to be recovered by a project based on concentrations (2C = C1 + C2).
3C (high estimates) contingent resources	Contingent resources characterised by an optimistic estimate of the quantity that will remain to be recovered by a project based on concentrations (3C = C1 + C2 + C3).
2D/3D seismic survey	Geophysical surveying method consisting of sending sound waves into the subsoil and recording their propagation, thus making it possible to obtain information on the structure of the subsoil. It may be in two or three dimensions.
Appraisal	<i>All operations conducted after a discovery seeking to determine the limits or extent of a hydrocarbon deposit and evaluate its reserves and productive potential.</i>
Associated gas	Gas present in solution in oil and separated during oil extraction.
bbl (barrel)	Unit of volumetric measurement for crude oil, equivalent to 159 litres (42 US gallons). One tonne of oil contains approximately 7.5 barrels.
bbl/d	Barrels per day.
Brent	Class of North Sea oil.
Bscf	Billion standard cubic feet.
Company share/ own share	Operated share less the Partners' share.
Condensate	Fractions of natural gas that exist, either in gaseous phase or in solution, in crude oil under the initial pressure and temperature conditions of the reservoir and which are recovered in liquid form in separators, on-site facilities or units.
Contingent resources	Contingent resources are quantities of oil estimated, at a given date, as being potentially recoverable from known concentrations but for which the recovery projects are not yet considered sufficiently mature for commercial development due to one or more risk factors.
Cu. ft.	Cubic foot, a unit of volume used in the USA, equivalent to 28.31685 litres.
/d	Per day.
Drilling	Drilling consists of creating a passage through the surface of the earth in order to take samples from the subsoil or extract fluids. Originally, drilling was always done vertically. Today, however, when drilling cannot be done vertically, it is done at an angle, whether directed or not towards specific objectives, as in deviated drilling.
FPSO	Floating Production, Storage and Offloading: a floating unit combining the equipment needed for producing, processing and storing hydrocarbons and transferring them directly to a tanker at sea.
G	Giga (one billion units).
Heavy oil	Oil with an API gravity of less than 10°, also known as bitumen.
Hydrocarbons	<i>Mixture of molecules</i> mainly comprising atoms of carbon and hydrogen. Hydrocarbons may be solid, like asphalt, liquid, like crude oil, or gaseous, like natural gas. They may contain components with sulphur, nitrogen, metals etc.
K	Kilo (one thousand units).
Light oil	Oil with an API gravity of more than 31.1°, also known as light crude.
M	Mega (one million units).
Mboe	Millions of barrels of oil equivalent.



Term	Definition
Non-associated gas	Non-associated gas is natural gas found in reservoirs that do not contain significant quantities of crude oil, where the volume of oil is too low and where the production of such gas does not have a significant consequence on crude oil recovery.
OML	Oil Mining Licence refers to the oil deposit exploitation contracts that give the right to exploit and sell crude oil in Nigeria.
OPEC	Organisation of Petroleum Exporting Countries.
Operated production	Total quantity of hydrocarbons produced in the fields.
Operator	Company in charge of operations at an oil field.
P1 (proven) reserves	Gas and oil reserves which, after analysing geo-scientific and technical data, may be considered with a reasonable certainty as commercially recoverable, starting from a given date and for the future, from known reservoirs, by using current techniques, under current economic conditions and according to current regulations.
P2 (probable) reserves	Gas and oil reserves that constitute additional gas and oil reserves, for which an analysis of the geo-scientific and technical data indicates that they are less likely to be recovered than proven reserves (P1), but more likely to be recovered than possible reserves (P3).
P3 (possible) reserves	Hydrocarbon reserves that constitute additional gas and oil reserves, for which an analysis of the geo-scientific and technical data indicates that they have less of a chance of being recovered than probable reserves (P2).
Permit	Surface area contractually assigned to an oil company (or group of companies) by the host country for a determined period. The permit gives the oil companies the exclusive right to carry out exploration work (exploration permit) and/or to exploit a deposit (exploitation permit).
PIB	Petroleum Industry Bill (draft Nigerian law on the oil industry).
Pipeline	Conduit for carrying fluids.
Production sharing agreement – PSA	Contract entered into between a government and the company exploiting a conferred permit; this agreement determines all of the operator's rights and obligations, particularly the percentage of "cost oil" (allowing the operator to recover the exploration and development expenses that it has incurred), and establishes the basis for the sharing of "profit oil" (remuneration).
Production profile	Change, over time, of a deposit's level of production. At the start of a deposit's exploitation, production increases sharply before stabilising for a few years (production plateau), and then falls progressively.
Reserves	Hydrocarbon reserves corresponding to estimated quantities of crude oil, condensate and gas presumed to be commercially recoverable from known concentrations by application of development projects, starting from a given date and for the future, in keeping with defined conditions.
Royalties	In-kind oil taxes corresponding to a percentage of a field's production.
Well	Name generally given to a cavity when drilling is completed or when engineers are certain that it will be productive. In administrative terms, the wells of an oil field are generally designated by a group of letters and figures indicating their locations and the order in which they were determined.

7.8 Concordance tables

7.8.1 MANAGEMENT REPORT

Items required by the French Commercial Code, Monetary and Financial Code, General Tax Code and General Regulations of the AMF	Corresponding Sections of this Annual Report	Corresponding Pages of this Annual Report
Analysis of the change in the business, earnings and financial position of the Company, the Company's position during the previous fiscal year (Art. L. 225-100 and L. 232-1 of the French Commercial Code)	4.1	88 et seq.
Analysis of the change in the business, earnings and financial position of the Group, the Group's position during the previous fiscal year (Art. L. 225-100-2 and L. 233-26 of the French Commercial Code)	4.1	88 et seq.
Earnings of subsidiaries and controlled companies by area of activity (Art. L. 233-6 of the French Commercial Code)	4.1	88 et seq.
Foreseeable change (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	4.3	97
Significant events occurring after the close of the fiscal year (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	Chapter 5, Note 25	128
Research and development activities (Art. L. 232-1 and L. 233-26 of the French Commercial Code)	none	none
Acquisitions of equity interests or control in companies headquartered in France (Art. L. 233-6 of the French Commercial Code)	none	none
Information regarding environmental issues and environmental consequences of the activity (Art. L. 225-100 and L. 225-102-1 of the French Commercial Code)	1.6.1	37 et seq.
Information regarding personnel issues and social consequences of the activity (Art. L. 225-100 and L. 225-102-1 of the French Commercial Code)	1.6.2	39
Description of the main risks and uncertainties (Art. L. 225-100 and L. 225-100-2 of the French Commercial Code)	Chapter 2	41 et seq.
Group policy on managing financial risks (Art. L. 225-100 and L. 225-100-2 of the French Commercial Code)	2.5	58 et seq.
Group exposure to price, credit, liquidity and cash flow risks (Art. L. 225-100 and L. 225-100-2 of the French Commercial Code)	2.5	58 et seq.
Summary table of currently valid delegations granted by the General Shareholders' Meeting to the Board of Directors in connection with capital increases and the use made of these delegations during the fiscal year (Art. L. 225-100 of the French Commercial Code)	6.2.1.5	158-159
Items likely to have an impact in the event of a public offer (Art. L. 225-100-3 of the French Commercial Code)	none	none
Employee share ownership on the last day of the fiscal year (Art. L. 225-102 of the French Commercial Code)	none	none
Identity of shareholders holding more than 5%; self-checking (Art. L. 233-13 of the French Commercial Code)	6.2.2.3	162
Summary statement of transactions made by the management on Company securities (Art. L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the General Regulations of the AMF)	3.2.2	77-78
Full compensation and benefits of any nature paid to each corporate officer (Art. L. 225-102-1 of the French Commercial Code)	3.2	76 et seq.



Items required by the French Commercial Code, Monetary and Financial Code, General Tax Code and General Regulations of the AMF	Corresponding Sections of this Annual Report	Corresponding Pages of this Annual Report
Offices held and duties performed in any company by each of the corporate officers during the fiscal year (Art. L. 225-102-1 of the French Commercial Code)	3.1.1.1(a)(ii) 3.1.1.1(b)	70 et seq.
Information on treasury share repurchases (Art. L. 225-211 of the French Commercial Code)	6.2.1.2	157-158
Dividend amounts distributed over three fiscal years (Art. 243 bis of the French General Tax Code)	6.2.3	162
Changes made in the presentation of the financial statements (Art. L. 232-6 of the French Commercial Code)	none	none

7.8.2 EC REGULATIONS

In order to facilitate the reading of this Annual Report, the concordance table below allows for the identification of the information required by Regulation EC 809/2004 of the Commission of 24 April 2004, implementing Directive EC 71/2003 of the European Parliament and Council.

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Title	Corresponding Sections of this Annual Report	Corresponding Pages of this Annual Report	
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