

**BOARD OF DIRECTORS' REPORT ON RESOLUTIONS TO BE SUBMITTED TO THE  
ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING  
OF 22 JUNE 2017**

This report describes the proposed resolutions that are being submitted to the General Meeting by your Board of Directors. Its purpose is to draw your attention to the important points in the proposed resolutions, in accordance with applicable laws and regulations and with best corporate governance practices for companies listed in Paris. It is not intended as an exhaustive guide; therefore it is essential that you read the proposed resolutions carefully before exercising your vote.

The presentation of the financial situation, business and performance of Etablissements Maurel & Prom S.A. and its Group over the past financial year, as well as various information required by applicable legal and regulatory provisions, also appear in the management report on the financial year ended 31 December 2016, which you are invited to read.

Madam, Sir, dear Shareholders,

We have convened this ordinary and extraordinary general shareholders' meeting of (the "**General Meeting**") of Etablissements Maurel & Prom S.A. (the "**Company**") to submit for your approval twenty-four resolutions described in this report.

## 1. Resolutions within the powers of the Ordinary General Meeting

### **Approval of financial statements and allocation of earnings (first to third resolutions)**

The General Meeting is first convened to decide on approving the statutory financial statements (*first resolution*) and the consolidated financial statements (*second resolution*) of the Company for the financial year ended 31 December 2016, and to allocate the earnings (*third resolution*).

The statutory financial statements of the Company for the year ended 31 December 2016 show a loss of EUR 37,492,782.27. The Board of Directors proposes to (i) record the loss for the financial year ended on 31 December 2016 in the "Retained Earnings" account, and (ii) clear the "retained earnings account", which has a negative balance as a result of the allocation of earnings, by drawing on the "BSA (share subscription warrant) premiums" account and then the "issue, merger and contribution premiums" account (third resolution).

### **Approval of related party agreements (fourth to tenth resolutions)**

Certain agreements entered into by the Company during the course of its business are subject to a specific procedure: in particular, agreements that may be directly or indirectly entered into between the Company and any other company with which it has corporate officers (*mandataires sociaux*) in common, or between the Company and its corporate officers or a shareholder holding more than 10% of the share capital of the Company.

Pursuant to the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, any new "related party" agreement is subject to the prior approval of the Supervisory Board and, once concluded, gives rise to the issue of a special report of the Statutory Auditors, following which it must be approved by the Ordinary General Meeting.

In light thereof, the Board of Directors proposes that, having regard to the Statutory Auditors' special report on the agreements and commitments referred to by article L. 225-38 *et seq.* of the French Commercial Code describing these transactions, you approve the agreements, described below and in the Statutory Auditors' report, that were subject to the prior authorisation of the Board of Directors and were entered into during the 2016 financial year.

- **Termination of the services agreement between the Company and Pacifico S.A. (fourth resolution)**

As a reminder, the Company and Pacifico S.A. entered into a services agreement on 21 June 2005, as amended on 22 December 2005 and 11 June 2007, authorised in advance by the Board of Directors on 29 May 2007 (the "**Services Agreement**"). The Services Agreement was subject to the prior authorisation of the Board of Directors to the extent that Mr Jean-François Hénin is shareholder and Chairman of the Management Board of Pacifico S.A. and was Chairman of the Company.

Under the Services Agreement, Pacifico S.A. provided the following services to the Company: (i) looking for strategic partners in the oil and gas industries, (ii) fact-finding missions for investment and divestment projects, determining the target parameter, (iii) looking for new markets and new opportunities for growth, (iv) conceiving and developing acquisition or disposal scenarios and determine financing policy, (v) advice and follow-up on any negotiations entrusted to it (draft contracts, group growth), in particular with respect to technical cooperation proposals, and (vi) follow-up and technical, accounting, financial and administrative support for drilling activities.

Consideration in return for such services was in the form of (i) a payment of an annual lump-sum fee of EUR 100,000 excl. VAT and (ii) an additional amount calculated on the basis of the services rendered and the actual cost of these services in the areas of financial advice and missions in connection with the drilling business of the Company's subsidiary.

At the Board of Directors' meeting held on 24 August 2016, the Board acknowledged the conclusion of the agreement regarding the acquisition by Pertamina Internasional Eksplorasi dan Produksi of all of Pacifico S.A.'s Company shares (the "**Block Sale**") and gave prior authorisation, in accordance with Articles L. 225-38 *et seq.* of the French Commercial Code, to the agreement related to the tender offer (the "**Tender Offer**") to be launched by Pertamina Internasional Eksplorasi dan Produksi ("**PIEP**") on the Company securities entered into between the Company, PIEP and PT Pertamina (Persero) on 25 August 2016 (the "**Tender Offer Agreement**") (refer to the sixth resolution below). This agreement addressed, *inter alia*, the payments to be made to Pacifico S.A. by the Company under the Services Agreement. These payments were to be made as part of the termination of the Services Agreement 25 August 2016 with immediate effect. Termination was connected to the end of the business relationship between Pacifico S.A. and the Company due to completion of the Block Sale. The amounts paid to Pacifico S.A. amounted to EUR 163,801.35 excl. VAT in 2016.

However, please note that the Board of Directors has not officially issued any decision on terminating the Services Agreement. Since the Services Agreement originally followed the procedure for related party agreements, its termination should follow the same procedure. Resultantly, the Board of Directors has, insofar as necessary, ratified the decision to terminate the Services Agreement during its meeting on 24 April 2017 and decided to follow the regularization process set out in paragraph 3 of Article L. 225-42 of the French Commercial Code which provides that the General Meeting, having regard to the Statutory Auditors' special report, must expressly vote on the said regularization. This resolution relates to such regularization procedure.

- *Renewal of the current account agreement between the Company and ISON Holding (fifth resolution)*

As a reminder, this agreement, initially entered into between the Company and New Gold Mali on 20 March 2000 (and subsequently transferred to ISON Holding), had already been approved by the Supervisory Board on 30 September 1999 and took effect on 1 January 2000 for a one-year term, automatically renewable for an equivalent term each time. Interest on current account advances is paid at the tax-deductible rate.

The receivable, which at 30 June 2012 amounted to €11,430,616 in principal and interest was transferred to ISON Holding, the company in which your Company holds an 18.64% equity interest, in consideration for the signing of a loan agreement between ISON Holding and the Company under the same terms and conditions and for a debit balance of principal and interest of the same amount.

At its meeting of 24 April 2017, the Board of Directors authorised the renewal of the current account agreement between ISON Holding and the Company pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code, since Mr Jean-François Hénin was the Chairman of the Company Board of Directors until 10 April 2017 and a shareholder of ISON Holding through Pacifico S.A., and Mr Emmanuel Marion de Glatigny was a Company Director until 25 August 2016 and the Chairman of the Pacifico S.A. Supervisory Board.

- *Tender Offer Agreement between the Company, PIEP and PT Pertamina (Persero) (sixth resolution)*

As part of the Tender Offer, a Tender Offer Agreement setting out the respective commitments of the Company and PIEP was entered into between the Company, PIEP and PT Pertamina (Persero) on 25 August 2016 and was authorized by the Board of Directors on 24 August 2016. Please note that the Tender Offer Agreement's principles and content are customary in takeover bids.

Amongst other things, the Tender Offer Agreement set out the conditions of the Tender Offer; the Company's corporate governance undertakings; the Company's undertakings with regards to the day-to-day conduct of business; the undertakings of PIEP and the Company to cooperate and make all commercially reasonable efforts – as soon as possible and in any case between the filing date and the settlement date of the Tender Offer – to obtain third party consent required under change of control clauses in contracts signed by the Company (especially financing agreements) or in permits or authorisations that may be triggered by the Tender Offer; the non-solicitation of takeover proposals (including any merger, public offer or similar transaction) aimed at the Company, its subsidiaries, and their assets (*i.e.* a no shop clause) and an undertaking from the Company not to issue an unfavorable opinion or to approve or allow the signature of a letter of intent, transfer agreement or any agreement similar to a takeover proposal; the PIEP's commitment to set up a share liquidity mechanism for beneficiaries of free shares and a commitment from the Company and its subsidiaries to refrain from tendering treasury shares to the Tender Offer and transferring treasury shares to third parties except as provided in the Tender Offer Agreement.

On 24 August 2016, the Board of Directors authorised the Company to enter into the Tender Offer Agreement pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code, to the extent that, on such date, (i) Mr Jean-François Hénin, the Chairman of the Company Board of Directors and (ii) Mr Emmanuel de Marion de Glatigny, a Company Director, were indirectly concerned by the Tender Offer Agreement, by virtue of their offices held in Pacifico S.A., and the Block Sale that was completed on 25 August 2016.

- *Amendment to the Tender Offer Agreement between the Company, PIEP and PT Pertamina (Persero) (seventh resolution)*

An amendment to the Tender Offer Agreement dated 2 March 2017 was entered into between the Company, PIEP and PT Pertamina (Persero), in order to set out the terms under which the funds arising from early repayment, due to the change of control triggered by the Tender Offer, and in particular as regards the ORNANE 2019 and the ORNANE 2021, could be made available. It was therefore agreed that the funds would be made available through shareholder loans under similar terms as those applicable to the financing in question. This amendment also contains commitments from the parties on signing liquidity agreements to enable Company employees to redeem their free shares and on the conditions for implementing the long-term retention and profit-sharing plan.

On 2 March 2017, the Board of Directors authorized the signature of this amendment to the Tender Offer Agreement pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code, as the amendment was entered into between the Company and PIEP who holds more than 10% of the Company's share capital. Further, Mr Denie S. Tampubolon, a Company Director and corporate officer of PT Pertamina (Persero), which is also party to the agreement, did not vote, and indeed was absent from this meeting.

- *Shareholder loans between the Company and PIEP concerning the early redemption of ORNANE 2019 and ORNANE 2020 (eighth and ninth resolutions)*

In light of the Board of Directors' authorisation to sign the amendment to the Tender Offer Agreement and the requests for early redemption that could have been presented by ORNANE 2019 and 2021 bondholders, at its meeting of 2 March 2017, the Board authorised the conclusion of two shareholder loans with PIEP in order to make the necessary amounts available to the Company for early redemption of ORNANE 2019 (the "**ORNANE 2019 Shareholder Loan**") (*eighth resolution*) and of ORNANE 2021 (the "**ORNANE 2021 Shareholder Loan**") (*ninth resolution*).

The ORNANE 2019 Shareholder Loan (*eighth resolution*) is for a maximum amount of EUR 121,572,332.5425 including both the nominal value and interest accrued of the ORNANE 2019 that are not held by PIEP. Such amount is exclusively intended to allow the Company to finance early cash redemption of the ORNANE 2019 that may be requested by the ORNANE 2019 bondholders (other than PIEP) following the change of control of the Company to the benefit of PIEP after the first settlement of securities contributed to the Tender Offer. The terms of the ORNANE 2019 Shareholder Loan are essentially similar to those of the ORNANE 2019 issue

contract: maturity date of 1 July 2019, rate of 1.625% and cases of redemption at the Company's option and early repayment clause taken from the ORNANE 2019 issue contract.

The ORNANE 2021 Shareholder Loan (*ninth resolution*) is for a maximum amount of EUR 67,305,173.38545 including both the nominal value and interest accrued of the ORNANE 2021 that are not held by PIEP. Such amount is exclusively intended to allow the Company finance early cash redemption of the ORNANE 2021 that may be requested by the ORNANE 2021 bondholders (other than PIEP) following the change of control of the Company to the benefit of PIEP after the first settlement of securities contributed to the Tender Offer. The terms of the ORNANE 2021 Shareholder Loan are essentially similar to those of the ORNANE 2021 issue contract: maturity date of 1 July 2021, rate of 2.75% and cases of redemption at the Company's option and early repayment clause taken from the ORNANE 2021 issue contract.

The ORNANE 2019 Shareholder Loan (*eighth resolution*) and the ORNANE 2021 Shareholder Loan (*ninth resolution*) come within the scope of Article L. 225-38 of the French Commercial Code insofar as these loans are agreed between the Company and PIEP which owns more than 10% of Company share capital. In addition, Mr Denie S. Tampubolon, a Company Director and a corporate officer of PT Pertamina (Persero), which is also party to the agreement, did not vote, and indeed was absent from this meeting.

- *Subordination undertaking regarding the repayment of the shareholder loans concerning the early redemption of ORNANE 2019 and ORNANE 2021 (tenth resolution)*

At the Board meeting on 2 March 2017, it was proposed that the ORNANE 2019 Shareholder Loan and the ORNANE 2021 Shareholder Loan be subordinated to the Revolving Credit Facility, for an amount of USD 650 million, split between an initial tranche of USD 400 million and a second tranche of USD 250 million until the 31 December 2016, that could be drawn down twice under certain conditions, entered into on 18 December 2014 by the Company and a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Chartered Bank), as amended on 24 August 2016 (the "**Subordination Undertaking**").

As this Subordination Undertaking resulted from the conclusion of the ORNANE 2019 Shareholder Loan and the ORNANE 2021 Shareholder Loan, the signature of the Subordination Undertaking was authorised at the Board meeting of 2 March 2017, in particular pursuant to Article L. 225-38 of the French Commercial Code, insofar as this document was signed by the Company and by PIEP which holds over 10% of Company share capital. Mr Denie S. Tampubolon, a Company Director and corporate officer of PT Pertamina (Persero), which is also party to the amendment to the Tender Offer Agreement and parent company of PIEP, did not vote, and indeed was absent from the meeting.

#### **Ratification of the co-opting of Directors (eleventh to fourteenth resolutions)**

The Board of Directors proposes that the General Meeting ratify the co-opting of Mr Denie S. Tampubolon (*eleventh resolution*), PIEP (represented by Mr Huddie Dewanto) (*twelfth resolution*), Mrs Maria R. Nellia (*thirteenth resolution*) and Mr Aussie B. Gautama (*fourteenth resolution*) as members of the Board of Directors.

Mr Denie S. Tampubolon, Mrs Maria R. Nellia and Mr Aussie B. Gautama whose candidature was put forward by PIEP will not be considered as independent Directors under the Company's Board of Directors' Internal Rules and under the French corporate governance Code drafted by the AFEP and MEDEF, as amended in November 2016, and to which the Company refers (the "**AFEP-MEDEF Code**"), given the connections existing with PIEP. PIEP, the controlling shareholder of the Company, as well as its permanent representative, Mr Huddie Dewanto (who is connected to PIEP) are not considered to be independent under the Company's Board of Directors' Internal Rules and under the AFEP-MEDEF Code. With the exception of PIEP, these directors do not, as at the date hereof, *i.e.* on 24 April 2017, hold any shares of the Company.

It is specified that:

- on the 24 August 2016, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee ("**ACC**"), to co-opt Mr Denie S. Tampubolon, as replacement for Mr Emmanuel Marion de Glatigny, who is resigning, with effect as from 25 August 2016. Should the co-opting of Mr Denie S. Tampubolon be ratified, his term of office as Director shall run until the term of office of his predecessor, *i.e.* until the closing of the General Meeting called to vote on the financial statements for the financial year ended on 31 December 2018 (*eleventh resolution*);
- on the 10 April 2017 the Board of Directors decided, on the recommendation of the ACC, to co-opt PIEP as a replacement for Mr Gérard Andreck, who is resigning. Should the co-opting of PIEP, represented by Mr Huddie Dewanto, be ratified, its term of office as Director shall run until the term of office of its predecessor, *i.e.* until the closing of the General Meeting called to vote on the financial statements for the financial year ended on 31 December 2017 (*twelfth resolution*);
- on the 10 April 2017 the Board of Directors decided, on the recommendation of the ACC, to co-opt Mrs Maria R. Nellia as a replacement for Mr François Raudot Genêt de Châtenay, who is resigning. Should the co-opting of Mrs Maria R. Nellia be ratified, her term of office as Director shall run until the term of office of her predecessor, *i.e.* until the closing of the General Meeting called to vote on the financial statements for the financial year ended on 31 December 2017 (*thirteenth resolution*);
- on the 10 April 2017 the Board of Directors decided, on the recommendation of the ACC, to co-opt Mr Aussie B. Gautama, as a replacement for Mr Jean-François Hénin, who is resigning. Should the co-opting of Mr Aussie B. Gautama be ratified, his term of office as Director shall run until the term of office of his predecessor, *i.e.* until the closing of the General Meeting called to vote on the financial statements for the financial year ended on 31 December 2018 (*fourteenth resolution*).

It should be noted that (i) during its meeting on 10 April 2017, the Board of Directors acknowledged the resignation of Mr Eloi Duverger and decided, upon recommendation of the ACC, not to replace him and (ii) the Company complies with the provisions of Article L. 225-18-1 of the French Commercial Code as regards gender balance.

- *Biography of Mr Denie S. Tampubolon*

Denie S. Tampubolon, an Indonesian national, began his career at Pertamina in 1990, working in the Exploration department covering the Kalimantan region. From 1995 to 2000 he worked as an analyst in the Technical Analysis Department before joining the Strategic Planning and Portfolio Management Department.

From 2000 to 2005 he was assigned to the Secretariat of the Organization of the Petroleum Exporting Countries (OPEC) in Vienna. He returned to Pertamina in 2006 where he held a number of positions before becoming Director of Upstream Business Intelligence in 2009.

From 2010 to 2011, Denie S. Tampubolon was seconded as ministerial special advisor to Indonesia's Ministry of Energy and Mineral Resources. Returning to Pertamina in 2012, he joined the Upstream Business Development Department. In July 2013 he was appointed to his current position of Senior Vice President Upstream Business Development.

From November 2013 to February 2014, Denie S. Tampubolon also served as Chairman and Chief Executive Officer of PIEP, a subsidiary of PT Pertamina (Persero), managing overseas assets.

Since 2015 he has been a member of the Board of Commissioners of PT Pertamina EP Cepu, a subsidiary of PT Pertamina (Persero), jointly managing with ExxonMobil the Cepu block, which currently produces 180 Mbopd.

Since December 2015 Denie S. Tampubolon has also been Chairman and Chief Executive Officer of PT Pertamina Hulu Indonesia, a subsidiary of PT Pertamina (Persero), managing the Mahakam and other product-sharing agreements in Indonesia. The Mahakam PSA will be transferred to Pertamina on 1 January 2018.

- Presentation of PIEP

PIEP is a subsidiary of PT Pertamina (Persero), Indonesia's state-owned oil company and leading integrated energy company. At the end of 2015 it had almost 28,000 employees. PT Pertamina (Persero) is active in exploration and production (oil and gas), refining, distribution and marketing (oil products and petrochemicals), and also develops biofuels, geothermal power and other alternative sustainable energies.

Huddie Dewanto, an Indonesian national, is a member of PIEP's Board of Directors. He graduated in accounting from Gadjah Mada University in Indonesia and then completed a master's degree in the same subject from Case Western Reserve University in the United States.

He has worked for PT Pertamina (Persero) since 1990, with 27 years' experience in financial management. From 1999 to 2004 he was Indonesia's representative at OPEC (Organization of the Petroleum Exporting Countries) in Vienna.

After his return, Huddie Dewanto was appointed to his first executive position as Finance Manager in 2007 before becoming Vice-President Financing at PT Pertamina (Persero). During that period, he attended many technical and leadership training courses provided by the company in conjunction with prestigious business schools such as INSEAD. In 2013 Huddie Dewanto was appointed Finance and Business Support Director at PT Pertamina Algeria EP and was heavily involved in the acquisition of ConocoPhillips Algeria Ltd, Pertamina's first foreign operatorship asset. He has since pursued his career at PIEP as Director of Finance and Business.

- Biography of Mrs Maria R. Nellia

Maria R. Nellia, an Indonesian national, has worked in the oil and gas sector for almost 29 years, since 1989. She joined PIEP in 2015 and currently serves as Vice President of Commercial & Business Support.

Ms Nellia received her bachelor's degree in Geophysical Engineering from the Colorado School of Mines, USA in 1988.

She began her career in August 1989 at Mobil Oil Indonesia and then at Exxon Mobil as Geophysicist Exploration Development. She further developed her expertise in managing an oil and gas company by joining a number of multinational oil and gas companies, including PT Landmark Concurrent Solusi Indonesia, a Halliburton-group company in 2000, PT Medco E&P Indonesia in 2004 and Eni Indonesia in 2007. During this period she held many different positions, including that of Exploration Project Liaison Superintendent at Eni Indonesia in 2014.

Maria R. Nellia has also expanded on her interest in the oil industry by publishing a research paper entitled "3D Seismic Facies Analysis of a Reefal Buildup of the NSO 'A' Area, Offshore North Sumatra", which she presented at the 22<sup>nd</sup> Indonesian Petroleum Association (IPA) Convention in 1993 and again at the American Association of Petroleum Geologist (AAPG) Convention in 1994.

- Biography of Mr Aussie B. Gautama

Aussie B. Gautama, an Indonesian national and adviser to PT Pertamina (Persero)'s executive management on Exploration and Production activities since 2015, has held a number of successive positions at Total (1982-2012).

In 1991 he joined Total in Paris, working as a geologist on the Midgard project in Norway for two years. From 1998 to 2000, he worked at Total Libya as head of geology and geophysics. In 2005 he returned to Total in Paris where he spent two years coordinating the OML 130 Egina-Preowei project in Nigeria.

From 2007 to 2012 he served as Vice President Geosciences & Reservoir at Total E&P Indonesia. In 2012 Aussie B. Gautama was appointed Deputy for Planning Management at SKK Migas, the Indonesian regulatory authority tasked with managing exploration and production activities in the country's hydrocarbon industry.

A graduate of the Bandung Institute of Technology in Indonesia, Aussie B. Gautama has also received a solid international education at schools such as ENSPM and INSEAD.

The list of corporate offices held by Mr Denie S. Tampubolon, PIEP, Mrs Maria R. Nellia and Mr Aussie B. Gautama is at the disposal of the shareholders pursuant to the applicable legal and regulatory provisions.

### **Renewal of Directors' terms of office (fifteenth and sixteenth resolutions)**

The directorships of Mrs Nathalie Delapalme, Mr Roman Gozalo and Mr Xavier Blandin are due to expire at the closing of this General Meeting.

On 24 April 2017 and upon recommendation of the ACC, the Board of Directors:

- decided to propose that the General Meeting renew the terms of office of the Directors Mrs Nathalie Delapalme (*fifteenth resolution*), and Mr Roman Gozalo (*sixteenth resolution*) for a period of three years to expire at the closing of the General Meeting called to vote in 2020 on the financial statements for the financial year ended 31 December 2019. Mrs Nathalie Delapalme and Mr Roman Gozalo are considered to be independent directors under the criteria set out by the Company's Internal Rules of the Board of Directors and the AFEP-MEDEF Code;
- acknowledged Mr Xavier Blandin's decision not to request the renewal of his term of office as Director and decided not to replace him.

These renewals comply with the provisions of Article L. 225-18-1 of the French Commercial Code as regards gender balance.

- **Biography of Mrs Nathalie Delapalme**

Mrs Nathalie Delapalme, born on 15 February 1957 (60 years old), a French national, is a Company Director since 20 May 2010 and a member of the Risks Observatory and Chairman of the Appointments and Compensations Committee. The Board of Directors considers her as being independent under its Internal Rules and under the AFEP-MEDEF Code.

Mrs Nathalie Delapalme began her career in the French Senate, where she served from 1984 to 1985 and again from 1997 to 2002, mainly as an administrator and then as an advisor to France's National Finance, Budget and Accounts Commission.

She was also a Deputy Director serving under the Minister for Development Cooperation between 1995 and 1997, and then became Africa advisor to the Foreign Minister from 2002 to 2007. From 2007 to 2010 she held the position of General Inspector of Finances for the Inspectorate-General of Finance (IGF), and in June 2010 she joined the Mo Ibrahim Foundation as Executive Director for Research and Public Policy.

As at the date hereof, *i.e.* 24 April 2017, she holds 100 shares of the Company.

- **Biography of Mr Roman Gozalo**

Mr Roman Gozalo, born on 12 September 1945 (71 years old), a French national, is a Company Director since 12 June 2008 and Chairman of the Audit Committee and member of the Risks Observatory. The Board of Directors considers him as being independent under its Internal Rules and under the AFEP-MEDEF Code.



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

As at the date hereof, i.e. 24 April 2017, he holds 500 shares of the Company.

The list of corporate offices held by Mrs Nathalie Delapalme and Mr Roman Gozalo is at the disposal of the shareholders pursuant to the applicable legal and regulatory provisions.

**Attendance fees allocated to the members of the Board of Directors (seventeenth resolution)**

The General Meeting sets, for one or more financial years, the amount of the attendance fees to be allocated to the members of the Board of Directors of the Company. It is proposed that the General Meeting set the amount of attendance fees of the Board of Directors at EUR 450,000 for the financial year to end on 31 December 2017. This amount has not changed since 2005.

**Opinion on the compensation components owed or awarded to executive officers for the financial year ended 31 December 2016 (eighteenth and nineteenth resolutions)**

In line with the recommendations of Article 26 of the AFEP-MEDEF Code, it has been decided to submit the compensation components owed or awarded to each executive officer of the Company by all the Group companies for the financial year ended 31 December 2016 to the approval of the shareholders.

Pursuant to the AFEP-MEDEF Code and to the AFEP-MEDEF Code's application guide dated December 2016, the compensation components owed or awarded to each executive officer and submitted to the imperative vote of the shareholders are the following:

- fixed compensation;
- annual variable compensation with the performance criteria intended to determine its amount;
- exceptional compensation;
- stock purchase or subscription options, performance shares as well as multi-year variable compensation plans with the performance criteria used for determining these components of compensation;
- allowance for taking or leaving office;
- supplementary pension plan;
- attendance fees; and
- benefits of any kind.

In order to clarify the shareholder's vote, the tables in Schedule 1 set out all the components of compensation owed or awarded for the financial year ended on 31 December 2016 by all companies of the Maurel & Prom group to (i) Mr Jean-François Hénin, Chairman of the Board of Directors (*eighteenth resolution*) (until 10 April 2017) and (ii) Mr Michel Hochard, Chief Executive Officer (*nineteenth resolution*).

It is requested, on the basis of the information communicated below, that the General Meeting put forward a favourable opinion on the eighteenth and nineteenth resolutions.

**Approval of the compensation policy of the Chairman of the Board of Directors and the Chief Executive Officer (twentieth and twenty-first resolutions)**

It is proposed that the General Meeting approves respectively the components of the compensation policy presented in the Board of Directors' report pursuant to Article L. 225-37-2 of the French Commercial Code, on the principles and criteria for determining, allocating, and awarding the fixed, variable and exceptional components of total remuneration and benefits of all kinds that may be owed or awarded to (i) the Chairman of the Board of Directors (*twentieth resolution*) and (ii) the Chief Executive Officer (*twenty-first resolution*) and detailed in Schedule 2 hereto.

**Share Buyback Programme (twenty-second resolution)**

Companies whose shares are admitted to trading on a regulated market may decide to put in place buyback programs of their own shares, provided that the purpose of these corresponds to certain predefined objectives, set out in particular by the applicable European, legislative and regulatory provisions.

Insofar as the authorisation granted by the General Meeting of 15 June 2016 is due to expire during the 2017 financial year, the General Meeting is invited to grant to the Board of Directors a new authorisation to deal in the securities issued by the Company in specific situations, notably in order to ensure the covering of stock option plans or allotment of free shares, the delivery of shares upon exercise of the rights attached to securities giving access to the share capital, the retaining and subsequent delivery of shares in the context of an external growth transaction, a merger, a spin-off or a contribution, or the cancellation of all or part of the repurchased securities.

The maximum repurchase price is set at EUR 10 per share, and the maximum number of shares that the Company may purchase, or procure the purchase of, is set at 10% of the Company's share capital or 5% of the share capital in the event of shares acquired in view of their retention and future delivery in payment or exchange in connection with a merger, a spin-off, contribution or external growth transactions, at any time, as adjusted to reflect transactions affecting the share capital subsequent to this General Meeting. The maximum amount of funds that the Company may allocate to this share buyback programme would be EUR 195,340,310. It is specified that, in compliance with applicable laws, the Company may not hold more than 10% of its own share capital.

This authorisation granted to the Board of Directors can be used at any time. However, unless authorized to do so by a General Meeting, the Board of Directors may not use this authorisation following the submission by a third party of a proposed public tender offer for the securities of the Company and until the end of the offer period.

This authorisation would be valid for a period of 18 months as from this General Meeting and would cancel, as of the same date, the unused portion of the authorisation granted by the General Meeting of 15 June 2016 under its tenth resolution.

**2. Resolutions within the powers of the Extraordinary General Meeting**

**Authorisation to the Board of Directors to reduce the share capital by cancelling shares (twenty-third resolution)**

As is the case for each year, we propose that you authorize the Board of Directors to cancel any treasury shares held by the Company within the limit of 10% of the share capital per 24-month period. The purpose of this resolution is to allow for the reduction of the share capital in order to, as may be necessary, to counter the possible dilution that may result from any increase of share capital.

This authorisation is granted for 18 months and would cancel the unused portion of the authorisation granted by the General Meeting of 15 June 2016 under its twenty-first resolution.

**3. Resolutions within the powers of the Ordinary General Meeting**

**Powers to complete formalities (twenty-fourth resolution)**

The Board of Directors proposes that you grant full powers to complete all formalities required by law as a result of this General Meeting.

**Schedule 1**

**Compensation components owed or awarded to the Chairman of the Board of Directors and the Chief Executive Officer for the financial year ended 31 December 2016**

- Compensation components owed or awarded to Mr. Jean-François Hénin for the financial year ended on 31 December 2016 in respect of his office as Chairman of the Company's Board of Directors (eighteenth resolution)

Details of compensation due or attributed for the fiscal year ended		Description
<b>Fixed compensation</b>	€325,000 per year (gross)	During fiscal year 2016, Jean-François Hénin received compensation for his role as Chairman of the Board of Directors.
<b>Annual variable compensation</b>	N/A	Jean-François Hénin receives no variable compensation.
<b>Deferred variable compensation</b>	N/A	Jean-François Hénin receives no deferred variable compensation.
<b>Multi-year variable remuneration</b>	N/A	Jean-François Hénin receives no multi-year variable compensation.
<b>Non-recurring compensation</b>	N/A	Jean-François Hénin receives no non-recurring compensation.
<b>Stock options, performance shares and any other long-term compensation</b>	Options = N/A Shares = N/A Other compensation = N/A	Jean-François Hénin receives no stock options, performance shares or any other long-term compensation.
<b>Attendance fees</b>	€50,285	This amount corresponds to the attendance fees paid to Jean-François Hénin during the fiscal year ended 31 December 2016.
<b>Valuation of benefits of any kind</b>	-	Jean-François Hénin receives no other benefits.

Compensation due or awarded for the fiscal year ended submitted for vote to the General Meeting under the procedure for regulated agreements and commitments		Description
Severance pay	N/A	Jean-François Hénin is not entitled to a severance package.
Non-compete compensation	N/A	Jean-François Hénin is not entitled to non-compete compensation.
Supplementary pension scheme	N/A	Jean-François Hénin is not entitled to any supplementary pension scheme, with the exception of the existing group pension scheme.

- Compensation components owed or awarded to Mr. Michel Hochard for the financial year ended on 31 December 2016 in respect of his office as the Company's Chief Executive Officer (nineteenth resolution)

Details of compensation due or attributed for the fiscal year ended		Description
Fixed compensation	€425,000 per year (gross)	During fiscal year 2016, Michel Hochard received compensation for his role as Chief Executive Officer.
Annual variable compensation	N/A	Michel Hochard receives no variable compensation.
Deferred variable compensation	N/A	Michel Hochard receives no deferred variable compensation.
Multi-year variable remuneration	N/A	Michel Hochard receives no multi-year variable compensation.
Non-recurring compensation	N/A	Michel Hochard receives no non-recurring compensation.

<b>Stock options, performance shares and any other long-term compensation</b>	€468,821	At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and on the authority granted by the Ordinary and Extraordinary General Shareholders' Meeting of 17 December 2015, decided to grant 240,000 bonus performance shares to the Chief Executive Officer. The Board approved the plan to award bonus performance shares, set the attendance conditions and the three performance criteria related to: <ul style="list-style-type: none"> <li>• a reduction in the Group's structuring costs, for 42% of the shares granted;</li> <li>• compliance with the commitments under the Revolving Credit Facility, for 29% of the shares granted; and</li> <li>• finalisation of the merger with MPI S.A., for 29% of the shares granted.</li> </ul>
<b>Attendance fees</b>	N/A	As Michel Hochard is not a Company director or observer, he is not entitled to attendance fees.
<b>Valuation of benefits of any kind</b>	€60,927	Michel Hochard has his travel expenses paid.

<b>Compensation due or awarded for the fiscal year ended submitted for vote to the General Meeting under the procedure for regulated agreements and commitments</b>		<b>Description</b>
<b>Severance pay*</b>	N/A	Michel Hochard is not entitled to a severance package for his role as Chief Executive Officer.
<b>Non-compete compensation*</b>	N/A	Michel Hochard is not entitled to non-compete compensation for his role as Chief Executive Officer.
<b>Supplementary pension scheme</b>	N/A	Michel Hochard is not entitled to any supplementary pension scheme.

\* Section 3.2.3.2.1.3., page 93 of the 2016 Reference Document of the Company, describes the allowances for leaving office and non-compete payments owed under Mr Michel Hochard's employment contract, currently suspended.

**Schedule 2**

**Report on the compensation policy of the Chairman of the Board of Directors and the Chief Executive Officer prepared pursuant to Article L. 225-37-2 of the French Commercial Code**

**Report of the Board of Directors to the Ordinary and Extraordinary General Shareholders' Meeting of June 22, 2017 regarding the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be owed or awarded for financial year 2017 to the Chairman of the Board and the Chief Executive Officer with respect to their office**

Law No. 2016-1691 of 9 December 2016 on transparency, anti-corruption and modernization of economy – the "Sapin II Law" – requires a binding vote of the shareholders on the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be owed or awarded to the Chairman of the Board and to the Chief Executive Officer for financial year 2017 (*i.e.*, the compensation policy).

The purpose of this report required under Article L. 225-37-2 of the French Commercial Code is to present the principles and criteria set by the Board of Directors, acting on the recommendation of the Appointments and Compensation Committee (the "**ACC**").<sup>1</sup>

We suggest that you approve the principles and criteria presented in this report. Two resolutions will be presented for the Chairman of the Board and for the Chief Executive Officer respectively. If the shareholders at the Ordinary and Extraordinary General Meeting scheduled for June 22, 2017 do not approve (one of) these resolutions, the relevant compensation will be determined in accordance with compensation granted for the previous financial year.

As a reminder, all components of compensation paid to the Chairman of the Board and to the Chief Executive Officer of Établissements Maurel & Prom (the "**Company**") are determined by the Board of Directors, acting on the recommendation of the ACC by reference to the principles set out in the AFEP-MEDEF Corporate Governance Code for listed companies, as amended in November 2016 (the "**AFEP-MEDEF Code**").

**I. Compensation policy applying to the Chairman of the Board of Directors (a non-executive corporate officer)**

The Chairman of the Board's compensation is made up of fixed compensation and directors' fees.

***Fixed compensation***

The Chairman of the Board's fixed annual compensation is determined, *inter alia*, based on a thorough analysis of market practices, size and market capitalization of the Company, the separation between the roles of the Chairman and those of the Chief Executive Officer, the Chairman's experience, technical skills, and the scarcity and critical importance of those skills, past individual compensation and years of service of the Chairman of the Board.

To illustrate, Jean-François Hénin's fixed annual compensation (gross) as Chairman of the Board until April 10, 2017 was €325,000. The amount of such compensation, formerly totaling €200,000 as from June 12, 2014, had been fixed by the Board, on recommendation of the ACC, after having considered all the compensation components of the Chairman of Board, the amount of compensation paid into French or foreign companies of a similar size, work done on reaching a closer partnership with MPI, change to the perimeter of the merged entity, setting of the Company's strategy as regards the active role to be taken in connection with the consolidation of the hydrocarbons industry through the emergence of a leader amongst junior European petroleum companies.

With the change of Board chairmanship further to the completion of the voluntary takeover bid of the Company by Pertamina Internasional Eksplorasi dan Produksi ("**PIEP**") in respect of the Company's securities, following which PIEP holds 72.65% of the share capital of the Company (the "**Takeover Bid**"), the Board reviewed the fixed compensation of the new Chairman as from the 10

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<sup>1</sup> The ACC consists of three members, two (including the Chairman) of whom are independent under the criteria of the AFEP-MEDEF Code as reiterated in the Company's Internal Rules for the Board of Directors.



April 2017, Mr. Aussie B. Gautama. In this respect, it should be noted that the Board, on the recommendation of the ACC, decided, having regard to all the compensation components of the Chairman of the Board, the criteria mentioned in the previous paragraph and to a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (*i.e.* the SBF 120 index, with the exclusion of any companies of the CAC 40 index), to set such compensation at €120,000, *i.e.* within the first quartile of the sample review (for information, the last quartile was €394,700).

### **Directors' fees**

The Chairman of the Board also receives directors' fees, on the same basis as other directors and following the same rules, which take into account the actual term of office served by each as member of the Board (for the fixed portion of directors' fees) and actual attendance at Board meetings and the coefficient attributed to the office held by each member (Director, Chairman of the Board, Vice-Chairman of the Board, Chairman of a special committee and member of a special committee). For information purposes only, the Chairman of the Board received €50,285 in attendance fees for the 2016 financial year, which, according to a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (*i.e.* the SBF 120 index, with the exclusion of any companies of the CAC 40 index), corresponds to just above the median level of fees in the sample review (€48,800) and less than the average (€56,300).

### **No other compensation components**

The Chairman of the Board does not receive any annual variable compensation, multi-year compensation or exceptional compensation. He does not receive any share subscription or purchase options or bonus shares. He also does not enjoy coverage under any special pension scheme for corporate officers, nor is he entitled to any severance or non-compete payment. Lastly, he is not party to or recipient of any compensation or benefits under any agreements entered into whether directly or through the intermediary of another person, by reason of his office as Chairman of the Board, with the Company, any company controlled by the Company within the meaning of Article L. 233-16 of the French Commercial Code, any company controlling the Company or any company controlled by the same company within the meaning of such Article.

## **II. Compensation policy applying to the Chief Executive Officer (an executive corporate officer)**

The compensation paid to the Chief Executive Officer is made up exclusively of fixed compensation, performance shares and benefits in kind with the possibility, in exceptional cases, to grant him the corresponding exceptional compensation.

### **Fixed compensation**

Fixed annual compensation compensates the Chief Executive Officer for his responsibilities. Its amount is based on an in-depth analysis of market practice, size and market capitalization of the Company, the separation between the roles of Chairman of the Board and Chief Executive Officer, experience, technical skill and the scarcity and critical importance of those skills, past individual compensation and years of service of the Chief Executive Officer.

To illustrate, Michel Hochard's fixed annual compensation (gross) as Chief Executive Officer is €425,000, as decided by the Board of Directors on February 25, 2016 acting on recommendation from the ACC and the amount has remained the same since that date. The amount of such compensation, formerly totaling €350,000 as from June 12, 2014, had been fixed by the Board, on recommendation of the ACC, after having considered all the compensation components of the Chief Executive Officer, the amount of compensation paid into French or foreign companies of a similar size, work done on reaching a closer partnership with MPI, change to the perimeter of the merged entity, setting of the Company's strategy as regards the active role to be taken in connection with the consolidation of the hydrocarbons industry through the emergence of a leader

amongst junior European petroleum companies. On the basis of a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (*i.e.* the SBF 120 index, with the exclusion of any companies of the CAC 40 index), the amount of the fixed annual compensation is slightly lower than the first quartile of the sample review (€457,700). For information purposes only, the last quartile was €869,100.

### **Bonus shares**

The Chief Executive Officer receives bonus performance shares subject to qualitative performance conditions adjusted to the transitional period in which the Company finds itself following the Takeover Bid. During the transitional period, these qualitative conditions relate to the governance and business of the Company following the Takeover Bid and the retention of the Chief Executive Officer during such time.

The acquisition period of the performance shares is set at three years, it being understood that the performance criteria shall be assessed at date of the General Meeting of the Company, convened to approve the financial statements for the 2017 financial year. No legal acquisition period exists, it being specified that the Chief Executive Officer is required to keep 20% of the definitively allotted performance shares in registered form until the end of his office.

Further, a presence condition is also required to be met. This condition is deemed fulfilled (though such presence condition may be waived, at the discretion of the Board, except if the departure is due to gross or willful misconduct), if the Chief Executive Officer still holds such office on the date of the General Meeting of the Company, convened to approve the financial statements for the 2017 financial year.

The Board also must ensure that such award to the Chief Executive Officer is not disproportioned as regards the total number of performance shares allotted and that it has limited dilutive effect (*i.e.* 0.30% of the share capital under the nineteenth resolution of the General Shareholders' Meeting of 15 June 2016). Pursuant to the applicable legal provisions and Company practice, the award can also benefit Group employees.

The maximum number of performance shares awarded to the Chief Executive Officer amounts to 240,000, in line with the award made in 2016, which corresponds to 0.12% of the Company's share capital. Based on a study conducted by a specialized firm regarding the structure and compensation of the Chairmen of the Boards and Chief Executive Officers of companies listed in the SBF 80 index (*i.e.* the SBF 120 index, with the exclusion of any companies of the CAC 40 index), the valuation of this award is higher than the median (€669,000) but lower than the average of the sample review (€1,385,042), including in terms of percentage that represent such award as regards the fixed annual compensation (215%).

### **Benefits in kind**

The Chief Executive Officer receives a foreign travel per diem in the amount of €1,250 for business trips outside France, benefits in kind, provisions under a profit-sharing agreement applied in the Company and a mobile phone, it being understood that the Board may, depending on the situation, decide to grant other customary benefits in kind for such office.

### **Exceptional compensation**

In accordance with the AFEP-MEDEF Code, only very exceptional circumstances may generate exceptional compensation. Reasons for such award of such exceptional compensation must be provided by the Board, who will need to explain the circumstances giving rise thereto.

### **No other compensation components**

The Chief Executive Officer does not receive any directors' fees from the Company as he is not a director thereof. He also does not receive any variable annual or multi-year compensation. He does not receive any share subscription or purchase options or bonus shares. The Chief Executive Officer also does not enjoy coverage under any special pension scheme for corporate officers; he

is covered by the same pension schemes as those applying to other Group employees. Further, he does not benefit from any "golden hello" payments for taking office, severance payments or non-compete amounts for his office. Lastly, he is not party to or recipient of any compensation or benefits under any agreements entered into whether directly or through the intermediary of another person, by reason of his office as Chief Executive Officer, with the Company, any company controlled by the Company within the meaning of Article L. 233-16 of the French Commercial Code, any company controlling the Company or any company controlled by the same company within the meaning of such Article.<sup>2</sup>

We draw your attention to the fact that Articles L. 225-37-2 and L. 225-100 of the French Commercial Code provide that, where such components exist, the variable and exception compensation components of the Chairman of the Board and the Chief Executive Officer shall only be paid after shareholders' General Meeting has approved the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to the Chairman of the Board and the Chief Executive Officer for the 2017 financial year pursuant to the terms set out by Article L. 225-100 of the French Commercial Code.

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<sup>2</sup> For information purposes, Michel Hochard's employment contract as the Company's Chief Administrative and Financial Officer (which contract is suspended for the duration of his role as Company Chief Executive Officer) contains a two-year non-compete clause which comes into force upon termination of his contract on any grounds whatsoever. The clause bars him from performing any equivalent salaried role in a similar field of business for a Company competitor. The financial indemnity owed for this non-compete obligation amounts to 35% of the compensation he would have earned for the corresponding time period. The Company may, however, unilaterally decide to release Michel Hochard from this obligation. In addition, should Michel Hochard be forced to leave or dismissed from his role as Chief Administrative and Financial Officer within 18 months following a change of control of the Company or a significant change in the stake held by the Company's leading shareholder, Mr. Hochard is owed a contractual severance amount equal to 24 months' gross salary (calculated on the monthly average of gross salary received over the 15 months preceding his dismissal or forced departure). This payment would be added to the contractual and statutory indemnities owed upon contract termination. A special end-of-career payment was also provided, in the form of a gradually declining amount set for one year with a one-month reduction per quarter beginning after April 1, 2012.