

Signing of a set of agreements with PdVSA for the immediate restart of the activity of M&P's mixed company in Venezuela

- **Agreements enabled by the recent relaxation of U.S. sanctions on Venezuelan oil and gas sector**
 - General License 44 ("GL 44") issued by OFAC on 18 October 2023 broadly allows the resumption of all oil and gas activities in Venezuela
 - These authorisations contained in GL 44 apply equally to U.S. and non-U.S. persons
- **Agreements in place will allow the redevelopment of the asset**
 - Focus includes reinvestment in preserving asset integrity, maintaining personnel safety and well-being, and production growth
 - Increased involvement of M&P in the mixed company operations and procurement, including the appointment of additional secondees in key positions
- **Agreements include arrangement to pay off debt of M&P Iberoamerica (80% subsidiary of M&P)**
 - Outstanding debt owed to M&P Iberoamerica (\$914 million) will be recovered over time via the allocation of a set portion of the revenue of the mixed company
 - Some of this debt may be used to increase the exploitation area of the mixed company in Lake Maracaibo
- **The Urdaneta Oeste field has considerable upside potential**
 - Permit valid until 2041, with 422 million of barrels (gross) approved for development as of year-end 2022
 - Current gross production potential of c.16,500 bopd, with a view to bring back production to 25,000 bopd by year-end 2024, ramping-up further thereafter

Audio conference for analysts and investors

M&P will hold an analyst/investor conference via an audio webcast in French and English, on Friday 10 November at 9:45 a.m., followed by a Q&A session.

To attend this webcast live or listen to the recording, click the following link:

https://channel.royalcast.com/maureletpromfr/#!/maureletpromfr/20231110_1

Etablissements Maurel & Prom (“M&P”, “the Group”) announces the signing on 7 November 2023 of a comprehensive set of agreements with Petróleos de Venezuela, S.A. (“PdVSA”) for the restart of the activities of the Petreoregional del Lago (“PRDL”) mixed company which operates the Urdaneta Oeste field in Lake Maracaibo in Venezuela. M&P Iberoamerica (80% subsidiary of M&P) owns a 40% interest in PRDL alongside PdVSA’s 60% interest, which gives M&P a 32% net interest in the Urdaneta Oeste field.

Olivier de Langavant, Chief Executive Officer of M&P, stated: *“We are delighted to be able to announce the full resumption of our operations in Venezuela, which we have been working towards for some years. It confirms the validity of our long-term growth strategy. Thanks to the announcements of the last few weeks, we have been able to finalise a contractual framework, which will allow us to finally tap the considerable potential of the Urdaneta Oeste field with immediate effect. This is a new step forward in the development of M&P, and it will provide substantial organic growth opportunities for the Group for years to come.”*

Background to the agreements

In response to a comprehensive political agreement reached on 17 October 2023 between Venezuelan government and the Venezuelan opposition towards a roadmap for the 2024 presidential election, the U.S.’ Office of Foreign Assets Control (“OFAC”) issued General License 44 (“GL 44”) on 18 October 2023 broadly licensing transactions in Venezuela’s oil and gas sector, including transactions involving PdVSA, for a six-month period until 18 April 2024.

The license applies equally to U.S. and non-U.S. persons and allows all transactions involving PdVSA or any other Government of Venezuela any entity that are related to oil or gas sector operations in Venezuela. This includes:

- All activities related to the production, lifting, sale or export of oil or gas from Venezuela, as well as the payment of taxes, royalties, costs, fees, dividends and profits;
- Financing and banking activities relating to the oil and gas sector;
- The payment of invoices for goods and services related to oil or gas sector operations;
- New investments in oil or gas sector operations; and
- The delivery of oil and gas to creditors of the Government of Venezuela or PdVSA as debt repayment.

The authorisations of the GL 44 are effective immediately and run to 18 April 2024. M&P expects to continue to receive any general or specific U.S. sanctions licensing that may be required for the continuation of activities authorised by GL 44 beyond 18 April 2024.

Arrangement to pay off debt owed to M&P Iberoamerica

M&P and PdVSA have agreed on the outstanding amount owed to M&P Iberoamerica (\$914 million) and its repayment mechanisms.

The outstanding amount will be recovered over time via the allocation of a set portion of the revenue of the mixed company. No dividends will be paid to any shareholders of PRDL (both M&P Iberoamerica and PdVSA) for fiscal year 2023 onwards until all outstanding amount owed to M&P Iberoamerica has been paid off.

Some of this debt may be used to increase the exploitation area of the mixed company in Lake Maracaibo, in particular via the inclusion of the Urdaneta Norte field (400 mmbbls of gross approved reserves for development), which would substantially increase reserves and production for PRDL. This increase remains subject to customary approvals in Venezuela.

Agreements for the redevelopment of the Urdaneta Oeste field

A framework agreement will enable the mixed company to redevelop the field. M&P will be entitled to second a number of additional individuals in the mixed company, including the general manager. M&P will also be in charge of some key operations and processes within the mixed company, including procurement.

The parties agreed a waterfall mechanism assigning specific percentages of the mixed company's revenues to the payment of taxes and royalties, operating and capital expenditures, and debt repayment to M&P Iberoamerica.

All operating and capital expenditures will be funded via organic cash flow generation.

Information on the Urdaneta Oeste field

Urdaneta Oeste is a shallow offshore producing field in Lake Maracaibo.

The resource in place is considerable, with a stock tank original oil-in-place (STOOIP) of 13 billion barrels. Over 332 million barrels have been produced as of December 2022, equivalent to a 2.5% recovery factor. As of year-end 2022, 422 million barrels (gross) were approved to be developed until the current licence expiry in 2041.

The nominal capacity of the installed processing infrastructure is 70,000 bopd, with 68 platforms for wellheads and manifolds. The production peaked at approximately 50,000 bopd under Shell's operatorship in the 1990s. Only 24 of 88 wells are currently active. The current gross production potential is approximately 16,500 bopd, with a production of 14,450 bopd for the first nine months of 2023.

M&P expects to ramp up the gross production potential back to 25,000 bopd by year-end 2024 thanks to targeted well interventions and surface repairs and optimisations. Additional drilling will then be required for the further increase in production planned thereafter.

Information for the last five years:

	2018	2019	2020	2021	2022
Gross production (daily)	15.5kbopd	9.5kbopd	8.6kbopd	11.9kbopd	15.8kbopd
Gross production (total)	5.6mmbbls	3.5mmbbls	3.2mmbbls	4.4mmbbls	5.8mmbbls
Average oil sale price	\$63/bbl	\$52/bbl	\$34/bbl	\$55/bbl	\$86/bbl
Dividends to M&P Iberoamerica (40%)	\$63mm	\$45mm	\$18mm	\$23mm	\$71mm

Français		English	
pies cubes	pc	cf	cubic feet
millions de pies cubes par jour	Mpc/j	mmcfd	million cubic feet per day
milliards de pies cubes	Gpc	bcf	billion cubic feet
baril	B	bbl	barrel
barils d'huile par jour	b/j	bopd	barrels of oil per day
millions de barils	Mb	mmbbls	million barrels
barils équivalent pétrole	bep	boe	barrels of oil equivalent
barils équivalent pétrole par jour	bep/j	boepd	barrels of oil equivalent per day
millions de barils équivalent pétrole	Mbep	mmboe	million barrels of oil equivalent

For more information, please visit <https://www.maureletprom.fr/en/>

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