

**RESULTS FOR THE FIRST HALF OF 2014**

- Sales up 13% to €295.5 million
- Operating income up 29% to €156.2 million
- Net income of €59.3 million
- Cash flow from activities: €201.6 million
- Cash at 30 June 2014: €174 million

**The Group's principal financial aggregates at 30 June 2014**

<i>In € M</i>	<b>H1 2014</b>	<b>H1 2013</b>	<i>Chg.</i>
<b>Sales</b>	<b>295.5</b>	<b>260.8</b>	<b>+13%</b>
<b>EBITDA</b>	<b>209.6</b>	<b>191.4</b>	<b>+10%</b>
<b>EBIT</b>	<b>156.2</b>	<b>120.7</b>	<b>+29%</b>
Financial income	-28.1	-21.4	+31%
Tax	-62.1	-55.4	+12%
Net income from equity associates	-6.8	-51.7	
<b>Consolidated net income</b>	<b>59.3</b>	<b>-10.5</b>	
<b>Cash flow from activities</b>	<b>201.6</b>	<b>198.4</b>	<b>+2%</b>
<b>Cash at 30 June 2014</b>	<b>174.0</b>	<b>222.6</b>	

**Financial position at 30 June 2014**

The increase in production in Gabon, the integration of Caroil, the reduction in amortisation and depreciation provisions following the increase of P1 reserves and limited exploration expenses in the first half of 2014 have had a direct impact on operating income. It was up by 29% at €156 million.

Following the issue of ORNANE 2019 bonds to raise a total of €253 million and the early repayment, in the amount of €286 million, of a portion of the OCEANE 2014 bonds, the Group's cash holdings at 30 June 2014 were €174 million. The balance of the OCEANE 2014 bonds (€34 million) was repaid on 31 July 2014.

Net income, Group share, was €59 million at 30 June 2014.

## Activity in the first half of 2014

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### **New exploration and production sharing contract signed in Gabon**

The new PSA called “Ezanga”, which replaces the “Omoueyi” PSA, was the subject of a contract between Maurel & Prom Gabon and the Republic of Gabon.

The corresponding exploration and production sharing contract (PSA) renews the five existing Exclusive Exploitation Authorisations (AEE) for a period of 20 years. The company also has a pre-emptive right, should it wish to use it, to extend the AEEs for a further twenty years.

Such an agreement gives Maurel & Prom strategic mobility to build its future.

### **New Exclusive Exploitation Authorisation (AEE) obtained**

In the first half of 2014, the Group obtained a new AEE for the Maroc zone.

Maurel & Prom Gabon now holds six AEEs (Onal, Omko, Ombg, Omgw, Maroc-Nord and Omoc) under the Ezanga PSA.

### **Works programme launched at production fields in Gabon**

In the first half of 2014, gross output from production fields under the Ezanga CEPP averaged 25,134 bopd. This was 7% higher than the average production in the same period in 2013.

A major works programme was launched at water injection and oil production wells with the aim of improving their performance.

These works require that water injection into the reservoirs concerned be suspended. This results in an automatic reduction in production, which should gradually return to normal levels. The complexity of the phenomena involved makes it difficult to make any predictions as regards the date when the deposit can be fully repressurised, which is a pre-requisite for an increase in production.

### **Work begins in Canada via Saint-Aubin Energie (M&P stake: 33.33%)**

At Sawn Lake in Alberta, Canada, steam injection began on 21 May 2014 in the two horizontal wells at the SAGD Demonstration Pilot project, with the aim of preheating the oil between the two wells. Oil production is expected to start in the second half of 2014.

In April 2014, Saint-Aubin Energie (1/3 owned by Maurel & Prom, 2/3 by MPI) signed an agreement to form a joint venture in partnership with Ressources Québec, Pétrolia and Corridor Resources.

The equity interests of the partners in the joint venture are as follows:

- |                       |       |
|-----------------------|-------|
| • Ressources Québec   | 35%   |
| • Pétrolia            | 21.7% |
| • Corridor Resources  | 21.7% |
| • Saint-Aubin Energie | 21.7% |

This joint venture holds exploration permits on Anticosti Island, Quebec.

The first phase of the exploration programme, consisting of 15 to 18 stratigraphic wells, is underway. This summer campaign will use four drilling rigs. Well sampling at Caribou, Sainte-Marie and Canard began in late July 2014.

## Other exploration work undertaken in the first half of 2014

- In Tanzania, on the Mnazi Bay permit, production is currently limited to supplying gas to a local plant. The Company is in ongoing negotiations with the Tanzanian authorities to supply 80 million cubic feet per day, for a commercialisation phase due to start in 2015.

Two seismic data acquisition campaigns are underway on the Mnazi Bay and Bigwa-Rufiji-Mafia permits in order to gain a better understanding of the oil systems in this gas-rich region.

- In Mozambique, the operator Anadarko began drilling the Tembo-1 well in June 2014. This well is currently still being drilled.
- In Colombia, the operator M&P Colombia finished drilling the Balsa-1 well on the Muisca permit, without proving oil. An additional well is due to be drilled in the second half of 2014 to achieve the targets set.

M&P Colombia has entered into negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA into an exploration permit.

Three stratigraphic wells have been drilled on the CPO-17 permit operated by Hocol. The results and discoveries are currently being interpreted in order to define an appraisal programme.

On 23 July 2014, at the "Ronda ANH 2014" (a bidding process in Colombia), Etablissements Maurel & Prom was awarded the SN-11 exploration permit. The permit is located in the San Jacinto basin and covers a surface area of 440 km<sup>2</sup>.

- In Peru, the drilling of the Fortuna-1 well is still ongoing. The Group does not envisage continuing this project once it enters the third exploration period.

Within the framework of the agreement signed in December 2011 and coming into effect on 1 January 2012, Pacific Rubiales Energy (PRE) provided financing for the works in the amount of US\$73 million.

## ORNANE/OCEANE

In June 2014, the Group launched an offering of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million.

The key features of these ORNANE bonds are as follows:

- Maturity: 1 July 2019
- Nominal value per unit: €17.26
- Number of bonds: 14,658,169
- Issue premium: 40%
- Nominal interest: 1.625%

The net proceeds from the bond issue were used for the redemption of the OCEANE 2014 bonds. As at 30 June 2014, Maurel & Prom had redeemed 16,903,514 OCEANE 2014 bonds representing approximately 89% of the OCEANE 2014 bonds initially issued, at a price of €16.90 per bond.

On 31 July 2014, the Group redeemed the remaining OCEANE bonds for €34 million.

## Outlook for the second half of 2014

The works programme undertaken on injection and production wells in Gabon will continue for the remainder of the fiscal year. Consequently, sales and cash flow in the second half of the year are not expected to increase significantly compared to the first half of 2014.

With regard to exploration activities, the drilling programme in progress in Mozambique (conducted by the operator, Anadarko) should, if successful, have a material impact on Maurel & Prom's future.

Fiscal year 2015 should see the positive effects of the works undertaken in 2014 and a corresponding improvement in free cash flow.



**The Maurel & Prom Group's activity report, consolidated financial statements and the notes to the consolidated financial statements are available on the Company's website ([www.maureletprom.fr](http://www.maureletprom.fr)).**

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**For more information: [www.maureletprom.fr](http://www.maureletprom.fr)**

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*This document may contain forward looking statements about Maurel & Prom's financial position, income, activities and industrial strategy. By nature, forward-looking statements contain risks and uncertainties to the extent that they are based on events or circumstances that may or may not happen in the future. These projections are based on assumptions we believe to be reasonable, but which may prove to be incorrect and which depend on a number of risk factors such as, fluctuations in crude oil prices, changes in exchange rates, uncertainties related to the valuation of our oil reserves, actual rates of oil production and the related costs, operational problems, political stability, legislative or regulatory reforms, or even wars, terrorism and sabotage.*

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